ASX Release / 19 February 2020

December 2019 Half Year Report and ASX Appendix 4D

St Barbara Ltd (ASX: SBM) reported a statutory profit after tax of $39 million for the half year to 31 December 2019 (2018 comparative period: $83 million profit), with underlying profit after tax[1] of $35 million (2018: $77 million).

Key highlights of the result are:

- Gold production of 181,728 ounces at a Group All-in Sustaining Cost[1] of A$1,391 per ounce
- Consolidated EBITDA margin[1] of 47% and 69% for Atlantic Gold operation
- Net cash contribution[1] of $125 million for the half year
- $0.04 fully franked interim dividend declared today for the half year to December 2019 to be paid in March 2020
- Cash position of $79 million[2] and debt of $138 million at 31 December 2019

St Barbara MD & CEO, Craig Jetson, said: "I am excited to be in my third week at St Barbara. The financial result for this half is softer, due to the lower production previously reported at Gwalia and Simberi. Atlantic Gold has made a significant contribution to the Group on the back of its record gold production for the half. With the three operations, St Barbara has a solid platform on which to build. In coming months we will complete the Gwalia Extension Project, provide an update on the sulphide study work at Simberi, and work continues on the Atlantic Gold growth assets. There is also targeted exploration near to all three operations, which I look forward to visiting in the coming weeks."

Full details of the financial results are set out in the attached Interim Financial Report and Appendix 4D for the Half Year to 31 December 2019.

1 Non-IFRS measures, refer attached Interim Financial Report for the Half Year to 31 December 2019, pages 3 to 5. In addition, EBITDA margin = EBITDA as a % of Revenue

2 Cash balance comprises $69 M cash, $10 M term deposits (with 4 to 12 month maturity).

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Presentation on the December 2019 Half Year Financial Report and webcast

Craig Jetson, Managing Director & CEO, will brief analysts and institutional investors on the Interim Financial Report for the Half Year to 31 December 2019 at 11:00 am Australian Eastern Daylight Time (UTC + 11 hours) on Wednesday 19 February 2020.

Conference call details for analysts and investors
Please dial in five minutes before the conference call starts and provide your name, company and the **Conference ID 3684296.**

Dial-in numbers:

Australia	1800 148 258
International Toll	+61 (0) 2 8038 5271
Canada	1866 837 4489
France	0800 908 221
Germany	0800 1814 827
Hong Kong	800 965 808
Norway	80 010 112
Singapore	8006 162 170
United Kingdom	0800 056 9662
USA	1866 586 2813

A live audio webcast of the briefing will be available on St Barbara's website at 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.

Appendix 4D

Half Year Report

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 2019**

Results for announcement to the market

		%		A$'000
Revenue from ordinary activities	up	9%	to	361,903
Profit from ordinary activities after tax from continuing operations attributable to members *(Prior corresponding period profit: $82,562,000)*	down	53%	to	38,656
Net profit attributable to members of the parent entity *(Prior corresponding period profit: $82,562,000)*	down	53%	to	38,656
Fully franked dividends paid	down	33%	to	27,848

	31 Dec 19 $	30 Jun 19 $
Net Tangible Assets per security	1.85	1.81
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

Dividends

During the period a fully franked dividend of $27,848,000 was paid, with $19,023,000 of this amount paid in cash and $8,825,000 satisfied by the issue of shares under the Company's dividend reinvestment plan. This dividend paid represented the final dividend for the year ended 30 June 2019 declared with the release of the accounts in August 2019.

Subsequent to 31 December 2019, the Directors recommended the payment of a fully franked dividend of 4 cents per fully paid ordinary share to be paid on 25 March 2020. The record date for determining entitlements to the dividend will be 4 March 2020. Elections to participate in the Dividend Reinvestment Plan (**DRP**) for this dividend must be made by 5.00pm AEDT on 5 March 2020. A 1.0% discount to the 5 day value weighted average price will apply to share allotments made under the DRP. A provision for this interim dividend has not been recognised in the 31 December 2019 consolidated interim financial statements.

Dated: 19 February 2020

Craig Jetson
Managing Director and CEO

St Barbara
LIMITED

Interim Financial Report

for the half year ended 31 December 2019

Contents

Directors' Report

Directors

The Directors present their report on the "St Barbara Group", consisting of St Barbara Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2019.

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

- T C Netscher
  Non-Executive Chairman

- R S Vassie (resigned 2 February 2020)
  Managing Director and CEO

- C A Jetson (appointed 3 February 2020)
  Managing Director and CEO

- S G Dean (appointed 23 July 2019)
  Non-Executive Director

- K J Gleeson
  Non-Executive Director

- S E Loader
  Non-Executive Director

- D E J Moroney
  Non-Executive Director

Principal activities

During the period, 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 period.

Dividends

Dividends paid, or determined to be paid, by the Company to members during the period ended 31 December 2019 are set out in Note 4 to the financial statements.

Overview of group results

The consolidated result for the period is summarised as follows:

	Dec 19 $'000	Dec 18 $'000
EBITDA[3][6]	**135,394**	147,911
EBIT[2][6]	**61,526**	107,776
Profit before tax[4]	**54,884**	111,938
Statutory profit after tax[1]	**38,656**	82,562
Total net significant items after tax	**3,971**	5,140
EBITDA[6] (excluding significant items)	**129,552**	147,911
EBIT[6] (excluding significant items)	**55,684**	107,776
Profit before tax (excluding significant items)	**49,042**	111,938
Underlying net profit after tax[5]	**34,685**	77,422

Details of significant items included in the statutory profit for the period are reported in the table below. Descriptions of each item are provided in Note 3 to the Financial Report.

	Dec 19 $'000	Dec 18 $'000
Atlantic Gold acquisition costs	**(5,980)**	-
Amortisation of derivative financial liability	**11,822**	-
Significant items before tax	**5,842**	-
Income tax	**(1,871)**	5,140
Significant items after tax	**3,971**	5,140

(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) Profit before tax is earnings before income tax expense.
(5) Underlying net profit after income tax is net profit after income tax ("statutory profit") excluding significant items as described in Note 3 to the financial statements.
(6) EBIT, EBITDA and underlying net profit after tax are non-IFRS financial measures, 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 by users.

During the period the Group's key achievements were:

- Statutory net profit after tax of $38,656,000 for the six months ended 31 December 2019 (2018 comparative period: $82,562,000 net profit after tax). Underlying result for the six months ended 31 December 2019 was a net profit after tax of $34,685,000 (2018 comparative period: $77,422,000).
- Successful acquisition on 19 July 2019 and integration of Atlantic Gold Corporation. Atlantic Gold contributed a segment profit before tax period of $34,839,000.
- Payment of a fully franked dividend of 4 cents per share in September 2019 totalling $27,848,000, with $19,023,000 paid in cash and $8,825,000 issued in new shares as part of the dividend reinvestment plan.

Underlying profit after tax of $34,685,000 (2018 comparative period: $77,422,000) was lower than the prior corresponding period due to lower production from Gwalia and Simberi. The lower contribution from Gwalia and Simberi was partly offset by the inclusion of Atlantic Gold from 19 July 2019, which generated a segment profit before tax of $34,839,000.

Significant items to be added back to net profit after tax in the period totalled $3,971,000 (2018 comparative period: $5,140,000 deducted from net profit after tax), representing acquisition costs and additional revenue from amortisation of the derivative financial liability related to the Atlantic Gold hedge contracts.

Cash on hand was $79,152,000 at 31 December 2019 (30 June 2019: $890,199,000). The significant reduction in cash in the period was associated with the acquisition of Atlantic Gold. The assets reported in the balance sheet as at 31 December 2019 reflect the Atlantic Gold assets acquired.

Total interest bearing liabilities increased to $137,614,000 as at 31 December 2019 (30 June 2019: $Nil), comprising the syndicated facility associated with Atlantic Gold and lease liabilities recognised in accordance with the adoption of accounting standard AASB 16 *Leases.*

Overview of operating results

The table below provides a summary of the profit before tax from St Barbara operations.

	Leonora		Simberi		Atlantic	Group	
$'000	**2019**	2018	**2019**	2018	**2019**	**2019**	2018
Revenue	**149,868**	198,498	**114,046**	133,581	**97,989**	**361,903**	332,079
Mine operating costs	**(73,299)**	(76,950)	**(77,972)**	(71,523)	**(28,633)**	**(179,904)**	(148,473)
Gross profit	**76,569**	121,548	**36,074**	62,058	**69,356**	**181,999**	183,606
Royalties	**(6,713)**	(7,712)	**(2,859)**	(2,996)	**(1,696)**	**(11,268)**	(10,708)
EBITDA	**69,856**	113,836	**33,215**	59,062	**67,660**	**170,731**	172,898
Depreciation and amortisation(2)	**(29,244)**	(29,674)	**(10,845)**	(9,192)	**(32,821)**	**(72,910)**	(38,866)
Profit from operations(1)	**40,612**	84,162	**22,370**	49,870	**34,839**	**97,821**	134,032

(1) Excludes impairment, corporate costs, exploration expenses, interest and tax and is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors.

(2) Depreciation and amortisation of Atlantic Gold includes amortisation of mineral rights for the period of $26,698,000.

The table below provides a summary of the cash contribution from St Barbara cash generating units.

	Leonora		Simberi		Atlantic	Group	
$'000	**2019**	2018	**2019**	2018	**2019**	**2019**	2018
Operating cash contribution	**64,702**	113,366	**35,196**	62,090	**61,026**	**160,924**	175,456
Capital - sustaining	**(28,154)**	(16,465)	**(2,932)**	(3,124)	**(4,927)**	**(36,013)**	(19,589)
Cash Contribution (1)	**36,548**	96,901	**32,264**	58,966	**56,099**	**124,911**	155,867
Growth capital – Gwalia Extension Project	**(23,553)**	(22,478)	**-**	-	**-**	**(23,553)**	(22,478)
Other growth capital(2)	**(3,461)**	(4,661)	**(2,527)**	(1,319)	**(8,275)**	**(14,263)**	(5,980)
Cash contribution after growth capital	**9,534**	69,762	**29,737**	57,647	**47,824**	**87,095**	127,409

(1) Cash contribution is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors. This measure is provided to enable an understanding of the cash generating performance of the operations. This amount excludes corporate royalties paid and growth capital.

(2) Growth expenditure represents deep drilling expenditure at Gwalia which is capitalised, expenditure on the sulphides project at Simberi and capitalised near mine drilling and studies expenditure at Atlantic Gold.

Operating profit before tax

Net profit before tax of $54,884,000 (2018 comparative period: $111,938,000) for the period was impacted by a lower contribution from Gwalia and Simberi, while Atlantic Gold produced a segment profit before tax of $34,839,000 from the date of acquisition on 19 July 2019.

Total production for the Group in the period was 181,728 ounces of gold (2018 comparative period: 187,792 ounces), and gold sales amounted to 178,016 ounces (2018: 194,730 ounces) at an average gold price of A$1,961 per ounce (2018: A$1,702 per ounce). The lower result in the period was attributable to lower production from Leonora and Simberi, with Atlantic Gold contributing 47,060 ounces of gold production and 46,893 ounces of gold sales from the date of acquisition.

Consolidated AISC for the Group was $1,391 per ounce in the period (2018 comparative period: $1,008 per ounce), reflecting the impact of higher unit cash costs at Gwalia and Simberi, together with increased sustaining capital expenditure at Gwalia. Atlantic Gold is a relatively low cost operation, reporting an AISC for the period of $887 per ounce.

Operating cash contribution

During the period the Group produced net cash contribution from operations after growth capital of $87,095,000 (2018 comparative period: $127,409,000), which was after funding increased capital expenditure at Gwalia and Simberi.

The increase in capital at Gwalia was associated with increased mine development, continued deep drilling and further advancement of the Gwalia Extension Project. At Simberi there was an increase in growth capital associated with drilling expenditure at Sorowar to identify extensions to the sulphide resources and further studies.

Atlantic Gold generated a cash contribution in the period since acquisition of $47,824,000, which was after sustaining and growth capital totalling $13,202,000.

Analysis of Leonora operations

Total gold sales revenue from the Gwalia mine in the period amounted to $149,665,000 (2018 comparative period: $198,295,000), which was generated from gold sales of 78,548 ounces (2018 comparative period: 115,724 ounces) at an average achieved gold price of A$1,905 per ounce (2018 comparative period: A$1,714 per ounce).

A summary of production performance for the period ended 31 December 2019 is provided in the table below.

Details of production performance

	Gwalia	
Six months to 31 December	**2019**	2018
Underground ore mined (kt)	**317**	322
Grade (g/t)	**7.9**	11.4
Ore milled (kt)	**347**	340
Grade (g/t)	**7.4**	10.9
Recovery (%)	**98**	98
Gold production (oz)	**80,175**	115,943
Gold sales (oz)	**78,548**	115,724
Cash cost(1) (A$/oz)	**1,067**	730
All-In Sustaining Cost (AISC)(2) (A$/oz)	**1,513**	947

(1) Cash operating costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide meaningful information to assist management, investors and analysts in understanding the results of the operations. Cash operating costs are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

(2) AISC is a non IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide a meaningful measure by which to access the total sustaining cash cost of production. It is calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013).

Gwalia reported another solid performance in adverse conditions during the period, with gold production of 80,175 ounces (2018 comparative period: 115,943 ounces). The reduction in production was predominantly due to lower mining grade.

Ore tonnes mined from the Gwalia underground mine during the period were marginally lower at 317,000 tonnes (2018 comparative period: 322,000 tonnes), largely due to a combination of ventilation constraints limiting parallel work activities in the underground and Gwalia Extension Project (GEP) activities. Gwalia Extension Project development and raise boring activities continued to compete for ventilation and trucking capacity during the period. Both projects and higher capital development drew on the already constrained ventilation of the mine and impacted mine volumes.

Ore mined and milled grades were significantly lower than the prior corresponding period at 7.9 and 7.4 grams per tonne respectively (2018 comparative period: 11.4 grams per tonne and 10.9 grams per tonne respectively). The lower grade was due to lower grade stoping areas being mined as part of Gwalia's centre-out mining sequence. The Gwalia mill continued to perform strongly in the period at an average recovery of 98 percent (2018 comparative period: 98 percent).

Gwalia unit Cash Costs for the period were $1,067 per ounce (2018 comparative period: $730 per ounce), with the higher unit costs predominantly due to lower production driven by reduced grade. The unit AISC for Gwalia was $1,513 per ounce for the period, which was higher than the $947 per ounce reported in the prior corresponding period. The higher AISC for the period reflected the increased unit cash costs and higher sustaining capital expenditure. Total operating cash expenditure at Gwalia in the period totalled $85,546,000 (2018 comparative period: $84,638,000).

In the period Gwalia generated net cash flows, after sustaining capital expenditure, of $36,548,000 (2018 comparative period: $96,901,000). In the current period, Gwalia incurred sustaining capital expenditure of $28,184,000 (2018 comparative period: $16,465,000). The higher level of sustaining capital was mainly attributable to increased mine development expenditure.

Growth capital in the period related to ongoing expenditure related to the GEP of $23,553,000 (2018 comparative period: $22,478,000) and deep drilling of $3,461,000 (2018 comparative period: $4,661,000).

During the 2017 financial year the Board approved the GEP. The Project will enable underground mining at Gwalia to extend to at least 2,000 metres below surface, and provide the foundation for potential further extensions. During the period the paste aggregate fill (PAF) circuit was completed and commissioned. Installation of the cooling plant, ventilation fans and power station expansion, and associated critical GEP infrastructure was also completed.

During the period a further amount of $497,000 (2018 comparative period: $1,440,000) was spent on studies related to optimising underground operations.

Analysis of Simberi operations

Total gold sales revenue from Simberi in the period was $113,490,000 (2018 comparative period: $133,169,000), generated from gold sales of 52,575 ounces (2018 comparative period: 79,006 ounces) at an average achieved gold price of A$2,159 per ounce (2018: A$1,685 per ounce).

A summary of production performance at Simberi for the period ended 31 December 2019 is set out in the table below.

Details of production performance

	Simberi	
Six months to 31 December	**2019**	2018
Open pit ore mined (kt)	**1,275**	2,071
Grade (g/t)	**1.06**	1.42
Ore milled (kt)	**1,668**	1,653
Grade (g/t)	**1.14**	1.55
Recovery (%)	**83**	87
Gold production (oz)	**50,131**	71,849
Gold sales (oz)	**52,575**	79,006
Cash cost[(1)] (A$/oz)	**1,561**	990
All-In Sustaining Cost (AISC)[(2)] (A$/oz)	**1,717**	1,107

(1) Cash operating costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide meaningful information to assist management, investors and analysts in understanding the results of the operations. Cash operating costs are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

(2) AISC is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide a meaningful measure by which to assess the total sustaining cash cost of operation. It is calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013).

Simberi production for the period was 50,131 ounces (2018 comparative period: 71,849 ounces). The result for the period was impacted by lower head grade, reflecting mining in lower grade zones in the Botlu and Pigiput pit mine sequence and lower mill recovery.

Total material moved in the period was 6,144,000 tonnes (2018 comparative period: 6,376,000 tonnes), which included total ore mined of 1,275,000 tonnes at an average grade of 1.06 grams per tonne (2018 comparative period: 2,071,000 tonnes at 1.42 grams per tonne).

Ore milled marginally increased to 1,668,000 tonnes in the period (2018 comparative period: 1,653,000 tonnes), including processing ore stockpiles with less ore mined. The Simberi mill recovery decreased to 83 percent in the period (2018 comparative period: 87 percent), as a result of lower grade and processing transitional material.

Simberi unit Cash Costs for the period were higher than the prior corresponding period at $1,561 per ounce (2018 comparative period: $990 per ounce), predominately due to lower production and increased waste movement. The unit AISC was $1,717 per ounce for the period (2018 comparative period: $1,107 per ounce), which reflected the higher unit cash costs. Total operating cash expenditure at Simberi during the period was higher than the prior corresponding period at $78,255,000 (2018: $71,131,000), as a result of higher operating costs.

In the period Simberi generated net cash flows, after sustaining capital expenditure, of $32,264,000 (2018 comparative period: net cash flows of $58,966,000). The lower net cash flows in the period was due to the reduced production and higher operating costs.

Capital expenditure in the period was $5,459,000 (2018 comparative period: $4,443,000), comprising sustaining capital of $2,932,000 (2018 comparative period: $3,124,000) and growth capital of $2,527,000 (2018 comparative period: $1,319,000). Growth capital represented sulphide drilling below the Sorowar pit and studies expenditure.

Analysis of Atlantic Gold operations

Total gold sales revenue from Atlantic Gold in the period was $97,822,000, generated from gold sales of 46,893 ounces at an average achieved gold price of A$1,834 per ounce.

A summary of production performance at Atlantic Gold for the period ended 31 December 2019 is set out in the table below.

Details of production performance

	Atlantic
19 July to 31 December	**2019**
Open pit ore mined (kt)	**2,255**
Grade (g/t)	**0.94**
Ore milled (kt)	**1,083**
Grade (g/t)	**1.45**
Recovery (%)	**94**
Gold production (oz)	**47,060**
Gold sales (oz)	**46,893**
Cash cost(1) (A$/oz)	**703**
All-In Sustaining Cost (AISC)(2) (A$/oz)	**887**

(1) Cash operating costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide meaningful information to assist management, investors and analysts in understanding the results of the operations. Cash operating costs are calculated according to common mining industry practice using The Gold Institute (USA) Production Cost Standard (1999 revision).

(2) AISC is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide a meaningful measure by which to assess the total sustaining cash cost of operation. It is calculated in accordance with the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013).

Atlantic Gold production for the period of 47,060 ounces was a record for the operation. The strong result for the period was attributable to improved head grade and continuous improvements in weather proofing the operations.

Total material moved in the period was 3,842,000 tonnes, which included total ore mined of 2,255,000 tonnes at an average grade of 0.94 grams per tonne.

Ore milled was 1,083,000 tonnes in the period at a grade of 1.45 grams per tonne and recovery of 94 percent, with capital and management improvements made in the period increasing mill throughput.

Atlantic Gold unit Cash Costs for the period were $703 per ounce, reflecting the benefits of an established local work force and infrastructure to support mining operations. The unit AISC was $887 per ounce for the period, which reflected the low unit cash costs and sustaining capital to achieve improvements mainly in processing. Total operating cash expenditure during the period was $33,083,000.

In the period Atlantic Gold generated net cash flows of $56,099,000, after sustaining capital expenditure.

Discussion and analysis of the condensed consolidated statement of profit or loss

Revenue

Total revenue increased to $361,903,000 (2018 comparative period: $332,079,000) mainly due to a higher average gold price of A$1,961 per ounce (2018 comparative period: A$1,702 per ounce) and the inclusion of Atlantic Gold in the period. Total revenue from Atlantic Gold from the date of acquisition amounted to $97,989,000, which offset the impact of lower revenue from Gwalia and Simberi.

Mine operating costs

Mine operating costs were $179,904,000 in the period (2018 comparative period: $148,473,000), with the higher operating costs mainly attributable to Simberi and the addition of Atlantic Gold operating costs. Operating costs associated with Atlantic Gold for the period amounted to $28,633,000.

Other revenue and income

Interest revenue was $1,396,000 (2018 comparative period: $4,634,000), representing interest earned on cash and deposits held to maturity during the period. The lower interest revenue was the result of a reduction in cash reserves following the acquisition of Atlantic Gold early in the period.

Exploration

Total exploration expenditure during the period amounted to $26,722,000 (2018 comparative period: $10,691,000), with an amount of $7,315,000 relating to Atlantic Gold. Exploration expenditure expensed in the profit or loss statement in the period amounted to $14,354,000 (2018 comparative period: $7,470,000).

Exploration activities during the period focused on investigating highly prospective near mine targets at Simberi and targets on the surrounding islands, continuing the deep drilling program at Gwalia and regional exploration in Australia. Atlantic Gold exploration focussed on resource drilling near mine areas and in the surrounding highly prospective Nova Scotia region.

Corporate costs and expenses associated with acquisition.

Corporate costs for the period of $10,571,000 (2018 comparative period: $10,955,000) comprised mainly expenses relating to the corporate office, compliance costs and business development activities. Expenses associated with the acquisition of Atlantic Gold were $5,980,000 (2018 comparative period: $Nil) and relate mainly to transaction advisory fees and consultants for compliance and business integration.

Royalties

Royalty expenses for the period were $11,268,000 (2018 comparative period: $10,708,000). Royalties paid in Western Australia are 2.5% of gold revenues, plus a corporate royalty of 1.5% of gold revenues. Royalties paid in Papua New Guinea are 2.5% of gold revenues earned from the Simberi mine. Royalties paid in Canada (Nova Scotia) are 1% of gold revenues plus a 1% corporate royalty on gold revenues.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development for the period amounted to $73,868,000 (2018 comparative period: $40,135,000). Depreciation and amortisation attributable to the Leonora Operations was $29,244,000 (2018 comparative period: $29,674,000), Simberi was $10,845,000 (2018 comparative period: $9,192,000) and at Atlantic Gold an amount of $32,821,000 was reported. The Atlantic Gold depreciation and amortisation is based on the fair value of the assets acquired.

Other expenses

Other expenditure of $3,820,000 (2018 comparative period: $3,975,000) included costs related to share based payments and expenses for other Group projects.

Net finance costs

Finance costs in the period increased to $8,038,000 (2018 comparative period: $472,000) and comprised interest paid of $3,275,000 (2018 comparative period: $1,000), borrowing costs associated with establishing the syndicated facility and integrating the Atlantic Gold facility of $3,430,000 and unwinding of the discount on the rehabilitation provision of $1,333,000 (2018 comparative period: $439,000).

Net foreign currency loss

A net foreign exchange loss of $623,000 was recognised for the period (2018 comparative period: loss of $2,854,000), which related mainly to foreign exchange movements on US dollar cash balances and US dollar denominated intercompany loans.

Income tax

An income tax expense of $16,228,000 was recognised for the period (2018 comparative period: $29,376,000), which comprised an income tax expense of $4,603,000 in relation to Australia, $5,067,000 for the PNG operations and $6,558,000 associated with the Canadian operations. The lower income tax expense was mainly due to the reduced profitability at Gwalia and Simberi, partly offset by Atlantic Gold.

Discussion and analysis of the condensed consolidated statement of cash flow

Operating activities

Cash flows from operating activities for the period were lower at $64,860,000 (2018 comparative period: $94,519,000), despite the inclusion of Atlantic Gold. The lower cash flows from operating activities in the period was driven by significantly reduced contributions from Gwalia and Simberi, offset by cash flows from Atlantic Gold of $61,026,000 for the period.

Receipts from customers in the period were $352,036,000 (2018 comparative period: $330,472,000), which included Atlantic Gold.

Payments to suppliers and employees were $234,674,000 (2018 comparative period: $181,663,000), with the higher expenditure due to increased expenditure at Simberi and the addition of Atlantic Gold.

Payments for exploration expensed in the period amounted to $14,354,000 (2018 comparative period: $7,470,000), which related to exploration activities in Western Australia, Simberi and its neighbouring islands, together with Atlantic Gold expenditure.

Net interest paid was $2,057,000 (2018 comparative period: $4,633,000 received) and borrowing costs of $3,430,000 (2018 comparative period: $Nil), related to the syndicated facility.

Income tax payments totalled $32,661,000 (2018 comparative period: $51,447,000). Income tax payments in the period included PAYG instalments for the period of $11,149,000 and an amount of $21,517,000 relating to the prior financial year.

Investing activities

Net cash flows used in investing activities in the period amounted to $839,448,000 (2018 comparative period: $120,845,000). Investing activities in the period included the acquisition of Atlantic Gold for $779,857,000, together with ongoing expenditure related to the Gwalia Extension Project of $23,553,000 (2018 comparative period: $22,478,000). Expenditure for development of mine properties at Gwalia amounted to $50,682,000 in the period (2018 comparative period: $37,695,000).

The higher expenditure on the purchase of plant and equipment of $9,802,000 (2018 comparative period: $6,865,000), was mainly attributed to Atlantic Gold sustaining capital.

Exploration expenditure capitalised during the period totalled $12,368,000 (2018 comparative period: $3,221,000), which related to the deep drilling program at Gwalia and Atlantic Gold resource development drilling.

Investing expenditure during the period was in the following major areas:

- Underground mine development and infrastructure at Gwalia: $26,213,000 (2018 comparative period: $13,777,000).
- Gwalia Extension Project: $23,553,000 (2018 comparative period: $22,478,000).
- Gwalia Optimisation Project: $497,000 (2018 comparative period: $1,440,000).
- Purchase of property, plant and equipment at Gwalia: $1,943,000 (2018 comparative period: $2,688,000); Simberi: $2,932,000 (2018 comparative period: $3,124,000); and Atlantic Gold: $4,927,000.
- Pit development and infrastructure at Atlantic Gold: $1,018,000.
- Simberi growth: $2,527,000 (2018 comparative period: $1,319,000).
- Atlantic Gold growth: $8,275,000.

During the period the Company divested its investment in Prodigy Gold NL for proceeds of $3,261,000 (2018 comparative period: new investments of $5,064,000).

Financing activities

Net cash flows related to financing activities in the period were a net outflow of $22,183,000 (2018 comparative period: net outflow of $28,911,000).

The main movements in financing cash flows in the period included:

- Dividend of 4 cents per share totalling $19,023,000 in cash payments (2018 comparative period: $27,889,000) representing the final dividend in respect of the prior financial year.
- Lease payments totalling $17,307,000 (2018 comparative period: $22,000), comprising equipment lease payments and the full settlement of the remaining balance of the Caterpillar lease facility.
- Draw down of $7,540,000 (2018 comparative period: $Nil) from the Canadian tranche of the syndicated facility to assist with the repayment of the equipment lease facility.
- Cash acquired on acquisition $4,207,000 (2018 comparative period: $Nil).

Discussion and analysis of the condensed consolidated statement of balance sheet

Net assets and total equity

The Group's net assets and total equity increased during the period by $38,346,000 to $1,295,369,000 as a result of the operating result achieved for the period.

Total current assets decreased by $777,789,000 during the period to $192,680,000 as at 31 December 2019 (30 June 2019: $971,469,000) due mainly to the reduction in cash related to the acquisition of Atlantic Gold.

Total non-current assets increased significantly during the period to $1,691,583,000 at 31 December 2019 (30 June 2019: $438,264,000) mainly as a result of the acquisition of Atlantic Gold. Furthermore, capital expenditure at Gwalia and the adoption of AASB 16 'Leases' increased property plant and equipment and mine properties.

Current liabilities decreased to $85,622,000 (2019: $96,492,000) as a result of the reduction in the tax liability. Current interest bearing borrowings increased during the period representing the adoption of AASB 16 'Leases'.

Non-current liabilities increased to $503,272,000 (2019: $56,218,000), mainly as a result of the syndicated facility related to Atlantic Gold amounting to $106,060,000, lease liability of $31,544,000 from the adoption of AASB16 'Leases' and recognition of a deferred tax liability of $303,628,000 associated with mineral rights acquired with Atlantic Gold.

A current provision for tax payable of $1,870,000 was recognised at 31 December 2019 (30 June 2019: $23,171,000). This provision relates to tax payable on PNG taxable income for the prior financial year.

Debt management and liquidity

The available cash balance at 31 December 2019 was $79,152,000 (30 June 2019: $880,199,000).

Total interest bearing liabilities increased to $137,614,000 as at 31 December 2019 (30 June 2019: $nil), comprising of $31,554,000 in lease liabilities arising from AASB 16 Leases and the syndicated facility balance of $106,060,000 associated with Atlantic Gold. The Australian tranche of the syndicated facility amounting to $200,000,000 remained undrawn as at 31 December 2019.

The AUD/USD exchange rate as at 31 December 2019 was 0.7021 (30 June 2019: 0.7021).

Auditor's independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 11 and forms part of this Directors' Report.

Events occurring after the end of the financial period

Except as noted below, the Directors are not aware of any matter or circumstance that has arisen since the end of the reporting period that, in their opinion, has significantly affected or may significantly affect in future periods the Company's operations, the results of those operations or the state of affairs:

- Subsequent to year end, the Directors have declared an interim fully franked dividend of 4 cents per ordinary share to be paid on 25 March 2020. A provision for this dividend has not been recognised in the 31 December 2019 financial statements.

Rounding of amounts

St Barbara Limited is a Company of the kind referred to in ASIC Corporations (Rounding in the Financial/Directors' Report) Instrument 2016/191 issued by the Australian Securities and Investment Commission (ASIC). 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 19th day of February 2020.

Craig Jetson
Managing Director and CEO

pwc

Auditor's Independence Declaration

As lead auditor for the review of St Barbara Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of St Barbara Limited and the entities it controlled during the period.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
19 February 2020

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Interim Financial Report

Contents

About this report

St Barbara Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The consolidated financial statements of the Company as at and for the six months ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity primarily involved in mining and sale of gold, mineral exploration and development.

This general purpose financial report for the half year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated half year financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the audited annual financial report for the year ended 30 June 2019.

The consolidated financial report has been presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) as specified in the ASIC Corporations Instrument 2016/191 unless otherwise stated.

The comparative amounts for Profit or Loss items are for the six months ended 31 December 2018, and for Balance Sheet items balances are as at 30 June 2019.

The Board of Directors approved the consolidated half year financial report on 19 February 2019.

The AUD:USD exchange rate as at 31 December 2019 was 0.7021 (30 June 2019: 0.7021).

Condensed consolidated statement of profit or loss and other comprehensive income
for the half year ended 31 December 2019

	Notes	CONSOLIDATED 2019 $'000	2018 $'000
Operations			
Revenue	1	**361,903**	332,079
Mine operating costs	1	**(179,904)**	(148,473)
Gross profit		**181,999**	183,606
Interest revenue		**1,396**	4,634
Other income		**11**	267
Exploration expensed		**(14,354)**	(7,470)
Corporate costs		**(10,571)**	(10,955)
Royalties		**(11,268)**	(10,708)
Depreciation and amortisation		**(73,868)**	(40,135)
Expenses associated with acquisition	3	**(5,980)**	-
Other expenses		**(3,820)**	(3,975)
Operating profit		**63,545**	115,264
Finance costs	5	**(8,038)**	(472)
Net foreign exchange loss		**(623)**	(2,854)
Profit before income tax		**54,884**	111,938
Income tax expense	2	**(16,228)**	(29,376)
Net profit after tax		**38,656**	82,562
Profit attributable to equity holders of the Company		**38,656**	82,562
Other comprehensive income[(1)]			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets		**8,078**	1,362
Income tax on other comprehensive income		**(3,004)**	(409)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		**12,638**	6,616
Other comprehensive profit net of tax		**17,712**	7,569
Total comprehensive income attributable to equity holders of the Company		**56,368**	90,131
Earnings per share:			
Basic earnings per share (cents per share)		**5.54**	15.84
Diluted earnings per share (cents per share)		**5.51**	15.75

(1) The condensed consolidated other comprehensive income comprises items of income and expense that are recognised directly in reserves or equity. These items are not recognised in the condensed consolidated statement of profit or loss in accordance with the requirements of the relevant accounting standards. Comprehensive income attributable to equity holders of the company comprises the result for the period adjusted for the other comprehensive income.

The above condensed consolidated statement of profit or loss and condensed consolidated other comprehensive income should be read in conjunction with the notes to the financial statements.

Condensed consolidated balance sheet

as at 31 December 2019

	Notes	CONSOLIDATED 31 Dec 2019 $'000	30 June 2019 $'000
Assets			
Current assets			
Cash and cash equivalents		**79,152**	880,199
Deposits held to maturity		**-**	10,000
Trade and other receivables		**20,236**	13,036
Inventories		**86,665**	66,620
Deferred mining costs		**6,627**	1,614
Total current assets		**192,680**	971,469
Non-current assets			
Trade and other receivables		**219**	-
Inventories	10	**30,115**	-
Property, plant and equipment	10	**241,234**	101,734
Financial assets	7	**48,164**	40,495
Deferred mining costs		**-**	5,655
Mine properties		**258,119**	226,330
Exploration and evaluation	10	**142,316**	40,858
Mineral rights	10	**924,819**	1,872
Deferred tax assets	2	**46,597**	21,320
Total non-current assets		**1,691,583**	438,264
Total assets		**1,884,263**	1,409,733
Liabilities			
Current liabilities			
Trade and other payables		**55,098**	56,549
Interest bearing borrowings	5	**12,749**	-
Rehabilitation provision		**244**	244
Other provisions		**15,661**	16,528
Current tax liability	2	**1,870**	23,171
Total current liabilities		**85,622**	96,492
Non-current liabilities			
Interest bearing borrowings	5	**124,865**	-
Rehabilitation provision		**39,812**	30,846
Deferred tax liabilities	2	**303,628**	23,391
Derivative financial liabilities	10	**32,778**	-
Other provisions		**2,189**	1,981
Total non-current liabilities		**503,272**	56,218
Total liabilities		**588,894**	152,710
Net assets		**1,295,369**	1,257,023
Equity			
Contributed equity	6	**1,412,810**	1,402,675
Reserves		**(16,190)**	(33,593)
Accumulated losses		**(101,251)**	(112,059)
Total equity		**1,295,369**	1,257,023

The above condensed consolidated balance sheet should be read in conjunction with the notes to the financial statements.

Condensed consolidated statement of changes in equity

for the half year ended 31 December 2019

		CONSOLIDATED				
	Notes	**Contributed Equity $'000**	**Foreign Currency Translation Reserve $'000**	**Other Reserves $'000**	**Accumulated Losses $'000**	**Total $'000**
Balance at 1 July 2018		898,430	(52,458)	14,705	(194,807)	665,870
Transactions with owners of the Company recognised directly in equity:						
Share-based payments expense		-	-	1,270	-	1,270
Performance rights issued		3,709	-	(3,709)	-	-
Dividends paid		-	-	-	(27,889)	(27,889)
Dividends reinvested		13,752	-	-	(13,752)	-
Total comprehensive income for the period						
Profit attributable to equity holders of the Company		-	-	-	82,562	82,562
Other comprehensive gain for the period		-	6,616	953	-	7,569
Balance at 31 December 2018		915,891	(45,842)	13,219	(153,886)	729,382
Balance at 1 July 2019		**1,402,675**	**(45,671)**	**12,078**	**(112,059)**	**1,257,023**
Transactions with owners of the Company recognised directly in equity:						
Share-based payments expense		**-**	**-**	**1,175**	**-**	**1,175**
Performance rights issued		**1,310**	**-**	**(1,484)**	**-**	**(174)**
Dividends paid		**-**	**-**	**-**	**(19,023)**	**(19,023)**
Dividends reinvested		**8,825**	**-**	**-**	**(8,825)**	**-**
Total comprehensive income for the period						
Profit attributable to equity holders of the Company		**-**	**-**	**-**	**38,656**	**38,656**
Other comprehensive gain for the period		**-**	**12,638**	**5,074**	**-**	**17,712**
Balance at 31 December 2019		**1,412,810**	**(33,033)**	**16,843**	**(101,251)**	**1,295,369**

The above condensed consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Condensed consolidated statement of cash flows

for the half year ended 31 December 2019

	Notes	CONSOLIDATED 2019 $'000	2018 $'000
Cash flows from operating activities:			
Receipts from customers (inclusive of GST)		**352,036**	330,472
Payments to suppliers and employees (inclusive of GST)		**(234,674)**	(181,663)
Payments for exploration and evaluation		**(14,354)**	(7,470)
Interest received		**1,396**	4,634
Interest paid		**(3,453)**	(1)
Finance charges – finance leases		**-**	(6)
Borrowing costs paid	5	**(3,430)**	-
Income tax paid	2	**(32,661)**	(51,447)
Net cash inflow from operating activities		**64,860**	94,519
Cash flows from investing activities:			
Movement in deposits held to maturity		**10,000**	(68,000)
Payments for property, plant and equipment		**(9,802)**	(6,865)
Payments for development of mining properties		**(50,682)**	(37,695)
Payments for exploration and evaluation		**(12,368)**	(3,221)
Investments in financial assets		**-**	(5,064)
Proceeds from sale of financial assets		**3,261**	-
Atlantic Gold Corporation acquisition	10	**(779,857)**	-
Net cash used in investing activities		**(839,448)**	(120,845)
Cash flows from financing activities:			
Movement in restricted cash		**2,400**	(1,000)
Dividend payment	4	**(19,023)**	(27,889)
Principal repayments - finance leases		**(6,672)**	(22)
Repayment of lease facility		**(10,635)**	-
Syndicate facility drawn – Canadian tranche		**7,540**	-
Cash acquired	10	**4,207**	-
Net cash used in financing activities		**(22,183)**	(28,911)
Net decrease in cash and cash equivalents		**(796,771)**	(55,237)
Cash and cash equivalents at the beginning of the period		**880,199**	226,443
Net movement in foreign exchange rates		**(4,276)**	1,329
Cash and cash equivalents at the end of the period		**79,152**	172,535

Cash flows are included in the condensed consolidated 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 receipts from customers and payments to suppliers and employees.

The above condensed consolidated statement cash flows should be read in conjunction with the notes to the financial statements.

A. Key results

1 Segment information

	Leonora		Simberi		Atlantic	Total segments	
	2019	2018	**2019**	2018	**2019**	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	**$'000**	$'000
Gold revenue	**149,665**	198,295	**113,490**	133,169	**97,822**	**360,977**	331,464
Silver revenue	**203**	203	**556**	412	**167**	**926**	615
Total revenue	**149,868**	198,498	**114,046**	133,581	**97,989**	**361,903**	332,079
Mine operating costs	**(73,299)**	(76,950)	**(77,972)**	(71,523)	**(28,633)**	**(179,904)**	(148,473)
Gross profit	**76,569**	121,548	**36,074**	62,058	**69,356**	**181,999**	183,606
Royalties (1)	**(6,713)**	(7,712)	**(2,859)**	(2,996)	**(1,696)**	**(11,268)**	(10,708)
Depreciation and amortisation (3)	**(29,244)**	(29,674)	**(10,845)**	(9,192)	**(32,821)**	**(72,910)**	(38,866)
Segment profit before income tax	**40,612**	84,162	**22,370**	49,870	**34,839**	**97,821**	134,032
Capital expenditure							
Sustaining	**28,154**	16,465	**2,932**	3,124	**4,927**	**36,013**	19,589
Growth(2)	**2,964**	3,221	**2,527**	1,319	**8,275**	**13,766**	4,540
Gwalia Extension Project	**23,553**	22,478	**-**	-	**-**	**23,553**	22,478
Gwalia Optimisation Project	**497**	1,440	**-**	-	**-**	**497**	1,440
Total capital expenditure	**55,168**	43,604	**5,459**	4,443	**13,202**	**73,829**	48,047
	31 Dec 2019 $'000	30 Jun 2019 $'000	**31 Dec 2019 $'000**	30 Jun 2019 $'000	**31 Dec 2019 $'000**	**31 Dec 2019 $'000**	30 Jun 2019 $'000
Segment assets	**411,112**	350,687	**136,077**	135,142	**1,252,740**	**1,799,929**	509,099
Segment non-current assets	**382,465**	332,648	**55,735**	62,380	**1,203,083**	**1,641,283**	395,028
Segment liabilities	**60,419**	31,035	**35,450**	39,888	**442,823**	**538,692**	70,923

(1) Royalties include state and government royalties and corporate royalties.
(2) Growth capital at Gwalia represents deep drilling expenditure reported as part of exploration. At Simberi growth capital represents expenditure associated with the sulphides project. At Atlantic Gold growth capital represents expenditure associated with capitalised exploration and studies near mine.
(3) Depreciation and amortisation in relation to Atlantic Gold includes $26,698,000 of mineral rights amortisation for the period, refer to Note 10.

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

	Consolidated	
Operations	**2019 $'000**	2018 $'000
Total profit for reportable segments	**97,821**	134,032
Other income and revenue	**1,407**	4,901
Exploration expensed	**(14,354)**	(7,470)
Unallocated depreciation and amortisation	**(958)**	(1,269)
Finance costs	**(8,038)**	(472)
Corporate costs	**(10,571)**	(10,955)
Expenses associated with acquisition	**(5,980)**	-
Net foreign exchange loss	**(623)**	(2,854)
Other expenses	**(3,820)**	(3,975)
Consolidated profit before income tax	**54,884**	111,938

	Consolidated	
Assets	**31 Dec 2019 $'000**	30 Jun 2019 $'000
Total assets for reportable segments	**1,799,929**	509,099
Cash and cash equivalents	**23,206**	837,424
Deposits held to maturity	**-**	10,000
Trade and other receivables	**10,827**	9,973
Financial and other assets	**45,895**	40,495
Property, plant & equipment	**4,406**	2,742
Consolidated total assets	**1,884,263**	1,409,733

The Group has three operational business units: Leonora operations, Simberi operations and Atlantic Gold operations. The operational business units are managed separately due to their separate geographic regions. The results of all segments are reviewed regularly by the Group's Executive Leadership Team, in particular production, cost per ounce, capital expenditures and cash flow generation.

Performance of each reportable segment is measured based on segment profit before income tax (excluding corporate expenses), as this is deemed to be the most relevant in assessing performance after taking into account factors such as cost per ounce of production.

2 Tax

Income tax expense

	Consolidated	
	2019	2018
	$'000	$'000
Current tax expense	**13,035**	21,880
Under/(over) provision in respect of the prior year	**(402)**	559
Deferred income tax expense	**3,595**	6,937
Total income tax expense	**16,228**	29,376

Numerical reconciliation of income tax expense to prima facie tax payable

	2019	2018
	$'000	$'000
Profit before income tax	**54,884**	111,938
Tax at the Australian tax rate of 30%	**16,465**	33,581
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	**(729)**	-
Equity settled share based payments	**(150)**	381
Recognition of previously unbooked deferred tax assets in PNG	**-**	(5,140)
Capital gains	**429**	-
Non-deductible legal fees	**(466)**	-
Permanent differences arising from foreign exchange within the tax consolidation group	**496**	543
Sundry items	**183**	11
Income tax expense	**16,228**	29,376

Current tax liability

As at 31 December 2019 the Company recognised a current tax liability of $1,870,000 (June 2019: $23,171,000). During the period the Company made Australian income tax payments totalling $32,661,000, representing the payment of a tax liability relating to the prior financial year and PAYG instalments for the period.

Deferred tax balances

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$'000	$'000
Deferred tax assets		
Tax losses	**22,906**	-
Provisions and accruals	**48,489**	50,007
Property, plant and equipment	**75,216**	95,066
Other	**11,423**	1,367
Total	**158,034**	146,440
Tax effect	**46,597**	43,932
Deferred tax liabilities		
Accrued income	**259**	260
Mine properties - Exploration	**50,075**	48,517
Mine properties – mineral rights	**906,414**	-
Mine properties – development	**3,819**	12,443
Consumables	**62,418**	61,311
Capitalised convertible notes costs	**1,668**	1,904
Plant, plant and equipment	**35,731**	-
Tax liabilities without carrying values	**25,241**	-
Unrealised foreign exchange gains	**-**	17,642
Investments at fair value	**21,261**	11,265
Total	**1,106,886**	153,342
Tax effect	**303,628**	46,003
Net deferred tax balance	**(257,031)**	(2,071)
Comprising of:		
Australia – net deferred tax liabilities	**(24,787)**	(23,391)
PNG – net deferred tax assets	**16,383**	21,320
Canada – net deferred tax liabilities	**(248,627)**	-
Net deferred tax balance	**(257,031)**	(2,071)

Accounting judgements and estimates

At each reporting date, the Group performs a review of the probable future taxable profit in each jurisdiction. The assessments are based on the latest life of mine plans relevant to each jurisdiction and the application of appropriate economic assumptions, such as gold price and operating costs. Any resulting recognition of deferred tax assets is categorised by type (e.g. tax losses or temporary differences) and recognised based on which would be utilised first according to that particular jurisdiction's legislation.

At 31 December 2019, there were no tax losses not recognised.

3 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	
	2019	2018
	$'000	$'000
Atlantic Gold acquisition costs[(1)]	**(5,980)**	-
Amortisation of derivative financial liability[(2)]	**11,822**	-
Total significant items – pre tax	**5,842**	-
Tax Effect		
Tax effect of above significant items	**(1,871)**	-
PNG deferred tax asset recognised	**-**	5,140
Total significant items – post tax	**3,971**	5,140

(1) Atlantic Gold acquisition costs

Costs relating to the acquisition of Atlantic Gold included due diligence costs, share registry charges, and integration costs.

(2) Amortisation of derivative financial liability

As part of the acquisition of Atlantic Gold a derivative financial liability of $44,992,000 was recognised, representing the 'out of money' position of the gold forward contracts. This liability is amortised as the forward contracts mature. The amortisation amount for the period is recognised within revenue.

4 Dividends

	Consolidated	
	2019	2018
	$'000	$'000
Ordinary shares:		
Final dividend for the year ended 30 June 2019 of 4 cents per share fully franked – paid (Jun 2018: 8 cents per share)	**27,848**	41,641
Total dividends provided for or paid	**27,848**	41,641
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the period were as follows:		
Paid in cash	**19,023**	27,889
DRP – satisfied by issue of shares	**8,825**	13,752
Total dividends provided for or paid	**27,848**	41,641
Interim dividend for the 31 December 2019 period of 4 cents per share fully franked (Dec 2018: 4 cents per share)	**27,966**	20,972

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (DRP) continues to be available to eligible shareholders, whereby holders of ordinary shares may elect to have all or parts of their dividend entitlements satisfied by the issue of new ordinary shares instead of receiving cash.

DRP shares in relation to the 2019 final dividend were issued at a 1.0% discount to the 5 day volume weighted average price.

Interim Dividend

Subsequent to the 31 December 2019 half year report date, the Directors recommended the payment of an interim dividend of 4 cents per fully paid ordinary share fully franked. The aggregate amount of the proposed dividend is expected to be paid on 25 March 2020 out of retained earnings at 31 December 2019, and has not been recognised as a liability at the end of the period.

5 Interest bearing liabilities and finance costs

Interest bearing liabilities

	Consolidated	
	31 Dec 2019 $'000	30 Jun 2019 $'000
Current		
Secured		
Lease liabilities – right of use assets(1)	**12,749**	-
Non-current		
Secured		
Lease liabilities – right of use assets(1)	**18,805**	-
Syndicated facility – Canadian tranche	**106,060**	-
Total non-current	**124,865**	-
Total interest bearing liabilities	**137,614**	-

(1) Details of the lease liabilities – right of use assets are in Note 11 to the Financial Statements.

Profit before income tax includes the following specific expenses:

	Consolidated	
	2019 $'000	2018 $'000
Finance Costs		
Interest paid/payable	**2,425**	-
Borrowing costs	**3,430**	6
Finance lease interest	**850**	1
Provisions: unwinding of discount	**1,333**	465
	8,038	472

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 consolidated statement of profit or loss 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.

Syndicated facility

In July 2019, the Group executed a three year $200,000,000 syndicated revolving corporate debt facility. The acquisition of Atlantic Gold included a syndicated facility with a balance of CAD$100,000,000. During the period these syndicated facilities were consolidated to create a single facility comprising an Australian tranche of $200,000,000 and a Canadian tranche of CAD$100,000,000. As at the 31 December 2019 reporting date the Australian tranche remained undrawn, with the Canadian tranche fully drawn. The syndicated facility is secured by the Group's Australian and Canadian assets.

Lease liabilities – right of use assets

The group has adopted AASB 16 *Leases* retrospectively from 1 July 2019, but has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019, refer to Note 11.

B. Other disclosures

6 Contributed equity

Details	Number of shares	$'000
Opening balance 1 July 2019	695,653,732	1,402,675
Vested performance rights	551,245	1,310
Dividend reinvestment plan	2,956,112	8,825
Closing balance 31 December 2019	699,161,089	1,412,810

7 Financial assets and fair value of financial assets

At the 31 December 2019 reporting date, the Group's financial assets of $48,164,000 (30 June 2019: $40,495,000) include investments of $45,895,000 in shares listed on the Australian Securities Exchange, which are valued using Level 1 inputs.

These financial assets relate to the Company's investment in the following Australian Securities Exchange listed companies:

- Peel Mining Limited (PEX)
- Catalyst Metals Limited (CYL)
- Duketon Mining Limited (DKM)

The Group has a further $2,269,000 investment valued using Level 3 inputs. The Level 3 financial asset was acquired with the Atlantic Gold acquisition. The accumulated fair value adjustments are recognised in other comprehensive income as gains or losses.

The Group recognised Level 1, 2 and 3 financial assets on a recurring fair value basis as at 31 December 2019 as follows:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the group is the close price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

8 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 or the Group's operations, the results of those operations or the state of affairs, except as described in this note:

- Subsequent to year end, the Directors have declared an interim fully franked dividend of 4 cents per ordinary share to be paid on 25 March 2020. A provision for this dividend has not been recognised in the 31 December 2019 financial statements.

9 Contingencies

As a result of the Australian Taxation Office's (ATO) program of routine and regular tax reviews and audits, the Group anticipates that ATO reviews and audits may occur in the future. The ultimate outcome of any future reviews and audits cannot be determined with an acceptable degree of reliability at this time. Nevertheless, the Group believes it is making adequate provision for its tax liabilities, including amounts shown as deferred tax liabilities, and takes reasonable steps to address potentially contentious issues with the ATO.

10 Business combinations

On 19 July 2019, the Group, through its subsidiary Nord Pacific Limited, acquired 100% of the issued shares of Atlantic Gold Corporation ("Atlantic Gold"), a gold mining, development and exploration company with operations in Nova Scotia, Canada.

The acquisition of Atlantic Gold achieves all of the Group's strategic objectives, including:

- Diversification of the Group's production base by adding a low cost asset in a favourable jurisdiction;
- Addition of a sustainable long life operation; and
- Significant growth potential through development of additional mining areas and planned resource and reserve expansion

The initial accounting for the acquisition of Atlantic Gold has been provisionally determined at 31 December 2019. At the date of finalisation of the half year financial report, the necessary calculations have not been finalised and therefore the fair value of the assets and liabilities have been provisionally determined based on management's best estimate of the likely fair value of the assets and liabilities. The Group has until 19 July 2020 to finalise the estimates.

	Consolidated	
	2019	2018
	$'000	$'000
Consideration transferred		
Cash and cash equivalents	**779,857**	-
Total Consideration	**779,857**	**-**
Goodwill arising on acquisition		
Consideration transferred	**779,857**	-
Less: Fair value of identifiable net assets acquired	**(779,857)**	-
Total goodwill arising on acquisition	**-**	-
Consideration paid in cash	**779,857**	-
Less: cash and cash equivalents balance acquired	**(4,207)**	-
Net cash out flow on acquisition of subsidiaries	**775,650**	-

Expenses associated with acquisition

Acquisition and integration related costs of $5,980,000 incurred during the period that were not directly attributable to the issue of shares are included in expenses associated with acquisition in the statement of profit or loss and in operating cash flows in the statement of cash flows.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional Fair value
	$'000
Assets	
Current assets	
Cash and cash equivalents	**4,207**
Trade and other receivables	**3,784**
Inventories	**19,160**
Other assets	**95**
Total current assets	**27,246**
Non-current assets	
Trade and other receivables	**216**
Inventories	**22,092**
Property, plant and equipment	**117,846**
Financial assets	**2,805**
Exploration and evaluation	**87,712**
Mineral rights	**934,303**
Total non-current assets	**1,164,974**
Total assets	**1,192,220**
Liabilities	
Current liabilities	
Trade and other payables	**12,543**
Interest bearing borrowings	**10,634**
Total current liabilities	**23,177**
Non-current liabilities	
Interest bearing borrowings	**98,517**
Rehabilitation provision	**7,526**
Deferred tax liabilities	**238,151**
Derivative financial liabilities	**44,992**
Total non-current liabilities	**389,186**
Total liabilities	**412,363**
Net identifiable assets acquired	**779,857**
Net assets acquired	**779,857**

Impact of acquisition on the Group's result

Included in the net profit after tax is $17,746,000 attributable to Atlantic Gold. Revenue for the period was $97,989,000 from 46,893 ounces of gold sold and 47,060 ounces of gold produced.

Depreciation and amortisation for the period comprised:

- Depreciation of property, plant & equipment: $6,123,000
- Amortisation of mineral rights: $26,698,000

11 Basis of preparation

Significant accounting policies

The accounting policies applied by the Group in this consolidated half year 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 2019, except for the changes arising from adopting AASB 16 *Leases*, which were effective as at 1 July 2019 for the Group without restatement of prior years.

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current half-year report, with no material impacts to the financial statements except for the changes arising from adopting AASB 16 *Leases*. Accounting policies are applied consistently by each entity in the Group.

The Group implemented AASB 16 *Leases* as at 1 July 2019, which replaces AASB 117 *Leases.* Under the new standard most of the Group's non-cancellable operating leases incorporated within certain supplier contracts currently engaged have been recognised on the balance sheet.

The right of use lease items are recorded as an asset with corresponding lease liability to pay the lease recognised. The lease liability is measured at present value of the lease payments that are not paid at the balance date, and is unwound over time using the interest rate implicit in the lease repayments where available, or the Group's incremental borrowing rate. The right-of-use asset comprises the initial lease liability amount, initial direct costs incurred when entering into the lease, less any lease incentives received. The asset is depreciated over the term of the lease. The new standard replaces the Group's operating lease expense with an interest and depreciation expense.

The Group applied the modified retrospective approach to existing operating leases, which are capitalised under the new standard and has not restated comparative amounts. Since the Group recognises the right of use assets at the amount equal to the lease liabilities, there is no impact on retained earnings and no material impact on net profit after tax for the reporting.

Operating cash flows increased under AASB 16 as the element of cash paid attributable to the repayment of principal is included in financing cash flows. The net increase/decrease in cash and cash equivalents remains unchanged.

The weighted average incremental borrowing rate applied to the Group's lease liabilities recognised on the balance sheet at 1 July 2019 is 4.14%.

The most significant differences between the Group's undiscounted non-cancellable operating lease commitments at 30 June 2019 and lease liabilities upon transition to AASB 16 are as follows:

	Consolidated $'000
Operating leases disclosed as at 30 June 2019	**37,494**
Lease liabilities recognised as at 1 July 2019	**2,795**
Gross lease commitments as at 1 July 2019	**40,289**
Effect of discounting on payments included in calculating lease liabilities	**(2,795)**
Lease liabilities recognised as at 1 July 2019	**37,494**

The right of use asset's property, plant and equipment categories are as follow as at 1 Jul 2019:

	Consolidated $'000
Land and buildings	**1,860**
Plant and equipment	**35,634**
Total right of use asset	**37,494**

Lease liability as at 1 July 2019:

	Consolidated $'000
Current	**12,906**
Non-current	**24,588**
Total lease liability	**37,494**

The following amounts were recorded in the condensed interim financial statements for the six months ended 31 December 2019:

	Included with in	**$'000**
Statement of profit or loss		
Depreciation and amortisation	Net operating costs	**(5,119)**
Statement of cash flows		
Lease principal payments	Cash flows from financing activities	**(6,672)**
Lease interest paid	Net interest paid	**(721)**
Balance sheet		
Right of use assets:		
- carrying value	Property, plant and equipment lease	**30,619**
Liabilities:		
- current	Interest bearing borrowings	**(12,749)**
- non-current		**(18,805)**

Critical accounting judgement and estimates

The preparation of the half year 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 half year 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.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 12 to 23 are in accordance with the *Corporations Act 2001,* including:

- i) complying with Australian Accounting Standard 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 2019 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.

Craig Jetson

Managing Director and CEO

Melbourne
19 February 2020

Independent auditor's review report to the members of St Barbara Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of St Barbara Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Australian 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 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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*.

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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:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

John O'Donoghue
Partner

Melbourne
19 February 2020

Corporate Directory

BOARD OF DIRECTORS

T C Netscher	Non-Executive Chairman
C A Jetson	Managing Director & CEO
S G Dean	Non-Executive Director
K J Gleeson	Non-Executive Director
S E Loader	Non-Executive Director
D E J Moroney	Non-Executive Director

COMPANY SECRETARY
R R Cole

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STOCK EXCHANGE LISTING
Shares in St Barbara Limited are quoted on the Australian Securities Exchange
Ticker Symbol: SBM

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