



St Barbara
LIMITED

St Barbara Limited ACN 009 165 066

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Half Year Financial Report 31 December 2011

Highlights:

Statutory net profit after tax for the six months ended 31 December 2011 rose 12% to a record \$46.5 million, underpinned by record gold production of 154,223 ounces and rising gold prices.

- **Sales revenue** up 44% to \$249 million.
- **Underlying NPAT** up 86% to \$53.3 million^[1].
- **Cash flows from operating activities** up 65% to \$94 million.
- **Earnings per share** up 12% to 14.3 cents.
- **Cash on hand** up 38% to \$110 million, total debt down to \$3 million.
- **Net cash backing per share** up 59% to \$0.33.

In the December 2011 quarter, the Gwalia mine, at Leonora in WA, delivered record gold production of 46,007 ounces, at a mined grade of 8.1 g/t Au, and in the process demonstrated the long term sustainable production capability of the mine. The King of the Hills mine also lifted production, demonstrating its long term production rate. Southern Cross Operations extended its mine life to at least the December 2012 quarter.

Higher gold grades are forecast for the Gwalia mine for the second half of the fiscal year and are expected to underpin lower cash operating costs, higher margins, increased gold production, as well as sustained profitability and cash flow generation.

The Company continues to hold guidance for FY 12.

Details are set out in the attached Appendix 4D and financial statements.

Tim Lehany
Managing Director and CEO
23 February 2012

1. Non-IFRS measure, refer attached Financial Report for Half Year ended 31 Dec 2011, p3.



About St Barbara Limited

St Barbara was established in 1969, and is one of Australia's most profitable ASX listed gold producers and explorers.

St Barbara has three mines and two processing plants, at Leonora and Southern Cross, in the Eastern Goldfields region of Western Australia, and over 5,000 km² of prospective tenements across Australia.

The Gwalia mine at Leonora is the Company's cornerstone asset. The high grade Gwalia deposit has an expected mine life of at least 10 years, and remains open to the south and at depth.

At June 2011, Company Mineral Resources totalled 46.9 Mt @ 5.1 g/t Au for 7.6 million ounces of contained gold, including Company Ore Reserves of 14.7 Mt @ 5.8 g/t Au for 2.8 million ounces of contained gold (for full details refer to the Ore Reserves and Mineral Resources Statements contained in the 2011 Annual Report, available at www.stbarbara.com.au). Ten priority exploration targets are planned to be drilled in FY12.

Gold production is expected to grow by 30% in FY12 to between 320,000 and 350,000 ounces (for full details refer to the June 2011 Quarterly Report available at www.stbarbara.com.au).



Appendix 4D

Half Year Report

Name of entity

ST BARBARA LIMITED

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
36 009 165 066	☒	☐	31 December 2011

Results for announcement to the market

		%		A\$'ooo
Revenues and other income	up	38%	to	252,724
Profit from ordinary activities after tax attributable to members	up	12%	to	46,518
<i>Prior period profit: \$41,492,000</i>				
Profit attributable to members	up	12%	to	46,518
<i>Prior period profit: \$41,492,000</i>				
Dividends				
No dividend has been declared				

	31 Dec 11 \$	30 Jun 11 \$
Net Tangible Assets per security	1.47	1.34
Entities over which control has been gained or lost over the period.	N/A	N/A
Details of dividend distribution	N/A	N/A
Details of reinvestment plans	N/A	N/A
Details of joint venture entities and associates	N/A	N/A
Foreign entity accounting standards	N/A	N/A
Audit dispute or qualification	N/A	N/A

Dated: 23 February 2012



Timothy J Lehany
Managing Director and Chief Executive Officer



ST BARBARA LIMITED

ABN 36 009 165 066

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Table of Contents

DIRECTORS' REPORT.....	3
AUDITOR'S INDEPENDENCE DECLARATION	8
CONSOLIDATED INCOME STATEMENT	9
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONSOLIDATED BALANCE SHEET	12
CONSOLIDATED STATEMENT OF CASH FLOWS.....	13
Note 1 – Basis of preparation.....	14
Note 2 – Significant accounting policies.....	14
Note 3 – Critical accounting estimates and judgements	14
Note 4 – Segment information	14
Note 5 – Events subsequent to balance date	16
Note 6 – Contingent liabilities.....	17
Note 7 – Dividends	17
Note 8 – Revenue.....	17
Note 9 – Finance costs.....	17
Note 10 – Significant Items	18
Note 11 – Income Tax Expense.....	19
Note 12 – Cash and cash equivalents.....	19
Note 13 – Interest bearing liabilities.....	20
Note 14 – Derivative financial assets and liabilities	20
Note 15 – Contributed equity.....	21
Note 16 – Accumulated losses	21
DIRECTORS' DECLARATION.....	22
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ST BARBARA LTD	23

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report on the Group, consisting of St Barbara Limited ("St Barbara") and the entities it controlled at the end of, or during, the half year ended 31 December 2011.

Directors

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

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

Principal activities

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

Consolidated results

The Group reported a net profit after tax ("Statutory Profit") of \$46,518,000 (2010: \$41,492,000) for the six months ended 31 December 2011. The Statutory Profit for the period included significant items totaling a net loss of \$6,829,000 (2010: gain of \$12,768,000). Underlying net profit after tax for the period, after excluding significant items, was \$53,347,000 (2009: \$28,724,000), which was 86% higher than the prior corresponding period. The consolidated revenues and results for the period are summarized as follows:

	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Sales revenue	249,315	172,950
EBITDA ³ (including significant items)	88,937	67,146
EBIT ² (including significant items)	45,764	40,483
Statutory Profit¹ for the half year	46,518	41,492
Total significant items (after tax)	(6,829)	12,768
EBITDA ³ – excluding significant items	95,766	54,378
EBIT ² – excluding significant items	52,593	27,715
Underlying net profit after tax⁴ for the half year	53,347	28,724

1 Statutory Profit is net profit after tax attributable to owners of the parent.

2 EBIT is earnings before interest revenue, finance costs and income tax expense.

3 EBITDA is EBIT before depreciation and amortisation.

4 Underlying net profit after income tax is net profit after income tax ("Statutory Profit") less significant items as described in Note 10 to the financial report.

5 EBIT, EBITDA and underlying net profit after tax are non-IFRS financial information, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group.

The significant items in the six month period ended 31 December 2011 comprised an unrealised loss on gold put and call options of \$7,464,000, representing the negative mark-to-market movement in the time value of the gold options during the period, and a realised gain of \$635,000 representing the unwinding of previously recognised mark-to-market losses for gold options that were exercised or expired during the period. Over time, unrealised losses on gold options recognised in the income statement will reverse either through a change in the mark-to-market value of the options or maturity of the contracts.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Significant items included in the Statutory Profit for the period are as follows:

	Consolidated	
	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Unrealised (loss)/gain on derivatives ⁽¹⁾	(7,464)	9,641
Realised gain on derivatives ⁽¹⁾	635	
Profit on sale of Tarmoola processing plant	-	1,164
Proceeds from sale of tenement rights	-	1,963
Total significant items	(6,829)	12,768

(1) At 31 December 2011 the mark-to-market value of the Company's gold put and call options (collar structure) was negative \$20,314,000 (June 2011: negative \$8,101,000). The put and call options at 31 December 2011 represent price protection for 205,000 ounces of King of the Hills production, and 68,000 ounces for Southern Cross production (June 2011: King of the Hills: 238,000 ounces; Southern Cross: nil ounces). In accordance with accounting standards the net unrealised loss, representing the movement in the time value of the collar structure during the period, amounting to \$7,464,000 was recognised in the income statement (2010: gain of \$9,641,000). The net realised gain of \$635,000 represents the unwinding of the unrealised mark-to-market loss previously recognised for options that were exercised or expired during the period. The unrealised loss related to the movement in the intrinsic value of the collar structure in the period of \$5,385,000 (2010: gain of \$12,987,000) was recognised in the gold cash flow hedge reserve in equity. Over time, the remaining unrealised negative mark-to-market valuation at 31 December 2011 will reverse either through a change to the mark-to-market value of the collar structure or maturity of the contracts.

Discussion and Analysis of Operating Results and the Income Statement

The Group reported a Statutory Profit of \$46,518,000 for the period (2010: \$41,492,000). Underlying profit for the period was \$53,347,000 (2010: \$28,724,000), with the significant improvement compared with the prior corresponding period the result of higher gold production and stronger gold price.

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

Total sales revenue of \$249,315,000 (2010: \$172,950,000) was generated from gold sales of 154,385 ounces (2010: 125,451 ounces) in the period at an average achieved gold price of A\$1,606 per ounce (2010: A\$1,370 per ounce). Total production for the period was 154,223 ounces, with Leonora operations contributing 109,763 ounces (2010: 58,510 ounces) and Southern Cross operations 44,460 ounces (2010: 65,651 ounces).

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

A summary of production performance for the period ended 31 December 2011 is provided in the table below.

Details of 2011 Production Performance

	Southern Cross		Gwalia		King of the Hills	
	6 months 31 Dec 11	6 months 31 Dec 10	6 months 31 Dec 11	6 months 31 Dec 10	6 months 31 Dec 11	6 months 31 Dec 10
Underground Ore Mined t	415,442	545,928	354,702	339,033	184,873	-
Grade g/t	2.9	3.6	7.8	5.4	4.0	-
Ore Milled (including stockpiles) t	813,636	562,989	366,648	363,940	187,720	-
Grade g/t	1.9	3.9	7.6	5.2	4.1	-
Recovery %	89	93	97	96	94	-
Gold Production oz	44,460	65,651	86,313	58,510	23,450	-
Cash Cost A\$/oz	1,205	820	697	832	801	-
Total Cost A\$/oz	1,505	979	945	1,088	1,099	-

Gwalia

Gold production from the Gwalia underground mine in the period was 86,313 ounces (2010: 58,510 ounces), which was a significant increase on the prior corresponding period. The higher production was as a result of the Gwalia mine moving towards achieving its long term sustainable production rate in the period, and an increase in the average grade of ore mined. The increase in the average grade was attributable to production during the period being sourced from the higher grade South West Branch. The Leonora processing plant continued to perform well during the period and achieved average recoveries of 97%. The increase in average recoveries reflected an increase in the proportion of gold reporting to the gravity circuit following the installation of a second Knelson concentrator in August 2011. Gwalia unit cash costs for the period were \$697 per ounce (2010: \$832 per ounce), reflecting the benefit of higher production. Total cash operating costs at Gwalia of \$60,125,000 were higher compared with the prior corresponding period (2010: \$48,672,000), due mainly to increased mining activity and higher production.

King of the Hills

After commencing production in April 2011, the King of the Hills underground mine reached its annualised production range during the December 2011 quarter. For the period, the mine produced 184,873 tonnes at 4.0 grams per tonne for 23,996 contained ounces. During the period 187,720 tonnes of King of the Hills ore was processed through the Gwalia processing plant producing 23,450 ounces. The King of the Hills unit cash costs for the period were \$801 per ounce, which was in line with expectations. Total cash operating costs at King of the Hills were \$18,773,000 (2010: \$nil).

Southern Cross

Southern Cross operations generated positive cash flows as the Marvel Loch mine approaches the end of its mine life. For the six month period ended 31 December 2011, Southern Cross operations generated positive net cash flows of \$6,001,000. The Marvel Loch underground mine produced 44,460 ounces (2010: 65,651 ounces) in the period. The lower production compared with the prior corresponding period was due to lower tonnes mined from Marvel Loch at a lower grade. To offset the lower production from Marvel Loch underground the operations processed existing low grade stockpiles from satellite mine sites, which reduced the overall milled grade to 1.9 grams per tonne for the period (2010: 3.9 grams per tonne). During the period, 392,424 tonnes of low grade stockpile ore at an average grade of 0.9 grams per tonne was processed. The Southern Cross Operations unit cash costs for the period were \$1,205 per ounce (2010: \$820 per ounce), reflecting the impact of the lower production and lower grade of the low grade stockpiles processed. At Southern Cross operations total cash operating costs were \$53,571,000 (2010: \$53,852,000). While cash operating costs were consistent with the prior corresponding period, the lower Marvel Loch grades and milling of low grade stockpiles resulted in the higher unit cash costs.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Corporate and Discovery & Growth

Exploration and evaluation expenditure in the period amounted to \$8,574,000 (2010: \$8,872,000), of which \$6,855,000 (2010: \$5,160,000) was expensed in the income statement. Capitalised exploration in the period was in relation to the drilling program at Gwalia.

Corporate administration costs for the period of \$6,814,000 (2010: \$6,293,000) comprised mainly expenses relating to the corporate office and compliance costs.

Royalty expenses for the period were \$10,334,000 (2010: \$6,613,000), reflecting the impact of higher gold sales revenue from increased production and a higher average achieved gold price. This expense represents gold royalties paid to the Western Australian Government and a third party corporate royalty, which equated to a charge of \$67 per ounce.

Other revenue of \$2,800,000 (2010: \$5,388,000) comprised mainly interest earned during the period of \$2,612,000 (2010: \$3,048,000). The prior corresponding period included third party toll treatment revenue.

Other income was \$609,000 for the period (2010: \$4,411,000). Other income in the prior corresponding period represented mainly the sale of the Tarmoola plant; the sale of excess tenements in the Leonora region; and the recovery of legal costs in relation to the Kingstream litigation.

Depreciation and amortisation of fixed assets and capitalised mine development amounted to \$43,173,000 (2010: \$26,663,000) for the period. Depreciation and amortisation attributable to Gwalia was \$22,201,000 (2010: \$15,840,000), King of the Hills was \$7,067,000 (2010: nil), and Southern Cross was \$13,393,000 (2010: \$10,539,000), with the balance associated with corporate and exploration activities. The higher depreciation and amortisation charge in the period at Gwalia was attributable to the higher production compared with the prior corresponding period. At Southern Cross the higher depreciation and amortisation charge reflected the increase in mine development amortisation as the mine nears the end of its life.

Net finance costs decreased in the period to \$1,858,000 (2010: \$2,039,000) due to the repayment of the GE Facility during the six months ended 31 December 2011.

A net realised/unrealised loss of \$6,829,000 (2010: gain of \$9,694,000) was recognised in the income statement for the period, representing the movement in the mark-to-market valuation of the Company's gold put and call options (collar structure) at 31 December 2011. Accounting standards require movements in the time value of the collar structure to be recognised in the income statement at each reporting date. The collar structure is a cash flow hedge, which as at 31 December 2011 provides price protection for 205,000 ounces of King of the Hills production to June 2015 and 68,000 ounces of Southern Cross production to August 2012.

Discussion and Analysis of the Cash Flow Statement

Operating activities

Cash flow from operating activities for the period was \$93,777,000 (2010: \$56,951,000), representing a significant increase on the prior corresponding period. The increase in operating cash flows was attributable to higher receipts from customers, reflecting the benefit of higher gold production and average achieved gold price. Payments to suppliers and employees were higher than the prior corresponding period at \$152,116,000 (2010: \$115,365,000), due mainly to the increase in ore tonnes mined at both Gwalia and King of the Hills. Payments for exploration expensed in the period amounted to \$6,855,000 (2010: \$5,160,000), with the higher amount expensed attributable to a lower level of capitalised expenditure compared with the prior corresponding period. Interest received of \$2,614,000 (2010: \$2,376,000) was higher than in the prior corresponding period as a result of the increased level of cash on deposit during the period. Interest paid in the period was \$206,000 (2010: \$166,000).

Investing activities

Net cash flows used in investing activities amounted to \$53,893,000 (2010: \$60,191,000) for the period. Lower expenditure in the period was attributable to the reduction in development at Gwalia and Southern Cross. Exploration and evaluation expenditure capitalised of \$1,719,000 (2010: \$3,712,000) largely represented drilling to extend resources at the Gwalia mine. Investing expenditure during the period was in the following major areas:

- Underground mine development and infrastructure at Gwalia - \$23,687,000 (2010: \$26,506,000);

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

- Exploration capitalised at Gwalia - \$1,436,000 (2010: \$3,213,000);
- Underground mine development and infrastructure at Marvel Loch - \$8,560,000 (2010: \$11,749,000);
- Underground mine development and infrastructure at King of the Hills - \$14,094,000 (2010: \$7,702,000); and
- Purchase of property, plant and equipment at both operations - \$5,614,000 (2010: \$10,460,000).

Financing activities

Net cash flows used in financing activities was \$9,463,000 (2010: \$2,992,000), with major movements including:

- Repayment of the GE financing facility of \$7,860,000; and
- Scheduled repayments of finance leasing and insurance premium funding facilities amounting to \$1,603,000.

Discussion and Analysis of the Balance Sheet

Net Assets and Total Equity

St Barbara's net assets increased during the period by \$41,779,000 to \$478,126,000, due mainly to the Statutory Profit earned in the period.

The cash balance at 31 December 2011 was \$109,906,000 (30 June 2011: \$79,485,000).

Property, plant and equipment, mine properties and capitalised exploration had a combined value on the balance sheet at 31 December 2011 of \$411,978,000 (30 June 2011: \$401,370,000). The increase of \$10,608,000 was due mainly to mine development expenditure at King of the Hills.

Net debt

Net debt, comprising total borrowings less cash on hand, was net cash of \$106,904,000 at 31 December 2011 (30 June 2011: net cash of \$67,413,000). As at 31 December 2011 total interest bearing borrowings amounted to \$3,002,000 (30 June 2011: \$12,072,000), comprising an insurance premium funding facility and a hire purchase facility. The decrease in interest bearing borrowings as compared to 30 June 2011 represents the repayment of the GE asset financing facility.

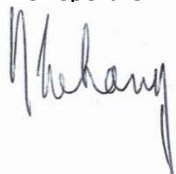
Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of the directors' report for the half year ended 31 December 2011.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Timothy J Lehany
Managing Director & Chief Executive Officer

Melbourne
23 February 2012

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

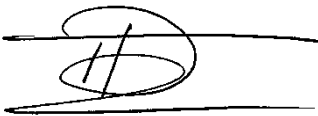
To: the directors of St Barbara Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



KPMG



**Tony Romeo
Partner**

Melbourne
23 February 2012

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2011

		Half-Year	
	Note	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Revenue from continuing operations	8	249,315	172,950
Mine operating costs		(127,230)	(101,847)
Gross profit		122,085	71,103
Other revenue	8	2,800	5,388
Other income		609	4,411
Exploration expensed		(6,855)	(5,160)
Corporate administration costs		(6,814)	(6,293)
Royalties		(10,334)	(6,613)
Depreciation and amortisation		(43,173)	(26,663)
Other expenditure		(3,113)	(2,336)
Operating profit		55,205	33,837
Finance costs	9	(1,858)	(2,039)
Net realised/unrealised (losses)/gains on derivatives	10	(6,829)	9,694
Profit before income tax		46,518	41,492
Income tax	11	-	-
Profit after income tax		46,518	41,492
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)		14.29	12.74
Diluted earnings per share (cents)		14.16	12.65

The above income statement should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2011

	Half-Year	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Profit for the period	46,518	41,492
Other comprehensive income		
Changes in fair value of available for sale financial assets	19	-
Changes in fair value of cash flow hedges taken to reserves	(5,385)	12,987
Other comprehensive income net of tax⁽¹⁾	(5,366)	12,987
Total comprehensive income attributable to equity holders of the company	41,152	54,479

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

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

	Contributed Equity	Share Based Payments Reserve	Gold Cash Flow Hedge Reserve	Investment Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	615,521	3,108	(2,059)	-	(180,223)	436,347
Share-based payments expense	-	627	-	-	-	627
Unlisted options expired	-	(1,016)	-	-	1,016	-
Comprehensive income for the year	-	-	(5,385)	19	46,518	41,152
Balance at 31 December 2011	615,521	2,719	(7,444)	19	(132,689)	478,126

	Contributed Equity	Share Based Payments Reserve	Gold Cash Flow Hedge Reserve	Investment Fair Value Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	614,997	2,484	(19,161)	-	(248,852)	349,468
Share-based payments expense	-	699	-	-	-	699
Unlisted options expired	-	(80)	-	-	-	(80)
Unlisted options exercised	524	(245)	-	-	-	279
Comprehensive income for the year	-	-	12,987	-	41,492	54,479
Balance at 30 December 2010	615,521	2,858	(6,174)	-	(207,360)	404,845

The above statement of changes in equity should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2011

		Consolidated	
		Dec	June
	Notes	2011	2011
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	12	109,906	79,485
Trade and other receivables		22,913	24,140
Inventories		18,155	17,858
Derivative financial assets	14	837	2,085
Deferred mining costs		27,506	12,934
Total current assets		179,317	136,502
Non-current assets			
Property, plant and equipment		106,975	105,750
Deferred mining costs		2,324	10,230
Mine properties		291,655	283,991
Exploration and evaluation		13,348	11,629
Derivative financial assets	14	-	282
Available for sale financial assets		269	-
Total non-current assets		414,571	411,882
Total assets		593,888	548,384
Liabilities			
Current liabilities			
Trade and other payables		49,648	49,366
Interest bearing borrowings	13	1,605	10,491
Derivative financial liabilities	14	2,188	-
Provisions		9,358	7,982
Total current liabilities		62,799	67,839
Non-current liabilities			
Interest bearing borrowings	13	1,397	1,581
Derivative financial liabilities	14	18,963	10,468
Provisions		32,603	32,149
Total non-current liabilities		52,963	44,198
Total liabilities		115,762	112,037
Net Assets		478,126	436,347
Equity			
Contributed equity	15	615,521	615,521
Reserves		(4,706)	1,049
Accumulated losses	16	(132,689)	(180,223)
Total equity		478,126	436,347

The above balance sheet should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2011

		Half-Year	
	Note	31 Dec 2011	31 Dec 2010
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		250,595	175,839
Payments to suppliers and employees (inclusive of GST)		(152,116)	(115,365)
Payments for exploration and evaluation		(6,855)	(5,160)
Interest received		2,614	2,376
Interest paid		(206)	(166)
Finance charges – hire purchase agreements		(191)	(522)
Borrowing costs paid		(64)	(51)
Net cash flow from operating activities		93,777	56,951
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		31	3,001
Payments for property, plant and equipment		(5,614)	(10,460)
Payments for available for sale financial assets		(250)	-
Payments for development of mine properties		(46,341)	(51,020)
Proceeds from sale of tenement rights		-	2,000
Payments for exploration and evaluation capitalised		(1,719)	(3,712)
Net cash flow used in investing activities		(53,893)	(60,191)
Cash flows from financing activities			
Proceeds from issues of shares		-	279
Payments for buy-back of convertible notes		-	(1,200)
Proceeds from insurance premium funding/hire purchases		-	684
Movement in restricted cash		-	265
Principal repayments - equipment leasing facility		(7,860)	(2,459)
- hire purchase agreements		(423)	(491)
- insurance premium funding		(1,180)	-
Net cash flow used in financing activities		(9,463)	(2,922)
Net increase/(decrease) in cash and cash equivalents		30,421	(6,162)
Cash and cash equivalents at beginning of the period		79,485	102,157
Cash and cash equivalents at end of the period	12	109,906	95,995

The above statement of cash flows should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 1 – Basis of preparation

St Barbara Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities.

This general purpose financial report for the interim reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited annual report for the year ended 30 June 2011.

This consolidated interim financial report was approved by the Board of Directors on 23 February 2012.

Note 2 – Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2011.

Note 3 – Critical accounting estimates and judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant estimates and judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report.

Note 4 – Segment information

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

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

The King of the Hills mine was added as a reportable segment in the half year to 31 December 2011 as the Executive Leadership Team commenced reviewing this segment regularly from 1 July 2011 following commencement of production at King of the Hills.

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

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

	Gwalia		King of the Hills		Southern Cross		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	137,959	81,198	38,761	-	72,595	91,752	249,315	172,950
Mine operating costs	(56,837)	(49,365)	(18,204)	-	(52,189)	(52,482)	(127,230)	(101,847)
Gross profit	81,122	31,833	20,557	-	20,406	39,270	122,085	71,103
Royalties	(5,691)	(3,102)	(1,545)	-	(3,098)	(3,511)	(10,334)	(6,613)
Depreciation and amortisation	(22,201)	(15,840)	(7,067)	-	(13,393)	(10,539)	(42,661)	(26,379)
Reportable segment profit before income tax	53,230	12,891	11,945	-	3,915	25,220	69,090	38,111

	Gwalia		King of the Hills		Southern Cross		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other material non-cash items	-	-	-	-	-	-	-	-
Capital expenditure	(26,418)	(39,960)	(14,201)	-	(9,979)	(15,697)	(50,598)	(55,657)
Reportable segment assets	360,810	343,578	46,297	44,724	41,986	43,664	449,093	431,966

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

	Consolidated	
	Period Ended	Period Ended
	31 Dec	31 Dec
	2011	2010
	\$'000	\$'000
Revenues		
Total revenue for reportable segments	249,315	172,950
Other revenue	2,800	5,388
Consolidated revenue	252,115	178,338

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

	Consolidated	
	Period Ended 31 Dec 2011 \$'000	Period Ended 31 Dec 2010 \$'000
Profit or loss		
Total profit for reportable segments	69,090	38,111
Other income and revenue	3,409	9,799
Exploration expensed	(6,855)	(5,160)
Unallocated depreciation and amortisation	(512)	(284)
Finance costs	(1,858)	(2,039)
Net fair value movements on gold options	(6,829)	9,694
Corporate and support costs	(6,814)	(6,603)
Other corporate expenses	(3,113)	(2,026)
Consolidated profit before income tax	46,518	41,492

	Consolidated	
	31 Dec 2011 \$'000	30 June 2011 \$'000
Assets		
Total assets for reportable segments	449,093	431,966
Cash and cash equivalents	109,906	79,485
Trade and other receivables	23,182	24,140
Capitalised borrowing costs	7,540	7,912
Derivative financial assets	837	2,367
Other assets	3,330	2,514
Consolidated total assets	593,888	548,384

	Half year ended 31 December 2011			Half year ended 31 December 2010		
	Reportable segment	Adjustments	Consolidated	Reportable segment	Adjustments	Consolidated
Other material items						
Depreciation and amortisation	42,661	512	43,173	26,379	284	26,663

Note 5 – Events subsequent to balance date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial reporting date that, in their opinion, has significantly affected, or may significantly affect, in future periods the Group's operations, the results of those operations or the state of affairs.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 6 – Contingent liabilities

The parent entity and Group had no contingent liabilities at 31 December 2011.

Kingstream

On 1 November 2011, this matter was resolved in the Court of Appeal of the Supreme Court of Western Australia with no material impact on the Company.

Note 7 – Dividends

No dividends were declared or paid during the period.

Note 8 – Revenue

	Consolidated	
	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Sales revenue		
- Sale of gold	248,014	171,912
- Sale of silver	1,301	1,038
	249,315	172,950
Other revenue		
- Interest revenue	2,612	3,048
- Sub-lease rental	188	154
- Third party revenue	-	2,186
	2,800	5,388
	252,115	178,338

	Consolidated	
	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Note 9 – Finance costs		
Interest paid/payable	206	166
Borrowing costs	64	51
Finance lease	191	522
Provisions: unwinding of discount	1,397	1,300
	1,858	2,039

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 10 – 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	
	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Included within net realised/unrealised gains on derivatives		
Unrealised (loss)/gain on gold cash flow hedges ⁽¹⁾	(7,464)	9,641
Realised gain on gold cash flow hedge ⁽¹⁾	635	-
	(6,829)	9,641
Included within Other Income		
Profit on sale of Tarmoola processing plant	-	1,164
Proceeds from sale of tenement rights	-	1,963
	-	3,127
Total significant items	(6,829)	12,768

(1) At 31 December 2011 the mark-to-market value of the Company's gold put and call options (collar structure) was negative \$20,314,000 (June 2011: negative \$8,101,000). The put and call options at 31 December 2011 represent price protection for 205,000 ounces of King of the Hills production, and 68,000 ounces for Southern Cross production (June 2011: King of the Hills: 238,000 ounces; Southern Cross: nil ounces). In accordance with accounting standards the net unrealised loss, representing the movement in the time value of the collar structure during the period, amounting to \$7,464,000 was recognised in the income statement (2010: gain of \$9,641,000). The net realised gain of \$635,000 represents the unwinding of the unrealised mark-to-market loss previously recognised for options that were exercised or expired during the period. The unrealised loss related to the movement in the intrinsic value of the collar structure in the period of \$5,385,000 (2010: gain of \$12,987,000) was recognised in the gold cash flow hedge reserve in equity. Over time, the remaining unrealised negative mark-to-market valuation at 31 December 2011 will reverse either through a change to the mark-to-market value of the collar structure or maturity of the contracts.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 11 – Income Tax Expense

(a) Income tax expense	Consolidated	
	Period ended 31 Dec 2011 \$'000	Period ended 31 Dec 2010 \$'000
Income tax (benefit)/expense	-	-

(b) Tax losses

In the period, the Group did not report an income tax expense due to the utilisation of previously unrecognised tax losses.

The treatment of tax losses at 31 December 2011 was consistent with 30 June 2011, whereby not all tax losses have been recognised as a deferred tax asset, as it is not probable that the Group will be able to utilise these tax losses as at the reporting date. In determining whether to recognise tax losses, the directors consider the probability as to whether the Group will have future taxable profits available to utilise carry forward tax losses. 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.

	Consolidated	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Note 12 – Cash and cash equivalents		
For the purpose of the half-year Statement of Cash Flows, cash and cash equivalents at the 31 December balance date comprised the following:		
Cash at bank and on hand	15,906	3,995
Term deposits ⁽¹⁾	94,000	92,000
	109,906	95,995

(1) Term deposits at 31 December 2011 had an average maturity of 63 days (Dec 2010: 52 days), earning an average interest rate of 5.98% per annum (Dec 2010: 5.93% per annum).

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 13 – Interest bearing liabilities

Current

Secured

	31 Dec 2011 \$'000	30 June 2011 \$'000
Lease liabilities	1,000	960
Equipment finance facility	-	7,860
Transaction costs	-	(114)
<i>Unsecured</i>		
Insurance premium funding	605	1,785
	1,605	10,491

Non-Current

Secured

Lease liabilities	1,397	1,581
	1,397	1,581

Note 14 – Derivative financial assets and liabilities

Current assets

Fair value of gold option collar	837	2,085
	837	2,085

Non-current assets

Fair value of gold option collar	-	282
	-	282

Current liabilities

Fair value of gold option collar	2,188	-
	2,188	-

Non-current liabilities

Fair value of gold option collar	18,963	10,468
	18,963	10,468

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

Note 15 – Contributed equity

	Parent entity		Parent entity	
	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011
	Shares	Shares	\$'000	\$'000
Ordinary shares fully paid	325,615,389	325,615,389	615,521	615,521

Date	Details	Number of shares	\$'000
1 July 2011	Opening balance	325,615,389	615,521
	<i>Nil movement for the period</i>	-	-
31 Dec 2011	Closing balance	325,615,389	615,521

Note 16 – Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	31 Dec 2011 \$'000	30 June 2011 \$'000
Balance at start of year*	(180,223)	(248,852)
Transferred from share based payment reserve (note 16(a))	1,016	-
Profit attributable to members of the Company	46,518	68,629
Balance at end of year	(132,689)	(180,223)

* The 30 June 2011 comparative discloses movements for the year ended 30 June 2011

(a) Share based payment reserve transfers to accumulated losses

During the period ended 31 December 2011, \$1,016,000 previously recognised in the share based payment reserve for 416,668 options which expired during the period was transferred to accumulated losses. Accounting standards preclude the reversal through the Income Statement for amounts which have been booked in the share based payments reserve for options which have previously vested but subsequently expire.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2011

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; 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.

This declaration is made in accordance with a resolution of the Directors.



Timothy J Lehany
Managing Director & Chief Executive Officer

Dated at Melbourne this 23rd day of February 2012



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ST BARBARA LTD

Report on the financial report

We have reviewed the accompanying half-year financial report of St Barbara Limited, which comprises the consolidated balance sheet as at 31 December 2011, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period ended on that date, notes 1 to 16 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year period ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of St Barbara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St Barbara Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten signature in black ink that reads 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in black ink, consisting of a stylized 'H' or 'R' inside a circle, with horizontal lines extending from the sides.

Tony Romeo
Partner

Melbourne
23 February 2012