



St Barbara LIMITED

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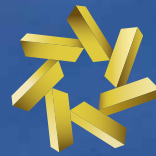


Notice of 2011 Annual General Meeting

The Annual General Meeting of the Company will be held at 11.00 am (Melbourne time) on Thursday 17 November 2011, in the State Library of Victoria Conference Centre, Entry 3 in La Trobe Street between Russell and Swanston Streets, Melbourne.

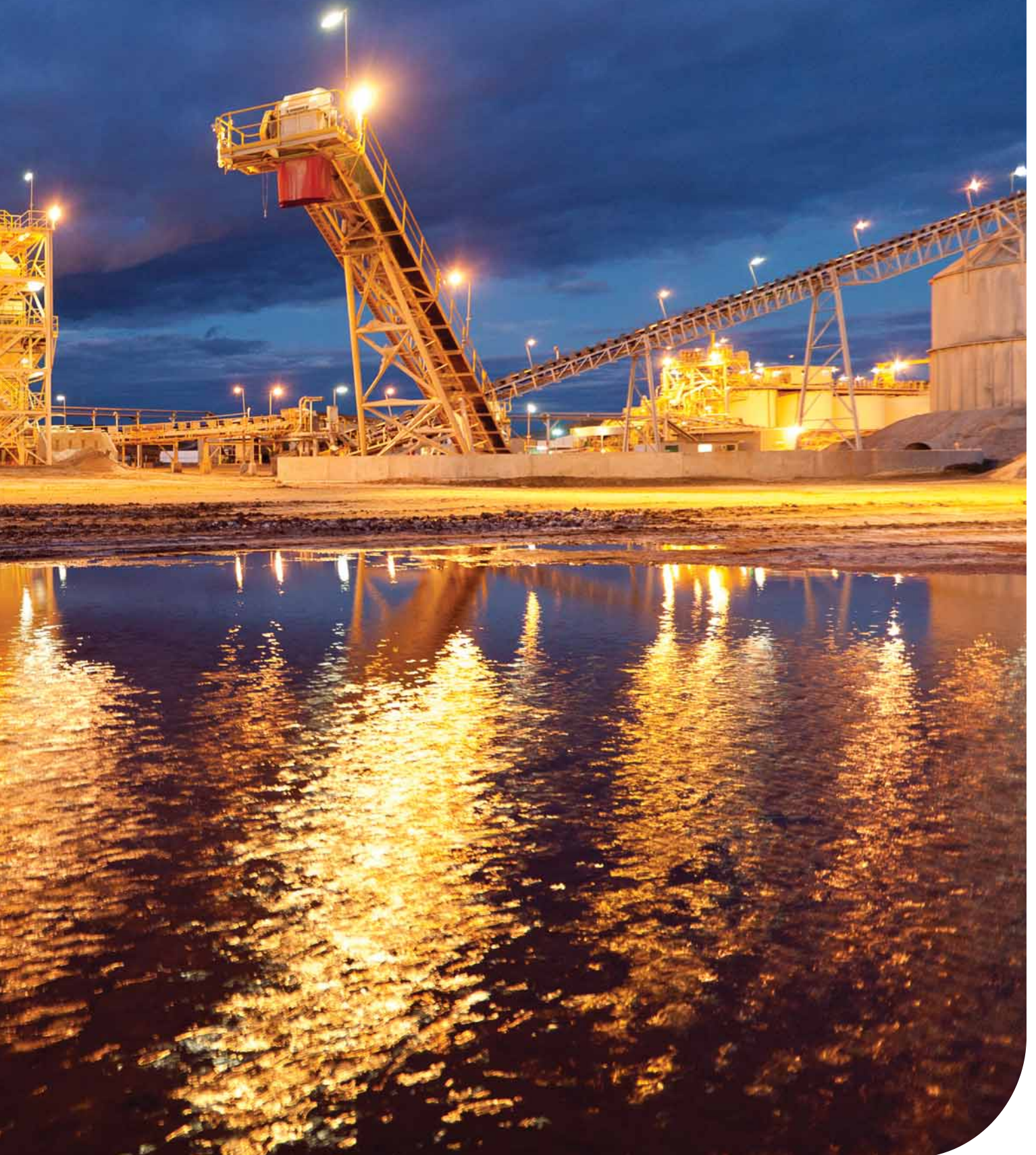
The 2011 Annual Report and Notice of Annual General Meeting and Proxy Form are attached, as distributed to shareholders today.

Ross Kennedy
Executive General Manager Corporate Services
Company Secretary
17 October 2011



St Barbara
LIMITED

ANNUAL REPORT 2011



DELIVERING PROFITABILITY

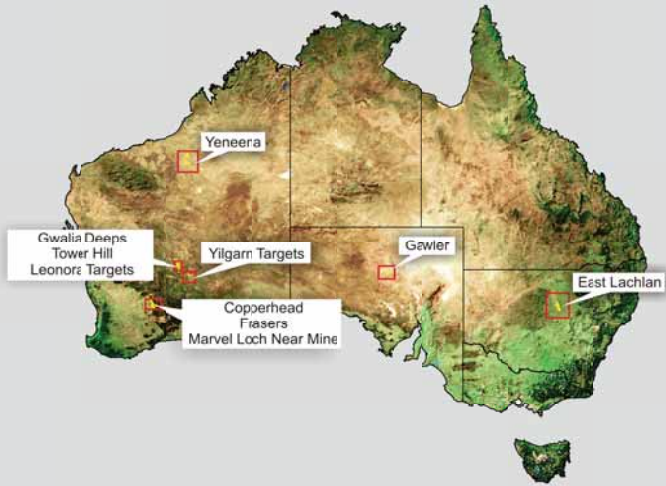
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St Barbara is one of Australia's largest ASX listed Australian based gold producers and explorers, with three mines and two processing plants at Leonora and Southern Cross in Western Australia.

Gold production, profit and operating cash flow all increased in FY11. Net profit after tax increased to \$69 million. Gold production is expected to grow by a further 30% in FY12.

Mineral Resources at June 2011 contained 7.6 million ounces of gold including Ore Reserves containing 2.8 million ounces of gold¹. Deep drilling at the Gwalia mine increased mineral resources by 515,000 ounces of contained gold below 1,640 mbs. The deposit remains open at depth.



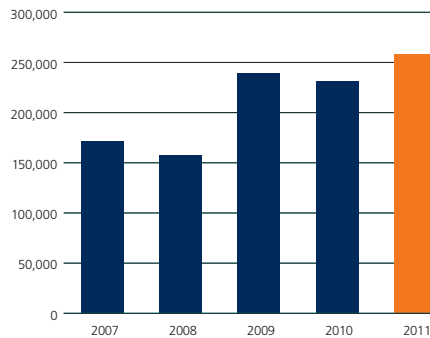
INVESTING IN EXPLORATION

- 4,500 km² of prospective land around Australia
- 10 target areas planned to be drilled in FY12³

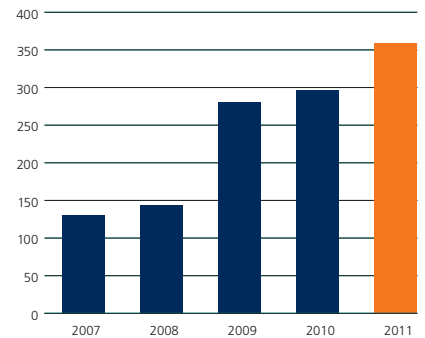
St Barbara's growth focus for FY12 is:

- Drilling priority targets for potential discoveries within the Company's 4,500 km² of tenements across Australia;
- Completion of haulage optimisation and plant expansion studies for Leonora Operations;
- An ongoing review of value accretive opportunities in Australia and SE Asia.

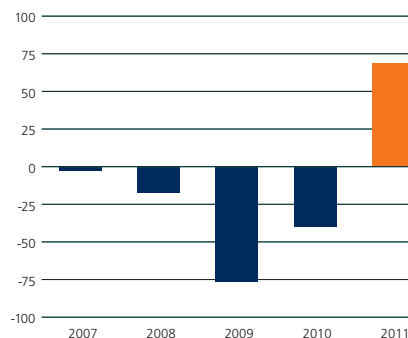
Gold Production
258,474 Ounces
Up 12%



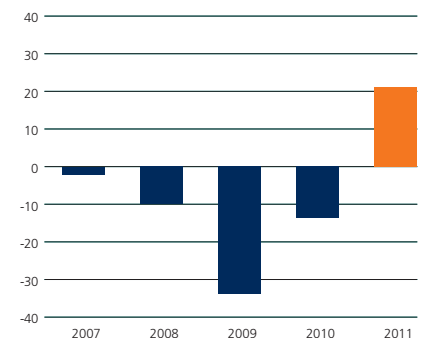
Revenue
\$360 Million
Up 21%



NPAT
\$69 Million
Up \$109 Million



EPS
21 cents per share²
Up 35 cents



¹ Refer to the Ore Reserves and Mineral Resources Statements elsewhere in this report for full details.

² 2007-2010 restated for 1 for 6 share consolidation completed Nov 2010.

³ Actual number drilled subject to results during year.

CHAIRMAN AND MANAGING DIRECTOR & CEO'S REPORT



DELIVERING PROFITABILITY

We are pleased to report a significant increase in Net Profit after Tax for the 2011 financial year of \$68.6 million, including an underlying Net Profit after Tax of \$54.4 million and a 238% increase in underlying earnings per share to 16.7 cents. This is a record result for St Barbara since acquiring and developing the Company's current operating assets at Leonora and Southern Cross.

In a climate of global economic uncertainty, rising US gold prices, and a volatile but increasing A\$ gold price environment, the Company is well placed to further grow earnings, supported by an expected 30% increase in gold production to 320,000 to 350,000 ounces in FY12. This will confirm St Barbara as one of the largest ASX listed, Australian based gold producers.

LEONORA OPERATIONS CONTINUES TO DRIVE THE COMPANY'S PROFITABILITY AND GROWTH

The cornerstone of the Company's business continues to be the long life, high grade Gwalia mine at Leonora Operations in Western Australia.

During the year at Gwalia:

- Mineral Resources increased by 515,000 ounces at depth (below 1,640 metres) at a very low discovery cost of \$16 per ounce;

- Ore Reserves increased by 135,000 contained ounces of gold (net of mining depletion) to Proved and Probable Reserves of 6.9 million tonnes at 8.9 grams per tonne of gold for 2.0 million ounces; and
- Gold production increased by 20% to 131,000 ounces.

Looking ahead, the Gwalia mined grade will continue to increase, with an expected average grade for FY12 of 8.0 to 8.5 grams per tonne of gold (g/t Au) (FY11: 6.3g/t Au), as the richer South West Branch lode becomes the primary source of ore. This 30% increase in grade is expected to drive a significant increase in production and a reduction in cash operating costs from \$765 per ounce in FY11 to \$610–\$640 per ounce for FY12.

The satellite King of the Hills underground gold mine commenced gold production ahead of schedule in May 2011 and is expected to contribute 55,000 to 60,000 ounces of gold production per annum for at least the next four and a half years.

Projects underway to leverage further value from Leonora Operations include:

- A pre-feasibility study for haulage optimisation at Gwalia designed to lower unit costs further;
- A scoping study to consider a potential upgrade to the Gwalia processing plant from 1.2 million tonnes per annum (Mtpa) to 1.8 Mtpa;

- Planned drilling of high priority gold exploration targets in the surrounding Leonora region as potential ore sources for the processing plant.

The Gwalia ore body remains open at depth and has a number of undrilled areas close to planned mine development which represent potential additional ore sources for the future.

TARGETING NEW DISCOVERIES

The Company has a focussed and effective approach for targeting and drilling exploration areas. In addition to the highly successful, and technically challenging, deep drilling program at Gwalia, the Company has also had encouraging intersections from Copperhead and Frasers South at Southern Cross and East Lachlan in New South Wales.

Recognising the significant impact that a major discovery can have on the Company's value, exploration activities will continue to focus on drilling the Company's highest priority exploration targets in FY12. A minimum budget has been established for Discovery and Growth of \$16 million per annum for at least three years, and with the Company's strong cash reserves, can readily be expanded to fund drill out discoveries.

The Discovery and Growth team also conducts in-depth evaluations of gold discoveries, advanced exploration projects and project developments of other companies in Australia and South East Asia to assess value accretive opportunities that meet the Company's investment criteria.

STRONG BALANCE SHEET WITH INCREASING CASH RESERVES

With \$80 million cash at bank at 30 June 2011, low debt and strong expected cash flows from increasing gold production, the Company's cash position is expected to grow strongly.

Capital management strategies include applying cash flows to further reduce debt, and appropriate price protection strategies to underpin the cash flows from non-core, higher cost activities.

As at 30 June 2011, the Company had estimated gross taxation losses in excess of \$340 million and does not expect to be in an income tax payable position for a number of years.

SOUTHERN CROSS OPERATIONS CONTINUES TO GENERATE POSITIVE CASH FLOWS

Southern Cross Operations exceeded expectations in FY11, producing 120,000 ounces of gold at a lower than expected cash operating cost of \$890 per ounce, and continues to generate positive cash flows.

Mining at Marvel Loch is anticipated to continue until August 2012, following which the processing plant is expected to be placed on care and maintenance. Appropriate strategies for an orderly wind down of operations are in place.

Drilling at Southern Cross Operations continues with the objective of incrementally extending the Marvel Loch mine life and testing priority exploration target areas in the region.

IN A TOUGH LABOUR MARKET, THE COMPANY CONTINUES TO ATTRACT CAPABLE PEOPLE

The Company continues to attract capable people for key positions by providing competitive remuneration packages and working conditions, encouraging diversity in the workforce and actively engaging with personnel at all levels.

SAFE PRODUCTION IS CENTRAL TO THE COMPANY'S CULTURE AND OPERATIONS

The twelve month rolling Total Recordable Injury Frequency Rate as at 30 June 2011 of 12.5 was higher than as at 30 June 2010 of 11.1, despite a comprehensive safety regime incorporating safety leadership, training and induction, hazard awareness and developing a better understanding of the risks of the business.

COMMUNITIES AND GOVERNMENT ARE IMPORTANT STAKEHOLDERS

Management regularly meets with Aboriginal and other community groups in the Leonora and Southern Cross regions to discuss the Company's planned activities and matters of mutual interest. The Company also engages with government at local, state and federal levels, as important stakeholders in the Company's current and planned activities.

THE COMPANY HAS STRONG INSTITUTIONAL OWNERSHIP

The Company's share register has a strong and stable institutional shareholder base, with over 80% of shares on issue at 30 June 2011 held by institutions, and more than half of the register held by international investors.

ACKNOWLEDGING EFFORT AND ACHIEVEMENT

We acknowledge the significant contribution made by fellow Directors and personnel at all levels in the Company during a year of growth and profitability.

OUTLOOK

St Barbara enters the 2012 financial year in a strong position.

Gwalia unit costs are reducing while gold production is expanding, the King of the Hills mine is now operating at full capacity, and active exploration continues in Western Australia, South Australia and New South Wales. The Company's strong balance sheet and projected cash flows will be available to fund internal opportunities that meet approved investment return criteria as well as on-going targeted exploration expenditures.

We will continue to explore a range of options within and outside the Company to increase margins and leverage increased returns.



Colin Wise
Chairman



Tim Lehany
Managing Director & CEO

OPERATIONS REPORT



Gold production increased by 12% for the year to 258,474 ounces and was sourced from three underground mines and two processing plants.

Production from the Company's core asset, the Gwalia mine, increased by 20% to 131,133 ounces of gold and is expected to further increase to 175,000-190,000 ounces of gold in FY12.

The King of the Hills satellite mining operation commenced gold production in May 2011, one month ahead of schedule, and is expected to achieve sustainable production of 55,000-60,000 ounces of gold per annum from the current financial year for at least four and a half years.

Southern Cross Operations, with all ore sourced from the Marvel Loch mine, exceeded expectations and produced 120,275 ounces of gold.

PRODUCTION SUMMARY

		2011	2010
Production			
Leonora Operations			
Gwalia	oz	131,133	109,148
King of the Hills	oz	7,066	–
Southern Cross Operations			
Marvel Loch	oz	120,275	121,870
Consolidated	oz	258,474	231,018
Milled Grade			
Gwalia	g/t Au	6.3	5.7
King of the Hills	g/t Au	4.6	–
Marvel Loch	g/t Au	3.4	4.0
Total Cash Operating Costs			
Gwalia	\$/oz	765	686
King of the Hills	\$/oz	699	–
Southern Cross	\$/oz	890	883



LEONORA OPERATIONS

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

Gwalia

The Gwalia underground mine is the Company's cornerstone asset and will continue to increase gold production. It is a long life, high margin gold mine.

The mining method is long hole open stoping with cement paste back fill. Geotechnical stress measurements are amongst the lowest in the surrounding Yilgarn district of Western Australia.

As at 30 June 2011, the mine was developed down to 1,358 metres below surface, with vertical advance rates expected of 80 to 100 metres per annum for the next three years.

Cash operating costs of \$765 per ounce for the FY11 year included \$31 per ounce attributed to the reallocation of corporate support costs from corporate to operations, and approximately \$59 per ounce due to exceptionally heavy rainfall in February 2011 that impacted many mining operations in Western Australia.

Mine plans for FY12 are based on sourcing ore almost exclusively from the higher grade South West Branch lode with the average grade mined for the year expected to increase from 6.3 g/t Au in FY11 to 8.0 to 8.5 g/t Au for FY12. The expected increase in grade across FY12 underpins an anticipated significant increase in production to 175,000 to 190,000 ounces of gold and a reduction in cash operating costs to \$610 to \$640 per ounce (2011: \$765 per ounce).

Net of production depletion, Gwalia Ore Reserves increased by 135,000 ounces of contained gold to 6.9 million tonnes

at 8.9 g/t Au for 2.0 million ounces of contained gold as at 30 June 2011, and now extend to 1,780 metres below surface. The ore body remains open at depth and with some parallel lodes not yet fully drilled.

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 ahead of schedule 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 four and a half years.

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

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, locking in a solid cash margin and return on capital invested.

Gwalia Processing Plant

The processing plant performed above expectations, achieving a 96% recovery rate for the year. A scoping study is underway to consider cost effective means for expanding the through-put capacity of the plant from 1.2 million tonnes per annum (Mtpa) to 1.6 Mtpa or more. Results of the study are expected to be released in the second half of FY12.

Driving value at Leonora Operations

A number of activities are underway at Leonora to leverage further value from the Company's investment in the region, including a pre-feasibility study on Gwalia haulage optimisation, due for completion in the second half of FY12.

SOUTHERN CROSS OPERATIONS

At Southern Cross Operations, ore was sourced from the Marvel Loch underground mine. FY11 production of 120,275 ounces of gold at a cash operating cost of \$890 per ounce was comparable to FY10 (121,870 ounces at \$883 per ounce). This was despite a lower grade for the year of 3.4 g/t Au (FY10: 4.0 g/t Au) due to mining a higher proportion of ore from the lower grade Exhibition lode.

Deep drilling has identified the presence of (non-gold bearing) pegmatite in the southern part of the Marvel Loch mine, and diminishing grades in the northern lodes of the mine. Consequently the Marvel Loch mine is due to produce 90,000 to 100,000 ounces of gold in FY12 and cease operations in August 2012, at which time the 2.2 million tonne per annum plant will go onto care and maintenance, unless alternative feed sources can be identified.

The forecast remaining gold production from Marvel Loch is protected by put and call options commenced in August 2011, providing a price collar of between A\$1,550 and A\$1,610 per ounce.

At current high gold prices, ongoing regional exploration is being considered as well as resource definition drilling at Marvel Loch.

OUTLOOK

Consolidated gold production for FY12 is anticipated to increase by approximately 30% to 320,000 to 350,000 ounces (FY11: 258,474 ounces), underpinned by an expected increase in the Gwalia grade and a full year's contribution from King of the Hills.

Business improvement and procurement programs will continue through FY12 with the aim of further improving productivity.

Forward Guidance FY12		Gwalia	King of the Hills	Marvel Loch	Total
		Leonora		Southern 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

DISCOVERY AND GROWTH



DISCOVERY

During FY11 the Company's revitalised exploration program focused on discovery and extending the mine life of existing assets. This included a rationalisation of the Company's land portfolio, with a focus on the more prospective mineralised regions.

Exploration activities targeting discoveries included the systematic economic review, ranking, drilling and turning over of prospects within the Company's 4,500 square kilometre portfolio of tenements across Australia. Particular focus was paid to prospective land positions in proximity to the Company's processing plants at Gwalia, Leonora and Marvel Loch, Southern Cross, both in Western Australia.

The Discovery and Growth budget increased to \$22M during FY11, particularly as a result of the Gwalia deep drilling program. More than 50% of the budget was applied to drilling, with a total of 37,387 metres completed during the year.

The objective for FY12 is to continue drilling and turning over targets, and additional drilling funds will be allocated to new quality projects discovered or acquired during the year.

Leonora Province, Western Australia

Gwalia Deeps – a program of deep drill holes was completed from surface as wedge holes drilled off previous deep holes above the Gwalia ore body. This drilling added 515,000 ounces of contained gold to the Gwalia Deeps resources, extended at depth below the base of the previous resource at 1,640 metres below surface (mbs), at a discovery cost of approximately \$16 per ounce. The option remains to drill additional holes from surface in the future to upgrade the Inferred resources to Indicated category, as additional ore reserves. The deposit remains open at depth.

King of the Hills Mine – drilling was completed to further delineate the potential northerly extension of the deposit along the intersection of the Tarmoola Granite and a major shear zone. This mineralised trend remains open for resource extension drilling from underground at a future date.

Tower Hill – mining feasibility studies are continuing on the basis that Tower Hill development could potentially contribute as a production source to the Gwalia processing plant in future.

Others – at the Hibernia prospect, located 80 km north of Leonora, extensive gold anomalies were tested by drilling and further work is presently being considered on this prospect. Aircore geochemical drilling programs were also completed on 3 joint-venture areas; Rocky Dam, Malcolm and Sunset Well and all have subsequently been relinquished.

An active targeting program continues throughout the Yilgarn block in Western Australia for new areas and opportunities for acquisition, outside the Company's main tenements and provinces. Successful outcomes from this work included acquiring further tenements in the Yilgarn block.

Southern Cross Province, Western Australia

Drilling focused on two main projects located north of Marvel Loch at Copperhead and Frasers.

Copperhead – the Company has been drilling potential extensions at depth of the former Copperhead mine, comprising the Western Series, Southern Series and Northern Series lodes, each of which contributed to mine production from historic open cut and underground operations.

The main drilling objective at Copperhead was to demonstrate the extension of both the Northern Series and high grade Southern Series lodes below 670 mbs, and to define a high grade zone within the un-mined Western Series lode as a potential underground mining operation. In the Western Series lode, high grade gold mineralisation is hosted by a tightly folded system of banded iron formations (BIFs).

Encouraging results have been obtained from the Western Series lode (including 22.3m @ 7.6 g/t Au from 784.6m down-hole). This result was highly encouraging, indicating potentially at least a 700m extension of the Western Series lode yet to be delineated. Further drilling has indicated that a complex geometry within the BIF fold hinge appears to control high grade gold mineralisation within the Western Series lode. The results of this first phase drilling program are being compiled with the aim of obtaining a better understanding of the high grade target zone, before resuming drill testing.

Frasers – is located at an historic open pit and underground mine near the township of Southern Cross. Drilling was aimed at testing a target zone comprised of a series of high grade gold lodes that plunge to the south of the Frasers pit. Drilling is currently ongoing, with nine holes having been completed at the end of the year. The drilling program is due to be completed early in FY12, upon which a decision will be made whether to pursue further drilling.

In addition, studies continued on a number of resources nearer to Marvel Loch mine, including the Nevoria deposit

East Lachlan, New South Wales

The Company's target in the Nyngan area, NSW, is intrusive-related porphyry copper-gold mineralisation hosted within a large intrusive-volcanic complex, situated under younger cover rocks on the edge of the Great Artesian Basin. This complex is an extension of the same East Lachlan intrusive-volcanic province which hosts the Cadia, Cowal and Parkes copper-gold deposits located to the south, and being under cover rocks has not been thoroughly tested before this program.

Following targeting based on detailed geological and geophysical studies, an initial drill program of nine holes was successfully completed over a wide area greater than 100 km². The drilling intersected intrusive and volcanic rocks exhibiting varying degrees of alteration and minor amounts of sulphide mineralisation (including minor copper and gold values), which are considered potentially indicative of distal parts of a mineralised system. When all results of this program have been received and compiled early in FY12, the aim will be to establish vectors directing follow-up drilling towards the location of potential mineralised systems.

Gawler Block, South Australia

Geophysical survey and drilling planned on EL4420, located approximately 400 km to the north-west of Port Augusta, have been suspended following the six month moratorium placed on accessing the Woomera Protected Area. In the meantime, targeting activities continue actively in other parts of the Gawler Block.

GROWTH

The Discovery and Growth team continue to actively review and monitor other company gold discoveries and projects in Australia and South East Asia. Evaluation of a number of potentially interesting projects was completed during the year. The focus remains upon:

- Production opportunities that meet the Company's investment return criteria, including upside geological potential that can be realised; and
- Advanced exploration projects in mineral provinces considered highly prospective by the Company whereby, through joint-ventures or acquisition, the Company can provide and accelerate drill-out programs to pre-feasibility stage.



PEOPLE, ENVIRONMENT, SAFETY AND SOCIAL RESPONSIBILITY



The Company is working on multiple fronts to embed its Values based culture of:

- > **We act with honesty and integrity**
- > **We treat people with respect**
- > **We value working together**
- > **We deliver to promise**
- > **We strive to do better**

PEOPLE

In a tough labour market, the Company continues to attract capable people for key positions. This is particularly the case with leaders who are central to establishing the required culture and capability.

Consequently, executive management is putting considerable effort onto ensuring we have the necessary people capability to reliably deliver our business strategy.

Major initiatives in the past two years include the development of the St Barbara Leadership Framework and considerably improved people systems including Work Performance and Talent Management. Each of these has been implemented and is working effectively.

The Work Performance System has been designed to support managers in providing productive leadership on a day-to-day basis. It addresses work performance and development in current roles. Our Talent Management System addresses capability and people's development for future roles. The key people systems receive close ongoing attention from the Executive Leadership Team.

Consistent with this, gender diversity is receiving priority attention with initiatives including Flexible Working Guideline, industry-leading Parental Leave Guideline, and a Diversity Policy supported by measurable gender diversity objectives set by the Board. All such initiatives are aimed at promoting the advancement of women in the workplace and at St Barbara being an employer of choice for women.

Additionally, continued attention is paid to employment conditions such as quality village accommodation, competitive remuneration and industry benchmarked work rosters to assist in attracting and retaining a high performing workforce. Details of Directors, executives and remuneration are set out in the Directors' Report.

SAFETY

St Barbara is committed to safe production and requires everyone at St Barbara to apply three simple principles:

1. Safety is a personal accountability for everyone – start safe and stay safe.
2. If it's not safe, don't do it!
3. What you ignore, you condone.

The Company health and safety strategy is directed at eliminating risk-taking behaviour and building awareness of potential hazards. The on-going

development of the Health Safety and Environmental Management System (HSEMS) included developing procedures and training for twelve Critical Risk Control Standards and later measuring compliance to these standards throughout the Company's workplaces. Pleasingly, compliance with these standards increased during the year.

Notwithstanding these initiatives, the Company Total Recordable Injury Frequency Rate (TRIFR), measured as a rolling 12 month average, increased from 11.1 at the start of the year to 12.5 at 30 June 2011. This is in the context of commencing the new underground mining operation at King of the Hills, and recommencing intensive surface exploration drilling.

Initiatives focussing on reducing the TRIFR in FY12 include all managers promoting visual safety leadership in the work place and the continued application of the Positive Attitude Safety System (PASS™) to encourage each team in the workplace to continually improve their safety behaviour on a daily basis.

ENVIRONMENT AND SUSTAINABILITY

St Barbara strives to achieve environmental excellence in all of its work activities. These activities are diverse and include monitoring of water quality around processing plants and bore fields, suppressing dust on disused tailings dams, rehabilitating exploration drill hole sites, monitoring emission levels and energy consumption, recycling waste materials, and undertaking rehabilitation works on previously mined areas.



The scale of operations subject to environmental monitoring increased during the year including commencement of the King of the Hills underground mine.

On-going work on the Environmental Management System is anticipated to be completed during 2012.

As required for all Western Australian operations, statutory closure plans detailing site rehabilitation requirements have been submitted to State Government departments for Southern Cross Operations and the Tarmoola mine site. The statutory closure plan for the remainder of Leonora Operations is in the final stages of preparation.

REHABILITATION

At Leonora Operations, the principal activities during the year were the rehabilitation of two historic waste dumps at Tarmoola totalling 71 hectares.

With the planned cessation of mining activities at Southern Cross Operations in August 2012, the principal focus was on rehabilitation planning. This included negotiating a long term contract for rehabilitation earthmoving in line with the Company's quality expectations and at a reasonable cost.

Rehabilitation priorities during the 2012 financial year will again include a number of open pit legacy sites at Southern Cross Operations and continuing work on waste dumps at the Kailis and Tarmoola mine sites at Leonora Operations.

Unconditional Environmental Performance Bonds of \$18.4 million had been lodged with the Western Australian government as at 30 June 2011.

COMMUNITY AND SOCIAL RESPONSIBILITY

St Barbara continues to support the local communities within which we work. Community briefings are held from time to time 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 eight proposed exploration areas around Leonora and Kalgoorlie.

The Company made available a number of houses in Leonora for the use of extra teachers at the Leonora District High School. The Company also provided trees to the school and assisted the students in planting them within the school grounds.

CHIEF FINANCIAL OFFICER'S REVIEW

Delivering Profitable Growth

St Barbara further consolidated its strong financial position in FY11, reporting a statutory net profit after tax of \$68.6 million for the year, and an underlying net profit after tax of \$54.4 million, with cash on hand at 30 June 2011 of \$79.5 million and total debt of \$12.1 million.

The significant increase in underlying net profit after tax over the previous year was driven by the 12% increase in gold production and a higher average gold price of A\$1,387 per ounce (2010: A\$1,244 per ounce).

In FY11 cash flows from operating activities increased by 53% due to higher gold revenue, and the Company invested significant cash in exploration, ongoing mine development to support mining at the Gwalia and Marvel Loch underground mines and in developing the King of the Hills underground mine. St Barbara's substantial cash balance and low gearing provides flexibility to fund increased exploration activities and future organic growth opportunities.

During the year a business improvement program was established within the Company. This program includes a centralised procurement function, which has already achieved estimated cost savings of \$10 million over a two year period. The combination of controlling costs, improving operating efficiencies and increasing productivity contained operating cost price increases to an average of 3.6% in FY11.

In FY12 business improvement will continue to focus on driving productivity initiatives and cost saving opportunities across the Company.



Garth Campbell-Cowan
Chief Financial Officer

FINANCIAL HIGHLIGHTS

	YEAR ENDED 30 JUNE 2011 \$'000	YEAR ENDED 30 JUNE 2010 \$'000
Sales revenue	359,575	296,760
EBITDA (including significant items)	125,190	33,793
EBIT (including significant items)	66,710	(38,081)
Reported net profit/(loss) after tax for the year	68,629	(40,188)
Total net significant items	14,198	(54,735)
EBITDA – excluding significant items	110,992	73,163
EBIT – excluding significant items	52,512	16,654
Underlying net profit after tax for the year	54,431	14,547

BOARD OF 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. He is a member of the Advisory Board to the Dean of Medicine, Nursing and Health Sciences at Monash University.

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 23 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 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.

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.

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

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

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.

FROM LEFT TO RIGHT (SEATED): ELIZABETH A (BETSY) DONAGHEY, TIMOTHY J LEHANY, S J COLIN WISE, (STANDING): PHILLIP C LOCKYER, ROBERT K RAE AND DOUGLAS W BAILEY.

EXECUTIVES



TIM 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 23 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.

DAVID ROSE B.E. (Mining Eng), BA, FAusIMM
CHIEF OPERATING OFFICER

David is an experienced Mining Executive with over 25 years of industry experience having held senior positions at WMC, CRA, Pasminco and Rio Tinto. He is a Mining Engineer with a First Class Honours degree from the University of Queensland, and has extensive operational and project experience in open pit and underground mines, including gold, base metals, nickel, coal, diamonds and iron ore. He also holds a Bachelor of Arts Degree from the University of Oxford where he studied as a Rhodes Scholar. David commenced with St Barbara in September 2009.

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.

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.

FROM LEFT TO RIGHT: PHIL UTTLEY, ROSS KENNEDY,
TIM LEHANY, GARTH CAMPBELL-COWAN,
AND DAVID ROSE.

CORPORATE GOVERNANCE

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, by reference to ASX Corporate Governance Principles and Recommendations.

In addition, important governance information including details on the composition of the Board and Executive Management, Board related charters, and significant Company policies is 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 this Charter and the Company's Constitution and applicable law.

The responsibilities of the Board are described in the Board Charter.

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.

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

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.

COMPOSITION OF THE BOARD OF DIRECTORS

Board composition is periodically considered by the Board as part of the assessment of its performance.

The Board undertook a formal review of its own performance and that of its committees and Directors during the 2010 financial year. For the 2011 financial year the Chairman led an informal review by the Board which concluded that the Board and its committees are functioning well and that there are no Board performance issues which required any remedial action. The Board therefore decided to defer a further formal review to the 2012 financial year.

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

When a need to appoint a Director to the Board arises, the Board reviews and evaluates 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 the nominees against a range of specific criteria, including their experience and professional skills, diversity objectives, potential conflicts of interest, the requirement for independence and the existing collective skill sets of the Board.

Following Barbara Gibson's retirement as a Director in November 2010, an independent search firm was engaged to identify female candidates with engineering or like 'technical' qualifications. A short list of four candidates was compiled, all of whom were interviewed, and Betsy Donaghey was appointed to the Board in April 2011.

BOARD STRUCTURE

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

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.

CORPORATE GOVERNANCE

Continued

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.

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

ST BARBARA LIMITED GENDER STATISTICS FINANCIAL YEAR 2011

	Total	No. of Men	% Men	No. of Women	% Women
Board	6	5	83%	1	17%
Senior Executives	5	5	100%	0	0%
Whole Organisation	262	218	83%	44	17%

Notes

(1) Gender Statistics are as at 30 June 2011.

(2) The Board includes 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

The measurable gender diversity objectives endorsed by the Board commencing with FY12 are as follows:

(1) Increase the proportion of women employed by St Barbara from 17% to 19%, by 31 July 2014;

(2) Reduce the Overall Pay Equity Gap at St Barbara to 20%, by 31 July 2014;

(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 and

(4) By 30 June 2012, develop and implement a Talent Taskforce for the purposes of attracting and retaining a talented and diverse workforce.

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 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 relevant 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.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The function of the Audit Committee as described previously 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 Committee 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.

The internal auditor 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 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.

Communications with shareholders 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 also encouraged to attend the Annual General Meeting and any other meetings of shareholders, and can use the opportunity to ask questions and 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 management and compliance are central to how the Company conducts its business.

The Company has continued to develop and implement an enterprise wide risk management framework. This framework delivers enhanced risk reporting and control mechanisms which are 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 Directors, the Managing Director & CEO and other senior executives.

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.

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 2011 financial year are set out in the Directors' Report.

ORE RESERVES AND MINERAL RESOURCES STATEMENTS

JUNE 2011



515,000 OUNCES OF CONTAINED GOLD ADDED TO GWALIA DEEPS MINERAL RESOURCES

LEONORA, WESTERN AUSTRALIA

- Drilling at Gwalia beneath 1,640 metres below surface (mbs) has added 515,000 ounces of contained gold in Indicated and Inferred Resources down to 1,840 mbs, at a discovery cost of \$16 per ounce.
- The Gwalia ore body remains open at depth, with potential to add to Mineral Resources and Ore Reserves in the South Gwalia Series and Main lodes, adjacent to the South West Branch lode on planned mining levels.
- Gwalia Ore Reserves as at 30 June 2011 were 6.9 million tonnes @ 8.9 grams per tonne of gold (g/t Au) for 2.0 million ounces of contained gold:
 - representing a net increase of 135,000 ounces;
 - extending Ore Reserves down to 1,780 mbs;
 - including 460,000 ounces of gold contained in Ore Reserves elevated to the Proved category.
- Gwalia Deeps Mineral Resources as at 30 June 2011 increased net of depletion by 10% to 14.5 million tonnes @ 8.5 g/t Au for 3.9 million ounces of contained gold.
- A detailed review of the Tower Hill deposit, a potential additional source of ore for the Gwalia treatment plant, has resulted in a revised estimate of Probable Ore Reserves containing 329,000 ounces of gold.

COMPANY SUMMARY

- Company Ore Reserves as at 30 June 2011 totalled 14.7 million tonnes @ 5.8 g/t Au for 2.8 million ounces of contained gold.
- Company Mineral Resources totalled 46.9 million tonnes @ 5.1 g/t Au for 7.6 million ounces of contained gold.

Details of Ore Reserves and Mineral Resources as at 30 June 2011 follow.

ORE RESERVES STATEMENT AS AT 30 JUNE 2011

Total Ore Reserves as at 30 June 2011 amounted to 14,681,000 tonnes at 5.8 grams per tonne of gold (g/t Au) for 2,756,000 contained ounces of gold (2010: 15,692,000 tonnes at 5.8 g/t Au for 2,906,000 contained ounces of gold) (Table 1). A comparison with 30 June 2010 is shown in Table 2.

The 2011 Ore Reserve estimate is based on:

- A gold price of A\$1,250 per ounce for Gwalia, Tower Hill and Nevoría, A\$1,150 for King of the Hills and A\$1,400 for Marvel Loch (2010: A\$1,000 per ounce);
- The Life of Mine design and schedules for Gwalia Underground and Marvel Loch Underground;
- The Definitive Mining Study for King of the Hills Underground; and
- The most recent project studies completed in 2011 for Tower Hill Underground and the Nevoría district.

The net decrease of 150,000 ounces from the 2010 Ore Reserve estimate is attributable to:

- 284,000 ounces from mining depletions (136,000 ounces at Gwalia, 9,000 ounces at King of the Hills, 129,000 ounces at Marvel Loch, and 10,000 ounces in stock pile movements);
- 149,000 ounces through reclassification of the underlying Resource (i.e. changes from Inferred to Indicated classification);
- 63,000 ounces due to mining design revisions based on resource re-interpretation (26,000 ounces at Gwalia, 9,000 ounces at Tower Hill, 28,000 ounces at Nevoría).
- 346,000 ounces from additions to resources partially offsetting the above reductions. The additions are from new resources at Marvel Loch (49,000 ounces) and Gwalia (297,000 ounces).

GWALIA

The overall Ore Reserve increased by 135,000 ounces after mining depletion of 136,000 ounces. The overall Reserve grade is slightly lower at 8.9 g/t Au

compared with 9.0g/t Au at June 2010. The 30 June 2011 reserve estimate represents the first complete revision of reserves since the June 2007 model on which all Ore Reserves since June 2007 have been substantially based. In the remodelling, the South West Branch Reserve ounces above 1,640 mbs have been preserved (net of mining depletions) with small losses in lodes other than South West Branch. The Indicated Resource has extended at depth to 1,780 mbs resulting in equivalent reserve extension (297,000 ounces).

NEVORÍA

The Nevoría area ore reserve decreased from 258,000 ounces to 80,000 ounces. The bulk of the reduction is due to a mineral resource reclassification from Indicated to Inferred.

RELEVANT TABLES:

Table 1: Summary of Proved and Probable Ore Reserves as at 30 June 2011

Table 2: Ore Reserve changes in contained gold ounces from June 2010 to June 2011

TABLE 1: SUMMARY OF PROVED AND PROBABLE ORE RESERVES AS AT 30 JUNE 2011

Region	Category	Proved			Probable			Total		
		Tonnes	Gold grade	Gold	Tonnes	Gold grade	Gold	Tonnes	Gold grade	Gold
			kt	Au g/t		koz	kt		Au g/t	koz
Leonora	Gwalia Deeps	2,015	7.1	460	4,902	9.6	1,512	6,917	8.9	1,973
	Tower Hill	0	0	0	2,699	3.8	329	2,699	3.8	329
	King of the Hills	0	0	0	1,610	4.3	221	1,610	4.3	221
	Total Leonora	2,015	7.1	460	9,211	7.0	2,063	11,226	7.0	2,523
Southern Cross	Marvel Loch	62	3.8	8	1,349	2.6	111	1,411	2.6	119
	Nevoría Underground	0	0	0	713	4.0	80	713	3.5	80
	Other	1,286	0.8	32	45	1.0	1	1,331	0.8	34
	Total Southern Cross	1,348	0.9	40	2,107	2.9	193	3,455	2.1	233
Total All Regions	3,363	4.6	500	11,317	6.2	2,256	14,681	5.8	2,756	

Notes

(1) Reserves based on a gold price of A\$1,250 per ounce for Gwalia, Tower Hill and Nevoría, A\$1,150 for King of the Hills and \$1,400 for Marvel Loch.

(2) Mineral Resources are reported as inclusive of Ore Reserves.

(3) Data is rounded to thousands of tonnes and thousands of ounces. Differences may occur due to rounding.

(4) The ore reserves have been estimated and compiled under the direction of Mr Andrew Law.

Mr Law is a Member of The Australasian Institute of Mining and Metallurgy and was a full time employee of St Barbara at 30 June 2011 and is a full time employee of Optiro at the date of this report.

Mr Law has sufficient experience relevant to the style of mineralisation, type of deposit under considerations and for the activity being undertaken to qualify as a Competent Person as defined by the 2004 edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

Mr Law consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

(5) Other relates to surface stockpiles with a cut-off grade based on a gold price of A\$1,075/oz.

ORE RESERVES AND MINERAL RESOURCES STATEMENTS

JUNE 2011

Table 2: Ore Reserve changes in contained gold ounces from June 2010 to June 2011

Region	Project	2010 Depletion		Resource	Interpre-	Addition	2011	Comment
		Au (koz)	Au (koz)	Reclassi- fication	tation & Design Changes			
Leonora	Gwalia Deeps	1,838	-136	0	-26	+297	1,973	Mining depletions and minor impact from remodelling (Deeps Drilling) Additions from Resource increase
	Tower Hill	338	0	0	-9	0	329	Design revision with Revised Geology Model
	King of the Hills	230	-9	0	0	0	221	Depletion from mining production which commenced May 2011
	Total Leonora	2,406	-145	0	-35	+297	2,523	
Southern Cross	Marvel Loch	198	-129	0		+49	119	Predominantly mining depletion with extension to reserve due to diamond drilling in a number of lodes
	Nevoria West	48	0	-48	0	0	0	Removed due to Resource downgrade
	Nevoria Underground	210	0	-101	-28	0	80	Nevoria underground mining study completed Jan 2011
	Other	44	-10	0	0	0	34	Stockpiled material processed during FY11
	Total Southern Cross	500	-139	-149	-28	+49	233	
Total All Regions	2,906	-284	-149	-63	+346	2,756		

MINERAL RESOURCES STATEMENT AS AT 30 JUNE 2011

The Company's total Measured, Indicated and Inferred Mineral Resources as at 30 June 2011 are estimated as 46,850,000 tonnes @ 5.1 grams per tonne of gold (g/t Au) containing 7,637,000 ounces of gold (Table 3). The previous publicly reported Mineral Resource estimate was 47,580,000 tonnes @ 5.0 g/t Au containing 7,651,000 ounces of gold as at 30 June 2010.

- **Gwalia, Leonora Operations**

Surface drilling of the Gwalia Lode system targeting extensions to mineralisation added 515,000 ounces (Indicated & Inferred Resource) to the Gwalia Mineral Resource, contained within South West Branch, South Gwalia Series and West Lodes below 1,640 mbs. These resource extensions helped to offset a net depletion of 213,000 ounces and a small reduction in the Main Lode Resource of 15,000 ounces. Depletion for the Gwalia Resource consists of 136,000 mined ounces and a further 77,000 ounces that are contained within remnants,

pillars or skins on the margins of stopes and are unlikely to be recoverable at this time.

- **Tower Hill**

A review of the structural geology and controls on the distribution of gold mineralisation for the Tower Hill deposit was completed over the year. The result of this review was an improved geological model and a decrease of 325,000 ounces contained in total mineral resources for this deposit. There was a negligible impact on Ore Reserves – refer Table 2.

- **Marvel Loch, Southern Cross Operations**

Additional resources of 233,000 ounces were also identified at the Marvel Loch Mine due to the inclusion of Main Lode, Main Lode West and Western Lodes (155,000 ounces) and review of the geological controls on mineralisation for the O'Brien and Mazza Lodes (75,000 ounces). These additions to resources exceeded depletion due to mining (115,000 ounces).

- **Nevoria**

A review of the Nevoria deposit also resulted in a small reduction in the total resource of 57,000 ounces based on a new estimate. This resulted in a change of categorisation for part of the Nevoria East lodes from Indicated to Inferred Resource based on a revised geological model. This change will impact Ore Reserves for this deposit.

- **Others**

A further reduction resulted from the sale of a small lease south of Marvel Loch which contained the Redwing Resource of 34,000 ounces.

As a consequence of these changes, the Total Mineral Resource Inventory at 30 June 2011 of 7,637,000 ounces of contained gold is marginally down from 7,651,000 ounces of contained gold as at 30 June 2010.

RELEVANT TABLES:

Table 3: Mineral Resource Summary 30 June 2011

Table 3: Mineral Resources Summary 30 June 2011

Region	Project	Measured			Indicated			Inferred			Total		
		Gold Contained			Gold Contained			Gold Contained			Gold Contained		
		Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
		kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz
Leonora	Gwalia Deepes	4,380	6.1	860	7,490	9.6	2,319	2,580	9.2	762	14,450	8.5	3,941
	Gwalia Int & West Lode	0	0.0	0	10	6.2	2	1,260	6.0	244	1,270	6.0	246
	King of The Hills	0	0.0	0	1,930	5.4	337	490	4.8	76	2,420	5.3	413
	Tower Hill	0	0.0	0	2,780	4.6	411	210	3.9	26	2,990	4.5	437
	Harbour Lights	0	0.0	0	0	0.0	0	2,580	3.3	274	2,580	3.3	274
	Other (note 7)	990	1.0	33	2,280	0.9	69	50	0.6	1	3,320	1.0	103
	Total Leonora	5,370	5.2	893	14,490	6.7	3,138	7,170	6.0	1,383	27,030	6.2	5,414

Table continued next page.

ORE RESERVES AND MINERAL RESOURCES STATEMENTS

JUNE 2011

Table 3: Mineral Resources Summary 30 June 2011 continued

Region	Project	Measured			Indicated			Inferred			Total		
		Gold Contained			Gold Contained			Gold Contained			Gold Contained		
		Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
		kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz
Southern Cross	Marvel Loch	320	4.7	48	3,350	3.2	349	2,310	2.9	217	5,980	3.2	614
	Nevoria	0	0.0	0	2,140	4.0	276	1,240	4.2	167	3,380	4.1	443
	Transvaal	0	0.0	0	1,630	4.8	249	1,800	4.9	286	3,430	4.9	535
	Jaccolletti	0	0.0	0	0	0.0	0	720	5.4	126	720	5.4	126
	Axehandle	0	0.0	0	0	0.0	0	2,080	2.0	131	2,080	2.0	131
	Cornishman	0	0.0	0	120	4.4	17	0	0.0	0	120	4.4	17
	Edwards Find, EFN & Tamarin	0	0.0	0	20	1.6	1	420	3.8	51	440	3.7	52
	Yilgarn Star	0	0.0	0	390	6.5	82	0	0.0	0	390	6.5	82
	Other (note 6)	1,290	0.8	32	1,650	2.7	141	340	4.6	50	3,280	2.1	223
Total Southern Cross	1,610	1.5	80	9,300	3.7	1,115	8,910	3.6	1,028	19,820	3.5	2,223	
Total All Regions	6,690	4.3	973	23,790	5.6	4,253	16,080	4.7	2,411	46,850	5.1	7,637	

Notes

- (1) Identified Mineral Resources have been compiled under the direction of Mr Phillip Uttley (FAusIMM) who qualifies as the Competent Person.
- (2) Mr Uttley has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activities which were undertaken to qualify as Competent Persons as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Uttley has consented to the inclusion in the report of the matters based on their information in the form and context in which they appear.
- (3) Ms Jane Bateman (MAusIMM) estimated the resources for Gwalia Deeps, Tower Hill, Harbour Lights, Leonora Others, Nevoria, Transvaal, Jaccolletti, Axehandle, Cornishman, Edwards Find, Yilgarn Star and Southern Cross Others.
- (4) Mr Jacek (Jack) Drzymulski (MAusIMM) estimated the resources for Gwalia Deeps depletion and King of the Hills.
- (5) Mr Ashok Doorgapershad (MAusIMM) estimated the resources for Marvel Loch.
- (6) Mineral Resources updated during the financial year ended 30 June 2011 have been estimated using economic cut-off grades and mining optimisations based on an A\$1,500 per ounce gold price.
- (7) Cut-off grades: Gwalia Deeps 2.5 g/t Au; King of the Hills 3.0 g/t Au; Marvel Loch 2.1 g/t Au; Nevoria 3.0 g/t Au.
- (8) Mineral Resources carried over unchanged from June 2010 include Southern Cross District: Axehandle; Jaccolletti; Edwards Find, Edwards Find North and Tamarin; Transvaal; Ruapehu; New Zealand Gully; Cornishman; GVG – South Burbidge; GVG Lode 1; Yilgarn Star. Leonora District: Gwalia Intermediates; Rainbow; Royal Arthur Bore; Tarmoola Stockpile; McGraths; Harbour Lights.
- (9) Southern Cross Other comprises 6 resources including: Frasers South, GVG Lode 1, New Zealand Gully, Ruapehu, GVG South Bronco, Various Stockpiles (Measured).
- (10) Leonora Other comprises 6 resources including: McGraths, Tarmoola Stockpile, Royal Arthur Bore, Rainbow (Measured), Gwalia and Tower Hill ROM Stockpiles.
- (11) Mineral Resource updates completed by St Barbara Ltd during the financial year ended 30 June 2011 include: Gwalia Deeps, King of The Hills, Tower Hill, Marvel Loch Underground, and Nevoria. All the remaining Mineral Resources remain unchanged from the June 2010 estimates.
- (12) Mineral Resources are inclusive of Ore Reserves.
- (13) Data is rounded to ten thousand tonnes and thousands of ounces. Differences in totals may occur due to rounding.

GWALIA DEEPS MINERAL RESOURCES AS AT 30 JUNE 2011

The Gwalia Deeps Measured, Indicated and Inferred total Mineral Resource estimate at a 2.5 g/t Au cut-off grade is 14,450,000 tonnes @ 8.5g/t Au containing 3,941,000 ounces of gold (Table 4).

A Mineral Resource estimate for the entire Gwalia deposit has been completed following a surface drilling programme targeting depth extensions of the South West Branch (SWB) and South Gwalia Series (SGS) Lodes from 1,600 mbs to approximately 2,000 mbs, with the updated resource now extending to 1,840 mbs. The model also incorporates underground grade control drilling completed prior to June 2011.

The drilling programme has successfully defined resource extensions to the

Western, SWB and SGS lodes. The resource extensions to SGS are classified as Inferred and therefore will have no impact on Ore Reserves at this time. However, the drilling programme has proven the strike continuity of the SWB below 1,640 mbs and therefore increased the categorisation of this resource from Inferred to Indicated.

In total the drilling programme is estimated to have added 515,000 Indicated and Inferred ounces to the Gwalia Deeps Mineral Resource below 1,640 mbs through resource classification conversion and extensions. Of this, 410,000 additional ounces of Indicated Resources, mainly in the SWB, becomes available for conversion to Ore Reserves.

The principal change this year sees the introduction of the Measured Resource category for the first time, based on closely spaced grade control

drilled areas, established geological and grade continuity, and on mining experience for both SWB and SGS Lodes.

The apparent lower grade of the Measured Resource of 6.1 g/t Au, as shown in Table 4, should not be interpreted as resulting in lower Ore Reserve grades, as this essentially represents the lower grade upper zone of the SWB Lode (in which grade improves with depth).

Combined with the Gwalia Intermediate and Western Lode resource of 1,270,000 tonnes @ 6.0 g/t Au containing 246,000 ounces of gold, the total Gwalia Mineral Resource is 15,720,000 tonnes @ 8.3 g/t Au containing 4,187,000 ounces of gold.

Relevant tables:

Table 4: Gwalia Deeps Mineral Resource Estimate 30 June 2011

Table 4: Gwalia Deeps Mineral Resource Estimate 30 June 2011

Region	Project	Measured			Indicated			Inferred			Total		
		Gold Contained			Gold Contained			Gold Contained			Gold Contained		
		Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold	Tonnes	Grade	Gold
		kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz	kt	Au g/t	koz
Leonora	Gwalia Deeps												
	• Main Lode	0	0.0	0	854	7.0	193	827	10.8	286	1,682	8.8	479
	• SW Branch Lode	3,067	6.8	672	4,833	11.5	1,792	411	11.8	155	8,311	9.8	2,620
	• SGS Lode	1,316	4.1	187	501	4.0	64	1,025	7.8	259	2,843	5.5	510
	• West Lode	0	0.0	0	1,301	6.5	270	314	6.1	62	1,615	6.4	332
	Total Gwalia Deeps	4,383	6.1	859	7,489	9.6	2,319	2,578	9.2	762	14,450	8.5	3,941

Notes

(1) Cut-off grade = 2.5g/t Au.

(2) Data is rounded to thousands of tonnes and thousands of ounces. Differences in totals may occur due to rounding.

ORE RESERVES AND MINERAL RESOURCES STATEMENTS

JUNE 2011

COMPETENT PERSONS STATEMENT

References to Mineral Resources presented in this document have been produced in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004 (JORC Code) under the direction of 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 as defined in the JORC Code. Mr Uttley consents to the inclusion in

this document of the matters based on the information in the form and context in which they appear.

Members of the Company's team, including external consultants, preparing Mineral Resource estimates under Mr Uttley's supervision all qualify as Competent Persons.

References to Ore Reserves presented in this document have been produced in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2004 (JORC Code) under the direction of Mr Andrew Law. Mr Law is a Member of The Australasian Institute of

Mining and Metallurgy and was a full time employee of St Barbara at 30 June 2011 and is a full time employee of Optiro at the date of this report. Mr Law 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 as defined in the JORC Code. Mr Law consents to the inclusion in this document of the matters based on the information in the form and context in which they appear.

Members of the Company's team preparing Ore Reserves estimates under Mr Law's supervision all qualify as Competent Persons.

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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 2011.

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 Appointed 4 April 2011
- B J Gibson Non-executive director Retired 18 November 2010
- P C Lockyer Non-executive director
- R K Rae Non-executive director

The qualifications, experience and special responsibilities of the Directors is presented on pages 29 to 30.

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 2011 financial year in a strong financial position, reporting a net profit after tax of \$68,629,000 (2010: net loss of \$40,188,000) for the year ended 30 June 2011, which included significant items amounting to a net gain of \$14,198,000 (2010: net loss of \$54,735,000), cash on hand at 30 June 2011 of \$79,485,000 (2010: \$102,157,000) and total debt of \$12,072,000 (2010: \$15,909,000).

The underlying net profit after tax for the year was \$54,431,000 (2010: \$14,547,000). The consolidated result for the year is summarised as follows:

	2011 \$'000	2010 \$'000
Sales revenue	359,575	296,760
EBITDA (including significant items)	125,190	33,793
EBIT (including significant items)	66,710	(38,081)
Reported net profit/(loss) after tax for the year	68,629	(40,188)
Total net significant items	14,198	(54,735)
EBITDA – excluding significant items	110,992	73,163
EBIT – excluding significant items	52,512	16,654
Underlying net profit after tax for the year	54,431	14,547

DIRECTORS' REPORT continued

The significant items are detailed in the following table.

Significant Items	2011 \$'000	2010 \$'000
Net fair value gains/(losses) on gold options ⁽¹⁾	13,471	(19,513)
Profit on sale of Tarmoola processing plant ⁽²⁾	1,164	–
Proceeds from sale of tenement rights ⁽³⁾	1,963	–
Native Title accrual ⁽⁴⁾	(2,400)	–
Gain on sale of available for sale assets	–	2,724
Impairment write downs		
• Marvel Loch underground operating development	–	(22,581)
• Southern Cross plant and equipment	–	(11,583)
• Marvel Loch capitalised exploration	–	(3,782)
	14,198	(54,735)

- (1) At 30 June 2011 the mark-to-market value of the Company's gold put and call options (collar structure), which provide price protection over 238,000 ounces of King of the Hills production, was negative \$8,101,000 (30 June 2010: negative \$38,674,000). In accordance with accounting standards the unrealised gain, representing the movement in the time value of the collar structure during the year, amounting to a gain of \$12,946,000 was recognised in the income statement (2010: loss of \$19,513,000). In addition, a realised gain of \$525,000 was recognised in the income statement, representing the unwinding of the unrealised mark-to-market loss booked at 30 June 2010 for options exercised or expired during the year. The unrealised gain related to the movement in the intrinsic value of the collar structure in the period of \$17,102,000 (2010: loss of \$19,161,000) was recognised in the hedging reserve in equity. Over time, the remaining unrealised negative mark-to-market valuation will reverse either through a change to the mark-to-market value of the collar structure or maturity of the contracts.
- (2) During September 2010 the Company sold its Tarmoola processing plant, which was on care and maintenance and surplus to the Company's requirements, for cash proceeds of \$3,000,000. The profit recognised of \$1,164,000 is after deducting the book value of assets related to the sale of \$1,836,000.
- (3) During October 2010 the Company sold tenements acquired for base metals prospectivity in the Leonora region and no longer considered strategic, to Jabiru Metals Limited for cash proceeds of \$2,000,000 (less \$37,000 for associated legal costs). There were no balances relating to these tenements previously capitalised on the balance sheet. The Company retains all gold rights associated with these tenements for a minimum of 5 years.
- (4) During the year the Company identified an obligation to make payments to three Aboriginal groups in the Leonora region. The obligation arises from Agreements assigned to the Company when the Company acquired the Sons of Gwalia gold assets in 2005. The Agreements with the three Aboriginal groups relate to mining leases granted on tenements in which each group has an interest. The total payment due is \$2,400,000. The Company has no further mining lease applications in the Leonora district.

DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND THE INCOME STATEMENT

For the year ended 30 June 2011 St Barbara reported an underlying profit after income tax of \$54,431,000 (2010: \$14,547,000), representing a substantial improvement on the previous year. The significant improvement compared with prior year was the result of increased gold sales and a stronger gold price.

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

DIRECTORS' REPORT continued

FINANCIAL PERFORMANCE

Total sales revenue of \$359,575,000 (2010: \$296,760,000) was generated from gold sales of 257,653 ounces (2010: 237,264 ounces) at an average achieved gold price of A\$1,387 per ounce (2010: A\$1,244 per ounce). Production at Leonora was 138,199 ounces (2010: 109,148 ounces) for the year, which included 7,066 ounces from the King of the Hills underground mine in the June 2011 quarter. Production at Southern Cross was 120,275 ounces (2010: 121,870 ounces) for the year. A summary of the production performance for the year ended 30 June 2011 is provided in the table below.

DETAILS OF 2011 PRODUCTION PERFORMANCE

		Southern Cross		Gwalia		King of the Hills	
		2011	2010	2011	2010	2011	2010
Open Pit Ore Mined	t	–	23,413	–	–	–	–
Grade	g/t	–	5.7	–	–	–	–
Underground Ore Mined	t	1,161,078	969,519	647,546	621,930	65,819	–
Grade	g/t	3.2	4.0	6.3	5.7	4.5	–
Ore Milled	t	1,199,627	1,279,751	648,212	632,573	50,105	–
Grade	g/t	3.4	3.4	6.3	5.6	4.6	–
Recovery	%	92	86	96	95	95	–
Gold Production	oz	120,275	121,870	131,133	109,148	7,066	–
Cash Cost ⁽¹⁾	A\$/oz	890	883	765	686	699	–
Total Cost ⁽¹⁾	A\$/oz	1,060	1,070	1,020	945	997	–

(1) Before significant items

Gold production from the Gwalia underground mine was 131,133 ounces for the year (2010: 109,148 ounces). The mine produced 647,546 tonnes (2010: 621,930 tonnes) of ore at an average grade of 6.3 grams per tonne (2010: 5.7 grams per tonne). The grades at Gwalia increase as access to higher grade ore lower in the mine is achieved. During the year, production at the Gwalia mine was interrupted by exceptionally heavy rain in the Leonora region. The heavy rain in February 2011 appeared to have contributed to the subsidence of an historic void that intersected the Hoover Decline, creating a small opening in the side wall that needed to be back filled. The rain event delayed production due to restrictions in accessing the mine for ten days and delays in developing at the bottom of the Hoover Decline. As at the reporting date, development was well advanced and the Hoover Decline was down to 1,358 metres below surface.

Development commenced on the King of the Hills mine during the year, with the first ounces produced in April 2011. The King of the Hills Mine produced 65,819 tonnes for 7,066 ounces. The treatment of third party ore ceased during March 2011. A total of 98,048 tonnes (2010: 36,000 tonnes) of open pit ore from Navigator Resources Limited's Mertondale operations and Range River Gold were processed during the year. The process plant performed reliably throughout the year, consistently returning over 95% recovery from Gwalia and King of the Hills ore.

At Southern Cross, the Marvel Loch underground mine performed well during the year producing 1,161,078 tonnes of ore (2010: 969,519 tonnes), which was almost 20% higher than the previous year. Production for the year was 120,275 ounces (2010: 121,870 ounces) of gold. The processing plant at Marvel Loch continued to operate on a campaign basis.

The Gwalia cash cost for the year was \$765 per ounce (2010: \$686 per ounce). The higher unit cost at Gwalia reflected the negative impact of the interruption of production caused by the rain event in February 2011, and the introduction of a recharge of operating and support costs of \$31 per ounce of production. The operating and support costs included in the recharge were previously accounted for as part of corporate administration costs. The cash cost at the King of the Hills mine was \$699 per ounce, which was in line with expectations. Total cash operating costs at Leonora operations, excluding royalties and third party toll treatment revenues, were \$103,873,000 (2010: \$74,470,000), with the increase attributable to increased expenditure associated with higher production at Gwalia, the commencement of operations at the King of the Hills mine and an increase in operating costs. Total cash operating costs at Southern Cross were \$104,148,000 (2010: \$110,637,000).

Other revenue of \$9,382,000 (2010: \$6,765,000) comprised mainly interest earned during the year of \$5,611,000 (2010:

DIRECTORS' REPORT continued

\$5,210,000) and revenue from treating third party ore at Leonora of \$3,422,000 (2010: \$896,000). During the year the Company earned interest at an average rate of 5.87% compared with the average cash rate of 4.66%.

Other income of \$4,449,000 (2010: \$939,000) included a net profit of \$1,164,000 on the sale of the Tarmoola plant, a gain (net of costs) of \$1,963,000 from the sale of excess tenements in the Leonora region, and the recovery of legal costs in relation to the Kingstream litigation (net of fees incurred in the current period) of \$1,262,000.

Exploration expensed in the income statement in the year was \$13,284,000 (2010: \$5,184,000). Exploration expenditure in the year amounted to \$22,147,000 (2010: \$7,946,000), which was substantially higher than the prior year due to an increase in drilling expenditure, including a program to further delineate resources at Gwalia.

Corporate and support costs for the year amounted to \$14,848,000 (2010: \$21,382,000), which included expenses related to the corporate office, rates and taxes associated with the Company's landholdings, compliance costs and operations support and technical services. During the year, the Company also incurred expenditure in relation to Native Title obligations amounting to \$2,400,000. Corporate and support costs were lower than the prior year due mainly to the introduction of a recharge to the operations amounting to \$9,518,000.

The royalties expense for the year of \$13,693,000 (2010: \$11,790,000) comprised the state royalty payable in Western Australia and payments for a corporate royalty on gold revenue. The increase in royalty payments was attributable to increased gold sales and the higher average gold price achieved in the year.

Depreciation and amortisation of fixed assets and capitalised mine development totalled \$58,480,000 (2010: \$71,874,000) for the year. The prior year amount included \$15,365,000 related to impairment write offs at Southern Cross operations. Adjusting for the prior year impairment, the depreciation and amortisation charge for the current year is marginally higher, which is attributable to the higher level of production for the year. At Gwalia, the depreciation and amortisation charge (excluding amortisation of capitalised exploration) was \$33,476,000 (2010: \$31,279,000) which equated to a unit rate of \$255 per ounce (2010: \$286 per ounce).

Finance costs were lower than the previous year at \$3,692,000 (2010: \$7,317,000) due mainly to the buy-back of convertible notes which was completed in July 2010.

The net fair value movement on derivatives reported in the income statement was a gain of \$13,471,000 (2010: loss of \$19,513,000), which represented the movement in the time value of gold put and call options during the year. The gain comprises a realised amount of \$525,000 and

unrealised gain of \$12,946,000. The gold put and call options provide price protection over 238,000 ounces of King of the Hills production. The mark-to-market value of the gold put and call options is calculated at each reporting date and will fluctuate over time to maturity of the contracts.

DISCUSSION AND ANALYSIS OF THE CASH FLOW STATEMENT

OPERATING ACTIVITIES

Cash flows from operating activities for the year were \$117,122,000 (2010: \$76,621,000), 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 production and a significantly stronger gold price. Payments to suppliers and employees were higher than the prior year at \$228,015,000 (2010: \$209,774,000) due mainly to increased production at Gwalia and commencement of production at King of the Hills. Interest received of \$5,122,000 (2010: \$4,575,000) was higher than in the prior year due to the increased level of cash on hand during the year. Interest paid in the year of \$37,000 (2010: \$4,829,000) was lower than the prior year as a result of lower debt after the repayment of convertible notes completed in July 2010. Payments for exploration expensed in the year amounted to \$13,284,000 (2010: \$5,184,000), with the higher expenditure compared with the prior year attributable to increased exploration activity.

INVESTING ACTIVITIES

Net cash flows used in investing activities amounted to \$136,431,000 (2010: \$88,437,000) for the year. Higher expenditure in the year was attributable to the development of the King of the Hills underground mine, an increase in exploration expenditure capitalised and expenditure on a number of infrastructure projects at Leonora. In the year proceeds of \$2,000,000 were received from the sale of tenements in the Leonora region, and \$3,000,000 was received from the sale of the Tarmoola processing plant. The prior year included proceeds of \$9,907,000 from the sale of the Company's shares in Unity Mining Limited (formerly Bendigo Mining Limited). Investing expenditure during the year was in the following major areas:

- Underground mine development and infrastructure at Gwalia – \$60,382,000 (2010: \$57,739,000);
- Underground mine development and infrastructure at Marvel Loch – \$25,344,000 (2010: \$27,223,000);
- Underground mine development and infrastructure at King of the Hills – \$34,606,000 (2010: \$2,125,000);
- Purchase of property, plant and equipment at the operations – \$12,207,000 (2010: \$10,210,000); and
- Exploration capitalised – \$8,863,000 (2010: \$637,000).

DIRECTORS' REPORT continued

FINANCING ACTIVITIES

Net cash flows from financing activities were an outflow of \$3,363,000 (2010: inflow of \$60,281,000), with major movements in cash flows including:

- Payments for the buy-back and redemption of the remaining convertible notes in July 2010 of \$1,200,000;
- Scheduled repayments of insurance premiums, leasing and equipment financing facilities amounting to \$7,005,000;
- Proceeds for funding asset purchases and insurance premiums totalling \$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 \$86,879,000 to \$436,347,000, due mainly to the net profit after tax earned in the year and the reduction in the gold cash flow hedge reserve as a result of changes in the fair value of the Company's gold put and call options.

The available cash balance at 30 June 2011 was \$79,485,000 (2010: \$102,157,000) reflecting the higher mine development and exploration expenditure during the year. At 30 June 2011 receivables related to gold sales during the year amounted to \$15,020,000 (2010: \$8,294,000).

Property, plant and equipment, mine properties and capitalised exploration had a combined value at 30 June 2011 of \$401,370,000 (2010: \$334,361,000). The increase of \$67,009,000 was due mainly to mine development expenditure at Leonora and capitalised exploration.

Trade and other payables increased to \$49,366,000 at 30 June 2011 (2010: \$37,558,000) reflecting the higher level of expenditure, mainly at Leonora.

Derivative financial liabilities decreased to \$10,468,000 at 30 June 2011 (2010: \$38,674,000) reflecting the change in the net fair value of the gold put and call options. At 30 June 2011, derivative financial assets totalling \$2,367,000 (2010: Nil) represented the positive net fair value attributable to a portion of the gold put and call options outstanding at 30 June 2011.

NET DEBT

Net debt, comprising total borrowings less cash on hand, was net cash of \$67,413,000 at 30 June 2011 (2010: net cash of \$86,248,000). During the year remaining convertible notes with a value of \$1,200,000 were redeemed. As at 30 June 2011 total interest bearing borrowings amounted to \$12,072,000 (30 June 2010: \$15,909,000), comprising lease and equipment financing facilities and insurance premium funding.

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 for the year of \$68,629,000, which reduced the accumulated losses of the Group to \$180,223,000 at 30 June 2011.

b) Increase in net assets

The Group's net assets increased by \$86,879,000 during the year due mainly to the net profit after tax reported for the year and a reduction in the gold cash flow hedge reserve.

c) Changes in issued capital

On 18 November 2010 shareholders approved a share consolidation of six existing shares for one new share of the Company's issued capital.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company will continue to focus on achieving profitable production with an emphasis on lower cost, higher margin gold production. The current remaining mine life of the Southern Cross operations is fourteen months with the processing plant expected to be placed on care and maintenance in September 2012. While efforts are continuing to extend the mine life through a limited underground drilling program, it is not expected that there will be a substantial change in mine life.

Further information about anticipated developments in the operations of the Company 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*, the *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*, the *Contaminated Sites Act 2003*, the *Wildlife Conservation Act 1950*, the *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

DIRECTORS' REPORT continued

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.

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. He is 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

Nil

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 1,227,570 unlisted options to acquire fully paid ordinary shares, subject to performance hurdles, and holds 757,819 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.Sc

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.

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, 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 Federal Government established Solar Flagships Council.

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 no relevant interest in fully paid ordinary shares of the Company.

DIRECTORS' REPORT continued

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

Ammtec Limited
Perilya Limited
Jubilee Mines Limited

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 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, MAusIMM, FAICD, ACIS

Company Secretary

Mr Kennedy has more than 24 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	13	13	4	4	6	6	3	3
T J Lehany	13	13	–	–	–	–	–	–
D W Bailey	13	13	4	4	6	6	–	–
P C Lockyer	13	13	4	4	–	–	3	3
R K Rae	12	13	4	4	6	6	–	–
E A Donaghey ⁽¹⁾	3	3	–	–	2	2	1	1
B J Gibson ⁽²⁾	4	4	–	–	3	3	1	1

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

(1) E A Donaghey was appointed on 4 April 2011.

(2) B J Gibson retired on 18 November 2010.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2011. It sets out the remuneration strategy, policies and practices that applied for the 2011 financial year, as well as details of remuneration paid to Directors and senior executives; collectively referred to as Key Management Personnel.

Overview of contents

1. Executive Summary
2. Decision making authorities for remuneration at St Barbara
3. Principles applied in determining the structure and amount of remuneration
4. Company performance
5. Remuneration paid to Key Management Personnel for the year ended 30 June 2011, including details and principles of equity related compensation
6. Summaries of service agreements for Executive Key Management Personnel

1. EXECUTIVE SUMMARY

Industry context

The Company is a gold producer and operates predominantly in Western Australia with three operating underground mines and two processing plants. As at 30 June 2011, the Company workforce comprised 266 employees and 563 contractors. The Company competes for labour in the broader resources industry, where the demand for employment is anticipated to grow from 75,600 in 2009 to 119,500 by 2012.¹

Remuneration Strategy

The objectives of the Remuneration strategy for the 2011 financial year were to ensure that:

- total remuneration for senior executives and each level of the workforce was market competitive;
- 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;
- 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.

Key developments

The 2011 financial year has been the first full year of implementation of a Company-wide Work Performance System, designed to align individual and team accountabilities with the Company's strategic objectives.

New human resources policies that were developed and implemented during the year included a progressive maternity & paternity policy designed to incentivise new parents to return to the workforce, a new Diversity Policy supported by Board endorsed targets for the 2012 financial year and other equal opportunity measures designed to develop St Barbara as an employer of choice within the resources industry.

Following the implementation of Federal legislation in 2010 which changed the taxation consequences of employee options, the Remuneration Committee undertook a detailed examination of alternative long term incentive structures, received advice from external remuneration advisors and as an outcome, recommended a Performance Rights Plan as an alternative Long Term Incentive (LTI) mechanism to the employee option plan. This was approved by shareholders at the 2010 Annual General Meeting. To remain in step with emerging market best practice, the Company is currently undertaking a review of resources industry LTI vesting, benchmarking and performance measurement criteria.

With the anticipated completion of mining at Marvel Loch, Southern Cross in August 2012, the Company has implemented a retention strategy for key site personnel.

2. DECISION MAKING AUTHORITIES FOR REMUNERATION AT ST BARBARA

The Company's remuneration policy and strategies are overseen by the Remuneration Committee on behalf of the Board. The Remuneration Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for Key Management Personnel, and considers matters relating to the workforce in general including remuneration and employment policies, as well as employee benefits and entitlements. The Remuneration Committee Charter is approved by the Board and is published on the Company's web site.

Key Management Personnel comprise the five Non Executive Directors, the Managing Director and CEO, and the four most senior executives with the authority and responsibility for planning, directing and controlling the activities of the Company.

The members of the Remuneration Committee are all independent and Non Executive Directors.

¹ Western Australia Chamber of Minerals and Energy: "State Growth Outlook 2011"

DIRECTORS' REPORT continued

As at the date of this report the members of the Committee are:

- 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

The Managing Director and CEO has delegated authority for approving remuneration recommendations for employees other than Executive Key Management Personnel.

3. PRINCIPLES APPLIED IN DETERMINING THE STRUCTURE AND AMOUNT OF REMUNERATION

Company remuneration practices are designed to attract, reward and retain high calibre, high performing, and team orientated individuals capable of delivering the business objectives.

The Remuneration Committee annually considers the appropriate levels and structure of remuneration for Key Management Personnel relative to the Company's circumstances, size and nature of business, as well as company performance. This is done by reference to independent data and professional advice where appropriate.

(a) Non Executive Directors' fees

Non Executive Directors' fees are reviewed annually by the Board, guided by the reports of independent remuneration consultants, to ensure fees are appropriate to reflect the responsibilities and time commitments required of Non Executive Directors to discharge their duties.

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.

Non Executive Directors' fees are also determined within an aggregate Directors' fee pool limit, which is set and varied only by approval of a resolution of shareholders. The fee pool limit from which Non Executive Directors' fees can be drawn is currently \$750,000 per annum in aggregate (approved by shareholders in November 2005).

(b) Executive Remuneration

Executive reward structures are transparent and are aligned with shareholders' interests by:

- being market competitive to attract and retain high calibre individuals;
- rewarding high individual performance;
- recognising the contribution of each senior executive to the continued growth and success of the Group;
- ensuring that long term incentives are based on total shareholder return outperformance over a period of three years.

To achieve these objectives, the remuneration of senior executives comprises a fixed salary component and an "at risk" variable component linked to the performance of the individual and the Company as a whole.

Fixed remuneration comprises base salary, superannuation contributions and other defined benefits. "At risk" variable remuneration comprises both short term and long term incentives.

Total Fixed Remuneration for each executive role is positioned at 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.

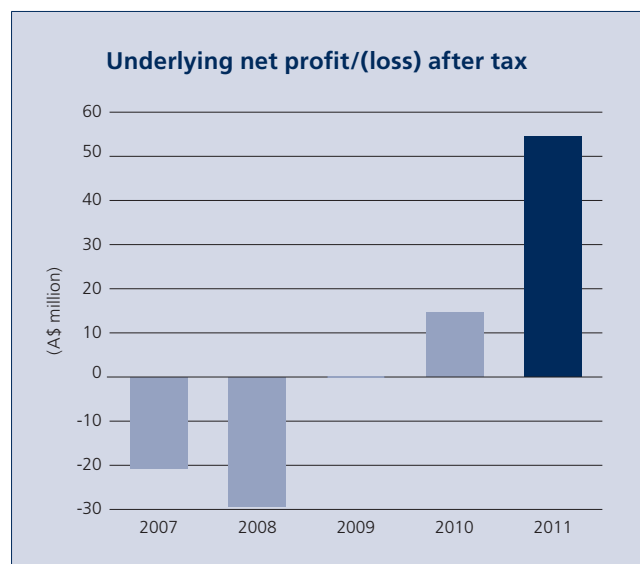
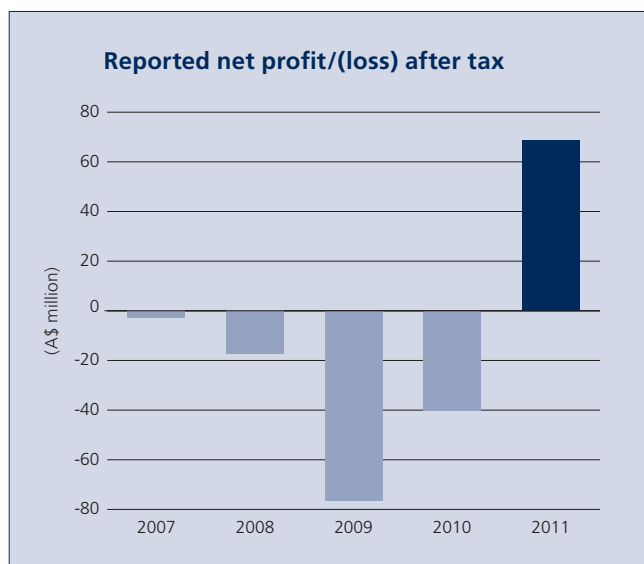
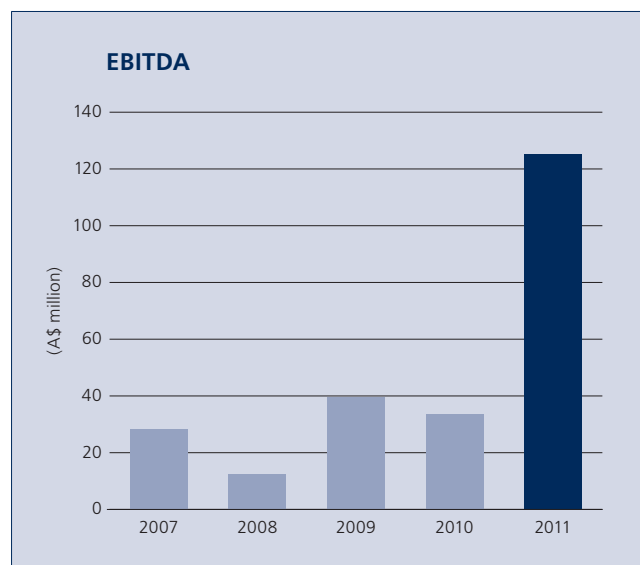
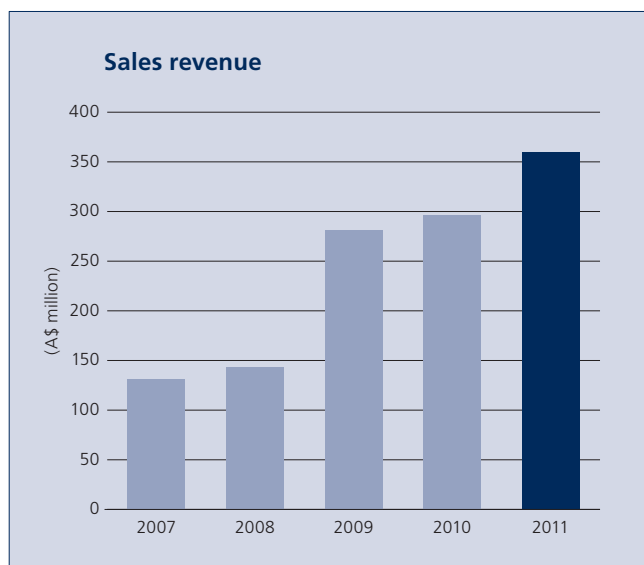
The Managing Director and CEO's total potential remuneration comprises a fixed component of 25% and a variable component at the maximum STI and LTI award of 75%. Each senior executive's total potential remuneration comprises a fixed component of 33% and a variable component of 67%. To achieve the maximum STI and LTI award requires outstanding achievement in the short term and over a three year period.

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 2007, with a significant improvement in profitability.

DIRECTORS' REPORT continued

Performance Measures	2011 \$	2010 \$	2009 \$	2008 \$	2007 \$
Sales revenue	359,575,000	296,760,000	281,129,000	143,129,000	130,911,000
EBITDA	125,190,000	33,793,000	39,701,000	12,340,000	28,364,000
Reported net profit/(loss) after tax	68,629,000	(40,188,000)	(76,344,000)	(17,333,000)	(2,894,000)
Underlying net profit/(loss) after tax	54,431,000	14,547,000	209,000	(29,291,000)	(20,653,000)



DIRECTORS' REPORT continued

The table below provides the share price performance of the Company's shares in the 2011 financial year and the previous four financial years.

Share price history	2011	2010	2009	2008	2007
Period end share price (\$ per share)*	1.96	2.10	1.38	2.22	2.94
Average share price for the year (\$ per share)*	2.16	1.68	1.74	3.84	3.24

* The closing share price in the comparative periods have been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010

During the 2011 financial year, the Company's daily closing share price traded in a range of \$1.74 to \$3.00 per share (2010: \$1.08 to \$2.70 per share).

5. REMUNERATION PAID

Details of the remuneration of Directors and the senior executives of the Company during the year ended 30 June 2011 are set out in the following tables.

2011	Short-term benefits				Post-employment benefits	Long-term benefits			Total	Proportion of total performance related	Value of share based payments as % of total
	Cash salary & fees \$	STI payment \$	Non-monetary benefits ⁽⁶⁾ \$	Other \$	Super-annuation \$	Long Service Leave ⁽³⁾ \$	Share-based payments ⁽⁴⁾ \$	Termination payments \$			
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 disclosed as remuneration is the portion of the fair value of the options 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.

DIRECTORS' REPORT continued

5. REMUNERATION PAID continued

2010	Short-term benefits ⁽⁶⁾				Post-employment benefits	Long-term benefits			Total	Proportion of total performance related	Value of share based payments as % of total
	Cash salary & fees	STI payment	Non-monetary benefits	Other	Super-annuation	Long Service Leave ⁽⁵⁾	Share-based payments ⁽⁶⁾	Termination payments ⁽⁷⁾			
Name	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Non Executive Directors											
S J C Wise (Chairman)	175,539	–	14,945 ⁽⁸⁾	–	14,461	–	–	–	204,945	–	–
D W Bailey	94,037	–	–	–	8,463	–	–	–	102,500	–	–
B J Gibson	94,037	–	–	–	8,463	–	–	–	102,500	–	–
P C Lockyer	94,037	–	–	–	8,463	–	–	–	102,500	–	–
R K Rae	87,156	–	–	–	7,844	–	–	–	95,000	–	–
Total Non Executive Directors	544,806	–	14,945	–	47,694	–	–	–	607,445		
Executive Director											
T J Lehany	786,255	566,500	5,363	–	14,461	10,652	447,551	–	1,830,782	30.9%	24.4%
Other key management personnel											
G Campbell-Cowan	382,539	228,990	2,681	–	14,461	23,797	177,384	–	829,852	27.6%	21.4%
M Reed ⁽¹⁾	97,579	–	1,197	–	3,613	–	–	133,639	236,028	–	–
D Rose ⁽²⁾	357,124	175,744	1,513	50,000 ⁽⁹⁾	11,810	5,582	113,700	–	715,473	24.6%	15.9%
R Kennedy	335,539	168,354	2,681	–	14,461	27,037	148,360	–	696,432	24.2%	21.3%
P Uttley ⁽³⁾	255,526	140,595	–	–	10,966	4,301	88,425	–	499,813	28.1%	17.7%
A McArthur ⁽⁴⁾	94,664	–	–	–	5,921	–	–	–	100,585	–	–
Total Senior Executives	2,309,226	1,280,183	13,435	50,000	75,693	71,369	975,420	133,639	4,908,965		

(1) Mr Reed resigned as Chief Operating Officer on 11 September 2009.

(2) Mr Rose was appointed as Chief Operating Officer on 7 September 2009. The STI payment represents the pro-rata amount from commencement to 30 June 2010.

(3) Mr Uttley was appointed Executive General Manager Discovery & Growth on 28 September 2009. The STI represents the pro-rata amount from commencement to 30 June 2010.

(4) Mr McArthur ceased acting as General Manager Exploration on 30 September 2009.

(5) For current employees, the amount represents the long service leave expense accrued for the period.

(6) The value of options disclosed as remuneration is the portion of the fair value of the options recognised in the reporting period.

(7) Termination payments include amounts for accrued annual leave owing at the date of the employee's resignation, payment in lieu of service and other contracted payment.

(8) Represents car park, mobile phone, and other administrative benefits.

(9) Represents a sign-on payment.

(a) Non Executive Directors Fees

Non Executive Director fees for the 2011 financial year were determined having considered advice in 2010 from Oppeus International and remuneration reports published by Ernst & Young, McDonald and Company and Connect 4.

They comprised:

- Director fees of \$85,000;
- an allowance for chairing a Board Committee of \$16,000; and
- a fee for serving as a member of a Board Committee of \$8,000.

Non Executive Directors are not entitled to retirement benefits, bonuses or equity based incentives.

The Chairman's fee for the 2011 financial year was set at \$200,000 (inclusive of all Board Committee commitments), as well as benefits in the form of a car park, mobile telephone allowance and other administrative benefits.

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

DIRECTORS' REPORT continued

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.

For the 2012 financial year, the Remuneration Committee has retained Ernst & Young for remuneration advice and McDonald and Company for market related data.

(b) Senior Executives remuneration

(i) Fixed Remuneration – Base salary

The base salary for each senior executive is influenced by the nature and responsibilities of the role and the knowledge, skills and experience required for the position.

Base salary for senior executives is reviewed annually as part of the Company's overall remuneration review process and is assessed against the individual's performance and comparable market data collated by an independent remuneration survey company. A senior executive's salary is also reviewed on promotion.

In considering remuneration for Executive Key Management Personnel for the 2011 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.

For the 2012 financial year, the Remuneration Committee has retained Ernst & Young for remuneration advice and McDonald and Company for market related data.

(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

Senior executives may receive benefits, including car parking, living away from home allowances, and payment for certain professional memberships. Any fringe benefits tax payable is deducted from an executive's remuneration.

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

The STI is an annual "at risk" component of remuneration for senior 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 and their own individual performance targets. The net amount of any STI after allowing for applicable taxation, is payable in cash.

KPIs require the achievement of strategic, operational or financial measures and in most cases are linked to the drivers of business performance. For each KPI there are defined "target" and "stretch" measures which are capable of objective assessment.

Target performance represents challenging but achievable levels of performance. 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 senior executive KPIs and then later assessing the extent to which the 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.

The Company STI measures that applied for the 2011 financial year comprised:

- improved safety performance – measured in the form of a specified reduction in the Total Recordable Injury Frequency Rate by 30 June 2011;
- the achievement of defined targets in excess of the:
 - budgeted underlying net profit after tax for the 2011 financial year, and
 - budgeted cash position as at 30 June 2011; and
- a discretionary factor determined by the Board designed to take into account unexpected events and achievements during the year.

The individual performance measures varied according to the individual executive's position, and for the 2011 financial year reflected value accretive and / or risk mitigation achievements for the benefit of the Company within each executive's respective areas of responsibility. They also included a discretionary factor determined by the Board designed to take into account unexpected events and achievements during the year.

DIRECTORS' REPORT continued

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

2011	Maximum potential STI		Actual STI included in remuneration	% of maximum 'Target' STI earned	% of maximum potential total STI earned	% of maximum potential total STI foregone
	Target	Stretch ⁽¹⁾				
	\$	\$	\$			
T J Lehany	424,000	848,000	110,416	26%	13%	87%
D Rose	188,000	376,000	40,392	21%	11%	89%
G Campbell-Cowan	168,400	336,800	60,519	36%	18%	82%
P Uttley	145,600	291,200	50,050	34%	17%	83%
R Kennedy	145,600	291,200	40,950	28%	14%	86%

(1) Inclusive of STI "Target"

Amounts shown as "Actual STI" represent the amounts accrued in relation to the 2011 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 2011 financial year.

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

LTI's are structured to reward senior 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, LTI's were granted in the form of employee options.

There were no options issued or exercised during the reporting period. For details on options currently issued to Key Management Personnel, refer Notes 36 and 37 of the Financial Report.

(A) ANALYSIS OF OPTIONS GRANTED AS COMPENSATION

2011	Options granted					Value yet to vest	
	Number ⁽¹⁾	Date	% vested in year	% forfeited in year	Financial year options vest	Minimum (A) \$	Maximum (B) \$
T J Lehany	976,220	19 Nov 2009	–	–	30 June 2013	Nil	839,484
	251,350	6 May 2009	–	–	30 June 2012	Nil	223,534
G Campbell-Cowan	290,670	23 Sep 2009	–	–	30 June 2013	Nil	225,857
	201,193	6 May 2009	–	–	30 June 2012	Nil	180,461
D Rose	329,474	23 Sep 2009	–	–	30 June 2013	Nil	255,867
P Uttley	256,258	23 Sep 2009	–	–	30 June 2013	Nil	199,067
R Kennedy	256,258	23 Sep 2009	–	–	30 June 2013	Nil	199,067
	156,774	6 May 2009	–	–	30 June 2012	Nil	140,358

(1) The number of options issued have been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

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, there were no movements in the value of options granted and exercised.

DIRECTORS' REPORT continued

(C) PERFORMANCE RIGHTS ISSUED IN THE 2011 FISCAL YEAR

Performance Rights Plan

All performance rights were granted under the St Barbara Limited Performance Rights Plan, which was approved at the 2010 Annual General Meeting of shareholders. Performance rights issued to Mr Lehany, Managing Director & CEO, were also approved by shareholders at the same meeting.

Performance Rights granted

Details on performance rights over ordinary shares in the Company that were granted as compensation to each senior executive and details of performance rights that vested in the 2011 financial year are as follows:

2011	Number of performance rights granted during 2011	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 FY2011
T J Lehany	757,819	–	23 Dec 2010	30 June 2013	–	–
D Rose	252,011	–	23 Dec 2010	30 June 2013	–	–
G Campbell-Cowan	225,737	–	23 Dec 2010	30 June 2013	–	–
P Uttley	195,174	–	23 Dec 2010	30 June 2013	–	–
R Kennedy	195,174	–	23 Dec 2010	30 June 2013	–	–

(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*.

Vesting conditions

The vesting of performance rights granted in 2011 is subject to a continuing service condition as at each vesting date, and achieving a relative Total Shareholder Return at the 50th percentile or better, for the period from the performance rights pricing date to 30 June 2013. No performance rights have been granted since the end of the financial year.

The Relative Total Shareholder Return (Relative TSR) is measured against a defined peer group of companies and the percentage of rights that vest is in accordance with the following rules:

Relative TSR Performance Over Measurement Period	% of Right to Vest
< 50th percentile	0%
50th percentile	30%
>50th & < 75th percentiles	Pro-rata between 30% & 100%
75th percentile and above	100%

Comparator Group

The peer group against which Total Shareholder Return is measured comprises the following ASX listed, mid tier gold companies.

Company	Company
Intrepid Mines Limited ⁽¹⁾	Resolute Mining Limited ⁽¹⁾
Ramelius Resources Limited ⁽¹⁾	Silver Lake Resources Limited ⁽¹⁾
Saracen Mineral Holdings Limited	Catalpa Resources Limited
Kingsgate Consolidated Limited	Unity Mining Limited ⁽¹⁾
Regis Resources Limited ⁽¹⁾	OceanaGold Corporation

(1) During the 2011 financial year, Intrepid Mines Ltd, Ramelius Resources Ltd, Regis Resources Ltd, Resolute Mining Ltd, Silver Lake Resources Ltd, and Unity Mining Ltd replaced Newcrest Mining Ltd, Lihir Gold Ltd, Avoca Resources Ltd, Independence Group NL, Dominion Mining Ltd, and Apex Minerals NL, as these companies either ceased to be listed on the Australian Stock Exchange or the scale of their respective activities became vastly different to that of the Company.

DIRECTORS' REPORT continued

For the financial year ending 30 June 2011, total shareholder returns for St Barbara Limited ranked seventh out of eleven relative to the comparator group. In the event that St Barbara does not improve its ranking over the three year vesting measurement period ending 30 June 2013, no performance rights will vest.

The Board reserves the right to make changes to the peer group to allow for changing circumstances (e.g. takeover) for peer group companies. In view of the elevated levels of corporate takeovers and mergers over the last two years involving ASX listed gold companies, the Company is also evaluating alternative objective measures for LTI vesting measurement.

Expiry and other conditions

All performance rights expire on the earlier of their expiry date, thirty days after resignation 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. When exercisable, each performance right is convertible into one ordinary share.

The assessed fair value at grant date of performance rights granted to the individuals 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 independently determined using a Black-Scholes option pricing model that takes into account the issue price (based on the volume

weighted average closing market price for the 10 business days up to and including the last business day of the preceding fiscal year), the term of the performance right, the performance hurdle (Relative TSR) 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 performance right.

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 determined by the Black-Scholes model. For rights issued during the year ended 30 June 2011, taking into account the impact of the market condition (as discussed above), the estimated fair value was \$nil.

Further information on performance rights is set out in Notes 36 and 37 to the Financial Statements.

Illustrative example of performance rights calculation

Executive Total Fixed Remuneration (TFR)	\$400,000
LTI award value (120% of TFR)	\$480,000
10 day VWAP performance rights price (post consolidation)	\$2.238 each
Performance Rights to be granted (\$480,000 ÷ \$2.238)	214,477

Analysis of performance rights as compensation

2011	Performance rights granted		Value yet to vest				
			% vested in year	% forfeited in year	Financial year rights vest	Minimum (A) \$	Maximum (B) \$
	Number	Date					
T J Lehany	757,819	23 Dec 2010	–	–	30 June 2013	Nil	Nil
G Campbell-Cowan	225,737	23 Dec 2010	–	–	30 June 2013	Nil	Nil
D Rose	252,011	23 Dec 2010	–	–	30 June 2013	Nil	Nil
P Uttley	195,174	23 Dec 2010	–	–	30 June 2013	Nil	Nil
R Kennedy	195,174	23 Dec 2010	–	–	30 June 2013	Nil	Nil

A The minimum value of rights 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 rights yet to vest represents the amount of the grant date fair value of the rights that is still to be expensed in the income statement.

DIRECTORS' REPORT continued

Analysis of movements in the value of rights granted and exercised

2011	A	B	C
	Granted in year \$	Exercised in year \$	Lapsed in year \$
T J Lehany	–	–	–
G Campbell-Cowan	–	–	–
D Rose	–	–	–
P Uttley	–	–	–
R Kennedy	–	–	–

- A The value of rights granted in the year is the fair value of the rights calculated at grant date using a Black-Scholes pricing model, adjusted for the probability of market conditions being met using a Monte Carlo simulation. The total value of the rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.
- B The value of rights exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the day the rights were exercised after deducting the price paid to exercise the rights.
- C The value of the rights that lapsed during the year represents the benefit forgone and is calculated at the date the rights lapsed using a Black-Scholes pricing model adjusted for the probability of market conditions being met using a Monte Carlo simulation.

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.

T J Lehany – Managing Director and CEO

- Term of agreement – permanent employee, commencement 2 March 2009
- Payment of a termination benefit or 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 any entitlement to a 'stretch performance' payment plus an amount equivalent to 6 months of notional 'target performance' payment (at the discretion of the Board), or

- b) Where notice of immediate termination is given, 12 months base salary and superannuation, plus an amount equivalent to 12 months of a notional 'target performance' payment (at the discretion of the Board).

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 2011.

AUDITOR INDEPENDENCE

A copy of the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 42. The Directors are satisfied that the provision of these services did not impair the auditor's independence.

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.

There were six non-compliances registered and externally reported for the Southern Cross operations during the 2011 financial year. At Leonora, there were sixteen non-compliances registered and externally reported. This was a significant increase in the number of incidents reported in the previous year, with the increase largely due to the number of instances of wind generated dust from the dry surface of the old Tarmoola tailings dam. The increase in reporting was due to the continual presence of personnel on site for the development of the King of the Hills underground mine throughout the year. None of the reported incidents were material in that there was minimal, if any, adverse impact on the environment. Remedial work in relation to these incidents has been scheduled to be undertaken during the year ending 30 June 2012. The formal reporting of the Leonora dust incidents did result in requests from regulators for details of proposed measures to be implemented to prevent recurrence and the timeframe for implementation of those measures. No formal notices relating to any of the environmental incidents were issued by regulators.

NON-AUDIT SERVICES

During the prior year the Company did employ the auditor on assignments additional to their statutory audit duties. Details of the amounts paid or payable to the auditor, KPMG, for audit services provided during the 2011 financial year are set out in Note 26 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 26 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services 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 and 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.

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 items:

- In July 2011, the Group advised GE Commercial Finance of its intention to repay the equipment lease facility in full on 30 August 2011. At 30 June 2011, the outstanding balance was \$7,860,000.
- On 4 August 2011 the Group entered into a zero cost collar hedging facility for 100,000 ounces of gold from September 2011 to September 2012 to manage Australian dollar gold price risk associated with the estimated production from the remaining life of the Southern Cross mine. The facility was fully drawn down by purchasing put options and selling call options over 100,000 ounces of gold with the following strikes: bought put options at A\$1,550/oz, and sold call options at A\$1,610/oz.

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 24th day of August 2011



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 2011 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.

A handwritten signature in black ink, appearing to read 'Michael Bray'.

KPMG

A handwritten signature in black ink, appearing to read 'Michael Bray'.

Michael Bray
Partner

Melbourne

24 August 2011

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

FINANCIAL REPORT

This financial report covers both St Barbara Limited as an individual entity and 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 at the date of this report is:

St Barbara Limited
Level 14, 90 Collins St
Melbourne VIC 3000

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 24 August 2011. The Company has the power to amend and reissue the financial report.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Revenue from continuing operations	6	359,575	296,760
Mine operating costs		(208,021)	(207,688)
Gross profit		151,554	89,072
Other revenue	6	9,382	6,765
Other income	7	4,449	939
Exploration expensed		(13,284)	(5,184)
Corporate and support costs		(14,848)	(21,382)
Royalties		(13,693)	(11,790)
Depreciation and amortisation	8	(58,480)	(71,874)
Other expenditure		(6,230)	(2,628)
Operating profit/(loss)		58,850	(16,082)
Finance costs	8	(3,692)	(7,317)
Net realised/unrealised gains/(losses) on derivatives	9	13,471	(19,513)
Net realised/unrealised gain on available for sale assets	9	–	2,724
Profit/(loss) before income tax		68,629	(40,188)
Income tax expense	10	–	–
Profit/(loss) after income tax for the year		68,629	(40,188)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share (cents per share)	35	21.05	(13.64)
Diluted earnings/(loss) per share (cents per share)	35	20.94	(13.64)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	79,485	102,157
Trade and other receivables	12	24,140	15,480
Inventories	13	17,858	18,055
Derivative financial assets	21	2,085	–
Deferred mining costs	14	12,934	9,114
Total current assets		136,502	144,806
Non-current assets			
Property, plant and equipment	16	105,750	112,096
Deferred mining costs	14	10,230	–
Mine properties	17	283,991	216,530
Exploration and evaluation	18	11,629	5,735
Derivative financial assets	21	282	–
Total non-current assets		411,882	334,361
Total assets		548,384	479,167
LIABILITIES			
Current liabilities			
Trade and other payables	19	49,366	37,558
Interest bearing borrowings	20	10,491	7,116
Derivative financial liabilities	21	–	338
Provisions	22	7,982	6,913
Total current liabilities		67,839	51,925
Non-current liabilities			
Interest bearing borrowings	20	1,581	8,793
Derivative financial liabilities	21	10,468	38,336
Provisions	22	32,149	30,645
Total non-current liabilities		44,198	77,774
Total liabilities		112,037	129,699
Net Assets		436,347	349,468
EQUITY			
Contributed equity	23	615,521	614,997
Reserves	24(a)	1,049	(16,677)
Accumulated losses	24(b)	(180,223)	(248,852)
Total equity		436,347	349,468

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
	Notes	2011 \$'000	2010 \$'000
Profit/(loss) for the year		68,629	(40,188)
Other comprehensive income			
Changes in fair value of available for sale financial assets	24(a)	–	(6,687)
Changes in fair value of cash flow hedges taken to reserves	24(a)	17,102	(19,161)
Other comprehensive income net of tax⁽¹⁾		17,102	(25,848)
Total comprehensive profit/(loss) attributable to equity holders of the company		85,731	(66,036)

(1) Other comprehensive income comprises items of income and expense that are recognised in reserves or equity. These items are not recognised in the Income Statement as required by accounting standards. Total comprehensive profit/(loss) 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 CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

Attributable to equity holders of the Company								
		Contributed	Share	Gold	Convertible	Investment	Retained	Total
	Note	Equity	Based	Cash Flow	Note	Fair Value	Earnings	
		\$'000	Payments	Hedge	Liability	Reserve	\$'000	\$'000
			Reserve	Reserve	Reserve	Reserve		
			\$'000	\$'000	\$'000	\$'000		
Balance at 1 July 2010		614,997	2,484	(19,161)	–	–	(248,852)	349,468
Share-based payments expense	24(a)	–	973	–	–	–	–	973
Unlisted options expired	24(a)	–	(104)	–	–	–	–	(104)
Unlisted options exercised	23(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

Attributable to equity holders of the Company								
		Contributed	Share	Gold	Convertible	Investment	Retained	Total
	Note	Equity	Based	Cash Flow	Note	Fair Value	Earnings	
		\$'000	Payments	Hedge	Liability	Reserve	\$'000	\$'000
			Reserve	Reserve	Reserve	Reserve		
			\$'000	\$'000	\$'000	\$'000		
Balance at 1 July 2009		496,176	1,841	–	432	6,687	(208,664)	296,472
Equity issues (net of transaction costs)	23(b)	118,821	–	–	–	–	–	118,821
Share-based payments expense	24(a)	–	1,175	–	–	–	–	1,175
Unlisted options expired	24(a)	–	(532)	–	–	–	–	(532)
Convertible note reserve transferred to income statement	24(a)	–	–	–	(432)	–	–	(432)
Comprehensive income for the year		–	–	(19,161)	–	(6,687)	(40,188)	(66,036)
Balance at 30 June 2010		614,997	2,484	(19,161)	–	–	(248,852)	349,468

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 2011

	Notes	Consolidated	
		2011	2010
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of GST)		354,397	293,619
Payments to suppliers and employees (inclusive of GST)		(228,015)	(209,774)
Interest received		5,122	4,575
Interest paid		(37)	(4,829)
Payments for exploration		(13,284)	(5,184)
Finance charges – finance leases		(962)	(1,232)
Borrowing costs		(99)	(554)
Net cash inflow from operating activities	33	117,122	76,621
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		3,016	276
Transaction costs on sale of property, plant and equipment		(45)	–
Proceeds from sale of tenements		2,000	–
Proceeds on sale of available for sale financial assets		–	9,907
Payments for property, plant and equipment		(12,207)	(10,210)
Payments for development of mining properties		(120,332)	(84,962)
Payments for tenements and land		–	(686)
Exploration and evaluation expenditure – capitalised		(8,863)	(2,762)
Net cash outflow from investing activities		(136,431)	(88,437)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares on conversion of options		279	–
Proceeds from borrowings: – finance leases		1,552	559
– insurance premium funding		2,747	–
Buy back and redemption of convertible notes		(1,200)	(75,588)
Convertible notes buy back transaction costs		–	(25)
Proceeds from equity raising		–	123,859
Equity raising transaction costs		–	(5,038)
Movement in restricted cash		264	23,951
Principal repayments – finance leases		(982)	(989)
– equipment financing facility		(5,061)	(4,542)
– insurance premium funding		(962)	(1,906)
Net cash (outflow)/inflow from financing activities		(3,363)	60,281
Net (decrease)/increase in cash and cash equivalents		(22,672)	48,465
Cash and cash equivalents at the beginning of the year		102,157	53,692
Cash and cash equivalents at the end of the year	11	79,485	102,157

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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 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 24 August 2011.

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
- Rehabilitation 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 2011 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 25.

(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. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

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 31.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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 Chief Executive Officer (CEO) 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 CEO 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 developments and acquisitions of property, plant and equipment.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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 profit or loss 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 income 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 or 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.

(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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. 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 if the carrying amount of an asset or its 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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 uncollectible 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.

(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 derecognised 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 21. Movements in the hedging reserve in shareholders' equity are shown in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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 hedging 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The fair value of the liability portion of convertible debt is determined using a market interest rate for an equivalent nonconvertible 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 using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(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 36.

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 at each reporting date 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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. 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 revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, 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 new and/or revised Standards, Amendments and Interpretations from 1 July 2010:

- AASB 2010-3: *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*
- AASB 2009-5: *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process*
- AASB 2009-8: *Amendments to Australian Accounting Standards – Group cash-settled share-based payment transactions*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2 NEW STANDARDS ADOPTED continued

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

An amendment to AASB 107 *Statement of Cash Flows* (contained within AASB 2009-5), limits the disclosure of items as investing activities in the statement of cash flows to those expenditures which result in a recognised asset in the statement of financial position. This amendment affects the Group's disclosure of payments for exploration and evaluation expenditure. In prior years, the entire amount of this expenditure was disclosed in investing activities. The effect of the revised standard has resulted in only that portion of exploration expenditure which has been capitalised to be disclosed as an investing activity, with the balance of exploration expenditure disclosed as operating activities. Prior year comparatives have been adjusted on this basis.

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 table below shows the effect of the 5 year average annual Australian dollar gold price movement on the trade receivables balance at year end:

	5 year average annual price movement	Change in trade receivables	
		2011 \$'000	2010 \$'000
Commodity: gold (AUD)	14%	2,110	1,156

The Group is managing commodity price risk in relation to the King of the Hills operation by using a combination of gold put options and gold call options to create a zero-cost option collar structure 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.

(iii) Interest rate risk

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.

(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.

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 2011, 12,000 ounces of put options were exercised (2010: nil) and the equivalent ounces of call options expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 FINANCIAL RISK MANAGEMENT continued

The maturity profile of the put and call option contracts as at 30 June 2011 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	More than 5 years ounces
Put: A\$1,425/oz	238,000	33,000	30,000	64,252	110,748	–
Call: A\$1,615/oz	238,000	33,000	30,000	64,252	110,748	–

At the date of entering into the collar structure, the net fair value of the put and call options was zero dollars. At 30 June 2011, the fair value of all remaining put and call option contracts was negative \$8,101,000 (June 2010: negative \$38,674,000). \$6,042,000 (June 2010: \$19,513,000) of this negative fair value represents an unrealised loss related to time value of the 238,000 ounces outstanding at 30 June 2011 (June 2010: 250,000 ounces). The movement of \$13,471,000 from 30 June 2010 was recognised in the income statement, and includes the reversal of unrealised losses recognised at 30 June 2010 for options that were exercised, or expired, during the period (refer to note 1(o)) amounting to \$525,000. The remaining \$2,059,000 of the negative fair value recorded at 30 June 2011 represented an unrealised loss related to the intrinsic value of the options, and was recognised in the hedging reserve in equity.

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

The following table summarises the impact of an 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 equity net of tax ⁽²⁾	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
+A\$100 change in AUD spot price	(9,074)	(3,161)	(8,966)	(19,266)
–A\$100 change in AUD spot price	9,074	3,161	8,966	19,266

(1) Represents the movement in time value.

(2) Represents the movement in intrinsic value.

(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 \$13,770,000 of the trade receivables carrying amount at 30 June 2011 (2010: \$8,294,000), representing receivables owing from gold sales. Settlement of the receivables relating to gold sales occurred on 7 July 2011. 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 2011 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)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 FINANCIAL RISK MANAGEMENT continued

(d) CAPITAL MANAGEMENT

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

	2011 \$'000	2010 \$'000
Consolidated capital		
Total shareholders' funds	436,347	349,468
Borrowings	12,072	15,909
Cash and cash equivalents ⁽¹⁾	(12,072)	(15,909)
Total capital	436,347	349,468

(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 (2010: \$388,000) at the reporting date.

Borrowings include \$7,860,000 for an equipment financing loan facility agreement with GE Commercial Finance used to fund the construction and purchase of certain infrastructure assets at Gwalia. The facility is secured against the equipment financed and is repayable over 48 months. The interest rate is the 90 day bank bill rate plus an interest margin of 2.8%. Under the terms of the GE 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. In the year, and as at 30 June 2011, there were no events of default under the facility.

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 (except those held as security for the GE facility and other finance leases), 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 2011, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 FINANCIAL RISK MANAGEMENT continued

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 – 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 ⁽²⁾	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.

(2) A decision was taken after the reporting date to repay the GE Commercial Finance facility in full on 30 August 2011.

Maturity of financial liabilities – 2010						
\$'000	Less than 6 months	6 – 12 months	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Convertible notes	1,208	–	–	–	1,208	1,200
Finance lease liabilities	534	369	1,281	–	2,184	1,994
Equipment finance facility	2,957	2,977	8,090	–	14,024	12,921
Trade and other payables	37,558	–	–	–	37,558	37,558
Derivative financial liabilities ⁽¹⁾	–	338	38,336	–	38,674	38,674
	42,257	3,684	47,707	–	93,648	92,347

(1) Represents the mark-to-market valuation of the gold option collar structure, and does not represent a contractual cash flow. The mark-to-market valuations at 30 June 2010 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(viii).

Off-Balance Sheet

The Group has potential financial liabilities that may arise from the contingency disclosed in Note 27. As explained in that note, no material losses are anticipated in respect of any of that contingency, subject to the outcome of the judgement and any subsequent appeal in the Kingstream matter. Fair values for off-balance sheet assets or liabilities are the Directors' estimate of amounts which would be payable by the Group as consideration for the assumption of those contingencies by another party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3 FINANCIAL RISK MANAGEMENT continued

Fair values

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

	2011		2010	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
FINANCIAL ASSETS				
– Cash and cash equivalents	79,485	81,083	102,157	101,861
– Restricted cash	123	123	388	388
– Receivables	20,454	20,454	12,238	12,238
– Gold put and call options (zero cost collar)	2,367	2,367	–	–
	102,429	104,027	114,783	114,487
FINANCIAL LIABILITIES				
– Payables	49,366	49,366	37,558	37,558
– Convertible notes	–	–	1,200	1,200
– Equipment financing facility	7,860	7,847	12,921	12,902
– Gold put and call options (zero cost collar)	10,468	10,468	38,674	38,674
– Other loans	4,326	4,326	1,994	1,994
	72,020	72,007	92,347	92,328

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

- 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.

(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.

Value in use in relation to the Group's Leonora and Southern Cross cash generating units at 30 June 2011 was determined by discounting the future cash flows generated from the continuing use of each operation and was based on the following key assumptions:

- Cash flows were projected based on the life of mine plan of each operation, 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 2011.
- Cash operating costs take into consideration an estimate of inflation.
- A pre-tax nominal discount rate of 11.49% 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(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 22). 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.

In estimating the rehabilitation provision at 30 June 2011, 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 weighted average cost of capital.

(vii) Deferred tax

At 30 June 2011 the Group had a net deferred tax liability from taxable temporary differences of \$217,075,000 offset by a deferred tax asset from deductible temporary differences of \$48,543,000 and carried forward tax losses of \$168,532,000 (before being tax effected). Further carried forward tax losses of \$174,157,000 have not been recognised at 30 June 2011. In determining whether to recognise these additional tax losses, the directors considered the probability as to whether the Group will have future taxable profits available against which carry forward tax losses could be utilised. The probability of future taxable profits is based on the low case scenario in the Group's most recent three year business plan, and takes into account sensitivities to changes in forecast gold prices, cost inflation and operational performance. Utilisation of carry forward tax losses is also subject to tax legislation not changing in a manner that would adversely affect the Group's ability to recoup its tax losses.

As stated above, a deferred tax asset has not been recognised at 30 June 2011 in respect of accumulated tax losses of \$174,157,000 (representing an unbooked deferred tax asset of \$52,247,000 (2010: \$71,626,000)) because it is not probable that the Group will be able to utilise these tax losses as at the reporting date.

(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 2011, the fair value of the collar structure was negative \$8,101,000. 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 36.

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 there for 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5 SEGMENT INFORMATION

The Company has two reportable segments, Leonora and Southern Cross Operations, which are also the Company's operating segments. The operational business units are managed separately due to their separate geographic regions.

The Company operates predominantly in the minerals exploration and mining industry in Australia.

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.

	Leonora		Southern Cross		Total	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Revenue	195,203	139,335	167,794	158,321	362,997	297,656
Mine operating costs	(103,873)	(74,470)	(104,148)	(110,637)	(208,021)	(185,107)
Gross profit	91,330	64,865	63,646	47,684	154,976	112,549
Royalties	(7,387)	(5,492)	(6,306)	(6,298)	(13,693)	(11,790)
Depreciation and amortisation	(37,199)	(31,279)	(20,443)	(24,515)	(57,642)	(55,794)
Reportable segment profit before income tax	46,744	28,094	36,897	16,871	83,641	44,965
Other material non-cash items	–	–	–	(37,946)	–	(37,946)
Capital expenditure	(88,249)	(53,837)	(29,577)	(31,487)	(117,826)	(85,324)
	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Reportable segment assets	388,302	317,928	43,664	32,743	431,966	350,671

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	
	2011 \$'000	2010 \$'000	2011 %	2010 %
Customer A	151,692	16,698	42.2	5.6
Customer B	92,009	–	25.6	–
Customer C	76,729	–	21.3	–
Customer D	39,145	280,062	10.9	94.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5 SEGMENT INFORMATION continued

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

	Consolidated	
	2011	2010
	\$'000	\$'000
REVENUES		
Total revenue for reportable segments	362,997	297,656
Other revenue	5,960	5,869
Consolidated revenue	368,957	303,525

	Consolidated	
	2011	2010
	\$'000	\$'000
PROFIT OR LOSS		
Total profit for reportable segments	83,641	44,965
Other income and revenue	8,446	6,808
Exploration expensed	(13,284)	(5,184)
Unallocated depreciation and amortisation	(838)	(715)
Asset write-downs	–	(37,946)
Finance costs	(3,692)	(7,317)
Net fair value movements on gold options	13,471	(19,513)
Net realised/unrealised gain on available for sale assets	–	2,724
Net proceeds from sale of tenement rights	1,963	–
Corporate and support costs	(14,848)	(21,382)
Other corporate expenses	(6,230)	(2,628)
Consolidated profit/(loss) before income tax	68,629	(40,188)

	Consolidated	
	30 June	30 June
	2011	2010
	\$'000	\$'000
ASSETS		
Total assets for reportable segments	431,966	350,671
Cash and cash equivalents	79,485	102,157
Trade and other receivables	24,140	15,480
Capitalised borrowing costs	7,912	8,522
Derivative financial assets	2,367	–
Other assets	2,514	2,337
Consolidated total assets	548,384	479,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 5 SEGMENT INFORMATION continued

	Year ended 30 June 2011			Consolidated totals
	Reportable segment totals	Impairments	Unallocated	
OTHER MATERIAL ITEMS				
Mine operating costs	(208,021)	–	–	(208,021)
Depreciation and amortisation	(57,642)	–	(838)	(58,480)

	Year ended 30 June 2010			Consolidated totals
	Reportable segment totals	Impairments	Unallocated	
OTHER MATERIAL ITEMS				
Mine operating costs	(185,107)	(22,581)	–	(207,688)
Depreciation and amortisation	(55,794)	(15,365)	(715)	(71,874)

NOTE 6 REVENUE

	Consolidated	
	2011 \$'000	2010 \$'000
SALES REVENUE-CONTINUING OPERATIONS		
Sale of gold	357,484	295,238
Sale of silver	2,091	1,522
	359,575	296,760
OTHER REVENUE		
Interest revenue	5,611	5,210
Sub-lease rental	349	347
Discount on convertible notes buy back	–	312
Third party revenue – ore processing	3,422	896
	9,382	6,765
Total revenue	368,957	303,525

NOTE 7 OTHER INCOME

	Consolidated	
	2011 \$'000	2010 \$'000
Profit on sale of assets	1,224	247
Proceeds from sale of tenement rights	1,963	–
Release of convertible note liability reserve	–	432
Other	1,262	260
	4,449	939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8 EXPENSES

	Consolidated	
	2011 \$'000	2010 \$'000
PROFIT/(LOSS) BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Depreciation		
Buildings	1,067	752
Plant and equipment	15,213	8,018
Impairment write-offs	–	6,501
	16,280	15,271
Amortisation		
Mine development costs	41,085	45,001
Deferred waste stripping	–	471
Capitalised borrowing costs	702	1,807
Plant/equipment finance leases	413	460
Impairment write-offs	–	8,864
	42,200	56,603
Total depreciation & amortisation	58,480	71,874
Finance Costs		
Interest paid/payable	30	60
Interest on convertible notes	–	4,359
Borrowing costs	99	553
Convertible notes buy back costs	–	25
Finance lease interest	962	1,172
Provisions: unwinding of discount	2,601	1,148
	3,692	7,317
Employee related expenses		
Contributions to defined contribution superannuation funds	2,543	2,262
Termination payments	420	312
Equity settled share-based payments (note 24(a))	973	1,175
	3,936	3,749
Rental expense relating to operating leases		
Lease payments	873	838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

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 period are detailed below:

	Consolidated	
	2011 \$'000	2010 \$'000
Included within net realised/unrealised gains/(losses) on derivatives		
Net unrealised (loss)/gain on gold cash flow hedges ⁽¹⁾	12,946	(19,513)
Realised gain on gold cash flow hedges ⁽¹⁾	525	–
	13,471	(19,513)
Included within Other Income		
Profit on sale of Tarmoola processing plant ⁽²⁾	1,164	–
Proceeds from sale of tenement rights ⁽³⁾	1,963	–
	3,127	–
Included within Other Expenditure		
–Native title payments ⁽⁴⁾	(2,400)	–
Impairment write downs included within mine operating costs		
Underground deferred operating mine development at Marvel Loch	–	(22,581)
	–	(22,581)
Impairment write downs included within depreciation and amortisation		
Southern Cross assets	–	(11,583)
Marvel Loch capitalised exploration	–	(3,782)
	–	(15,365)
Included within realised/unrealised gain on available for sale assets		
Gain on sale of Bendigo Mining Limited	–	2,724
	–	2,724
Total significant items	14,198	(54,735)

(1) Net realised/unrealised (loss)/gain on gold cash flow hedges

At 30 June 2011 the mark-to-market value of the Company's gold put and call options (collar structure) outstanding at 30 June 2011 of 238,000 ounces (2010: 250,000 ounces), which provide price protection for King of the Hills production, was negative \$8,101,000 (30 June 2010: negative \$38,674,000). In accordance with accounting standards the unrealised gain, representing the movement in the time value of the collar structure during the year, amounting to \$13,471,000 was recognised in the income statement (2010: loss of \$19,513,000). This amount includes the unwinding of the unrealised mark-to-market loss booked at 30 June 2010 for options that were exercised or expired during the year. The unrealised gain related to the movement in the intrinsic value of the collar structure in the period of \$17,102,000 (2010: loss of \$19,161,000) was recognised in the hedging reserve in equity. Over time, the remaining unrealised negative mark-to-market valuation will reverse either through a change to the mark-to-market value of the collar structure or maturity of the contracts.

(2) Profit on sale of Tarmoola processing plant

During September 2010 the Company sold its Tarmoola processing plant, which was on care and maintenance and surplus to the Company's requirements, for cash proceeds of \$3,000,000. The profit recognised of \$1,164,000 is after deducting the book value of assets related to the sale of \$1,836,000.

(3) Proceeds from sale of tenement rights

During October 2010 the Company sold tenements acquired for base metals prospectivity in the Leonora region and no longer considered strategic, to Jabiru Metals Limited for cash proceeds of \$2,000,000 (less \$37,000 for associated legal costs). There were no balances relating to these tenements previously capitalised on the balance sheet. The Company retains all gold rights associated with these tenements for a minimum of 5 years.

(4) Native title payments

During the year the Company identified an obligation to make payments to three Aboriginal groups in the Leonora region. The obligation arises from Agreements assigned to the Company when the Company acquired the Sons of Gwalia gold assets in 2005. The Agreements with the three Aboriginal groups relate to mining leases granted on tenements in which each group has an interest. The total payment due is \$2,400,000. The Company has no further mining lease applications in Leonora district.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10 INCOME TAX EXPENSE

(a) INCOME TAX EXPENSE

	Consolidated	
	2011 \$'000	2010 \$'000
Deferred income tax (benefit)/expense	-	-

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

	Consolidated	
	2011 \$'000	2010 \$'000
Profit/(loss) before income tax expense/(benefit)	68,629	(40,188)
Tax at the Australian tax rate of 30%	20,589	(12,056)
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Legal and other capital expenditure	(382)	159
Equity settled share based payments	263	193
Sundry items	9	8
Tax losses not recognised	-	11,696
Utilisation of previously unrecognised tax losses	(8,273)	-
Change in previously unrecognised temporary differences	(12,206)	-
Income tax expense/(benefit)	-	-

Refer to Note 10(c) for details of the deferred tax benefit.

(c) DEFERRED TAX BALANCE

	Consolidated	
	2011 \$'000	2010 \$'000
Deferred tax liabilities		
Accrued income	464	365
Mining properties – exploration	20,529	13,007
Mining properties – development	178,460	117,342
Consumables	9,711	8,956
Capitalised convertible notes costs	7,911	8,522
Total	217,075	148,192
Tax effect @ 30%	65,123	44,458
Deferred tax assets		
Tax losses	342,689	332,795
Tax losses not booked ⁽¹⁾	(174,157)	(238,754)
Provisions and accruals	41,416	38,206
Investment fair value reserve	-	53
Tax assets without a carrying amount	7,127	10,711
Property, plant and equipment	-	5,181
Total	217,075	148,192
Tax effect @ 30%	65,123	44,458
Net deferred tax asset ⁽¹⁾	-	-

(1) The tax losses not booked represent an unrecognised deferred tax asset of \$52,246,000 (2010: \$71,626,000). These losses have not been recognised because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits there from.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 11 CASH AND CASH EQUIVALENTS

	Consolidated	
	2011 \$'000	2010 \$'000
Cash at bank and on hand	4,485	50,157
Term deposits	75,000	52,000
	79,485	102,157

(a) CASH AT BANK AND ON HAND

Cash at bank at 30 June 2011 invested "at call" was earning interest at an average rate of 4.90% per annum (2010: 6.00% per annum).

(b) DEPOSITS

The deposits at 30 June 2011 were earning interest at rates of between 6.00% and 6.23% per annum (2010: rates of between 5.45% and 6.25% per annum).

NOTE 12 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT ASSETS		
Trade receivables	15,199	8,328
Other receivables	5,255	3,910
Restricted cash ⁽¹⁾	123	388
Prepayments	3,563	2,854
	24,140	15,480

(1) Restricted cash at 30 June 2011 is cash placed on deposit to secure 5 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 4.70%.

(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 15.

NOTE 13 INVENTORIES

	Consolidated	
	2011 \$'000	2010 \$'000
Consumables	9,711	8,954
Ore stockpiles	723	3,043
Gold in circuit	6,407	4,570
Bullion on hand	1,017	1,488
	17,858	18,055

(a) LOWER OF COST AND NET REALISABLE VALUE

At 30 June 2011, all categories of inventory were valued at cost (2010: all categories at cost).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 14 DEFERRED MINING COSTS

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Deferred waste stripping	–	8,867
Amortisation of deferred waste	–	(8,867)
	–	–
Deferred operating development	12,934	9,114
	12,934	9,114
NON-CURRENT		
Deferred operating development	10,230	–

NOTE 15 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.

2011	Fixed Interest Maturing in				
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	Non-interest bearing \$'000	Total \$'000
FINANCIAL ASSETS					
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 creditors	–	–	–	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15 FINANCIAL INSTRUMENTS continued

2010	Fixed Interest Maturing in				Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	Non-interest bearing \$'000	
FINANCIAL ASSETS					
Cash and cash equivalents	50,157	52,000	–	–	102,157
Restricted cash and cash equivalents	388	–	–	–	388
Receivables	–	–	–	12,238	12,238
	50,545	52,000	–	12,238	114,783
Weighted average interest rate	6.00%	5.84%			
FINANCIAL LIABILITIES					
Trade and other creditors	–	–	–	37,558	37,558
Finance lease liabilities	–	779	1,185	30	1,994
Equipment financing facility	12,921	–	–	–	12,921
Convertible notes	–	1,200	–	–	1,200
Gold put and call options	–	–	–	38,674	38,674
	12,921	1,979	1,185	76,262	92,347
Weighted average interest rate	7.29%	8.00%	7.97%		
Net financial assets/(liabilities)	37,624	50,021	(1,185)	(64,024)	22,436

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2011 \$'000	2010 \$'000
NON-CURRENT		
Land	1,093	1,093
Housing and site buildings	17,870	17,870
Plant and equipment	129,520	119,268
Accumulated depreciation/impairment	(42,733)	(26,135)
	105,750	112,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 16 PROPERTY, PLANT AND EQUIPMENT continued

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

	Consolidated	
	2011 \$'000	2010 \$'000
LAND		
At the beginning of the year	1,093	507
Additions	–	586
Disposals	–	–
At the end of the year	1,093	1,093
HOUSING AND SITE BUILDINGS		
At the beginning of the year	16,230	11,082
Additions	–	–
Transfers from Plant and Equipment	–	5,900
Depreciation	(1,067)	(752)
At the end of the year	15,163	16,230
PLANT AND EQUIPMENT		
At the beginning of the year	94,773	106,039
Additions	12,176	9,636
Disposals	(1,829)	(24)
Transfer to Housing and Site Buildings	–	(5,900)
Assets written off	–	(6,500)
Depreciation	(15,626)	(8,478)
At the end of the year	89,494	94,773
Total	105,750	112,096

(a) SECURITY

As at 30 June 2011, plant and equipment with a carrying value of \$31,909,000 (2010: \$30,303,000) was pledged as security for an equipment finance facility and finance leases (Note 20).

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 a performance bond and hedging facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 17 MINE PROPERTIES

	Consolidated	
	2011 \$'000	2010 \$'000
NON-CURRENT		
Mine Properties – development		
At beginning of the year	216,530	185,341
Direct expenditure	106,312	75,437
Transferred from exploration and evaluation	2,844	1,454
Mine development written off	–	(5,082)
Adjustment to rehabilitation provision	–	4,381
Amortisation for the year	(41,695)	(45,001)
At end of the year	283,991	216,530

NOTE 18 EXPLORATION AND EVALUATION

	Consolidated	
	2011 \$'000	2010 \$'000
NON-CURRENT		
Exploration and evaluation		
At beginning of the year	5,735	8,219
Acquired tenements	–	100
Tenements written off	(125)	(110)
Expenditure capitalised for the year	8,863	2,762
Transferred to mine properties	(2,844)	(1,454)
Exploration written off	–	(3,782)
At end of the year	11,629	5,735

NOTE 19 TRADE AND OTHER PAYABLES

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Trade payables	47,397	36,180
Other payables	1,969	1,378
	49,366	37,558

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20 INTEREST BEARING BORROWINGS

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Secured		
Lease liabilities (Note 28)	960	779
Equipment finance facility (Note 28)	7,860	5,197
Transaction costs	(114)	(60)
	8,706	5,916
Unsecured		
Convertible notes	–	1,200
Insurance premium funding	1,785	–
	1,785	1,200
Total current	10,491	7,116
NON-CURRENT		
Secured		
Lease liabilities (Note 28)	1,581	1,215
Equipment finance facility (Note 28)	–	7,724
Transaction costs	–	(146)
Total non-current	1,581	8,793

(a) INTEREST RATE RISK EXPOSURES

Details of the Group's exposure to interest rate changes on borrowings are set out in Note 15.

(b) CONVERTIBLE NOTES

On 4 July 2010, the remaining convertible notes were redeemed for the face value of \$1,200,000.

(c) EQUIPMENT FINANCE FACILITY

During 2008 the Company signed a \$20,000,000 loan facility agreement with GE Commercial Finance to fund the construction and purchase of certain infrastructure assets at Gwalia. The facility is secured against the equipment financed and is repayable over 48 months. The interest rate is the 90 day bank bill rate plus an interest margin of 2.8%. Under the terms of the GE 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 facility the Company has up to 90 days to remedy or rectify a non-compliance event in relation to the undertakings. Subsequent to the reporting date, the Company has advised GE Commercial Finance of its intention to repay the facility in full on 30 August 2011 (refer to Note 32).

(d) 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 2011 restricted cash for this purpose amounted to \$123,000 (2010: \$388,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT ASSETS		
Fair value of gold option collar	2,085	–
NON-CURRENT ASSETS		
Fair value of gold option collar	282	–
CURRENT LIABILITIES		
Fair value of gold option collar	–	338
NON-CURRENT LIABILITIES		
Fair value of gold option collar	10,468	38,336

(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 collar at each reporting date, the Group performs an independent valuation of each option tranche within the 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 assets or liability accordingly.

NOTE 22 PROVISIONS

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Employee benefits – annual leave	2,244	1,715
Employee benefits – long service leave	1,056	792
Employee benefits – other	890	1,559
Provision for rehabilitation	3,643	2,847
Other provisions	149	–
	7,982	6,913
NON-CURRENT		
Provision for rehabilitation	30,888	29,627
Employee benefits – long service leave	1,261	1,018
	32,149	30,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22 PROVISIONS continued

MOVEMENTS IN PROVISIONS

	Consolidated	
	2011 \$'000	2010 \$'000
REHABILITATION		
Balance at start of year	32,474	28,284
Unwinding of discount	2,601	1,148
Expenditure incurred	(544)	(1,339)
Adjustment on re-estimation	–	4,381
Balance at end of year	34,531	32,474

NOTE 23 CONTRIBUTED EQUITY

(a) SHARE CAPITAL

	Parent entity		Parent entity	
	2011 Shares	2010 Shares	2011 \$'000	2010 \$'000
Ordinary shares – fully paid*	325,615,389	325,444,735	615,521	614,997

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

(b) MOVEMENTS IN ORDINARY SHARE CAPITAL:

Date	Details	Notes	Number of shares	Issue price (cents/ share)	\$'000
1 July 2009			1,493,932,950		496,176
	Plus Institutional rights issue	(i)	274,094,788	27	74,006
	Transaction costs on institutional rights issue				(3,214)
	Plus Retail rights issue	(ii)	184,640,669	27	49,853
	Plus Transaction costs on retail rights issue				(1,824)
			1,952,668,407		614,997
30 June 2010					
	Plus Shares issued on exercise of options	(iii)	1,000,000	28	279
	Transfer of Option Reserve on conversion of options	(iv)			245
	Shares on issue prior to consolidation		1,953,668,407		–
	Shares on issue following share consolidation		325,615,389		–
30 June 2011	Closing Balance		325,615,389		615,521

(i) Institutional rights issue completed on 13 November 2009

(ii) Retail rights issue completed on 10 December 2009

(iii) Shares issued on exercise of unlisted options held by executives and employees

(iv) Transfer of the fair value in the Share Based Payment reserve relating to the options exercised at (iii)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23 CONTRIBUTED EQUITY continued

(c) SHARE CONSOLIDATION

On 18 November 2010 shareholders approved a share consolidation of six existing shares for one new share of the Company's issued capital. Share numbers in the comparative period have been restated following the share consolidation undertaken.

(d) 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.

(e) 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 36.

NOTE 24 RESERVES AND ACCUMULATED LOSSES

(a) RESERVES

	Consolidated	
	2011 \$'000	2010 \$'000
Reserves		
Share based payment reserve	3,108	2,484
Investment fair value reserve	–	–
Gold cash flow hedge reserve	(2,059)	(19,161)
Convertible note liability reserve	–	–
	1,049	(16,677)
Share based payment reserve		
Balance at start of year	2,484	1,841
Option expense	973	1,175
Options exercised	(245)	–
Options cancelled on termination	(104)	(532)
Balance at end of year	3,108	2,484
Investments fair value reserve		
Balance at start of year	–	6,687
Transfer to income statement on disposal	–	(6,687)
Balance at end of year	–	–
Gold cash flow hedge reserve		
Balance at start of year	(19,161)	–
Options exercised/expired	–	–
Fair value adjustments	17,102	(19,161)
Balance at end of year	(2,059)	(19,161)
Convertible note liability reserve		
Balance at start of year	–	432
Transfer to income statement	–	(432)
Balance at end of year	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24 RESERVES AND ACCUMULATED LOSSES continued

(b) ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	Consolidated	
	2011 \$'000	2010 \$'000
Balance at start of year	(248,852)	(208,664)
Profit/(loss) attributable to members of the Company	68,629	(40,188)
Balance at end of year	(180,223)	(248,852)

(c) SHARE BASED PAYMENTS RESERVE

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

(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 25 PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended, 30 June 2011, the parent company of the Group was St Barbara Limited.

(a) FINANCIAL STATEMENTS

	Notes	Company	
		2011 \$'000	2010 \$'000
Results of the parent entity			
Profit for the period		68,629	(40,188)
Other comprehensive income		17,102	(25,848)
Total comprehensive income for the period		85,731	(66,036)

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

	Company	
	2011 \$'000	2010 \$'000

FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END

Current assets	136,504	144,808
Total assets	548,564	479,347
Current liabilities	79,240	63,326
Total liabilities	123,438	141,100

TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:

Share capital	615,521	614,997
Share based payment reserve	3,108	2,484
Gold cash flow hedge reserve	(2,059)	(19,161)
Accumulated losses	(191,444)	(260,073)
Total equity	425,126	338,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 25 PARENT ENTITY DISCLOSURES continued

(b) PARENT ENTITY CONTINGENCIES

Refer Note 27 for details of matters for which the parent entity has contingent liabilities.

(c) PARENT ENTITY GUARANTEES

Refer Note 27 for details of bank guarantees issued by the parent.

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

	Company	
	2011 \$'000	2010 \$'000
CONTRACTED BUT NOT YET PROVIDED FOR AND PAYABLE		
Within one year	–	–

NOTE 26 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	
	2011 \$'000	2010 \$'000
(a) ASSURANCE SERVICES		
Audit and audit related services		
KPMG Australian firm		
Audit and review of financial reports	245	240
Audit and review of financial controls	120	–
Total remuneration for audit and audit related services	365	240
(b) NON-AUDIT SERVICES		
KPMG Australian firm		
Due diligence on rights issue	–	95
Other services	–	4
Total remuneration for non-audit services	–	99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 27 CONTINGENCIES

(a) CONTINGENT LIABILITIES AND ASSETS

The Company and consolidated entity have a contingent liability at 30 June 2011 in respect of the following legal claim:

Kingstream

In July 2002, Kingstream Steel Limited (now Midwest Corporation Ltd) ("Kingstream") commenced proceedings in the Supreme Court of WA against the Company and its 100% owned subsidiary, Zygot ("Zygot") (together "St Barbara"). The plaintiff was Bryan Kevin Hughes, as trustee for the Kingstream Steel Creditors' Trust ("Plaintiff").

The Plaintiff's claim against St Barbara arose from the withdrawal by Zygot of three mining lease applications in September 2001 ("MLAs"). The Plaintiff alleged that the MLAs were subject to an Option Deed dated 26 March 1997 between St Barbara and Kingstream, as amended. The Plaintiff sought damages from St Barbara relying upon causes of action based on rectification, breach of contract, breach of duty of care, estoppel and unilateral mistake. St Barbara defended the action.

On 30 June 2010, the Supreme Court held that the Plaintiff had failed to prove any of the causes of action against St Barbara and dismissed the action. St Barbara has since been paid the sum of \$1,500,000 by IMF Australia Limited on behalf of the Plaintiff in satisfaction of any claim St Barbara had for its costs in relation to the trial. This amount (net of costs) was recognised in "Other Income" in the current period.

The trial judge's decision is subject to two appeals, one by St Barbara, and one by the Plaintiff. Both appeals were heard by the Court of Appeal on 17 and 18 August 2011. The judgement from this hearing is pending.

(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 2011 was \$20,716,000 (2010: \$21,131,000). Security is provided to the National Australia Bank Limited ("NAB") (refer to Note 16) for \$20,593,000 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 2011 (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 2011, there were no events of default under the facility.

(c) GOLD BOUGHT PUT AND SOLD CALL OPTIONS

The Company negotiated a 250,000 ounce zero cost collar hedge facility with National Australia Bank Limited (NAB) and Barclays Bank PLC ("Barclays"). During the year this facility was fully drawn down through the purchase of put options over 250,000 ounces at a strike price of A\$1,425 per ounce, and sale of call options over 250,000 ounces at a strike price of A\$1,615 per ounce.

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

During financial year 2011, 12,000 ounces of put options were exercised (2010: nil) and the equivalent ounces of call options expired.

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 2011, there were no events of default under the facility.

NOTE 28 COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2011	2010
	\$'000	\$'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 Western Australian Department of Industry and Resources. This requirement will continue for future years with the amount dependent upon tenement holdings.	9,580	10,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 28 COMMITMENTS FOR EXPENDITURE continued

	Consolidated	
	2011 \$'000	2010 \$'000
FINANCE LEASE COMMITMENTS		
Payable not later than one year	1,124	903
Payable later than one year, not later than five years	1,722	1,281
	2,846	2,184
Future finance charges	(311)	(220)
Recognised as a liability	2,535	1,964
Lease incentives on non-cancellable operating leases included in lease liabilities	6	30
Total lease liabilities	2,541	1,994
Current (Note 20)	960	779
Non-current (Note 20)	1,581	1,215
	2,541	1,994

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	
	2011 \$'000	2010 \$'000
EQUIPMENT FINANCE FACILITY		
Payable not later than one year ⁽¹⁾	8,023	5,934
Payable later than one year, not later than five years	–	8,090
	8,023	14,024
Future finance charges	(163)	(1,103)
Total lease liabilities	7,860	12,921
Current (Note 20)	7,860	5,197
Non-current (Note 20)	–	7,724
	7,860	12,921

(1) The outstanding balance on this facility at 30 June 2011 was classified as payable in one year and therefore as current due to the decision subsequent to the reporting date to repay the facility in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 28 COMMITMENTS FOR EXPENDITURE continued

	Consolidated	
	2011 \$'000	2010 \$'000
ANALYSIS OF NON-CANCELLABLE OPERATING LEASE COMMITMENTS		
Payable not later than one year	265	755
Payable later than one year, not later than five years	1,181	61
Payable later than five years	744	–
	2,190	816

	Consolidated	
	2011 \$'000	2010 \$'000
ANALYSIS OF NON-CANCELLABLE OPERATING SUB-LEASE RECEIPTS		
Receivable not later than one year	–	292
	–	292

NOTE 29 RELATED PARTY TRANSACTIONS

(a) DIRECTORS AND KEY MANAGEMENT PERSONNEL

Disclosures relating to Directors and key management personnel are set out in Note 37.

(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 (2010: \$ Nil). Net receivables from subsidiaries amounted to \$2,000 (2010: \$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	
	2011 \$'000	2010 \$'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 29 RELATED PARTY TRANSACTIONS continued

(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 2011, there were no amounts receivable from Director related entities (2010: \$ Nil).

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

During the year ended 30 June 2011, there were no other transactions with Directors of the Company and their Director related entities.

NOTE 30 CONTROLLED ENTITIES

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

Name of entity	Class of Shares	Equity holding		Carrying value of Company's investment	
		June 2011 %	June 2010 %	June 2011 \$'000	June 2010 \$'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 31 INTERESTS IN JOINT VENTURES

(a) JOINTLY CONTROLLED ASSETS

Joint Venture	June 2011 Equity %	June 2010 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.
Weebo ⁽¹⁾	0%	12.8%	Plutonic Operations Limited
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
Cheritons Find ⁽²⁾	0%	90%	Audax Resources NL
Kalgoorlie Region			
Rocky Dam ⁽³⁾	0%	earning 51%	Rubicon Resources Ltd

(1) The Weebo Joint Venture was terminated on the surrender of the remaining tenements by Plutonic Operations Limited in March 2011.

(2) The Company withdrew from the Cheritons Find joint venture in November 2010.

(3) The Company withdrew from the Rocky Dam Joint Venture during May 2011.

As at 30 June 2011 there was no joint venture assets recorded in the balance sheet (2010: Nil).

NOTE 32 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:

- In July 2011, the Group advised GE Commercial Finance of its intention to repay the equipment lease facility in full on 30 August 2011. At 30 June 2011, the outstanding balance was \$7,860,000.
- On 4 August 2011, the Group entered into a zero cost collar hedging facility for 100,000 ounces of gold from September 2011 to September 2012 to manage Australian dollar gold price risk associated with the estimated production from the remaining life of the Southern Cross mine. The facility was fully drawn down by purchasing put options and selling call options over 100,000 ounces of gold with the following strikes: bought put options at A\$1,550/oz, and sold call options at A\$1,610/oz.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 33 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2011 \$'000	2010 \$'000
Profit/(loss) after tax for the year	68,629	(40,188)
Depreciation and amortisation	58,480	56,509
Asset impairment write offs	–	37,946
Profit on sale of assets	(1,180)	(252)
Gain on sale of tenement rights	(1,963)	–
(Gain)/loss on sale of available for sale assets	–	(2,724)
Net realised/unrealised (gain)/loss on gold derivative fair value movements	(13,471)	19,513
Discount on convertible notes buyback	–	(312)
Convertible notes buy-back transaction costs	–	25
Convertible note reserve released to income statement	–	(432)
Tenement write-off	125	110
Equity settled share-based payments	869	643
Change in operating assets and liabilities:		
(Increase)/decrease in receivables and prepayments	(8,925)	(4,495)
(Increase)/decrease in inventories	197	13,003
Increase/(decrease) in trade creditors and payables	11,217	(192)
Increase/(decrease) in non-current provisions	1,504	1,415
Increase/(decrease) in other liabilities	1,640	(3,948)
Net cash flows from operating activities	117,122	76,621

NOTE 34 NON-CASH INVESTING AND FINANCING ACTIVITIES

	Consolidated	
	2011 \$'000	2010 \$'000
Acquisition of vehicles and equipment through finance leases	1,552	559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 35 EARNINGS PER SHARE

	Consolidated	
	2011 Cents	2010 Cents

(a) BASIC EARNINGS/(LOSS) PER SHARE

Profit/(loss) attributable to the ordinary equity holders of the Company*	21.05	(13.64)
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(b) DILUTED EARNINGS/(LOSS) PER SHARE

Profit/(loss) attributable to the ordinary equity holders of the Company*	20.94	(13.64)
---	-------	---------

* Earnings per share calculations in the comparative period have been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

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

	Consolidated	
	2011 \$'000	2010 \$'000

Basic and diluted earnings per share:

Profit/(loss) after tax for the year	68,629	(40,188)
--------------------------------------	--------	----------

(d) WEIGHTED AVERAGE NUMBER OF SHARES

	Consolidated	
	2011 Number	2010 Number

Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share*	326,031,238	294,680,661
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Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share*	327,753,818	294,680,661
---	-------------	-------------

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

(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 36.

(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 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 36 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 – 2011

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number ⁽³⁾	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.

(3) The number of options in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

Consolidated and parent entity – 2010

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number ⁽³⁾	Granted during the year Number ⁽³⁾	Exercised during the year Number ⁽³⁾	Expired during the year Number ⁽³⁾	Balance at end of the year Number ⁽³⁾	Exercisable at end of the year Number ⁽³⁾
30 Sep 05	30 Sep 10	\$1.674	166,667	–	–	–	166,667	166,667
01 Jul 06	30 Jun 11	\$2.832	208,334	–	–	125,000 ⁽¹⁾	83,334	83,334
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	893,612	–	–	290,032 ⁽¹⁾	603,580	–
23 Sep 09 ⁽²⁾	23 Sep 14	\$1.722	–	2,547,986	–	140,026 ⁽¹⁾	2,407,960	–
Total			1,936,631	2,547,986	–	555,058	3,929,559	666,669
Weighted average exercise price			\$2.64	\$1.74	–	\$2.40	\$2.10	\$2.70

(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.

(3) The number of options in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 36 SHARE-BASED PAYMENTS continued

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.8 years (2010: 3.6 years).

Following the 1 for 6 share consolidation completed in November 2010, the unlisted options were adjusted pursuant to the formula contained in ASX Listing Rule 6.22.2. The adjustments were as follows:

Grant Date	Pre-consolidation		Post-consolidation	
	No. of options	Exercise Price	No. of options	Exercise Price
11 September 2006	2,000,000	\$0.477	333,334	\$2.863
1 December 2006	500,000	\$0.530	83,334	\$3.181
6 May 2009	1,508,099	\$0.381	251,350	\$2.286
6 May 2009	3,621,480	\$0.411	517,354	\$2.466
23 September 2009	14,447,758	\$0.287	2,407,960	\$1.722

Fair value of options granted

There were no options granted during the year ending 30 June 2011.

Options are granted for no consideration. The vesting of options granted in 2010 is subject to a continuing service condition as at each vesting date, and relative Total Shareholder Returns over a three year period. The peer group against which Total Shareholder Return is measured is presented below. The percentage of options that vest relative to Total Shareholder Returns is set out in the table below.

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%

The peer group against which Total Shareholder Return is measured comprises:

Intrepid Mines Limited ⁽¹⁾	Resolute Mining Limited ⁽¹⁾
Ramelius Resources Limited ⁽¹⁾	Silver Lake Resources Limited ⁽¹⁾
Saracen Mineral Holdings Limited	Catalpa Resources Limited
Kingsgate Consolidated Limited	Unity Mining Limited ⁽¹⁾
Regis Resources Limited ⁽¹⁾	OceanaGold Corporation

(1) During 2010, Intrepid Mines Ltd, Ramelius Resources Ltd, Regis Resources Ltd, Resolute Mining Ltd, Silver Lake Resources Ltd and Unity Mining Ltd replaced Newcrest Mining Ltd, Lihir Gold Ltd, Avoca Resources Ltd, Independence Group NL, Dominion Mining Ltd, and Apex Minerals NL as these companies either ceased to be listed on the Australian Stock Exchange or the scale of their respective activities became vastly different to that of the Company.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 36 SHARE-BASED PAYMENTS continued

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.

(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 – 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 2.0 years (2010: nil).

The model inputs for rights granted during the year ended 30 June 2011 included:

- (a) Rights are granted for no consideration. The vesting of rights granted in 2011 is subject to a continuing service condition as at each vesting date, and relative Total Shareholder Returns over a three year period. The peer group against which Total Shareholder Return is measured is presented in the Directors' Report. The percentage of options that vest relative to Total Shareholder Returns is set out in the table below:

Relative TSR Performance Over Measurement Period	% of Option to Vest
< 50th percentile	0%
50th percentile	30%
>50th & < 75th percentiles	Pro-rata between 30% & 100%
75th percentile and above	100%

- (b) Performance rights do not have an exercise price
(c) Any performance right which does not vest will lapse
(d) Grant date varies with each issue
(e) Price volatility of the Company's shares as at the grant date was consistent at 80%
(f) Risk-free interest rate at grant date is based on bond rates for a similar term as for the rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 36 SHARE-BASED PAYMENTS continued

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 \$Nil. 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	
	2011 \$'000	2010 \$'000
Options issued/expired under employee option plan	624	643

NOTE 37 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 Appointed 4 April 2011
- B J Gibson Non-executive director Retired 18 November 2010
- 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 Lehany Managing Director & CEO
- David Rose Chief Operating Officer
- 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	
	2011 \$	2010 \$
Short term employee benefits	2,713,826	3,652,844
Post employment benefits	75,995	75,693
Long Service Leave	65,086	71,369
Share-based payments	488,259	975,420
Termination payments	–	133,639
	3,343,166	4,908,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 37 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(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 Section 5 of the Remuneration Report.

(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:

2011	*Balance at the start of the year	Granted during the year as compensation	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
Name						
Executive Director						
T J Lehany	1,227,570	–	–	–	1,227,570	–
Key management personnel						
G Campbell-Cowan	825,196	–	–	–	825,196	333,334
R Kennedy	413,032	–	–	–	413,032	–
D Rose	329,474	–	–	–	329,474	–
P Uttley	256,258	–	–	–	256,258	–

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010

2010	*Balance at the start of the year	Granted during the year as compensation	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
Name						
Executive Director						
T J Lehany	251,350	976,220	–	–	1,227,570	–
Key management personnel						
G Campbell-Cowan	534,526	290,670	–	–	825,196	333,334
R Kennedy	156,774	256,258	–	–	413,032	–
D Rose	–	329,474	–	–	329,474	–
P Uttley	–	256,258	–	–	256,258	–

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 37 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

(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:

2011 Name	Balance at the start of the year	Granted during the year as compensation	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						
G Campbell-Cowan	-	225,737	-	-	225,737	-
R Kennedy	-	195,174	-	-	195,174	-
D Rose	-	252,011	-	-	252,011	-
P Uttley	-	195,174	-	-	195,174	-

(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.

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						
G Campbell-Cowan	-	-	-	-	-	-
R Kennedy	70,885	-	-	11,000	(16,667)	65,218
D Rose	23,334	-	-	-	-	23,334
P Uttley	-	-	-	-	-	-

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 37 KEY MANAGEMENT PERSONNEL DISCLOSURES continued

2010	*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	1,077,288	–	–	331,473	(269,372)	1,139,389
T J Lehany	95,000	–	–	72,822	–	167,822
D W Bailey	23,130	–	–	7,117	–	30,247
B J Gibson	32,664	–	–	10,051	–	42,715
P C Lockyer	8,130	–	–	2,501	–	10,631
R K Rae	21,429	–	–	20,881	–	42,310
Key management personnel						
G Campbell-Cowan	–	–	–	–	–	–
R Kennedy	119,355	–	–	56,697	(105,167)	70,885
D Rose	–	–	–	23,334	–	23,334
P Uttley	–	–	–	–	–	–

* The number of shares in the comparative period has been restated following the 1 for 6 share consolidation approved by shareholders on 18 November 2010.

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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 43 to 94 and the Remuneration report in the Directors' report, set out on pages 31 to 40, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2011 and of their 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 2011.
- 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 Lehaney

Managing Director and CEO

Melbourne

24 August 2011

INDEPENDENT AUDIT REPORT



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 2011, and consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 37 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company and 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 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 Company's and the Group's financial position and of their 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 St Barbara Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2011 and of their 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 31 to 40 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Michael Bray
Partner

Melbourne
24 August 2011

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS

ORDINARY FULLY PAID SHARES AS AT 12 SEPTEMBER 2011

Rank	Name	Shares	% of Shares
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	105,913,631	32.5
2.	NATIONAL NOMINEES LIMITED	84,831,780	26.0
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,691,176	14.6
4.	JP MORGAN NOMINEES AUSTRALIA LIMITED <Cash Income A/C>	13,375,164	4.1
5.	CITICORP NOMINEES PTY LIMITED	5,837,643	1.8
6.	QUEENSLAND INVESTMENT CORPORATION	3,470,832	1.1
7.	COGENT NOMINEES PTY LIMITED	1,928,183	0.6
8.	WARBONT NOMINEES PTY LTD <Settlement Entrepot A/C>	1,763,850	0.5
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,521,966	0.5
10.	AMP LIFE LIMITED	1,384,162	0.4
11.	CITICORP NOMINEES PTY LIMITED <Cwlth Bank Off Super A/C>	1,022,766	0.3
12.	NORTHWEST ACCOUNTING PTY LTD <Puutu Kunti Kurrama and Piniku>	934,657	0.3
13.	PAN AUSTRALIAN NOMINEES PTY LIMITED	837,749	0.3
14.	MR JOHN CHARLES KING	814,442	0.2
15.	BERNE NO 132 NOMINEES PTY LTD <376804 A/C>	703,201	0.2
16.	COLIN WISE CONSULTING PTY LTD <C Wise Cons P/L S/F A/C>	604,072	0.2
17.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	576,650	0.2
18.	BERNE NO 132 NOMINEES PTY LTD <115180 A/C>	546,154	0.2
19.	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	538,648	0.2
20.	MIROMA INVESTMENT INC	510,000	0.2
Totals: Top 20 holders of ordinary fully paid shares		274,806,726	84.4
Total Remaining Holders Balance		50,808,663	15.6

SUBSTANTIAL SHAREHOLDERS

ORDINARY FULLY PAID SHARES AS AT 14 SEPTEMBER 2011

Name	Shares	% of Shares
M & G INVESTMENT MANAGEMENT LTD	59,033,314	18.1
TRADEWINDS GLOBAL INVESTORS LLC	20,887,331	6.4
HUNTER HALL INVESTMENT MANAGEMENT LTD	20,853,395	6.4
FRANKLIN RESOURCES INC	19,486,045	6.0
VAN ECK ASSOCIATES CORPORATION	16,331,008	5.0

SHAREHOLDER INFORMATION continued

DISTRIBUTION OF SHAREHOLDINGS

ORDINARY FULLY PAID SHARES AS AT 12 SEPTEMBER 2011

Range	Total holders	Shares	% of Issued Capital
1 – 1,000	2,873	1,435,231	0.4
1,001 – 5,000	3,930	9,818,599	3.0
5,001 – 10,000	921	6,812,042	2.1
10,001 – 100,000	885	22,825,193	7.0
100,001 and over	78	284,724,324	87.5
Total	8,687	325,615,389	100.0

Unmarketable Parcels

	Minimum Parcel Size	Holders	Shares
Minimum \$500 parcel at \$2.33 per unit	215	530	33,461

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

Blake Dawson
181 William Street
Melbourne VIC 3000

STOCK EXCHANGE LISTING

Shares in St Barbara Limited are quoted
on the Australian Securities Exchange

Ticker Symbol: SBM

FSC logo

DESIGN: COLLIER & ASSOCIATES THE STRATEGIC DESIGN COMPANY #15883

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



Notice of 2011 Annual General Meeting

Meeting Documentation including:

- **Notice of Annual General Meeting**
- **Explanatory Memorandum**
- **Proxy Form**

The Directors recommend that you vote in favour of all the resolutions to be considered at the Annual General Meeting.

Important Notices

Read this document

This is an important document. You should read all of it before deciding whether or not to approve any of the resolutions contained herein. If you are not sure what to do, please consult your legal or financial adviser immediately.

Proxy Form

If you are unable to attend the Annual General Meeting in person, please complete the enclosed Proxy Form and return it in accordance with the specified instructions.

Role of ASX

A copy of this document has been lodged with ASX. ASX and its officers take no responsibility for the contents of this document.

Defined terms

Certain capitalised terms used in this document are defined in section 9 of the Explanatory Memorandum.

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10 October 2011

Dear Shareholder

Annual General Meeting

I am pleased to invite you to the Annual General Meeting of Shareholders of St Barbara Limited. The meeting will be held on Thursday 17 November 2011 at 11:00am (Melbourne time) in the State Library of Victoria Conference Centre, Entry 3 in La Trobe Street between Russell and Swanston Streets, Melbourne. I hope you will be able to attend.

The business of the meeting is set out in the enclosed Notice of Annual General Meeting. Details and the background for each item of business are set out in the accompanying Explanatory Memorandum. Please read this information carefully.

The St Barbara Limited Board recommends that you vote in favour of each resolution to be considered at the meeting.

If you are not able to personally attend the meeting, details of how you can vote are set out in the enclosed Proxy Form. To be valid, Proxy Forms must be received at the designated address by no later than 11:00am (Melbourne time) on Tuesday 15 November 2011.

I encourage you to read the 2011 Annual Report. Updates on our progress are also regularly posted on the Company website: www.stbarbara.com.au.

Thank you for your continuing support of St Barbara.

Yours sincerely



Colin Wise
Chairman

What You Should Do

Step 1

Read this Meeting Documentation

This Meeting Documentation sets out the details of each resolution for Shareholders. Please read this document carefully and if necessary seek your own independent advice on any aspects about which you are not certain.

Step 2

Vote on the Resolutions

Your vote is important.

If you are unable to attend the meeting in person, please complete the Proxy Form that accompanies this Meeting Documentation and return it in the reply paid envelope to the Company's share registry, Computershare, before 15 November 2011 at 11:00am (Melbourne time). Proxy Forms received after this time will be invalid.

For details on how to complete and lodge the Proxy Form, please refer to the instructions on the Proxy Form.

The Board recommends you vote "FOR" each of the resolutions by completing the enclosed Proxy Form.

Questions

If you have any questions about any matter contained in this Meeting Documentation, please contact Mr Ross Kennedy, Company Secretary, on +61 3 8660 1900.

Key Dates

Deadline for lodgement of Proxy Forms	Tuesday 15 November 2011 at 11:00am (Melbourne time)
Date and time for determining eligibility to vote	Tuesday 15 November 2011 at 7:00pm (Melbourne time)
Date of Annual General Meeting	Thursday 17 November 2011 at 11:00am (Melbourne time)

St Barbara Limited

ABN 36 009 165 066

Notice of Annual General Meeting

Notice is given that the 2011 Annual General Meeting of the Company will be held on Thursday 17 November 2011 at 11:00am (Melbourne time) in the State Library of Victoria Conference Centre, Entry 3 in La Trobe Street between Russell and Swanston Streets, Melbourne.

Agenda

Ordinary business

1. Annual Financial Report

To receive and consider the Annual Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2011.

2. Resolution 1 – Adoption of Remuneration Report

To consider, and if thought fit, pass the following as an ordinary resolution:

“That the Remuneration Report for the year ended 30 June 2011 as set out on pages 31 to 40 (inclusive) of the Annual Report be adopted.”

Note – the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Resolution 2 – Approval of Board Size

To consider, and if thought fit, pass the following as an ordinary resolution:

“That the Directors be authorised to set the maximum number of Directors of the Company as 6.”

4. Resolution 3 – Election of Director – Ms Elizabeth (“Betsy”) Ann Donaghey

To consider, and if thought fit, pass the following as an ordinary resolution:

“That Ms Elizabeth Ann Donaghey, being a Director of the Company who retires pursuant to article 6.3(j) of the Company’s Constitution, and being eligible, is elected as a Director of the Company.”

5. Resolution 4 – Re-election of Director – Mr Douglas Weir Bailey

To consider, and if thought fit, pass the following as an ordinary resolution:

“That Mr Douglas Weir Bailey, being a Director of the Company who retires pursuant to article 6.3(b) of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”

6. Resolution 5 – Re-election of Director – Mr Robert Keith Rae

To consider, and if thought fit, pass the following as an ordinary resolution:

“That Mr Robert Keith Rae, being a Director of the Company who retires pursuant to article 6.3(b) of the Company’s Constitution, and being eligible, is re-elected as a Director of the Company.”

7. Special Resolution 6 – Adoption of a new Constitution

To consider, and if thought fit, pass the following resolution as a special resolution:

"That the Company adopt as its Constitution the document tabled at the 2011 Annual General Meeting and signed by the Chairman for the purposes of identification, in substitution for, and to the exclusion of, the existing Constitution."

8. Resolution 7 – Approval of issue of performance rights to Mr Timothy James Lehany, Managing Director and Chief Executive Officer

To consider, and if thought fit, pass the following as an ordinary resolution for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes:

"That, in part consideration of his employment as Managing Director and Chief Executive Officer of the Company in respect of the current 2012 financial year, Mr Timothy James Lehany be issued 459,621 performance rights to acquire ordinary shares in the capital of the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

Explanatory Memorandum

We recommend that you read the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting.

Entitlement to Vote

1. Snapshot Date

For the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are the registered holders at 15 November 2011 at 7:00pm (Melbourne time). Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

2. Voting Restrictions

Resolution 1: Adoption of the Remuneration Report

The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2011.

Under the Corporations Act, Directors and other Key Management Personnel of the Company and their closely related parties (as defined in the Corporations Act), may not vote on Resolution 1 either directly or by proxy except as set out below.

If a Shareholder appoints a Director or any Key Management Personnel (except the Chairman of this AGM) as the Shareholder's proxy, the Director or Key Management Personnel may only vote on Resolution 1 if the Shareholder has specified how the proxy is to vote on Resolution 1.

If a Shareholder selects the Chairman, Mr Wise, to be the Shareholder's proxy, ASIC has authorised Mr Wise to vote undirected proxies on Resolution 1. In that regard, it is important for Shareholders to note the following matters:

- The Chairman intends to vote any undirected proxy in favour of Resolution 1.
- If the Chairman is appointed as a proxy and the Shareholder has not specified how the Chairman should vote on Resolution 1, the Chairman may exercise the proxy in relation to Resolution 1 even though he has an interest in the outcome of Resolution 1.

Resolution 7: Issue of Performance Rights to Mr Timothy Lehany

Under the Corporations Act, Mr Lehany and his closely related parties (as defined in the Corporations Act), may not vote on Resolution 7 either directly or by proxy. If a shareholder appoints Mr Lehany as the Shareholder's proxy, Mr Lehany may only vote on Resolution 7 if the member has specified how the proxy is to vote on Resolution 7.

Proxy Information

A Shareholder entitled to attend the meeting and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy will exercise half of the Shareholder's votes.

A Proxy Form accompanies this Notice of Annual General Meeting and to be effective must be received at St Barbara Limited's share registry at:

St Barbara Limited Share Registry
C/- Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, Victoria, 3001

OR

by facsimile: 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia)

by no later than 15 November 2011 at 11:00am (Melbourne time).

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com.

By Order of the Board

Dated: 10 October 2011



Ross Kennedy
Company Secretary

St Barbara Limited

ABN 36 009 165 066

Explanatory Memorandum to Shareholders

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting on 17 November 2011.

Ordinary Business

1 Annual Financial Report

The Corporations Act requires:

- the reports of the Directors and Auditor; and
- the Annual Financial Report, including the financial statements of the Company for the year ended 30 June 2011,

to be laid before the Annual General Meeting. The Corporations Act does not require a vote of Shareholders on the reports or statements. However, Shareholders will be able to ask questions at the meeting in relation to the reports.

Also, a reasonable opportunity will be given to Shareholders to ask the Company's Auditor for the year ended 30 June 2011, Mr Michael Bray, Partner, KPMG, questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

2 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report details the Company's remuneration policy and remuneration details for Non-Executive Directors, the Managing Director and Chief Executive Officer and senior executives. The Remuneration Report is set out on pages 31 to 40 (inclusive) of the 2011 Annual Report, and is available on the St Barbara Limited website (<http://www.stbarbara.com.au>).

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act.

The vote on this resolution is advisory only and does not bind the Directors of the Company. Key remuneration principles set out in the Report are summarised below.

The Company's remuneration policy and strategies as set out in the Remuneration Report are overseen by the Remuneration Committee on behalf of the Board. The remuneration policy and strategies accord with ASX Corporate Governance Principles and Recommendations – Principle 8: Remunerate Fairly and Responsibly. The remuneration policy is designed to attract, motivate, reward and retain high performing executives capable of delivering the business objectives.

Reward structures are transparent and are aligned with shareholders' interests by rewarding (in the case of management personnel) individual high performance, recognising the contribution of each executive to the continued growth and success of the Company, and ensuring that long term incentives are based on total shareholder return outperformance over a period of several years.

Each year, the Remuneration Committee considers the appropriate level of remuneration, as well as the mix and structure of fixed and “at risk” remuneration for each senior executive level. This is done by reference to independent data, independent professional advice where appropriate, and the Company’s circumstances. The same reference points apply in reviewing appropriate remuneration levels for Non Executive Directors.

Total fixed remuneration for each executive role is positioned at the 75th percentile of prevailing comparable market rates, to ensure that the Company is able to attract and retain a talented and capable management team appropriate to meet its current and anticipated needs.

The Managing Director & Chief Executive Officer’s total remuneration for the 2011 financial year comprised a fixed component of 25% and short term and long term performance based variable components up to a maximum of 75%. Senior executives’ total remuneration comprised a fixed component of 33% and short term and long term performance based variable components up to a maximum of 67%.

To achieve the maximum performance based variable remuneration components would require outstanding achievement in the short term and over a three year period.

Short term incentives paid in respect of the 2011 financial year reflected achievement of designated performance measures which reflected value accretive and/or risk mitigation achievements for the benefit of the Company.

Long term incentives are structured to align long term shareholder value creation by rewarding senior executives for the long term performance of the Company, and in the 2011 financial year were granted in the form of Performance Rights.

All performance rights have been issued pursuant to the St Barbara Limited Performance Rights Plan which was approved by shareholders in 2010. Vesting of Performance Rights granted during the 2011 financial year is conditional on the Company achieving a total shareholder return relative to a peer group of companies over a three year period commencing on 1 July 2011, with a minimum entry point at the 50th percentile.

The Board unanimously recommends that Shareholders vote in favour of this resolution.

3 Resolution 2 – Approval of Board Size

Following the enactment of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011* (Cth), section 201P of the Corporations Act provides that directors must not set a Board limit unless a resolution has been passed by a general meeting of the Company.

The current Constitution provides that the Board must have a minimum of 3 and a maximum of 10 Directors. If Special Resolution 6 is passed (adopting a new Constitution), the Constitution will provide that the Board must have a minimum of 3 and set the maximum number of Directors of the Company as 6.

The Board has resolved, subject to shareholder approval, to set the Board size at the current number of 6 Directors, taking into account the current composition of the Board and the relative size of the Company’s operations and related degree of business complexity.

The Board unanimously recommends that Shareholders vote in favour of this resolution.

4 Resolution 3 – Election of Director – Ms Elizabeth Ann Donaghey

Ms Betsy Donaghey

Ms Donaghey was appointed to the Board on 4 April 2011 and is a member of the Board's Remuneration and Health & Safety Committees.

Ms Donaghey, a civil engineer, has extensive oil and 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, 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 also a Director of Imdex Limited.

The Board, with Ms Donaghey abstaining, unanimously recommends that Shareholders vote in favour of this resolution.

5 Resolution 4 – Re-election of Director – Mr Douglas Weir Bailey

Mr Douglas Weir Bailey

Mr Bailey has been a director of the Company and Chair of the Audit Committee since January 2006 and a member of the Remuneration Committee since 17 January 2007. 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 also was a Non Executive Director of Aurora Gold Ltd for the period 1993-2000 and is a Director of Tap Oil Limited.

The Board, with Mr Bailey abstaining, unanimously recommends that Shareholders vote in favour of this resolution.

6 Resolution 5 – Re-election of Director – Mr Robert Keith Rae

Mr Robert Keith Rae

Mr Rae has been a director of the Company and a member of the Audit Committee since 30 April 2008, a member of the Remuneration Committee since 1 July 2008 and Chair of the Remuneration Committee since 24 August 2010. 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, and is currently a member of the Salvation Army Advisory Board.

The Board, with Mr Rae abstaining, unanimously recommends that Shareholders vote in favour of this resolution.

7 Special Resolution 6 – Adoption of a new Constitution

Introduction

The last substantive review of the Company's Constitution took place in 2003 with a minor revision in 2006. Since that time, there have been a number of changes to the *Corporations Act*, including the recent amendments in the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011* (Cth). Consequently, the Company has reviewed and updated the Constitution, to ensure it complies with the law and reflects current corporate governance practices.

An explanation of the details of the key changes is set out below. A copy of the proposed Constitution is available on the website at www.stbarbara.com.au. References below to "articles" are to the articles of the proposed new Constitution.

Details

ASX Listing Rules to prevail

Article 1.4 provides that the ASX Listing Rules will prevail despite anything to the contrary in the Company's Constitution for as long as the Company is admitted to ASX.

Variation of class rights

Article 2.2(a) has been amended to remove the requirement for a special resolution of the Company to vary or cancel rights attached to shares in a class. The requirement for a special resolution of Members of the affected class remains.

Changes to the number and appointment of Directors

Articles 6.1 and 6.2 have been amended for consistency with section 201P of the *Corporations Act*. Article 6.1 provides that the maximum number of Directors is 6. The Board is permitted to appoint Directors in excess of this number (or any other number previously approved by members in general meeting) but a Director so appointed may hold office only until the next Annual General Meeting. Such a Director may be elected at that meeting but only where Members also approve an increase in the maximum number of Directors permitted to hold office.

Article 6.1 has also been amended to provide that if the number of Directors falls below the minimum, the remaining Directors may act as a Board to appoint one or more Directors up to the minimum number fixed by the Constitution (rather than to make up a quorum for a meeting of Directors).

Article 6.2 has been amended to stipulate that the Company must receive nominations for the election of a Director between 45 and 90 Business Days before the date of the meeting of Members (unless the meeting has been called at the request of Members or the Listing Rules stipulate another period).

Alternate Directors

The requirement that appointment of alternate Directors be approved by a majority of Directors (Article 6.4(a)) has been replaced with the requirement that the Chairperson of the Board approves the proposed alternate Directors.

Article 6.4(f) has been amended to provide that an alternate Director automatically ceases to be an alternate Director when his or her appointing Director ceases to be a Director.

Automatic cessation of director or secretary

Article 6.3(k) has been amended to provide that a Director will automatically cease to be a director if the Director fails to attend (either personally or by an alternate Director) 3 consecutive Board meetings without the consent of the Chairperson of the Board.

Article 7.2 has been amended to provide that the Company Secretary ceases in that position if the Company Secretary becomes of unsound mind, resigns or is removed, becomes insolvent under administration or if provided for under the Corporations Act.

Directors remuneration

Article 6.5(f) has been amended to provide that extra or special services performed by a Director for which additional remuneration or benefits are to be paid, must be at the request of the Chairperson of the Board or as approved by Directors and for the purposes of the Company.

Interaction of Constitution and contracts of employment (Managing Director and Company Secretary)

Articles 7.1(c) and 7.2(c) have been amended to provide that the Board may vary or revoke the appointment of the Managing Director or Company Secretary at any time but that such variation or revocation will not affect any rights existing under a contract of employment between the Company and the executive.

Payment of dividends (removal of "profits" test)

Article 10 has been broadened in line with changes in section 254T of the Corporations Act (for example, removing the requirement that dividends be paid only out of profits).

Time of service of notices by the Company

Article 11.4 has been amended to provide for notices of meeting to be sent electronically on the terms set out in section 249J(3)(cb) of the Corporations Act.

The amendments also provide that a notice is taken to be received one business day after posting in all circumstances where notice is sent by mail.

Definitional amendments

The definitions of "Liability" and "Legal Costs" (used in the context of indemnity and insurance for directors and officers) have been expanded to specifically refer to an investigation or inquiry by a government agency or liquidator.

The definition of Relevant Officer (used in the context of indemnity and insurance for directors and officers) has been expanded to include directors and secretaries of subsidiaries of the Company.

Sale of unmarketable parcels

The requirement in Schedule 4 that the Company should not pay the proceeds of sale until any certificate has been returned (or it is satisfied that such certificate has been lost or destroyed) has been inserted for consistency with the Listing Rules.

Changes to terminology

Amendments have been made to references to ASTC, ASTC Settlement Articles and ACH to reflect any change in name.

Shareholder approval required for adopting changes to the Constitution – Special Resolution

Section 136 of the Corporations Act provides that the Company may adopt or modify its Constitution by special resolution. This means that at least 75% of the Shareholders entitled to vote on the resolution and who vote at the meeting must vote in favour of this resolution in order for it to be passed.

Board recommendation

For the reasons outlined above, the Board unanimously recommends that Shareholders vote in favour of Special Resolution 6.

8 Resolution 7 – Approval of issue of Performance Rights to Mr Timothy James Lehany, Managing Director and Chief Executive Officer

Introduction

Following significant changes to the taxation treatment of options in 2010, the Company, together with a significant proportion of ASX 200 listed companies, moved from an options based Long Term Incentive Scheme to a Performance Rights Plan. In 2011, the Company commissioned an experienced remuneration consultant to review and report on the mining industry practices that had flowed from the shift from options to Performance Rights Plans. Based on the review the Board has fine-tuned the Company's Performance Rights Plan. The percentage of rights vesting at the midpoint has been lifted from 30% to 50%, whilst the quantum of performance rights has been adjusted downwards to match industry practices.

As an outcome of the review, the Board has resolved, subject to shareholder approval, to issue Mr Timothy Lehany, Managing Director and Chief Executive Officer, performance rights pursuant to the Performance Rights Plan (PRP) to acquire Shares in the capital of the Company, in the quantum and on the terms of which are set out below.

- The number of performance rights to be issued in respect of the 2012 financial year is 459,621.
- The issue of the performance rights is subject the terms of the Performance Rights Plan, details of which were approved by Shareholders in 2010.
- No cash consideration is payable for the issue of the performance rights.
- The performance rights will vest subject to prescribed service and performance conditions being met.
 1. The service condition requires continuous employment for a three year period commencing on 1 July 2011. The Board has discretion in circumstances of death, disability or bona fide redundancy to vary the service condition and reduce the number of performance rights proportionately for a period of service of less than three years.
 2. The performance condition is based on Relative Total Shareholder Return (TSR) over the three year period commencing 1 July 2011 as outlined below:

Relative TSR Performance Over Measurement Period	% of Rights to Vest
Below 50 th percentile	0%
50 th percentile	50%
Between 50 th & 75 th percentiles	Pro rata between 50% and 100%
75 th percentile and above	100%

- Subject to the satisfaction of the service and performance conditions, Mr Lehany will receive one Share in the Company for each performance right granted. Any performance right which does not vest will lapse.
- The Performance Rights will not be listed on ASX and will not be transferable, except as permitted under the PRP.

The performance rights represent the Long Term Incentive component of Mr Lehany's Total Remuneration in respect of the 2012 financial year. Details of Mr Lehany's remuneration for the previous financial year are contained in the 2011 Annual Report. Details of the peer comparator group against which Relative TSR is measured appear in the attached Schedule.

Shareholder approval

Shareholder approval of the issue of performance rights to Mr Lehany is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:

- Under Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval. Shareholder approval is therefore sought for the acquisition by Mr Lehany of performance rights and Shares upon vesting of performance rights.
- Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders or an exemption applies. This section of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Lehany. The term 'benefit' has a wide operation and includes the early vesting of the performance rights under the Articles of the PRP.
- Approval is sought under section 200E of the Corporations Act for any 'termination benefit' that may be provided to Mr Lehany under the PRP, in addition to any other termination benefits that may be provided to Mr Lehany under the Corporations Act. The termination benefit that may be given under the PRP is the early vesting of the performance rights if Mr Lehany ceases employment with the Company due to death, disability, bona fide redundancy or other reason with the approval of the Board.

The value of such benefits cannot presently be ascertained but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

1. the number of performance rights held by the Mr Lehany prior to cessation of employment;
2. the number of performance rights that vest; and
3. the market price of Shares on ASX on the last ASX trading day before the date of calculation.

Section 200E (2A) of the Corporations Act prevents a retiree from voting on a resolution to approve the giving of the benefit. Accordingly, Mr Lehany (and his associates) may not vote on this resolution, other than as a proxy appointed in writing where it is specified how the proxy is to vote on the resolution.

Disclosures made for the purposes of Listing Rule 10.15:

In accordance with Listing Rule 10.15, the Company notes that:

- the maximum number of securities that can be awarded to Mr Lehany if this resolution is approved is 459,621;
- the price payable on the issue or exercise of each performance right is nil;
- Mr Lehany was granted 757,819 performance rights under the PRP on 23 December 2010 in accordance with shareholder approval obtained at the Company's Annual General Meeting held on 18 November 2010;
- Mr Lehany is the only director of the Company entitled to participate in the PRP because he is the only executive director of the Company and the Company has not declared any non-executive director as being eligible to participate in the PRP;
- aside from the issue of performance rights to Mr Lehany on 23 December 2010, there have not been any grants made to any director or associate of a director of the Company under the PRP since shareholder approval was last obtained on 18 November 2010;
- there is no loan proposed in relation to the proposed award of performance rights to Mr Lehany; and
- Mr Lehany's performance rights are intended to be granted by 31 December 2011 and in any event will not be granted later than 12 months after the date of the meeting.

Board recommendation

The Board (with Mr Lehany abstaining), unanimously recommends the approval of the issue of the performance rights to Mr Lehany and that Shareholders vote in favour of Resolution 7.

9 Definitions

Annual General Meeting means the annual general meeting of St Barbara to be held on Thursday 17 November 2011 at 11.00am (Melbourne time) in the State Library of Victoria Conference Centre, Entry 3 in La Trobe Street between Russell and Swanston Streets, Melbourne to consider and, if thought fit, pass the resolutions set out in the Notice of Annual General Meeting;

Annual Report means the 2011 annual report of St Barbara Limited;

ASX means ASX Limited;

ASX Listing Rules or **Listing Rules** means the Official Listing Rules of ASX Limited;

Auditor means KPMG;

Board means the board of directors of St Barbara Limited;

Chairman means the chairman of the annual general meeting of St Barbara Limited;

Chairperson means the Chairperson of the Board;

Constitution means the constitution of St Barbara Limited;

Corporations Act means the Corporations Act 2001(Cth);

Director means a director of St Barbara;

Explanatory Memorandum means the explanatory memorandum accompanying the Notice of Annual General Meeting contained in this Meeting Documentation;

Key Management Personnel means persons who have authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity;

Meeting Documentation means this document comprising of the Notice of Annual General Meeting, Explanatory Memorandum and the Proxy Form;

Notice of Annual General Meeting means the notice of meeting which is enclosed in the Meeting Documentation;

Proxy Form means the proxy form for the Annual General Meeting contained in this Meeting Documentation;

Share means a fully paid ordinary share in the capital of St Barbara Limited;

Shareholder means a holder of Shares; and

St Barbara or the **Company** means St Barbara Limited ABN 36 009 165 066.

Schedule - Performance Rights – Further Details

Performance rights to be granted in respect of the 2012 financial year will be offered pursuant to the terms of the Performance Rights Plan and the performance conditions set out below.

1. Performance rights pricing

The issue price of the performance rights is based on the 10 day Volume Weighted Average Price (VWAP) on the ASX of the Company's share price up to, and including, the last business day of the financial period immediately preceding the period that the performance rights relate to.

That is, in respect of the 2012 financial year, performance rights are priced at \$1.845 per right, based on the 10 day VWAP up to and including 30 June 2011.

2. Performance conditions for performance rights

The performance conditions will be measured over a three year period commencing from 1 July 2011. Vesting conditions include satisfying a Relative Total Shareholder Return condition.

3. Percentage of relevant Total Fixed Remuneration offered as Long Term Incentives (LTI) for the 2012 financial year

Managing Director and Chief Executive Officer	100%
Executive General Managers	60%
General Managers	45%

The Board has the discretion to vary the relevant percentage each year, having regard to external advice and / or relevant market benchmarks.

4. An example of how performance rights are calculated for the 2012 financial year is set out below:

Executive Level 5 Total Fixed Remuneration (TFR)	\$400,000
LTI award value 60% of TFR	\$240,000 (i.e. 60% of TFR)
10 day VWAP performance rights price	\$1.845
Performance Rights to be granted ($\$240,000 \div \1.845)	130,081

5. Relative Total Shareholder Return

Total Shareholder Return (TSR) measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares. In order for any of the performance rights to vest, the Company's TSR must be equal to or greater than the median TSR performance of a comparator group. This is referred to as Relative Total Shareholder Return (Relative TSR). The comparator group of companies for performance rights granted in the 2012 financial year comprises:

Kingsgate Consolidated Limited	Unity Mining Limited
Ramelius Resources Limited	Dominion Mining Limited
Resolute Mining Limited	Catalpa Resources Limited
Saracen Mineral Holdings Limited	Regis Resources Limited
Silver Lake Resources Limited	OceanaGold Corporation

At the discretion of the Board, the composition of the comparator group may change from time to time.

Company and comparator TSR performances will be measured using the 10 day VWAP calculation up to, and including, the last business day of the financial period immediately preceding the period that the performance rights relate to, and in determining the closing TSR performances at the end of the three year period.

Relative TSR performance is calculated at a single point in time and is not subject to retesting.

The proportion of the performance rights that vest will be determined based on the Company's TSR relative to the comparator group as follows:

Relative TSR Performance Over Measurement Period	% of Performance Rights to Vest
Below 50 th percentile	0%
50 th percentile	50%
Between 50 th & 75 th percentiles	Pro rata between 50% and 100%
75 th percentile and above	100%

Example – hypothetical measurement of Relative TSR of comparator companies

Company	Three year TSR
A	-2% p.a.
B	+2% p.a.
C	+7% p.a.
D	+10% p.a.
E	+10% p.a.
F	+11% p.a.
G	+12% p.a.
H	+13 % p.a.
I	+14 % p.a.
J	+21% p.a.

If St Barbara's TSR performance for the corresponding period is assumed to be 12%, then, St Barbara's Relative TSR performance will fall at the 70th percentile. Accordingly, an award of 90% (i.e. 50% (for achieving the 50th percentile) + ((70% - 50%) ÷ (75%-50%)) x (100% - 50%)) = 90%) of the performance rights will be granted, and:

- Performance Rights granted (from above example) 130,081
- Award for 70th Percentile TSR 90%
- Shares to be issued (130,081 x 90%) 117,073



St Barbara Limited

ABN 36 009 165 066

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 653 935
(outside Australia) +61 3 9415 4356

000001 000 SBM
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Proxy Form

For your vote to be effective it must be received by 11:00am (Melbourne time) Tuesday 15 November 2011.

How to Vote on Items of Business

All your shares will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with Computershare, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles that do not apply.

Attending the Meeting

Bring a copy of this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your shareholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

Review your shareholding

Update your shareholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If the address shown is incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a shareholder/s of St Barbara Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of St Barbara Limited to be held in the State Library of Victoria Conference Centre, Entry 3 in LaTrobe Street, between Russell and Swanston Streets, Melbourne on Thursday 17 November 2011 at 11:00am (Melbourne time) and at any adjournment of that meeting.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

Important Note for Resolutions 1 (Remuneration Report) and 7 (Issue of Performance Rights to Mr Lehany)

The Chairman of the Meeting intends to vote any undirected proxy in favour of Resolutions 1 and 7.

If the Chairman of the Meeting is your proxy and you have not directed him how to vote on Resolutions 1 or 7, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of that Resolution and that votes cast by him, other than as proxy holder, would be disregarded because of that interest.

If you do not wish to appoint the Chairman of the Meeting to vote on Resolutions 1 and/or 7 in the manner indicated above, the Company encourages you to complete the voting directions in Step 2.

Other Directors and key management personnel of the Company and their closely related parties will not cast any votes in respect of Resolutions 1 and 7 that arise from any undirected proxy that they hold.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted.

For detailed information on the following Resolutions, please carefully read the Notice of Meeting and Explanatory Memorandum.

	For	Against	Abstain
Resolution 1 - Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Approval of Board Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Election of Director - Ms Elizabeth ("Betsy") Ann Donaghey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Re-election of Director - Mr Douglas Weir Bailey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Re-election of Director - Mr Robert Keith Rae	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Adoption of a new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 - Approval of issue of performance rights to Mr Timothy James Lehany, Managing Director and Chief Executive Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Shareholder(s) *This section must be completed.*

<p>Individual or Shareholder 1</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Sole Director and Sole Company Secretary</p>	<p>Shareholder 2</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Director</p>	<p>Shareholder 3</p> <div style="border: 1px solid black; height: 25px; width: 100%;"></div> <p>Director/Company Secretary</p>
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Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____