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Pacific Operations FY13 Update

The Managing Director & CEO's presentation to the Company's Annual General Meeting today includes a revised estimate of consolidated gold production for FY13.

While we are still in the process of integrating the new Pacific Operations into St Barbara, it will take time for production and cash flow generation at both Simberi and Gold Ridge to reach planned levels.

The period of time between the Allied Gold Board recommending our offer in early June and St Barbara achieving control of the assets in early September was three months, during which time St Barbara was not able, under the UK Takeover Code, to directly influence management of the Allied Gold business.

Mr Lehany, Managing Director & CEO, said, "Our integration of the new assets into our business is largely complete. The disciplined and orderly process was a credit to both old and new employees of the organisation.

We have now had control of these assets for nearly 11 weeks. So, has anything changed between our view of the business from when we made our offer to what we now see?

Nothing has changed our view of the long term value of these assets identified in our due diligence, except to say that at Gold Ridge recent drilling results outside of the defined resource provides encouragement that the gold system may be larger than resource numbers indicate.

What has changed, in our opinion, is the condition of the business between our forward looking evaluation of the business, based on our due diligence when we made our offer to Allied Gold, and our review of the business when we took control. Our view is that between these reviews production performance had deteriorated, creditors had grown and progress of capital projects at Simberi had slipped in time and cost. Some mining equipment was sitting idle waiting for spare parts. Mining performance at Gold Ridge appeared to be well behind initial projections and the mining operation was effectively waste-bound."

“Our assessment of the impact of this has been that:

- St Barbara has had to provide significantly more working capital to the Pacific Operations than was anticipated;
- Gold production will take time to reach sustainable levels, particularly at Gold Ridge where we have had to re-base the mine plans, introduce new operating disciplines and catch up with waste stripping;
- The oxide expansion project at Simberi is now estimated to cost around \$65 million;
- Simberi’s performance is unlikely to show improvement in the December 2012 Quarter over that reported for the September 2012 Quarter;
- Gold Ridge is expected to have lower gold production in the December 2012 Quarter than the September 2012 Quarter, but we expect an improving trend in the third and fourth quarters of FY13; and
- Working capital and cash support for the Pacific Operations is expected to continue in the December 2012 and March 2013 Quarters.

We are committed to making the necessary investments to properly upgrade and expand the production capability of the Pacific Operations and we are doing this in such a way to ensure reliability and sustainability. The Pacific Operations are now expected to achieve a sustainable gold production rate of approximately 200,000 ounces per annum by June 2013.”

Gold production estimates

- Combined gold production from all operations for the full year to 30 June 2013 (which is provided for comparative purposes and includes production of the Pacific Operations from 1 July 2012, prior to St Barbara assuming control) is expected to be approximately 400,000 ounces (reduced from 435,000 ounces as previously announced).
- Gold production attributable to St Barbara (which incorporates production from the Pacific Operations when St Barbara assumed control on 7 September 2012) for FY13 is expected to be approximately 380,000 ounces.
- The Australian Operations are expected to deliver to guidance for FY13 (refer Appendix).
- A review of the Pacific Operations continues, with more detailed guidance planned to be released in December 2012.



Ross Kennedy

Executive General Manager Corporate Services

Company Secretary

22 November 2012

Appendix: FY13 Guidance - Australian Operations

FY 13 Guidance		Gwalia	King of the Hills	Total Leonora
Gold production	koz	175-190	55-60	230-250
Cash operating cost	\$/oz	670-700	840-870	710-745
Capital expenditure	\$M	45-50	20-25	65-75