
22 June 2022

Simberi Operations under strategic review

St Barbara Limited (ASX: SBM) (**Company** or **St Barbara**) announces:

- Simberi Sulphide Expansion Final Investment Decision deferred in favour of a strategic review
- Near-term risk of disruption to Touquoy Operation due to potential permitting delays for tailings management facility
- Corporate support model to be reviewed with Melbourne Office to close in coming months

Simberi Operations under strategic review

Approval for the Simberi Sulphide Project has been endorsed and signed by the Minister for Environment and Conservation and Climate Change and is now in the final stage of being formally issued by the Conservation & Environmental Protection Authority (CEPA) of Papua New Guinea.

The front end engineering and design (FEED) study has continued while we await the permit including finalising the mine design for the preferred pit development sequence and seeking to confirm a reliable capital cost estimate in a volatile pricing environment. The well-publicised significant cost inflationary pressures currently being experienced in the global project construction market, together with some project scope changes are resulting in a significant increase in the capital cost estimate relative to that calculated in the Feasibility Study.

The Company has decided to commence a strategic review of St Barbara's investment in the Simberi Operation and defer the Final Investment Decision in the Sulphide Expansion project. St Barbara faces capital investments at each of its three operations in the next two years. This strategic review will assess the best allocation of capital for risk and return compared with the Company's other projects.

St Barbara has received unsolicited enquiries from potential investors in Simberi and anticipates the Sulphide Expansion project to proceed either under St Barbara or different ownership.

Update on Atlantic permits

In 2020 the Atlantic Operations commenced the provincial permitting process to convert the Touquoy open pit into a Tailings Management Facility (TMF) upon completion of open pit mining. This longer term strategy for tailing deposition has always been in the life of mine plans for Beaver Dam and Fifteen Mile Stream but has now become critical path for business continuity as the Touquoy mine approaches end of life.

Late in the process the Nova Scotia Department of Environment and Climate Change (NSECC) has sought further clarification on aspects of the in-pit tailings deposition application to which the Company is promptly responding. This request for further information has impacted the implementation timeframes for the in-pit tailings solution placing business continuity at risk. The current TMF has capacity only until mid-September 2022 and construction work on the in-pit tailings infrastructure will be unable to be completed in time.

The Company has therefore elected to make an application to raise the existing TMF wall as an interim solution while the in-pit deposition matter is progressed to conclusion. A permit application to lift the wall has been submitted and the Company is working closely with provincial regulators, with the timeframe for a decision on this permit expected to be early August 2022. The capital cost for the tailings lift is ~A\$6m and will extend the life of the Touquoy operation until the end of FY23.

Should the TMF lift permit not be approved in early August 2022 there will be insufficient time to allow for the construction of the raise before the current tailings capacity is exhausted in mid-September 2022. This would lead to the operation being suspended and placed in care and maintenance.

In parallel, the Company will continue to work with the Provincial government to resolve NSECC's outstanding queries on the permit for the in-pit tailings deposition. Once the in-pit tailings deposition permit is issued the Touquoy site will have sufficient tailings capacity to support the longer term Atlantic Province Plan, including Beaver Dam and Fifteen Mile Stream. If the in-pit tailings deposition permit is not issued by Q3 FY23 then the operations will have to be suspended from Q1 FY24 and placed in care and maintenance.



Permitting of Beaver Dam has reached an advanced stage, however there are ongoing discussions with the Fisheries and Oceans Canada (DFO) and First Nations groups. These discussions will delay anticipated approvals by at least six months and the Company is now targeting Q4 FY23 for the issuing of final permits. There are sufficient stockpiles in place at Touquoy to ensure continued production from the Atlantic Operations if such a delay to Beaver Dam was to occur, provided in-pit tailings deposition at Touquoy has been approved.

Beaver Dam and Fifteen Mile Stream permitting is progressing under the Federal *Canadian Environmental Assessment Act 2012* (CEAA 2012) process. The Impact Assessment Agency of Canada (IAAC) has introduced a new process for Federal environmental assessment under the *Impact Assessment Act 2019* (IAA 2019). St Barbara will make the applications for both projects to remain under CEAA 2012 by the end of June 2022. St Barbara is withdrawing guidance for the permit approval timeline for Fifteen Mile Stream due to application process uncertainty and it is not as advanced as Beaver Dam. A delay in the commencement of either Beaver Dam or Fifteen Mile Stream may result in an impairment charge in the FY22 financial results.

Corporate restructure

St Barbara will undertake a re-design of its operating model, including for the provision of corporate support across the Group, and this will result in a rationalisation of the corporate workforce including a consolidation of the Company's two corporate offices into one, in Perth, Western Australia which will lead to the closure of the Melbourne office in due course.

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