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St Barbara agrees to acquire 100% of Atlantic Gold Corporation and announces underwritten A$490 million pro rata accelerated non-renounceable entitlement offer

- **Acquisition aligned with St Barbara's strategy**
- **Diversifies production base with a low-cost, long life mine in a favourable jurisdiction**
- **Growth potential through planned reserve and resource expansion**

St Barbara Ltd. (ASX: SBM) ("St Barbara" or "Company") is pleased to announce that it has, through its wholly owned subsidiary Nord Pacific Ltd., entered into a Canadian Plan of Arrangement Agreement with Atlantic Gold Corporation ("Atlantic"). Atlantic (TSX-V:AGB) is a TSX-listed low cost gold producer, which owns and operates Moose River Consolidated ("MRC" or "Moose River") in Nova Scotia, Canada.

Moose River comprises one producing open-pit (Touquoy) and three others in development (Beaver Dam, Fifteen Mile Stream and Cochrane Hill). Moose River declared commercial production in March 2018 and produced 91 koz in CY18 from Touquoy at an AISC of C$731/oz (A$761/oz), with planned expansion of production to 200+ koz as the other three pits are developed. MRC has mineral resources of 2.4 Moz inclusive of mineral reserves of 1.9 Moz.

St Barbara will acquire 100% of all outstanding Atlantic shares (on a fully diluted basis) at an all cash offer price of C$2.90 per Atlantic share, implying a total equity value of C$722 M (A$768 M)[1] (the "Transaction") and a total enterprise value of C$802 M (A$854 M)[2]. This represents an attractive acquisition cost per ounce of reserves of C$428/oz (A$455/oz). The Transaction excludes Atlantic's 36% interest in Velocity Minerals Ltd. (TSX-V: VLC) (market value C$9 M (A$9 M)), which will be spun out to existing Atlantic shareholders following completion.

Atlantic's Directors control 32% of the register and as part of the Transaction have entered into a lock-up agreement[3] to vote all shares they hold in favour of the Transaction. A C$25 M termination fee is payable if a condition precedent is not satisfied due to an action by either party or if either party ceases to support the Transaction.

St Barbara intends to raise approximately A$490 M through an underwritten pro-rata accelerated non-renounceable entitlement offer[4] to partly fund the Transaction. The balance will be funded via St Barbara's existing cash reserves. St Barbara has also secured a new committed A$200 M three year revolving loan facility with Westpac Banking Corporation ("Westpac") to support the combined company.

At completion of the Transaction, Atlantic and its associated entities will become part of St Barbara's corporate structure, with Atlantic shares de-listed from the TSX. In addition, experienced company director Mr Steven

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Dean, currently Chairman and Chief Executive Officer of Atlantic, will be invited to join the St Barbara Board following completion. St Barbara is seeking to retain key Atlantic executives who have and will continue to play roles in the successful development of Moose River. Further, St Barbara intends retaining the current operating team, which has a track record of successful project development and operational delivery. Further information about Mr Dean and Ms Maryse Bélanger is set out in Attachment II.

The Transaction demonstrates St Barbara's disciplined approach to executing inorganic growth and the Company's ability to deliver on its strategic plan. Key highlights of the Transaction include:

- diversification of St Barbara's production base by adding a low cost asset in a favourable jurisdiction;
- further improves St Barbara's cost profile with MRC's low AISC position;
- addition of a sustainable long life operation, with an existing mine life of 12 years and substantial reserves and resources;
- significant growth potential at MRC through planned resource and reserve expansion as well as near mine exploration;
- provides St Barbara with a platform for future growth in an attractive mining jurisdiction with low geopolitical risk;
- retention of key Atlantic executives and the operating team to ensure continuity of operations and relationships with key Canadian stakeholders; and
- opportunities for St Barbara and Atlantic to leverage existing strengths and capabilities and establish a platform for growth in the region.

St Barbara Managing Director & Chief Executive Officer, Bob Vassie, noted:

"St Barbara has today announced the acquisition of Atlantic, owner and operator of Moose River Consolidated. St Barbara has consistently communicated to the market that the Company has been assessing a range of inorganic growth opportunities and the acquisition today demonstrates the Company's commitment to executing inorganic growth that is strongly aligned with St Barbara's strategic plan.

"The addition of Moose River to the portfolio diversifies St Barbara's production base with a low cost producing asset in a very favourable and prospective jurisdiction. It is a sustainable long life operation of scale with a low AISC position which generates impressive margins. The asset also has significant growth potential which St Barbara identifies as an exciting opportunity.

"Further, we are gaining an impressive team with an excellent track record of successfully bringing deposits into operation which gives us a great capability and platform for further opportunities in the region.

"St Barbara is confident that Moose River can successfully be integrated into St Barbara's existing asset portfolio and deliver long term value for St Barbara shareholders."

The Transaction is subject to customary commercial conditions, including court approvals and a successful Atlantic shareholder vote, no material adverse change to Atlantic and Nova Scotia regulatory approvals. St Barbara shareholders will be updated on the status of these conditions as and when they are satisfied. Further details of the Transaction conditions precedent are set out in Attachment I.

Completion is anticipated to occur in July 2019.

In respect of the acquisition of Atlantic, St Barbara was advised by Deutsche Bank AG, Sydney Branch, with Ashurst as Australian legal counsel and Fasken as Canadian legal counsel.

Equity raising

The Transaction will be partly funded via an underwritten 1 for 3.1 pro rata accelerated non-renounceable entitlement offer to raise approximately A$490 M before costs ("Offer" or "Equity Raising").

Eligible St Barbara shareholders will be invited to subscribe for 1 new fully paid ordinary share in St Barbara ("New Share") for every 3.1 existing fully paid ordinary shares in St Barbara held as at 7.00pm AEST on Friday 17 May 2019 ("Record Date"), at the offer price of A$2.89 per New Share ("Offer Price"), which represents a:

- 13.0% discount to the closing price of St Barbara of A$3.32 on Tuesday 14 May 2019; and
- 10.1% discount to the theoretical ex-rights price[5] of A$3.22 as at Tuesday 14 May 2019.

The Equity Raising will result in the issue of approximately 169.7 M New Shares and will include:

- an accelerated institutional entitlement component ("Institutional Entitlement Offer") which will open on Wednesday, 15 May 2019 and close at 12.00pm AEST on Thursday, 16 May 2019; plus
- a retail entitlement component ("Retail Entitlement Offer") which is anticipated to open on Tuesday, 21 May 2019 and close at 5.00 pm AEST on Tuesday, 4 June 2019.

Entitlements to subscribe for New Shares under the Entitlement Offer cannot be traded.

Each New Share will rank equally with existing shares on issue and will be eligible for any dividend declared for the period ending 30 June 2019. St Barbara will apply for quotation of the New Shares on ASX.

Institutional Entitlement offer

Eligible institutional holders will be invited to participate in the Institutional Entitlement Offer, which is being conducted on Wednesday, 15 May 2019 and Thursday 16 May 2019. Eligible institutional holders can choose to take up all, part or none of their entitlement.

Institutional entitlements that eligible institutional holders do not take up, and institutional entitlements that would not otherwise have been offered to ineligible institutional holders, will be offered to eligible institutional holders who apply for New Shares in excess of their entitlement, as well as certain other eligible institutional investors, through an institutional shortfall book build to be conducted concurrently with the Institutional Entitlement Offer. It is expected that St Barbara will remain in trading halt while the Institutional Entitlement Offer is conducted.

Retail Entitlement offer

Eligible retail holders will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as under the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Tuesday, 21 May 2019 and close at 5.00pm AEST on Tuesday, 4 June 2019 ("Retail Offer Period").

Eligible retail shareholders can choose to take up all, part, or none of their entitlements. Eligible retail shareholders who take up their full entitlement will also be permitted to apply for New Shares in excess of their entitlement at the Offer Price ("Retail Oversubscription") up to 25.0% of their entitlement. New Shares not applied for by eligible retail holders may be offered to other eligible retail holders through applications via the Retail Oversubscription facility. There is no guarantee that applicants under the Retail Oversubscription facility will receive all or any of the additional New Shares for which they apply.

Further details about the Retail Entitlement Offer will be set out in a booklet ("Retail Offer Booklet"), which St Barbara expects to lodge with the ASX on Friday, 17 May 2019, in advance of the despatch date (outlined below). The closing date for the receipt of Entitlement and Acceptance Forms, is 5.00pm AEST on Tuesday, 4 June 2019.

All the Directors of St Barbara who are shareholders have indicated they will participate in the Retail Entitlement Offer. Directors are not eligible to participate in the Retail Oversubscription facility.

Timetable

Event	Date (AEST)
Trading Halt; announcement of Institutional Entitlement Offer; opening of Institutional Entitlement Offer	Wednesday, 15 May 2019
Institutional Entitlement Offer closes	Thursday, 16 May 2019
Announcement of results of Institutional Entitlement Offer	Friday, 17 May 2019
Trading halt lifted – shares recommence trading on ASX on an "ex entitlement" basis	Friday, 17 May 2019
Record Date for Entitlement Offer	7.00pm Friday, 17 May 2019
Retail Offer Booklet (including Entitlement and Acceptance Form) despatched and Retail Entitlement Offer opens	Tuesday, 21 May 2019
Settlement of Institutional Entitlement Offer	Friday, 24 May 2019
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer	Monday, 27 May 2019
Retail Entitlement Offer closes	5.00pm Tuesday, 4 June 2019
Announcement of results of Retail Entitlement Offer	Friday, 7 June 2019
Settlement of New Shares issued under the Retail Entitlement Offer	Tuesday, 11 June 2019
Allotment of New Shares issued under the Retail Entitlement Offer	Wednesday, 12 June 2019
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Thursday, 13 June 2019
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 13 June 2019

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Melbourne time. St Barbara and the underwriter reserve the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, St Barbara reserves the right to extend the closing date for the Retail Entitlement Offer, or to accept late applications under the Retail Entitlement Offer without prior notice.

Further information

Further details of the Transaction and Equity Raising are set out in the "Acquisition of Atlantic Gold Corporation and Equity Raising" Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

Analyst briefing and audio webcast

Bob Vassie, Managing Director & Chief Executive Officer, will brief analysts and investors on the Transaction at 10:00 am AEST on Wednesday, 15 May 2019. Conference call details are shown below. Participants will be asked to provide the Conference ID when joining the call.

A live audio webcast will be available on the website at www.stbarbara.com.au/investors/webcast/ or by clicking here. The audio webcast is 'listen only' and does not enable questions. The audio webcast will subsequently be made available on the website.

Conference ID:	**10000337**
Australia Toll Free:	**1 800 558 698**
Alternate Australia Toll Free:	1 800 809 971
Australia Local:	+61 2 9007 3187
New Zealand Toll Free:	**0800 453 055**
NZ Local (Auckland):	09 929 1687
NZ Local (Wellington):	04 974 7738
NZ Local (Christchurch):	03 974 2632
Canada:	1855 8811 339
France:	0800 913 848
Germany:	0800 182 7617
Hong Kong:	800 966 806
Japan:	0053 116 1281
Malaysia:	1800 816 294
Norway:	800 69 950
Singapore:	800 101 2785
Switzerland:	0800 820 030
United Kingdom:	0800 051 8245

Retail Investor Enquiries

If you have any questions in relation to the Equity Raising, please contact the St Barbara Offer Information Line on 1300 653 935 (within Australia) and +61 3 9415 4356 (outside Australia) between 8.30am and 5.00pm AEST Monday to Friday.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and consult your independent broker, solicitor, accountant, financial adviser, or other professional adviser in relation to the information in this announcement and any action to be taken on the basis of that information.

Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Shares to be offered and sold in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law of any state or other jurisdiction of the United States. There will be no public offer of the entitlements or the New Shares in the United States.

This announcement may not be released or distributed in the United States.

This announcement includes certain forward looking statements, including statements regarding the completion of the acquisition, the impact of the acquisition and the future strategies and results of the combined St Barbara and Atlantic groups and the opportunities available to it, the integration process and the timing and amount of synergies, the timing and outcome of the Entitlement Offer and the use of proceeds, as well as statements regarding projected earnings, revenue, growth, commodity prices, outlook, plans and strategies. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words and include statements regarding certain plans, strategies and objectives of management, trends and outlook. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause St Barbara's actual results, performance and achievements or industry results to differ materially from any future results, performance or achievements, or industry results, expressed or implied by these forward-looking statements.

Forward-looking statements are based upon management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect St Barbara's business and operations in the future. St Barbara cannot give any assurance that the assumptions upon which management based its forward-looking statements will prove to be correct, or that St Barbara's business and operations will not be affected in any substantial manner by other factors not currently foreseeable by management or beyond its control. Any forward-looking statements contained in this announcement speak only as of the date of this announcement.

Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, St Barbara disclaims any obligation or undertaking to publicly update or revise any forward-looking statement contained in this announcement or to reflect any change in management's expectations with regard thereto after the date hereof of any change in events, conditions or circumstances on which any such statement is based. No representation or warranty, express or implied, is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or prospects referred to in this announcement.

Notes

1. Based on 236.9 million Atlantic shares outstanding and 20.5 million options outstanding valued at C$35.0m based on Intrinsic Value on the C$2.90 per share offer price.
2. Enterprise value based upon Atlantic debt of C$116.5 M and cash of C$36.1 M.
3. Customary lock-up agreement with Directors to vote in favour of the Transaction at the shareholder meeting in the absence of a superior proposal.
4. The Underwriting Agreement dated 15 May 2019 between St Barbara and the underwriter provides that the underwriter shall not be issued any shares that would either cause it to breach the 20% takeover threshold contained in Chapter 6D of the Corporations Act 2001 (Cth) or which would require notification under the Foreign Acquisitions and Takeovers Act 1975 (Cth). The issue size is approximately 169.7 million shares or 24.4% of the issued capital on a fully diluted basis. If the underwriter was required to take up more than 20% of the shares on issue, then, it notes for the purposes of ASIC Report 612 (March 2019), that it will still guarantee funding of the entire underwritten proceeds by the completion date, the number of excess shortfall shares would be c.30.5 million shares (being an equivalent to 4.4% of the company's fully diluted issued share capital) plus any additional interests the underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment, and it would enter into an arrangement for any such excess shares to be issued to it, or to third party investors, after close of the offer at the same offer price under the Entitlement Offer. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement where there is an excess shortfall.
5. The Theoretical Ex-Rights Price ("TERP") is the theoretical price at which St Barbara shares should trade after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only based on St Barbara share price of A$3.32 as at market close on 14 May 2019 and the actual price at which St Barbara shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP
6. Some A$ figures in this presentation converted from previously published C$ figures using FX rates used per the below:
   CADAUD average CY18 = 1.0405, CADAUD as per spot rate on 10 May 2019 of 1.0642 (Source: FactSet)

Attachment I – Details of Atlantic acquisition

St Barbara has entered into a binding Arrangement Agreement to acquire 100% of the outstanding common shares and options for cash consideration of C$2.90 per share, representing total consideration (based on the in-the-money value of the options) of C$722m (A$768m) in cash. As at 15 May 2019, Atlantic had 236,911,065 ordinary shares on issues as well as 20,535,525 options outstanding. St Barbara has entered into foreign currency hedging arrangements to provide cover for the transaction consideration.

The Agreement does not include Atlantic's 36% interest in Velocity Minerals Ltd. (TSX-V: VLC), which will be spun out to existing Atlantic shareholders following completion.

Atlantic's Directors and officers control 32% of the register and as part of the Transaction have entered into a lock-up agreement[3] to vote all shares they exercise control or direction over in favour of the Transaction.

Conditions precedent

Completion under the Arrangement Agreement is subject to customary closing conditions precedent for a transaction of this nature, including:

- obtaining interim and final court orders from the Supreme Court of British Columbia;
- obtaining key regulatory approvals which include:
  - TSX-V approval;
  - consent of the Nova Scotia Minster of Environment to the deemed transfer of Atlantic Gold's Nova Scotia environmental assessment approval and Nova Scotia industrial approval;
  - consent of the Nova Scotia Minister of Energy and Mines to the deemed transfer of Atlantic's Mineral Lease 11-1 and exploration licences;
- Atlantic shareholder approval of the Transaction (at least 66⅔% of the votes cast by all Atlantic Gold shareholders, and a simple majority of the votes cast by all shareholders excluding Steven Dean who is an interested party, in both cases by shareholders present in person or represented by proxy at the meeting);
- obtaining all key third party consents;
- there is no legal action or proceeding against Atlantic that is reasonably likely to prohibit or delay consummation of the Transaction;
- no material adverse change occurring in relation to Atlantic; and
- all covenants, representations and warranties of both St Barbara and Atlantic have been satisfied.

Termination

The Arrangement Agreement can be terminated by mutual agreement, by either party for material breach of the Agreement or by Atlantic in order to accept an unsolicited offer that is a superior proposal. A C$25 M termination fee is payable if a condition precedent is not satisfied due to an action by either party or if either party ceases to support the transaction.

Attachment II – Information about Steven Dean and Maryse Bélanger

Steven Dean

Steven Dean is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Canadian Institute of Mining, Metallurgy and Petroleum, and a Fellow of the Institute of Chartered Accountants of Australia. He has extensive experience internationally in mining, including as President of Teck Cominco Limited (now Teck Resources Ltd.). Teck is Canada's largest diversified resource company, is the largest producer of metallurgical coal in North America and a major producer of copper, zinc, and energy from 13 mines in Canada, United States, Chile and Peru.

Prior to joining Teck, Mr. Dean was a founding member of management of the Normandy Poseidon Group, (which became Normandy Mining) which was the largest Australian gold producer and a significant producer of base metals and industrial minerals until its acquisition by Newmont Mining in 2002, as well as co-founder of PacMin Mining Corporation which became a subsidiary of Teck Corporation in 1999. He was also a co-founder and former chairman of Amerigo Resources Ltd.

Mr. Dean is the former Chairman and a director of Sierra Metals Inc. (TSX:SMT), and Chairman of Oceanic Iron Ore Corp. (TSX-V:FEO).

Maryse Bélanger

Ms. Bélanger brings over 30 years of experience with gold companies globally with strengths in studies, technical services and operational excellence and efficiency. She was most recently the CEO and Managing Director of Mirabela Nickel Ltd. where she has been responsible for the turnaround and cost cutting success at that company's Santa Rita mine in Brazil during a period of extremely low metal prices.

From 2011 to 2014, Ms. Bélanger was a senior executive with Goldcorp ultimately as Senior Vice President, Technical Services where she oversaw the global geology, mine planning and design, metallurgy, hydrology, tailings dam and geotechnical engineering functions. During her career, Ms. Bélanger has also gained considerable expertise providing oversight and project management support for some of the mining industry's key strategic acquisitions. Prior to joining Goldcorp, Ms. Bélanger was Director, Technical Services for Kinross Gold Corporation for Brazil and Chile. She has been an active board member at Mirabela, True Gold, CEEC International Ltd. and a member of Westcoast Women in Engineering, Science and Technology.

Ms. Bélanger holds a Bachelor of Science degree in Geology and a graduate certificate in Geostatistics. She is also fluent in English, French, Spanish and Portuguese.