

FY20 Financial Report, Appendix 4E, briefing and audio webcast

St Barbara Limited (ASX:SBM) (the “Company”) reported statutory net profit after tax of A\$128 million for the year ended 30 June 2020 (2019: A\$144 million) and cash flow from operating activities of A\$280 million (2019: A\$241 million).

Highlights

- Underlying net profit after tax¹ of A\$108 million for the year (2019: A\$142 million)
- Consolidated All-In Sustaining Cost¹ of A\$1,369 per ounce (2019: A\$1,080 per ounce)
- Net cash of A\$98 million at 30 June 2020 (cash and term deposits of A\$406 million²; debt of A\$307 million³).
- Final fully franked dividend of 4 cents per share declared today (in respect of the 2020 financial year)

Financial Results		FY20	FY19	Change
Underlying EBITDA ¹	A\$ million	339	279	22%
Underlying net profit after tax ¹	A\$ million	108	142	(24%)
Statutory net profit after tax	A\$ million	128	144	(11%)
Cash flow from operating activities	A\$ million	280	241	16%
Earnings per share (basic)	cents	18	27	(33%)
Dividends per share – interim	cents	4	4	-
– final	cents	4	4	-
– total declared for year	cents	8	8	-
Consolidated gold sales	oz	381,105	368,444	3%
Realised gold price	A\$ / oz	2,123	1,762	20%

Details of the results for the financial year ended 30 June 2020 are set out in the attached Appendix 4E and Directors’ and Financial Report.

St Barbara Managing Director & CEO, Craig Jetson, said: “The strong cash flow generated in the financial year has placed us in a sound position for our future growth plans. With the Gwalia extension project and Atlantic Gold integration complete, we are embarking on integrated company-wide transformation project encompassing all aspects of our operations and capital projects. The Atlantic Gold project suite and Simberi sulphide project in particular will benefit from this laser focus. A renewed operating model will prioritise technical expertise and embed business performance, to drive productivity improvements and cost reductions across our business. With strong gold prices and a positive market outlook, we are committed to positioning our business to capitalise on these conditions. I’m looking forward to sharing more of our longer term strategy in coming months.”

- 1 This is a non-IFRS measure which is detailed in the attached FY20 Directors’ and Financial Report
- 2 Balance comprises A\$178 million cash, A\$228 million term deposits
- 3 Syndicated debt facility comprising A\$200 million and C\$100 million (repayment date July 2022), excluding A\$28 million lease liabilities

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Presentation on the FY20 Financial Report and webcast

Mr Jetson, MD & CEO, and Mr Garth Campbell-Cowan, Chief Financial Officer, will brief analysts and institutional investors to discuss the full year financial results at **11:00 am Australian Eastern Standard Time** (UTC + 10 hours) **on Monday 24 August 2020.**

Analysts and institutional investors

Analysts and institutional investors can register for the briefing at <https://s1.c-conf.com/DiamondPass/10008620-invite.html>

Shareholders and media

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.



St Barbara
LIMITED

Appendix 4E

For the year ended 30 June 2020

Preliminary Final Report
Financial year ended 30 June 2020

This information should be read in conjunction with the St Barbara Limited 2020 Financial Report attached.

Name of entity

St Barbara Limited

ABN or equivalent company reference

36 009 165 066

Results for announcement to the market	% Change			A\$'000
Revenue and other income	up	26%	to	830,088
Profit after tax from ordinary activities (before significant items) attributable to members - Underlying (Prior year underlying profit: \$141,728,000)	down	23%	to	108,472
Net profit attributable to members of the parent entity (Prior year net profit: \$144,163,000)	down	11%	to	128,230

During the year there was a significant item that had a material impact on the income statement of the consolidated entity as set out in the table below:

A\$'000	Year ended 30 June 2020	Year ended 30 June 2019
Net profit after tax as reported – Statutory Profit	128,230	144,163
<u>Significant Items</u>		
Atlantic Gold Corporation acquisition costs	7,538	3,865
Amortisation of derivative financial liability	(16,583)	-
Gold hedge restructure	(11,810)	-
Call option fair value movements	20,962	-
Tax adjustments	(19,865)	(6,300)
Underlying net profit after tax	108,472	141,728

Net tangible asset backing		
Net tangible assets per ordinary security*	\$1.92	\$1.81

* Calculated as the Company's net tangible assets at period end divided by ordinary shares on issue at period end

Dividends

Subsequent to 30 June 2020, the Board has declared a fully franked dividend of 4 cents per ordinary share to be paid on 29 September 2020. The record date for determining entitlements to the dividend will be 8 September 2020. Elections to participate in the Dividend Reinvestment Plan (**DRP**) for this dividend must be made by 5.00pm AEDT on 9 September 2020. A 1% discount to the 5 day value weighted average price will apply to share allotments made under the **DRP**.

A summary of dividends paid during the year are provided in the table below:

Details	Cents per share	A\$'000	Percentage franked
2019 final dividend	4	27,967	100%
2020 interim dividend	4	27,848	100%
Total	8	55,815	100%

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% discount to the 5 day volume weighted average price.

DRP shares in relation to the 2020 interim dividend were issued at a 1% discount to the 5 day volume weighted average price.

Overview of group results

The consolidated results for the year are summarised as follows:

	2020 \$'000	2019 \$'000
EBITDA ⁽³⁾⁽⁶⁾	338,762	274,810
EBIT ⁽²⁾⁽⁶⁾	173,396	195,167
Profit before tax ⁽⁴⁾	162,447	204,294
Statutory profit⁽¹⁾ after tax	128,230	144,163
Total net significant items after tax	19,758	2,435
EBITDA ⁽⁶⁾ (excluding significant items)	338,869	278,675
EBIT ⁽⁶⁾ (excluding significant items)	173,503	199,032
Profit before tax (excluding significant items)	162,554	208,159
Underlying net profit after tax⁽⁵⁾⁽⁶⁾	108,472	141,728

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

	2020 \$'000	2019 \$'000
Atlantic Gold Corporation acquisition costs	(7,538)	(3,865)
Amortisation of derivative financial liability	16,583	-
Gold hedge restructure	11,810	-
Call option fair value movements	(20,962)	-
Significant items before tax	(107)	(3,865)
Income tax	20	6,300
Corporate income tax change	19,845	-
Significant items after tax	19,758	2,435

- (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 consolidated 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 2020 financial year the Group recorded strong financial performance despite lower production and profit from the Leonora and Simberi operations. The key results for the year were:

- Statutory net profit after tax of \$128,230,000 (2019: \$144,163,000);
- Successful acquisition on 19 July 2019 and integration of Atlantic Gold Corporation. Atlantic Gold contributed a segment profit before tax of \$84,304,000 for the year from acquisition date;
- Production for the Group totalled 381,887 ounces (2019: 362,346 ounces), with lower production from Gwalia and Simberi compared to the prior year offset by the Atlantic Gold contribution of 106,663 ounces from the date of acquisition;
- Cash contribution from operations of \$273,190,000 (2019: \$213,209,000) after sustaining and growth capital totalling \$133,025,000 (2019: \$129,036,000); and
- Total dividends paid in the year of \$37,510,000 (2019: \$41,634,000).

Underlying net profit after tax, representing net profit excluding significant items, was \$108,472,000 for the year (2019: \$141,728,000). Net significant items in the 2020 financial year included costs associated with the acquisition of Atlantic Gold Corporation (Atlantic Gold), mark-to-market movements in gold derivatives and the benefit of a reduction in tax rate in Nova Scotia, Canada. The result for the year reflects a material increase in depreciation and amortisation associated with Atlantic Gold.

Cash on hand and deposits held to maturity within 12 months at 30 June 2020 were \$450,541,000 (2019: \$890,199,000). The significant reduction in cash in the year was associated with the acquisition of Atlantic Gold. Total assets reported in the balance sheet as at 30 June 2020 reflected the fair value of Atlantic Gold assets acquired. Net cash generated during the year, excluding payment for the acquisition (net of cash acquired) and draw down of the syndicated facility was \$98,796,000 (2019: \$159,074,000).

Total interest bearing liabilities at 30 June 2020 were \$331,766,000 (2019: \$Nil), which included \$27,577,000 of leases associated with 'right-of-use' assets. In March 2020 the Company drew down A\$200,000,000 from the Australian tranche of the syndicated facility in response to COVID-19.

The key shareholder returns for the year are presented in the table below.

	2020	2019
Basic earnings per share (cents per share)	18.33	26.99
Return on equity	10%	15%
Change in closing share price	7%	(39)%

Underlying shareholder returns for the year are presented in the table below.

	2020	2019
Underlying basic earnings per share ⁽¹⁾ (cents per share)	15.51	26.54
Underlying return on equity ⁽¹⁾	8%	15%

- (1) Underlying basic earnings per share and return on equity 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.

Overview of operating results

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

	Leonora		Simberi		Atlantic	Group	
\$'000	2020	2019	2020	2019	2020	2020	2019
Revenue	355,712	392,678	238,859	257,643	233,155	827,726	650,321
Mine operating costs	(164,515)	(155,236)	(151,291)	(143,839)	(69,014)	(384,820)	(299,075)
Gross profit	191,197	237,442	87,568	113,804	164,141	442,906	351,246
Royalties	(16,896)	(15,663)	(5,952)	(5,778)	(4,326)	(27,174)	(21,441)
EBITDA	174,301	221,779	81,616	108,026	159,815	415,732	329,805
Depreciation and amortisation ⁽²⁾	(65,767)	(59,763)	(21,398)	(18,220)	(75,511)	(162,676)	(77,983)
Profit from operations⁽¹⁾	108,534	162,016	60,218	89,806	84,304	253,056	251,822

(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 for Atlantic Gold includes amortisation of mineral rights from acquisition date to 30 June 2020 of \$61,028,000.

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

	Leonora		Simberi		Atlantic	Group	
\$'000	2020	2019	2020	2019	2020	2020	2019
Operating cash contribution	169,938	229,907	83,409	112,338	152,868	406,215	342,245
Capital - sustaining	(52,559)	(44,161)	(5,194)	(9,436)	(15,327)	(73,080)	(53,597)
Cash Contribution⁽¹⁾	117,379	185,746	78,215	102,902	137,541	333,135	288,648
Growth capital – Gwalia Extension Project	(31,751)	(59,716)	-	-	-	(31,751)	(59,716)
Other growth capital ⁽²⁾	(8,833)	(11,127)	(4,147)	(4,596)	(15,214)	(28,194)	(15,723)
Cash contribution after growth capital	76,795	114,903	74,068	98,306	122,327	273,190	213,209

(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, Gwalia optimisation studies, expenditure on the sulphides project at Simberi and capitalised near mine drilling and studies expenditure at Atlantic Gold.

During the 2020 financial year the Group's operations continued to achieve strong production results, profitability and cash generation.

Safety of people working across the Group is of paramount importance, and the focus is to maintain a low total recordable injury frequency rate (TRIFR) calculated as a rolling 12 month average. During 2020 the TRIFR decreased to 3.0 (2019: 5.0) reflecting the investment the Group has made in managing safety risk and improving safety systems. In the year there was a 44 percent decrease in recordable injuries in respect of ongoing operations. The Group continues to work in an urgent and focused way on preventing future injuries through training programs and improved supervision of employees and contractors. Investigating and learning from incidents to prevent reoccurrence is a key consideration in developing training and supervision programs.

Total production for the Group in the 2020 financial year was 381,887 ounces of gold (2019: 362,346 ounces), and gold sales amounted to 381,105 ounces (2019: 368,444 ounces) at an average gold price of \$2,123 per ounce (2019: \$1,762 per ounce). The higher production was attributed to Atlantic Gold with 106,663 ounces of gold production and 107,076 ounces of gold sales from the date of acquisition, partially offset by lower production at Leonora and Simberi.

Consolidated All-In Sustaining Cost (AISC) for the Group was \$1,369 per ounce in 2020 (2019: \$1,080 per ounce), reflecting the impact of lower production and higher operating costs at Gwalia and Simberi, together with an increase in sustaining capital expenditure at Gwalia. The impact of higher unit AISC at Gwalia and Simberi was partially offset by the inclusion of Atlantic Gold with an AISC for the year of \$928 per ounce.

Total net cash contribution from the operations was \$273,190,000 (2019: \$213,209,000), reflecting the benefit of including Atlantic

Gold with a cash contribution of \$122,327,000 for the year from acquisition date.

Impact of COVID-19

The Group was proactive in addressing the risk to the business prior to COVID-19 being declared a pandemic by the World Health Organisation.

As restrictions were put in place at the Group's various operations around the world, measures were implemented in line with relevant local government advice, including screening site workers for COVID-19 prior to attending site, cancelling all non-essential travel, working from home where practicable, enforcing self-isolation policies when appropriate, and encouraging good hygiene practices and physical distancing across all workplaces.

A detailed review of the Group's supply base was undertaken to understand and mitigate any potential disruption to the supply chain.

As a result of these measures, and the efforts of staff across all sites, the operations were able to successfully continue operations.

Exploration activities were initially shut down, but fieldwork had largely resumed by 30 June 2020 following extensive consultation, planning and risk management prior to restarting.

To mitigate any potential liquidity risk, the Group drew down A\$200,000,000 from the existing syndicated facility in March 2020. With the operations maintaining production, and the strengthening of the Group's cash balance, a decision was made to repay the A\$200,000,000 in July 2020. This amount remains available to be drawn down until the end of the facility's term in July 2022.

Analysis of Leonora operations

Total sales revenue from the Leonora operations of \$355,712,000 (2019: \$392,678,000) was generated from gold sales of 171,840 ounces (2019: 222,625 ounces) in the year at an average achieved gold price of \$2,068 per ounce (2019: \$1,762 per ounce). The reduction in gold ounces sold was attributable to lower production driven by lower grade of ore mined.

A summary of production performance for the year ended 30 June 2020 is provided in the table below.

Details of 2020 production performance

	Gwalia	
	2020	2019
Underground ore mined (kt)	697	625
Grade (g/t)	7.7	11.1
Ore milled (kt)	771	652
Grade (g/t)	7.1	10.8
Recovery (%)	97	98
Gold production (oz)	171,156	220,169
Gold sales (oz)	171,840	222,625
Cash cost ⁽¹⁾ (A\$/oz)	1,071	746
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	1,485	1,027

⁽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).

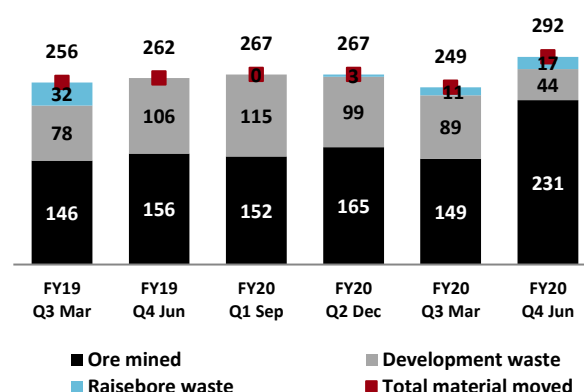
⁽²⁾ All-In Sustaining Cost (AISC) is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. AISC is based on cash operating costs and adds items relevant to sustaining production. It includes some, but not all, of the components identified in the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure.

The Gwalia mine produced 171,156 ounces of gold in 2020 (2019: 220,169 ounces). The lower gold production was attributable to lower mined grade in the 2020 year.

Ore tonnes mined from the Gwalia underground mine increased to 697,000 tonnes in 2020 (2019: 625,000 tonnes), mainly as a result of increased mine tonnes in the last quarter of the year as activities related to the Gwalia Extension Project reduced. Gwalia Extension Project development and raise boring activities continued to compete for ventilation and trucking capacity for most of the year.

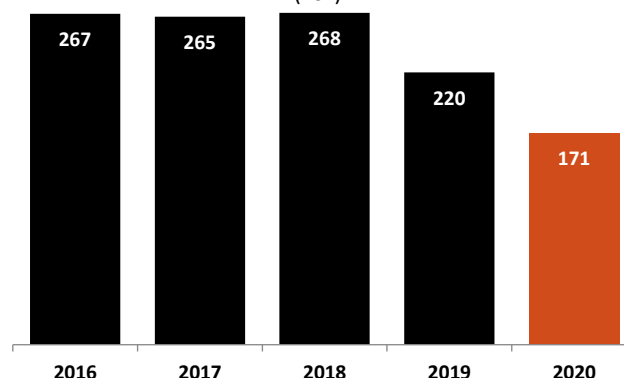
The following figure shows total tonnes moved, including ore, development waste and raise bore waste over the past eighteen months.

Gwalia total material moved (kt)



Ore mined grade decreased from 11.1 grams per tonne in 2019 to 7.7 grams per tonne in 2020, primarily due to the mining sequence passing through stopes with lower grade as mining extends deeper. The Gwalia mill continued to perform consistently in 2020, with the average recovery at 97% (2019: 98%), with the decrease a direct attribution of lower grade.

Gwalia gold production (koz)



Gwalia unit cash operating cost⁽¹⁾ for the year was \$1,071 per ounce (2019: \$746 per ounce). The higher unit operating cost in the 2020 financial year was due mainly to the negative impact of lower production and grade, and higher mining costs associated with operating development. The unit All-In Sustaining Cost (AISC)⁽²⁾ for Gwalia was \$1,485 per ounce in 2020 (2019: \$1,027 per ounce), with the higher unit cost attributable to the increase in the unit cash operating cost and higher sustaining capital expenditure. Total cash operating costs at Gwalia were \$183,308,000 (2019: \$164,246,000).

Gwalia generated net cash flows in 2020 of \$76,795,000 (2019: \$114,903,000), after sustaining and growth capital. The lower cash contribution from Gwalia in 2020 was due to lower production and increased operating costs. Sustaining capital in 2020 increased to \$52,559,000 (2019: \$44,161,000) mainly due to higher capital mine development. Growth capital in 2020 of \$40,584,000 (2019: \$70,843,000) consisted mainly of remaining expenditure on the Gwalia Extension Project, continued deep drilling targeting extensions to the Gwalia lode system and feasibility study costs. The lower growth capital in 2020 was due to reduced expenditure related to the Gwalia Extension project.

Analysis of Simberi operations

During 2020 the Simberi operations continued to generate a strong positive cash contribution. Total sales revenue from Simberi in 2020 was \$238,859,000 (2019: \$257,643,000), generated from gold sales of 102,189 ounces (2019: 145,819 ounces) at an average achieved gold price of A\$2,323 per ounce (2019: A\$1,761 per ounce). As at 30 June 2020 there were 6,130 ounces of gold inventory (2019: 3,876 ounces).

Gold production in 2020 of 104,068 ounces (2019: 142,177 ounces) was down on the prior year due to reduced mined volumes and lower grade. The lower head grade reflected mining in lower grade zones in the Botlu and Pigiput pit mine sequence.

A summary of production performance at Simberi for the year ended 30 June 2020 is provided in the table below.

Details of 2020 production performance

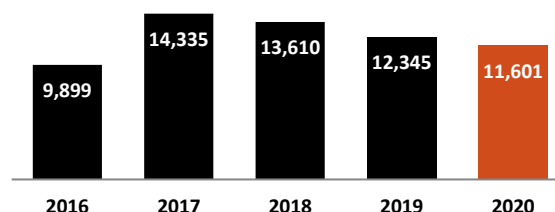
	Simberi	
	2020	2019
Open pit ore mined (kt)	2,963	3,396
Grade (g/t)	1.06	1.43
Ore milled (kt)	3,314	3,072
Grade (g/t)	1.17	1.64
Recovery (%)	83	87
Gold production (oz)	104,068	142,177
Gold sales (oz)	102,189	145,819
Cash cost ⁽¹⁾ (A\$/oz)	1,482	1,016
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	1,631	1,162

⁽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⁾ All-In Sustaining Cost (AISC) is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. AISC is based on cash operating costs and adds items relevant to sustaining production. It includes some, but not all, of the components identified in the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure.

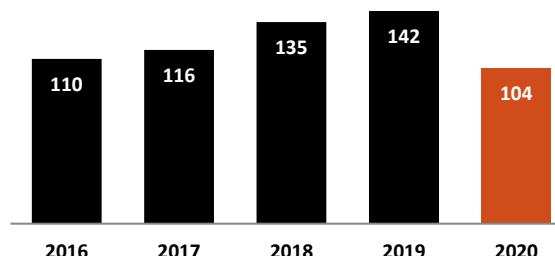
Ore mined in 2020 totalled 2,963,000 tonnes (2019: 3,396,000), which was a decrease of 13% on the prior year. The decrease in mining performance in 2020 was largely attributable to low productivity from the Pigibo pit, extended haul distances from the Pigiput and Sorowar North pits and reduced availability of some units in the mining fleet. Waste material moved in 2020 was 8,638,000 tonnes (2019: 8,949,000 tonnes).

Simberi annual total material moved
(kt)



Ore milled during the year totalled 3,314,000 tonnes (2019: 3,072,000 tonnes), with the higher throughput attributable to remaining stockpiles. The recovery performance of the Simberi mill for the year was an average of 83% (2019: 87%), with the decrease directly attributable to lower grade.

Simberi gold production
(koz)



Simberi unit cash operating cost for the year was \$1,482 per ounce (2019: \$1,016 per ounce). The unit All-In Sustaining Cost (AISC) for Simberi for the year was \$1,631 per ounce (2019: \$1,162 per ounce), which mainly reflected the impact of lower production. Total cash operating costs at Simberi during 2020 were higher than the prior year at \$154,229,000 (2019: \$144,452,000) due mainly to the impact of a weaker AUD/USD exchange rate; Simberi operations has a US dollar functional currency.

In 2020 Simberi generated positive net cash flows of \$74,068,000 (2019: \$98,306,000), after sustaining and growth capital expenditure. Sustaining capital expenditure of \$5,194,000 (2019: \$9,436,000) was mainly to refresh the mining fleet. Growth capital of \$4,147,000 (2019: \$4,596,000) comprised sulphide drilling expenditure beneath the Sorowar pit to improve the potential for a sulphide gold processing project and feasibility study costs.

Analysis of Atlantic Gold operations

Total gold sales revenue from Atlantic Gold in the year from acquisition date was \$233,155,000, generated from gold sales of 107,076 ounces at an average achieved gold price of A\$2,020 per ounce. Revenue recognised for Atlantic Gold includes \$16,583,000 relating to the amortisation of the fair value of the gold forward contracts acquired (refer Note 3).

A summary of production performance at Atlantic Gold for the year from acquisition date to 30 June 2020 is provided in the table below.

Details of production performance

19 July 2019 to 30 June 2020	Atlantic
	2020
Open pit ore mined (kt)	4,388
Grade (g/t)	0.92
Ore milled (kt)	2,457
Grade (g/t)	1.38
Recovery (%)	94
Gold production (oz)	102,301
Gold sales (oz)	107,076
Cash cost ⁽¹⁾ (A\$/oz)	711
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	927

⁽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).

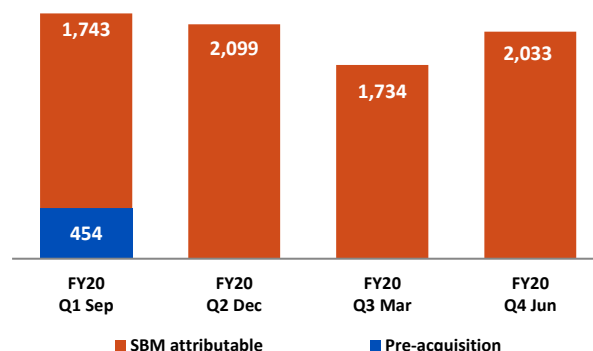
⁽²⁾ AISC is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide a meaningful measure by which to assess the total sustaining cash cost of operation. It is calculated in accordance with the World Gold Council's Guidance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

The Touquoy mine has integrated well into the St Barbara portfolio and performed strongly since the acquisition of Atlantic Gold in July 2019. The acquisition of Atlantic Gold has delivered low-cost production in 2020 complemented by a strong future project pipeline.

Atlantic Gold production for the year of 102,301 ounces was a record for the operation. The strong result for the year was attributable to improved head grade and continuous improvements in weather proofing the operations.

Total material moved in the year was 7,609,000 tonnes, which included total ore mined of 4,388,000 tonnes at an average grade of 0.92 grams per tonne.

Atlantic Gold quarterly total material moved (kt)

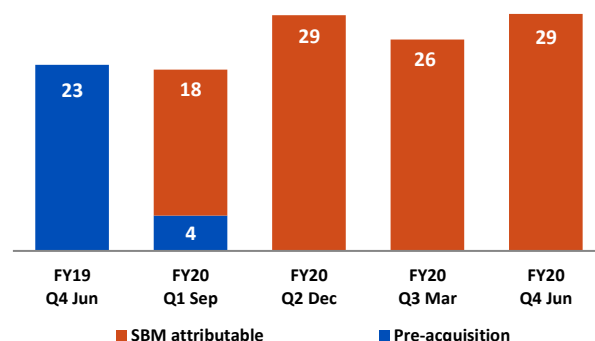


Ore milled was 2,457,000 tonnes in the year at a grade of 1.38 grams per tonne and recovery of 94%, with capital and management improvements made in the year increasing mill throughput.

The mill improvements made over the past year include:

- New crusher screen panel designs and larger grinding material;
- Installation of concrete slabs below the conveyors to assist clean-up
- Use of larger grinding media in the ball mill
- Daily production meetings to maximise opportunity maintenance and plan of action based on weather forecasts

Atlantic Gold quarterly production (koz)



Atlantic Gold unit cash operating cost for the year was \$711 per ounce, reflecting the benefits of an established local work force and infrastructure to support mining operations. The unit AISC was \$927 per ounce for the year, which reflected the low unit cash cost and sustaining capital to achieve improvements mainly in processing. Total cash operating costs for the year were \$72,736,000.

In the year, Atlantic Gold generated net cash flows of \$122,327,000, after sustaining capital of \$15,327,000 and growth capital expenditure of \$15,214,000, which focussed on exploration drilling in the Moose River Corridor and project permitting and feasibility costs for the Beaver Dam, Fifteen Mile Stream and Cochrane Hill projects.

Atlantic Gold has 21 exploration projects in Nova Scotia, with >1,900km² of exploration tenements. Exploration has been focussed on the Moose River Corridor and near mine targets to extend mine life and provide ore for the Touquoy mill while the projects are permitted and developed.

Discussion and analysis of the consolidated income statement

Revenue

Total revenue increased from \$650,321,000 in 2019 to \$827,726,000 in 2020 mainly due to a higher average realised gold price of A\$2,123 per ounce (2019: A\$1,762 per ounce) and the inclusion of Atlantic Gold's operations from 19 July 2019. Total revenue from Atlantic Gold from the date of acquisition amounted to \$233,155,000, which offset the impact of lower revenue from Gwalia and Simberi.

Mine operating costs

Mine operating costs in 2020 were \$384,820,000 compared with \$299,075,000 in the prior year. The higher operating costs were mainly attributable to Gwalia and the addition of Atlantic Gold's operating costs. Operating costs associated with Atlantic Gold for the year from acquisition date amounted to \$69,014,000.

Other revenue and income

Interest revenue was \$2,306,000 in 2020 (2019: \$10,073,000), earned on cash held during the year. The lower interest revenue was due to the reduction in the cash balance following the acquisition of Atlantic Gold in July 2019.

Exploration

Total exploration expenditure during the 2020 year amounted to \$45,738,000 (2019: \$31,401,000), with an amount of \$22,142,000 (2019: \$12,676,000) capitalised. Capitalised exploration related to deep drilling expenditure at Gwalia, sulphide drilling at Simberi and drilling and project related costs at Atlantic Gold. Exploration expenditure expensed in the income statement in the year was \$23,596,000 (2019: \$18,725,000). The higher exploration expenditure included activities in Nova Scotia following the Atlantic Gold acquisition.

Exploration activities during the year 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 in the Moose River Corridor and surrounding areas, as well as the highly prospective south west region of Nova Scotia.

Corporate costs

Corporate costs for the year of \$27,156,000 (2019: \$21,859,000) comprised mainly expenses relating to the corporate office, compliance costs and business development activities. The increase in corporate costs in 2020 was partly as a result of incorporating Atlantic Gold into the Group.

Royalties

Royalty expenses for the year were \$27,174,000 (2019: \$21,441,000). 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 due to the Province plus a 1% royalty on gold revenues to third parties. The increase in the royalties expense is due to the inclusion of Atlantic Gold and the higher gold price in 2020.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development amounted to \$165,366,000 (2019: \$79,643,000) for the year. Depreciation and amortisation attributable to the Leonora operations was \$65,767,000 (2019: \$59,763,000); higher depreciation included \$7,357,000 relating to the depreciation of 'right-of-use' assets recognised on 1 July 2019 in accordance with the application of AASB 16 *Leases*. The expense at Simberi was \$21,398,000 (2019: \$18,220,000),

including \$2,591,000 relating to 'right-of-use' assets. Atlantic Gold expensed an amount of \$75,511,000, including \$61,028,000 relating to amortisation of mineral rights acquired, and \$756,000 relating to 'right-of-use' assets. The Atlantic Gold depreciation and amortisation is based on the fair value of the assets acquired.

Expenses associated with acquisition

Expenses associated with the acquisition of Atlantic Gold totalled \$7,538,000 (2019: \$3,865,000), including advisory and integration expenses.

Share based payments

Share based payments of \$2,472,000 (2019: \$3,099,000) relate to employee benefits under the performance rights plan (refer to Note 19)

Other expenses

Other expenditure of \$4,735,000 (2019: \$3,855,000) included amounts associated with business development activities and studies related to mine optimisation at all sites.

Finance costs

Finance costs in the year were \$13,255,000 (2019: \$946,000). Finance costs comprised interest on the syndicated facility of \$5,971,000, interest paid and payable on finance leases of \$2,262,000 (2019: \$1,000), 'right-of-use' assets lease expense of \$1,033,000, borrowing costs relating to banking facilities and guarantee fees of \$2,036,000 (2019: \$60,000) and the unwinding of the discount on the rehabilitation provision of \$1,953,000 (2019: \$885,000). The increase in finance costs in 2020 was associated mainly with the syndicated facility.

Net foreign exchange loss

A net foreign exchange loss of \$2,377,000 was recognised for the year (2019: net loss of \$3,707,000). The foreign exchange loss related to movements in exchange rates associated with US dollar and Canadian dollar bank accounts and intercompany balances.

Gold instrument fair value adjustments

A net movement of \$9,152,000 (2019: \$Nil) was booked in relation to gold forward and call option contracts associated with the Atlantic Gold operations. This included a net credit of \$11,810,000 relating to the restructure of the acquired gold forward contracts, offset by an expense of \$20,962,000 relating to the fair value movement on the gold call options sold to facilitate the restructure of forward gold contracts (refer Note 3).

Income tax

An income tax expense of \$34,217,000 was recognised for the 2020 year (2019: income tax expense of \$60,131,000), which comprised an income tax expense of \$17,975,000 in relation to Australia (2019: \$42,109,000) reflecting the lower profitability of Leonora compared with prior year, and additional corporate expenses associated with the Atlantic Gold acquisition. A tax expense of \$18,703,000 was recognised for the PNG operations (2019: \$18,022,000). In relation to the Canadian operations a tax credit of \$2,461,000 was recognised, which included a credit of \$19,845,000 relating to a 2% reduction in tax rate applied in Nova Scotia during the year.

The effective tax rate on Australian earnings was 30% (2019: 33%), with the rate applicable to PNG earnings being 41% (2019: 23%), which included an expense related to an under provision for the FY2019 tax payment caused by the impact of the depreciation of the Papua New Guinea kina against the US dollar on the deferred tax asset. Excluding the impact of the change in tax rate, the effective tax rate in Canada was 30%.

Discussion and analysis of the consolidated cash flow statement

Operating activities

Cash flows from operating activities for the year were \$279,533,000 (2019: \$240,774,000), reflecting the benefit of the higher average gold price in 2020 and inclusion of Atlantic Gold operating cash flows of \$152,868,000. Cash flows from Gwalia and Simberi were lower in 2020 mainly as a result of reduced gold production.

Receipts from customers in the year were \$831,788,000 (2019: \$647,566,000), which included receipts for Atlantic Gold of \$233,155,000.

Payments to suppliers and employees were \$477,135,000 (2019: \$336,717,000), with the higher expenditure due to increased expenditure at Gwalia and the addition of Atlantic Gold.

Payments for exploration expensed in the year amounted to \$23,596,000 (2019: \$18,725,000), which related to exploration activities in Western Australia, Simberi and its neighbouring islands, together with Atlantic Gold expenditure.

Net interest paid was \$8,244,000 (2019: \$10,073,000 received), reflecting the interest paid on debt drawn down in the year. In the prior year interest was earned on a significant cash surplus ahead of the acquisition of Atlantic Gold. Borrowing costs of \$2,036,000 (2019: \$Nil) were incurred in relation to the syndicated facility.

Income tax payments totalled \$41,244,000 (2019: \$61,423,000). Income tax payments in the year included PAYG instalments of \$19,253,000 and an amount of \$21,991,000 relating to the prior financial year tax provision.

Investing activities

Net cash flows used in investing activities amounted to \$896,885,000 (2019: \$28,254,000) for the year. Investing activities in the year included the acquisition of Atlantic Gold for \$779,857,000 minus \$4,065,000 of cash acquired. Mine development expenditure was \$85,881,000 (2019: \$97,333,000), which included continuing expenditure related to the Gwalia Extension Project.

Higher expenditure on property, plant and equipment of \$26,331,000 in 2020 (2019: \$20,651,000) was due to higher expenditure at Gwalia and capital expenditure at Atlantic Gold.

Exploration expenditure capitalised during the year totalled \$22,142,000 (2019: \$12,676,000), which related to the deep drilling program at Gwalia to extend the orebody at depth, sulphide drilling at Simberi and Atlantic Gold resource development drilling and project expenditure.

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

- Underground mine development and infrastructure at Gwalia: \$47,573,000 (2019: \$36,075,000)
- Gwalia Extension Project: \$31,751,000 (2019: \$59,716,000).
- Gwalia Optimisation Project: \$6,054,000 (2019: \$2,657,000).
- Gwalia deep drilling: \$2,779,000 (2019: \$8,469,000)
- Purchase of property, plant and equipment at Gwalia of \$4,986,000 (2019: \$9,907,000), Simberi of \$5,158,000 (2019: \$9,384,000) and Atlantic Gold of \$15,327,000.
- Simberi growth: \$4,147,000 (2019: \$4,596,000).
- Atlantic Gold growth expenditure: \$15,214,000.

During the year the Company disposed of its investment in Prodigy Gold NL for proceeds of \$3,261,000 (2019: new investments of \$3,794,000).

Financing activities

Net cash flows related to financing activities in 2020 was a net inflow of \$147,370,000 (2019: net inflow of \$436,885,000). The financing activities in 2020 included \$207,014,000 drawn down under the syndicate facility and dividend payments totalling \$37,510,000 (2019: \$41,634,000). Repayments under 'right-of-use' asset leases amounted to \$13,899,000 (2019: \$39,000), with a further \$10,635,000 to fully repay the Atlantic Gold lease facilities during the year.

During the year cash backed banking guarantees decreased by \$2,400,000 (2019: increase of \$1,000,000) to \$Nil (2019: \$2,400,000).

Discussion and analysis of the consolidated balance sheet

Net assets and total equity

St Barbara's net assets and total equity increased during the year by \$91,954,000 to \$1,348,977,000 mainly as a result of net profit after tax reported for the year.

Current assets decreased to \$512,205,000 (2019: \$971,469,000) due mainly to the reduction in cash related to the acquisition of Atlantic Gold in July 2019.

Non-current assets increased during the year by \$1,224,544,000 to \$1,662,808,000 (2019: \$438,264,000), mainly due to assets acquired through the acquisition of Atlantic Gold, with a balance of \$921,364,000 at 30 June 2020 relating to the fair value of Atlantic Gold mineral rights acquired net of amortisation.

Current trade and other payables increased to \$66,970,000 at 30 June 2020 (2019: \$56,549,000) due to the timing of payments at year end, and an increase in payables associated with Atlantic Gold. Current interest bearing liabilities of \$12,199,000 (2019: \$Nil) relates to 'right-of-use' asset lease liabilities recognised under AASB 16 *Leases*. A current provision for tax payable of \$10,893,000 was recognised at 30 June 2020 (2019: \$23,171,000).

Non-current liabilities increased to \$709,938,000 (2019: \$56,218,000) as a result of interest bearing liabilities totalling \$319,567,000 and an increase in deferred tax liabilities associated with Atlantic Gold. The deferred tax balance was a net liability of \$289,914,000 (2019: net liability of \$2,071,000), with \$280,221,000 relating to the deferred tax liability associated with the fair values assigned to Atlantic Gold's assets and liabilities at acquisition. The non-current rehabilitation provision increased to \$53,162,000 (2019: \$30,846,000) with the acquisition of Atlantic Gold and change in the discount rate applied to the Group's rehabilitation provisions in 2020.

Debt management and liquidity

The available cash balance at 30 June 2020 was \$405,541,000 (2019: \$880,199,000), with no deposits held to maturity (2019: \$10,000,000).

Total interest bearing liabilities were \$331,766,000 at 30 June 2020 (2019: \$Nil), represented by \$304,189,000 drawn down under the syndicated facility, and \$27,577,000 (2019: Nil) of lease liabilities relating to 'right-of-use' assets.

The AUD/USD exchange rate as at 30 June 2020 was 0.6904 (30 June 2019: 0.7021).

The AUD/CAD exchange rate as at 30 June 2020 was 0.9351 (19 July 2019 acquisition date: 0.9270).

Subsequent Events

Subsequent to year end, the directors have declared a fully franked final dividend in relation to the 2020 financial year of 4 cents per ordinary share, to be paid on 29 September 2019. A provision for this dividend has not been recognised in the 30 June 2020 consolidated financial statements.

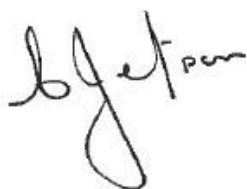
On 27 July 2020, the Group announced the acquisition of Moose River Resources Incorporated (MRRI) to consolidate ownership of the Touquoy Mine and surrounding exploration tenements for a total cash value of \$65,064,000, subject to working capital adjustments. The acquisition is subject to MRRI shareholder and court approval, which is expected to be completed in September 2020. This acquisition will be funded from the Group's existing cash balance.

On the 30 July 2020 the Group repaid in full the \$200,000,000 drawn down on 31 March 2020 from the Australian tranche of the syndicated facility. The full \$200,000,000 limit under the facility remains available to be redrawn for the remaining term of the facility, which expires in July 2022.

Statement about the audit status

This preliminary final report is based on the St Barbara Limited and controlled entities financial report as at 30 June 2020, which has been audited by PricewaterhouseCoopers. The 30 June 2020 financial report contains the independent audit report to the members of St Barbara Limited.

Dated: 24 August 2020

A handwritten signature in black ink, appearing to read 'C Jetson', written over a light blue horizontal line.

Craig Jetson

Managing Director and CEO



Directors' and Financial Report

For the year ended 30 June 2020

Directors' Report

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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 financial year ended 30 June 2020.

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

- T C Netscher
Non-Executive Chairman
- R S Vassie (resigned 2 February 2020)
Managing Director & CEO
- C A Jetson (appointed 3 February 2020)
Managing Director & 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

The qualifications, experience and special responsibilities of the Directors are presented on page 15.

Principal activities

During the year 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 year.

Directors' Report

Overview of group results

The consolidated results for the year are summarised as follows:

	2020 \$'000	2019 \$'000
EBITDA ⁽³⁾⁽⁶⁾	338,762	274,810
EBIT ⁽²⁾⁽⁶⁾	173,396	195,167
Profit before tax ⁽⁴⁾	162,447	204,294
Statutory profit⁽¹⁾ after tax	128,230	144,163
Total net significant items after tax	19,758	2,435
EBITDA ⁽⁶⁾ (excluding significant items)	338,869	278,675
EBIT ⁽⁶⁾ (excluding significant items)	173,503	199,032
Profit before tax (excluding significant items)	162,554	208,159
Underlying net profit after tax⁽⁵⁾⁽⁶⁾	108,472	141,728

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

	2020 \$'000	2019 \$'000
Atlantic Gold Corporation acquisition costs	(7,538)	(3,865)
Amortisation of derivative financial liability	16,583	-
Gold hedge restructure	11,810	-
Call option fair value movements	(20,962)	-
Significant items before tax	(107)	(3,865)
Income tax	20	6,300
Corporate income tax change	19,845	-
Significant items after tax	19,758	2,435

- (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 consolidated 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 2020 financial year the Group recorded strong financial performance despite lower production and profit from the Leonora and Simberi operations. The key results for the year were:

- Statutory net profit after tax of \$128,230,000 (2019: \$144,163,000);
- Successful acquisition on 19 July 2019 and integration of Atlantic Gold Corporation. Atlantic Gold contributed a segment profit before tax of \$84,304,000 for the year from acquisition date;
- Production for the Group totalled 381,887 ounces (2019: 362,346 ounces), with lower production from Gwalia and Simberi compared to the prior year offset by the Atlantic Gold contribution of 106,663 ounces from the date of acquisition;
- Cash contribution from operations of \$273,190,000 (2019: \$213,209,000) after sustaining and growth capital totalling \$133,025,000 (2019: \$129,036,000); and
- Total dividends paid in the year of \$37,510,000 (2019: \$41,634,000).

Underlying net profit after tax, representing net profit excluding significant items, was \$108,472,000 for the year (2019: \$141,728,000). Net significant items in the 2020 financial year included costs associated with the acquisition of Atlantic Gold Corporation (Atlantic Gold), mark-to-market movements in gold derivatives and the benefit of a reduction in tax rate in Nova Scotia, Canada. The result for the year reflects a material increase in depreciation and amortisation associated with Atlantic Gold.

Cash on hand and deposits held to maturity within 12 months at 30 June 2020 were \$450,541,000 (2019: \$890,199,000). The significant reduction in cash in the year was associated with the acquisition of Atlantic Gold. Total assets reported in the balance sheet as at 30 June 2020 reflected the fair value of Atlantic Gold assets acquired. Net cash generated during the year, excluding payment for the acquisition (net of cash acquired) and draw down of the syndicated facility was \$98,796,000 (2019: \$159,074,000).

Total interest bearing liabilities at 30 June 2020 were \$331,766,000 (2019: \$Nil), which included \$27,577,000 of leases associated with 'right-of-use' assets. In March 2020 the Company drew down A\$200,000,000 from the Australian tranche of the syndicated facility in response to COVID-19.

The key shareholder returns for the year are presented in the table below.

	2020	2019
Basic earnings per share (cents per share)	18.33	26.99
Return on equity	10%	15%
Change in closing share price	7%	(39)%

Underlying shareholder returns for the year are presented in the table below.

	2020	2019
Underlying basic earnings per share ⁽¹⁾ (cents per share)	15.51	26.54
Underlying return on equity ⁽¹⁾	8%	15%

- (1) Underlying basic earnings per share and return on equity 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.

Directors' Report

Overview of operating results

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

	Leonora		Simberi		Atlantic	Group	
\$'000	2020	2019	2020	2019	2020	2020	2019
Revenue	355,712	392,678	238,859	257,643	233,155	827,726	650,321
Mine operating costs	(164,515)	(155,236)	(151,291)	(143,839)	(69,014)	(384,820)	(299,075)
Gross profit	191,197	237,442	87,568	113,804	164,141	442,906	351,246
Royalties	(16,896)	(15,663)	(5,952)	(5,778)	(4,326)	(27,174)	(21,441)
EBITDA	174,301	221,779	81,616	108,026	159,815	415,732	329,805
Depreciation and amortisation ⁽²⁾	(65,767)	(59,763)	(21,398)	(18,220)	(75,511)	(162,676)	(77,983)
Profit from operations⁽¹⁾	108,534	162,016	60,218	89,806	84,304	253,056	251,822

(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 for Atlantic Gold includes amortisation of mineral rights from acquisition date to 30 June 2020 of \$61,028,000.

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

	Leonora		Simberi		Atlantic	Group	
\$'000	2020	2019	2020	2019	2020	2020	2019
Operating cash contribution	169,938	229,907	83,409	112,338	152,868	406,215	342,245
Capital - sustaining	(52,559)	(44,161)	(5,194)	(9,436)	(15,327)	(73,080)	(53,597)
Cash Contribution ⁽¹⁾	117,379	185,746	78,215	102,902	137,541	333,135	288,648
Growth capital – Gwalia Extension Project	(31,751)	(59,716)	-	-	-	(31,751)	(59,716)
Other growth capital ⁽²⁾	(8,833)	(11,127)	(4,147)	(4,596)	(15,214)	(28,194)	(15,723)
Cash contribution after growth capital	76,795	114,903	74,068	98,306	122,327	273,190	213,209

(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, Gwalia optimisation studies, expenditure on the sulphides project at Simberi and capitalised near mine drilling and studies expenditure at Atlantic Gold.

During the 2020 financial year the Group's operations continued to achieve strong production results, profitability and cash generation.

Safety of people working across the Group is of paramount importance, and the focus is to maintain a low total recordable injury frequency rate (TRIFR) calculated as a rolling 12 month average. During 2020 the TRIFR decreased to 3.0 (2019: 5.0) reflecting the investment the Group has made in managing safety risk and improving safety systems. In the year there was a 44 percent decrease in recordable injuries in respect of ongoing operations. The Group continues to work in an urgent and focused way on preventing future injuries through training programs and improved supervision of employees and contractors. Investigating and learning from incidents to prevent reoccurrence is a key consideration in developing training and supervision programs.

Total production for the Group in the 2020 financial year was 381,887 ounces of gold (2019: 362,346 ounces), and gold sales amounted to 381,105 ounces (2019: 368,444 ounces) at an average gold price of \$2,123 per ounce (2019: \$1,762 per ounce). The higher production was attributed to Atlantic Gold with 106,663 ounces of gold production and 107,076 ounces of gold sales from the date of acquisition, partially offset by lower production at Leonora and Simberi.

Consolidated All-In Sustaining Cost (AISC) for the Group was \$1,369 per ounce in 2020 (2019: \$1,080 per ounce), reflecting the impact of lower production and higher operating costs at Gwalia and Simberi, together with an increase in sustaining capital expenditure at Gwalia. The impact of higher unit AISC at Gwalia and Simberi was partially offset by the inclusion of Atlantic Gold with an AISC for the year of \$928 per ounce.

Total net cash contribution from the operations was \$273,190,000 (2019: \$213,209,000), reflecting the benefit of including Atlantic

Gold with a cash contribution of \$122,327,000 for the year from acquisition date.

Impact of COVID-19

The Group was proactive in addressing the risk to the business prior to COVID-19 being declared a pandemic by the World Health Organisation.

As restrictions were put in place at the Group's various operations around the world, measures were implemented in line with relevant local government advice, including screening site workers for COVID-19 prior to attending site, cancelling all non-essential travel, working from home where practicable, enforcing self-isolation policies when appropriate, and encouraging good hygiene practices and physical distancing across all workplaces.

A detailed review of the Group's supply base was undertaken to understand and mitigate any potential disruption to the supply chain.

As a result of these measures, and the efforts of staff across all sites, the operations were able to successfully continue operations.

Exploration activities were initially shut down, but fieldwork had largely resumed by 30 June 2020 following extensive consultation, planning and risk management prior to restarting.

To mitigate any potential liquidity risk, the Group drew down A\$200,000,000 from the existing syndicated facility in March 2020. With the operations maintaining production, and the strengthening of the Group's cash balance, a decision was made to repay the A\$200,000,000 in July 2020. This amount remains available to be drawn down until the end of the facility's term in July 2022.

Directors' Report

Analysis of Leonora operations

Total sales revenue from the Leonora operations of \$355,712,000 (2019: \$392,678,000) was generated from gold sales of 171,840 ounces (2019: 222,625 ounces) in the year at an average achieved gold price of \$2,068 per ounce (2019: \$1,762 per ounce). The reduction in gold ounces sold was attributable to lower production driven by lower grade of ore mined.

A summary of production performance for the year ended 30 June 2020 is provided in the table below.

Details of 2020 production performance

	Gwalia	
	2020	2019
Underground ore mined (kt)	697	625
Grade (g/t)	7.7	11.1
Ore milled (kt)	771	652
Grade (g/t)	7.1	10.8
Recovery (%)	97	98
Gold production (oz)	171,156	220,169
Gold sales (oz)	171,840	222,625
Cash cost ⁽¹⁾ (A\$/oz)	1,071	746
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	1,485	1,027

(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).

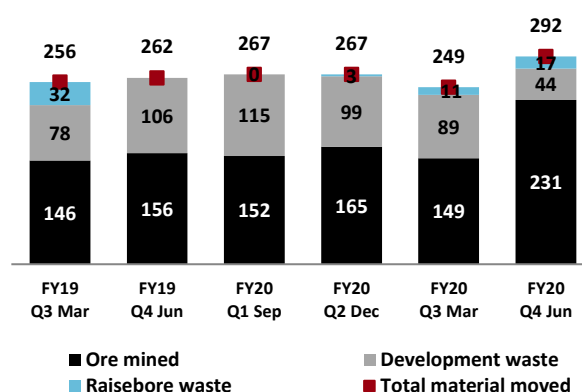
(2) All-In Sustaining Cost (AISC) is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. AISC is based on cash operating costs and adds items relevant to sustaining production. It includes some, but not all, of the components identified in the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure.

The Gwalia mine produced 171,156 ounces of gold in 2020 (2019: 220,169 ounces). The lower gold production was attributable to lower mined grade in the 2020 year.

Ore tonnes mined from the Gwalia underground mine increased to 697,000 tonnes in 2020 (2019: 625,000 tonnes), mainly as a result of increased mine tonnes in the last quarter of the year as activities related to the Gwalia Extension Project reduced. Gwalia Extension Project development and raise boring activities continued to compete for ventilation and trucking capacity for most of the year.

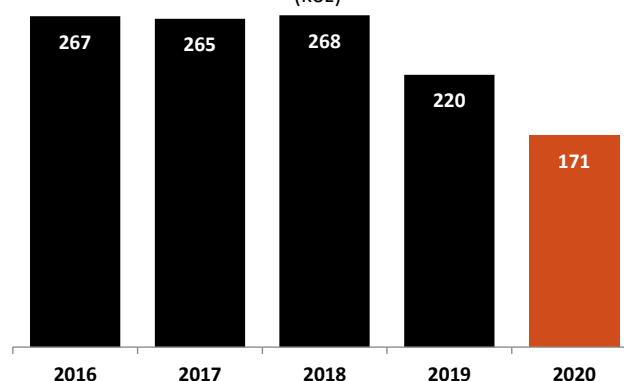
The following figure shows total tonnes moved, including ore, development waste and raise bore waste over the past eighteen months.

Gwalia total material moved (kt)



Ore mined grade decreased from 11.1 grams per tonne in 2019 to 7.7 grams per tonne in 2020, primarily due to the mining sequence passing through stopes with lower grade as mining extends deeper. The Gwalia mill continued to perform consistently in 2020, with the average recovery at 97% (2019: 98%), with the decrease a direct attribution of lower grade.

Gwalia gold production (koz)



Gwalia unit cash operating cost⁽¹⁾ for the year was \$1,071 per ounce (2019: \$746 per ounce). The higher unit operating cost in the 2020 financial year was due mainly to the negative impact of lower production and grade, and higher mining costs associated with operating development. The unit All-In Sustaining Cost (AISC)⁽²⁾ for Gwalia was \$1,485 per ounce in 2020 (2019: \$1,027 per ounce), with the higher unit cost attributable to the increase in the unit cash operating cost and higher sustaining capital expenditure. Total cash operating costs at Gwalia were \$183,308,000 (2019: \$164,246,000).

Gwalia generated net cash flows in 2020 of \$76,795,000 (2019: \$114,903,000), after sustaining and growth capital. The lower cash contribution from Gwalia in 2020 was due to lower production and increased operating costs. Sustaining capital in 2020 increased to \$52,559,000 (2019: \$44,161,000) mainly due to higher capital mine development. Growth capital in 2020 of \$40,584,000 (2019: \$70,843,000) consisted mainly of remaining expenditure on the Gwalia Extension Project, continued deep drilling targeting extensions to the Gwalia lode system and feasibility study costs. The lower growth capital in 2020 was due to reduced expenditure related to the Gwalia Extension project.

Directors' Report

Analysis of Simberi operations

During 2020 the Simberi operations continued to generate a strong positive cash contribution. Total sales revenue from Simberi in 2020 was \$238,859,000 (2019: \$257,643,000), generated from gold sales of 102,189 ounces (2019: 145,819 ounces) at an average achieved gold price of A\$2,323 per ounce (2019: A\$1,761 per ounce). As at 30 June 2020 there were 6,130 ounces of gold inventory (2019: 3,876 ounces).

Gold production in 2020 of 104,068 ounces (2019: 142,177 ounces) was down on the prior year due to reduced mined volumes and lower grade. The lower head grade reflected mining in lower grade zones in the Botlu and Pigiput pit mine sequence.

A summary of production performance at Simberi for the year ended 30 June 2020 is provided in the table below.

Details of 2020 production performance

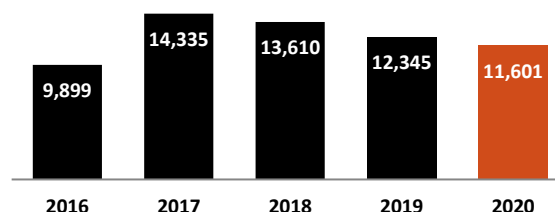
	Simberi	
	2020	2019
Open pit ore mined (kt)	2,963	3,396
Grade (g/t)	1.06	1.43
Ore milled (kt)	3,314	3,072
Grade (g/t)	1.17	1.64
Recovery (%)	83	87
Gold production (oz)	104,068	142,177
Gold sales (oz)	102,189	145,819
Cash cost ⁽¹⁾ (A\$/oz)	1,482	1,016
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	1,631	1,162

(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) All-In Sustaining Cost (AISC) is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. AISC is based on cash operating costs and adds items relevant to sustaining production. It includes some, but not all, of the components identified in the World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure.

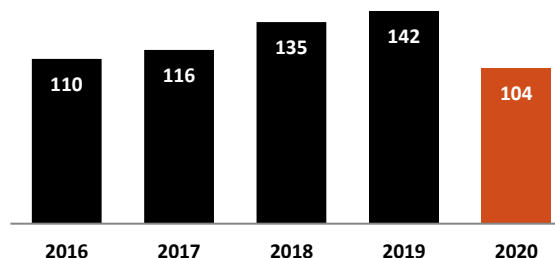
Ore mined in 2020 totalled 2,963,000 tonnes (2019: 3,396,000), which was a decrease of 13% on the prior year. The decrease in mining performance in 2020 was largely attributable to low productivity from the Pigibo pit, extended haul distances from the Pigiput and Sorowar North pits and reduced availability of some units in the mining fleet. Waste material moved in 2020 was 8,638,000 tonnes (2019: 8,949,000 tonnes).

Simberi annual total material moved (kt)



Ore milled during the year totalled 3,314,000 tonnes (2019: 3,072,000 tonnes), with the higher throughput attributable to remaining stockpiles. The recovery performance of the Simberi mill for the year was an average of 83% (2019: 87%), with the decrease directly attributable to lower grade.

Simberi gold production (koz)



Simberi unit cash operating cost for the year was \$1,482 per ounce (2019: \$1,016 per ounce). The unit All-In Sustaining Cost (AISC) for Simberi for the year was \$1,631 per ounce (2019: \$1,162 per ounce), which mainly reflected the impact of lower production. Total cash operating costs at Simberi during 2020 were higher than the prior year at \$154,229,000 (2019: \$144,452,000) due mainly to the impact of a weaker AUD/USD exchange rate; Simberi operations has a US dollar functional currency.

In 2020 Simberi generated positive net cash flows of \$74,068,000 (2019: \$98,306,000), after sustaining and growth capital expenditure. Sustaining capital expenditure of \$5,194,000 (2019: \$9,436,000) was mainly to refresh the mining fleet. Growth capital of \$4,147,000 (2019: \$4,596,000) comprised sulphide drilling expenditure beneath the Sorowar pit to improve the potential for a sulphide gold processing project and feasibility study costs.

Directors' Report

Analysis of Atlantic Gold operations

Total gold sales revenue from Atlantic Gold in the year from acquisition date was \$233,155,000, generated from gold sales of 107,076 ounces at an average achieved gold price of A\$2,020 per ounce. Revenue recognised for Atlantic Gold includes \$16,583,000 relating to the amortisation of the fair value of the gold forward contracts acquired (refer Note 3).

A summary of production performance at Atlantic Gold for the year from acquisition date to 30 June 2020 is provided in the table below.

Details of production performance

	Atlantic
19 July 2019 to 30 June 2020	2020
Open pit ore mined (kt)	4,388
Grade (g/t)	0.92
Ore milled (kt)	2,457
Grade (g/t)	1.38
Recovery (%)	94
Gold production (oz)	102,301
Gold sales (oz)	107,076
Cash cost ⁽¹⁾ (A\$/oz)	711
All-In Sustaining Cost (AISC) ⁽²⁾ (A\$/oz)	927

(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).

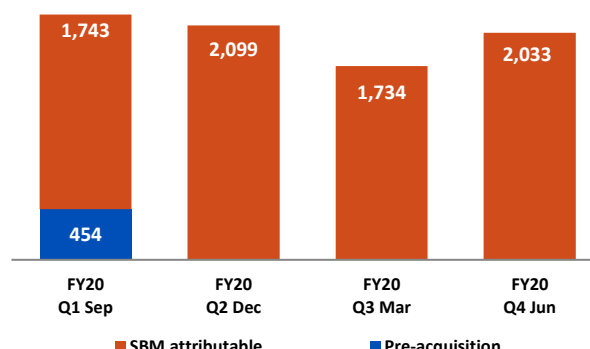
(2) AISC is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It is presented to provide a meaningful measure by which to assess the total sustaining cash cost of operation. It is calculated in accordance with the World Gold Council's Guidance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

The Touquoy mine has integrated well into the St Barbara portfolio and performed strongly since the acquisition of Atlantic Gold in July 2019. The acquisition of Atlantic Gold has delivered low-cost production in 2020 complemented by a strong future project pipeline.

Atlantic Gold production for the year of 102,301 ounces was a record for the operation. The strong result for the year was attributable to improved head grade and continuous improvements in weather proofing the operations.

Total material moved in the year was 7,609,000 tonnes, which included total ore mined of 4,388,000 tonnes at an average grade of 0.92 grams per tonne.

Atlantic Gold quarterly total material moved (kt)

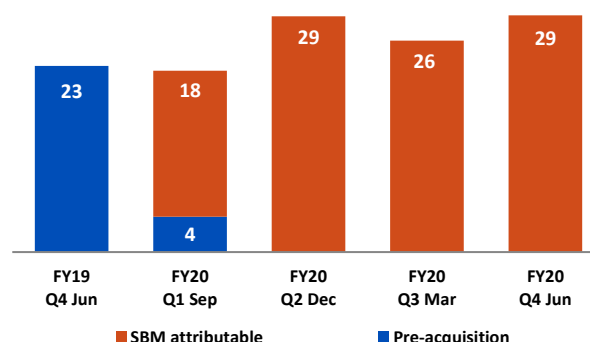


Ore milled was 2,457,000 tonnes in the year at a grade of 1.38 grams per tonne and recovery of 94%, with capital and management improvements made in the year increasing mill throughput.

The mill improvements made over the past year include:

- New crusher screen panel designs and larger grinding material;
- Installation of concrete slabs below the conveyors to assist clean-up
- Use of larger grinding media in the ball mill
- Daily production meetings to maximise opportunity maintenance and plan of action based on weather forecasts

Atlantic Gold quarterly production (koz)



Atlantic Gold unit cash operating cost for the year was \$711 per ounce, reflecting the benefits of an established local work force and infrastructure to support mining operations. The unit AISC was \$927 per ounce for the year, which reflected the low unit cash cost and sustaining capital to achieve improvements mainly in processing. Total cash operating costs for the year were \$72,736,000.

In the year, Atlantic Gold generated net cash flows of \$122,327,000, after sustaining capital of \$15,327,000 and growth capital expenditure of \$15,214,000, which focussed on exploration drilling in the Moose River Corridor and project permitting and feasibility costs for the Beaver Dam, Fifteen Mile Stream and Cochrane Hill projects.

Atlantic Gold has 21 exploration projects in Nova Scotia, with >1,900km² of exploration tenements. Exploration has been focussed on the Moose River Corridor and near mine targets to extend mine life and provide ore for the Touquoy mill while the projects are permitted and developed.

Directors' Report

Discussion and analysis of the consolidated income statement

Revenue

Total revenue increased from \$650,321,000 in 2019 to \$827,726,000 in 2020 mainly due to a higher average realised gold price of A\$2,123 per ounce (2019: A\$1,762 per ounce) and the inclusion of Atlantic Gold's operations from 19 July 2019. Total revenue from Atlantic Gold from the date of acquisition amounted to \$233,155,000, which offset the impact of lower revenue from Gwalia and Simberi.

Mine operating costs

Mine operating costs in 2020 were \$384,820,000 compared with \$299,075,000 in the prior year. The higher operating costs were mainly attributable to Gwalia and the addition of Atlantic Gold's operating costs. Operating costs associated with Atlantic Gold for the year from acquisition date amounted to \$69,014,000.

Other revenue and income

Interest revenue was \$2,306,000 in 2020 (2019: \$10,073,000), earned on cash held during the year. The lower interest revenue was due to the reduction in the cash balance following the acquisition of Atlantic Gold in July 2019.

Exploration

Total exploration expenditure during the 2020 year amounted to \$45,738,000 (2019: \$31,401,000), with an amount of \$22,142,000 (2019: \$12,676,000) capitalised. Capitalised exploration related to deep drilling expenditure at Gwalia, sulphide drilling at Simberi and drilling and project related costs at Atlantic Gold. Exploration expenditure expensed in the income statement in the year was \$23,596,000 (2019: \$18,725,000). The higher exploration expenditure included activities in Nova Scotia following the Atlantic Gold acquisition.

Exploration activities during the year 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 in the Moose River Corridor and surrounding areas, as well as the highly prospective south west region of Nova Scotia.

Corporate costs

Corporate costs for the year of \$27,156,000 (2019: \$21,859,000) comprised mainly expenses relating to the corporate office, compliance costs and business development activities. The increase in corporate costs in 2020 was partly as a result of incorporating Atlantic Gold into the Group.

Royalties

Royalty expenses for the year were \$27,174,000 (2019: \$21,441,000). 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 due to the Province plus a 1% royalty on gold revenues to third parties. The increase in the royalties expense is due to the inclusion of Atlantic Gold and the higher gold price in 2020.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development amounted to \$165,366,000 (2019: \$79,643,000) for the year. Depreciation and amortisation attributable to the Leonora operations was \$65,767,000 (2019: \$59,763,000); higher depreciation included \$7,357,000 relating to the depreciation of 'right-of-use' assets recognised on 1 July 2019 in accordance with the application of AASB 16 *Leases*. The expense at Simberi was

\$21,398,000 (2019: \$18,220,000), including \$2,591,000 relating to 'right-of-use' assets. Atlantic Gold expensed an amount of \$75,511,000, including \$61,028,000 relating to amortisation of mineral rights acquired, and \$756,000 relating to 'right-of-use' assets. The Atlantic Gold depreciation and amortisation is based on the fair value of the assets acquired.

Expenses associated with acquisition

Expenses associated with the acquisition of Atlantic Gold totalled \$7,538,000 (2019: \$3,865,000), including advisory and integration expenses.

Share based payments

Share based payments of \$2,472,000 (2019: \$3,099,000) relate to employee benefits under the performance rights plan (refer to Note 19)

Other expenses

Other expenditure of \$4,735,000 (2019: \$3,855,000) included amounts associated with business development activities and studies related to mine optimisation at all sites.

Finance costs

Finance costs in the year were \$13,255,000 (2019: \$946,000). Finance costs comprised interest on the syndicated facility of \$5,971,000, interest paid and payable on finance leases of \$2,262,000 (2019: \$1,000), 'right-of-use' assets lease expense of \$1,033,000, borrowing costs relating to banking facilities and guarantee fees of \$2,036,000 (2019: \$60,000) and the unwinding of the discount on the rehabilitation provision of \$1,953,000 (2019: \$885,000). The increase in finance costs in 2020 was associated mainly with the syndicated facility.

Net foreign exchange loss

A net foreign exchange loss of \$2,377,000 was recognised for the year (2019: net loss of \$3,707,000). The foreign exchange loss related to movements in exchange rates associated with US dollar and Canadian dollar bank accounts and intercompany balances.

Gold instrument fair value adjustments

A net movement of \$9,152,000 (2019: \$Nil) was booked in relation to gold forward and call option contracts associated with the Atlantic Gold operations. This included a net credit of \$11,810,000 relating to the restructure of the acquired gold forward contracts, offset by an expense of \$20,962,000 relating to the fair value movement on the gold call options sold to facilitate the restructure of forward gold contracts (refer Note 3).

Income tax

An income tax expense of \$34,217,000 was recognised for the 2020 year (2019: income tax expense of \$60,131,000), which comprised an income tax expense of \$17,975,000 in relation to Australia (2019: \$42,109,000) reflecting the lower profitability of Leonora compared with prior year, and additional corporate expenses associated with the Atlantic Gold acquisition. A tax expense of \$18,703,000 was recognised for the PNG operations (2019: \$18,022,000). In relation to the Canadian operations a tax credit of \$2,461,000 was recognised, which included a credit of \$19,845,000 relating to a 2% reduction in tax rate applied in Nova Scotia during the year.

The effective tax rate on Australian earnings was 30% (2019: 33%), with the rate applicable to PNG earnings being 41% (2019: 23%), which included an expense related to an under provision for the FY2019 tax payment caused by the impact of the depreciation of the Papua New Guinea kina against the US dollar on the deferred tax asset. Excluding the impact of the change in tax rate, the effective tax rate in Canada was 30%.

Directors' Report

Discussion and analysis of the consolidated cash flow statement

Operating activities

Cash flows from operating activities for the year were \$279,533,000 (2019: \$240,774,000), reflecting the benefit of the higher average gold price in 2020 and inclusion of Atlantic Gold operating cash flows of \$152,868,000. Cash flows from Gwalia and Simberi were lower in 2020 mainly as a result of reduced gold production.

Receipts from customers in the year were \$831,788,000 (2019: \$647,566,000), which included receipts for Atlantic Gold of \$233,155,000.

Payments to suppliers and employees were \$477,135,000 (2019: \$336,717,000), with the higher expenditure due to increased expenditure at Gwalia and the addition of Atlantic Gold.

Payments for exploration expensed in the year amounted to \$23,596,000 (2019: \$18,725,000), which related to exploration activities in Western Australia, Simberi and its neighbouring islands, together with Atlantic Gold expenditure.

Net interest paid was \$8,244,000 (2019: \$10,073,000 received), reflecting the interest paid on debt drawn down in the year. In the prior year interest was earned on a significant cash surplus ahead of the acquisition of Atlantic Gold. Borrowing costs of \$2,036,000 (2019: \$Nil) were incurred in relation to the syndicated facility.

Income tax payments totalled \$41,244,000 (2019: \$61,423,000). Income tax payments in the year included PAYG instalments of \$19,253,000 and an amount of \$21,991,000 relating to the prior financial year tax provision.

Investing activities

Net cash flows used in investing activities amounted to \$896,885,000 (2019: \$28,254,000) for the year. Investing activities in the year included the acquisition of Atlantic Gold for \$779,857,000 minus \$4,065,000 of cash acquired. Mine development expenditure was \$85,881,000 (2019: \$97,333,000), which included continuing expenditure related to the Gwalia Extension Project.

Higher expenditure on property, plant and equipment of \$26,331,000 in 2020 (2019: \$20,651,000) was due to higher expenditure at Gwalia and capital expenditure at Atlantic Gold.

Exploration expenditure capitalised during the year totalled \$22,142,000 (2019: \$12,676,000), which related to the deep drilling program at Gwalia to extend the orebody at depth, sulphide drilling at Simberi and Atlantic Gold resource development drilling and project expenditure.

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

- Underground mine development and infrastructure at Gwalia: \$47,573,000 (2019: \$36,075,000)
- Gwalia Extension Project: \$31,751,000 (2019: \$59,716,000).
- Gwalia Optimisation Project: \$6,054,000 (2019: \$2,657,000).
- Gwalia deep drilling: \$2,779,000 (2019: \$8,469,000)
- Purchase of property, plant and equipment at Gwalia of \$4,986,000 (2019: \$9,907,000), Simberi of \$5,158,000 (2019: \$9,384,000) and Atlantic Gold of \$15,327,000.
- Simberi growth: \$4,147,000 (2019: \$4,596,000).
- Atlantic Gold growth expenditure: \$15,214,000.

During the year the Company disposed of its investment in Prodigy Gold NL for proceeds of \$3,261,000 (2019: new investments of \$3,794,000).

Financing activities

Net cash flows related to financing activities in 2020 was a net inflow of \$147,370,000 (2019: net inflow of \$436,885,000). The financing activities in 2020 included \$207,014,000 drawn down under the syndicate facility and dividend payments totalling \$37,510,000 (2019: \$41,634,000). Repayments under 'right-of-use' asset leases amounted to \$13,899,000 (2019: \$39,000), with a further \$10,635,000 to fully repay the Atlantic Gold lease facilities during the year.

During the year cash backed banking guarantees decreased by \$2,400,000 (2019: increase of \$1,000,000) to \$Nil (2019: \$2,400,000).

Discussion and analysis of the consolidated balance sheet

Net assets and total equity

St Barbara's net assets and total equity increased during the year by \$91,954,000 to \$1,348,977,000 mainly as a result of net profit after tax reported for the year.

Current assets decreased to \$512,205,000 (2019: \$971,469,000) due mainly to the reduction in cash related to the acquisition of Atlantic Gold in July 2019.

Non-current assets increased during the year by \$1,224,544,000 to \$1,662,808,000 (2019: \$438,264,000), mainly due to assets acquired through the acquisition of Atlantic Gold, with a balance of \$921,364,000 at 30 June 2020 relating to the fair value of Atlantic Gold mineral rights acquired net of amortisation.

Current trade and other payables increased to \$66,970,000 at 30 June 2020 (2019: \$56,549,000) due to the timing of payments at year end, and an increase in payables associated with Atlantic Gold. Current interest bearing liabilities of \$12,199,000 (2019: \$Nil) relates to 'right-of-use' asset lease liabilities recognised under AASB 16 Leases. A current provision for tax payable of \$10,893,000 was recognised at 30 June 2020 (2019: \$23,171,000).

Non-current liabilities increased to \$709,938,000 (2019: \$56,218,000) as a result of interest bearing liabilities totalling \$319,567,000 and an increase in deferred tax liabilities associated with Atlantic Gold. The deferred tax balance was a net liability of \$289,914,000 (2019: net liability of \$2,071,000), with \$280,221,000 relating to the deferred tax liability associated with the fair values assigned to Atlantic Gold's assets and liabilities at acquisition. The non-current rehabilitation provision increased to \$53,162,000 (2019: \$30,846,000) with the acquisition of Atlantic Gold and change in the discount rate applied to the Group's rehabilitation provisions in 2020.

Debt management and liquidity

The available cash balance at 30 June 2020 was \$405,541,000 (2019: \$880,199,000), with no deposits held to maturity (2019: \$10,000,000).

Total interest bearing liabilities were \$331,766,000 at 30 June 2020 (2019: \$Nil), represented by \$304,189,000 drawn down under the syndicated facility, and \$27,577,000 (2019: Nil) of lease liabilities relating to 'right-of-use' assets.

The AUD/USD exchange rate as at 30 June 2020 was 0.6904 (30 June 2019: 0.7021).

The AUD/CAD exchange rate as at 30 June 2020 was 0.9351 (19 July 2019 acquisition date: 0.9270).

Directors' Report

Business strategy and future prospects

St Barbara's strategic focus is on developing or acquiring gold deposits in order to diversify the Group's production base to create a portfolio of sustainable long life operations at costs in the bottom third of AISC. In relation to growth by acquisition or development, St Barbara's focus is to actively add, manage and progress assets in all phases of the 'growth pipeline' from exploration through feasibility and construction to production. The Group aligns its decisions and activities to this strategy by focusing on key value drivers: relative total shareholder returns, increase in gold ore reserves, return on capital employed and exploration success.

In relation to current operations, St Barbara's focus is on maximising production at the lowest possible cost from Gwalia, Simberi and Atlantic Gold, and to extend mine life through drilling and capital development where the Group's investment criteria are met.

During the 2020 financial year the Group achieved a number of strategic milestones:

- On 19 July 2019 the Company acquired Atlantic Gold Corporation, a TSX listed low cost gold producer in Nova Scotia, Canada, with the operations successfully integrated into the Group during the year. The acquisition provides St Barbara with another operating mine together with a number of organic growth projects and exploration opportunities.
- Continued strong operating margins from Gwalia and Simberi.
- Safety performance continued to be a key focus area for the Group, with the Total Recordable Injury Frequency Rate (TRIFR) decreasing to 3.0 for the year (2019: 5.0). Health and safety plans and strategies are continuously reviewed and developed to assist in reducing the Group's TRIFR.
- During the year the Gwalia Extension Project (GEP) made good progress with the final ventilation shaft completed in August 2020. GEP consisted of two main components, a ventilation upgrade and paste aggregate fill, which involves mixing paste from surface with waste crushed underground to fill stope cavities.
- During the June quarter an operational review was undertaken at each operation. With external technical assistance the Company-wide project identified a range of productivity improvements and cost reduction initiatives to maximise the value from the assets.
- During the year the Company paid a final fully franked dividend in relation to the 2019 financial year of 4 cents per ordinary share, an interim fully franked dividend of 4 cents per ordinary share, and has declared a final fully franked dividend in relation to the 2020 financial year of 4 cents per ordinary share.

Strategic drivers for the business include:

- *Optimising cash flow and reducing the cost base:* The Group is focused on optimising cash flow from operations through maximising production and managing costs at its existing operations, enhancing operating capabilities and incorporating new technologies across St Barbara. The Group will continue to identify opportunities to enhance productivity and improve operating performance in a volatile gold market.
- *Improving productivity:* The Group is focused on maintaining consistent operations at Gwalia, Simberi and Atlantic Gold. St Barbara continues to invest to improve infrastructure, mining fleets and capability to ensure consistent and reliable production at its operations and to maintain operating costs at levels that protect profit margins and ensure an adequate return on capital invested. The operational review conducted in the June 2020 quarter identified a range of productivity improvements to inform the Company's operational agenda to maximise the value from the assets.

- *Growing the ore reserve base through the development of existing Mineral Resources and exploration activities:* A number of potential organic growth opportunities have been identified, which could increase production and extend the life of the Gwalia, Simberi and Atlantic Gold operations. During 2020 the deep drilling program continued at Gwalia with the objective of extending the Gwalia mineral resource, together with exploration at targets in the greater Leonora region. At Simberi, a sulphide ore reserve, which has been measured at 1.4 Moz, provides an opportunity to create a long life production centre at Simberi, with a feasibility study in progress. In Canada, exploration commenced in highly prospective ground in south-west Nova Scotia, as well as continued exploration in the Moose River Corridor. With the Canadian exploration program incorporated within the Company's global portfolio the objective is to prioritise targets to extend mine life and enhance future projects.
- *Maintaining a conservative financial profile:* The Group continues to maintain prudent financial management policies with the objective of ensuring adequate liquidity to pursue appropriate investments in the operations and exploration. The Group's financial management policies are aimed at generating net cash flows from operations to meet financial commitments and fund exploration to the extent viable and appropriate. The Group's capital management plan is reviewed and discussed with the Board on a regular basis.
- *Continue and strengthen the Group's commitment to employees and local communities:* The Group considers the capability and wellbeing of its employees as key in delivering the business strategy. Creating and sustaining a safe work environment and ensuring that operations conform to applicable environmental and sustainability standards are an important focus for the Group. The Group invests in the training and development of its employees, talent management and succession planning.

The Company views such efforts as an important component of instilling St Barbara's values throughout the organisation and retaining continuity in the workforce. The Group has in place a comprehensive talent management framework to strengthen the capacity to attract, motivate and retain capable people. St Barbara places significant importance on gender diversity and is certified by the Workplace Gender Equality Agency (WEGA) as an Employer of Choice for Gender Equality, the only mining company to be certified in 2019-2020. The Group also has an ongoing commitment to work with local communities to improve infrastructure, particularly in health and education, support local businesses, and provide venues for leisure activities, and other opportunities for developing communities in which the Group operates.

The Group's priorities in the 2021 financial year are:

Atlantic Gold: progressing the various Environmental Impact Statements (EIS) for each of the development projects, despite COVID restrictions slowing some stakeholder engagement. Work continues on the optimal sequencing of the suite of Atlantic Gold projects.

Leonora Operations: completing the final vent shaft of the Gwalia Extension Project (GEP) and capitalising on the increased ventilation. With GEP complete, the operations will optimise development, maximise ore extraction and production and ultimately reduce operating costs for future operations. A dedicated project has been established to drive the business improvement opportunities already identified during the operational review.

Directors' Report

Simberi Operations: progressing the Simberi sulphide project feasibility study. This involves further optimising the work completed in the pre-feasibility study, while the operations team continues to deliver on the current oxide mine plan.

Focussed exploration and business development activity will continue within COVID-19 restrictions.

For the 2021 financial year the Group's operational and financial outlook is as follows:

- Gold production is expected to be in the range 370,000 to 410,000 ounces;
- All-In Sustaining Cost is expected to be in the range of \$1,360 per ounce to \$1,510 per ounce for the Group;
- Sustaining capital expenditure is expected to be in the range of \$97 million to \$115 million;
- Growth capital is anticipated to be between \$49 million to \$57 million; and
- Exploration expenditure of between \$30 million and \$35 million.

The focus for the exploration program in 2021 will be exploration in the Greater Gwalia area and in the Leonora region; continued exploration at Pinjin in Western Australia and Back Creek in New South Wales; drilling oxide epithermal structures on Simberi, and an extensive Canadian program in the Moose River Corridor and south-west Nova Scotia.

Material business risks

St Barbara prepares its business plan using estimates of production and financial performance based on a business planning system and a range of assumptions and expectations. There is uncertainty in these assumptions and expectations, and risk that variation from them could result in actual performance being different to planned outcomes. The uncertainties arise from a range of factors, including the Group's international operating scope, nature of the mining industry and changing economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2020 are:

- *Fluctuations in the United States Dollar ("USD") spot gold price:* Volatility in the gold price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained despite a fall in the spot gold price.

Declining gold prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or interrupt operations, which may have a material adverse effect on the results of operations and financial condition.

In assessing the feasibility of a project for development, the Group may consider whether a hedging instrument should be put in place to guarantee a minimum level of return. The Group has also used gold forward contracts to secure revenues during the completion of the turnaround at Simberi and subsequently to ensure a reasonable margin.

The Group has a centralised treasury function that monitors the risk of fluctuations in the USD gold price and impacts on expenditures from movements in local currencies. Where possible, the exposure to movements in the USD relative to USD denominated expenditure is offset by the exposure to the USD gold price (a natural hedge position).

- *Hedging risk:* The Group has hedging agreements in place for the forward sale of fixed quantities of gold production from its operations. There is a risk that the Group may not be able to

deliver the amount of gold required under its hedging arrangements if, for example, there is a production shortage. In this event the Group's financial performance may be adversely affected. Under the hedging agreements, rising gold prices could result in part of the Group's gold production being sold at less than the prevailing spot gold prices at the time of sale.

- *Government regulation:* The Group's current and future mining, processing, development and exploration activities are subject to various laws and statutory regulations governing prospecting, development, production, taxes, royalty payments, labour standards and occupational health, mine safety, toxic substances, land use, water use, communications, land claims of local people and other matters, and to obtaining and maintaining the necessary titles, authorisations, permits and licences.

No assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could have an adverse effect on the Group's financial position and results of operations, or on the success of development projects. Any such amendments to current laws, regulations and permits governing operations and activities of mining, exploration and development projects, or more stringent implementation thereof, could have a material adverse impact on the Group's result of operations, financial condition and prospects. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against the Group, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

- *Operating risks and hazards:* The Group's mining operations, consisting of open pit and underground mines, generally involve a high degree of risk, and these risks increase when mining occurs at depth. The Group's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold. Processing operations are subject to hazards such as equipment failure, toxic chemical leakage, loss of power, fast-moving heavy equipment, failure of deep sea tailings disposal pipelines and retaining dams around tailings containment areas, rain and seismic events which may result in environmental pollution and consequent liability. The impact of these events could lead to disruptions in production and scheduling, increased costs and loss of facilities, which may have a material adverse impact on the Group's results of operations, financial condition, license to operate and prospects. These risks are managed by a structured operations risk management framework and formalised procedures.
- *Reliance on transportation facilities and infrastructure:* The Group depends on the availability and affordability of reliable transportation facilities and infrastructure (e.g. roads, bridges, airports, power sources and water supply) to deliver consumables to site, and final product to market. Interruption in the provision of such infrastructure (e.g. due to adverse weather, community or government interference) could adversely affect St Barbara's operations, financial condition and results of operations. The Group's operating procedures include business continuity plans which can be enacted in the event any particular infrastructure is temporarily unavailable.
- *Information technology and cyber risk:* The Group's operations are supported by information technology systems, consisting of infrastructure, networks, applications and service providers. The Group could be subject to network and systems interference or disruptions from a number of sources, including security breaches, cyber-attacks and system failures. The impact of

Directors' Report

information technology systems interferences or disruption could include production downtime, operational delays, destruction or corruption of data, disclosure of sensitive information and data breaches, any of which could have a material impact on the Group's business, operations, financial condition and performance. Disaster recovery plans are in place for all of the Group's major sites and critical information technology systems, together with a well-developed cyber-security monitoring system.

- *Production, cost and capital estimates:* The Group prepares estimates of future production, operating costs and capital expenditure relating to production at its operations. The ability of the Group to achieve production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. The assets of the Group are subject to uncertainty with regards to ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant and equipment. Failure to achieve production, cost or capital estimates, or material increases to costs, could have an adverse impact on the Group's future cash flows, profitability and financial condition. The development of estimates is managed by the Group using a rigorous budgeting and forecasting process. Actual results are compared with forecasts to identify drivers behind discrepancies which may result in updates to future estimates.
- *Changes in input costs:* Mining operations and facilities are intensive users of electricity, gas and carbon-based fuels. Energy prices can be affected by numerous factors beyond the Group's control, including global and regional supply and demand, carbon taxes, inflation, political and economic conditions, and applicable regulatory regimes. The prices of various sources of energy may increase significantly from current levels.

The Group's production costs are also affected by the prices of commodities it consumes or uses in its operations, such as diesel, lime, sodium cyanide and explosives, and increases in labour rates. The prices of such commodities are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Group's control. Increases in the price for materials consumed in St Barbara's mining and production activities could materially adversely affect its results of operations and financial condition.

The Group's operations use contractors for mining services at those operations, and some of its construction projects are conducted by contractors. As a result, the Group's operations are subject to a number of risks, including:

- negotiation and renewal of agreements with contractors on acceptable terms;
- failure of contractors to perform under their agreements, including failure to comply with safety systems and standards, contractor insolvency and failure to maintain appropriate insurance;
- failure of contractors to comply with applicable legal and regulatory requirements; and
- changes in contractors.

In addition, St Barbara may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on its results of operations and financial position.

The Group manages risks associated with input costs through a centralised procurement function which analyses market trends, supply environment, and operational demand planning, to establish appropriate sourcing strategies for spend categories.

The Group manages risks associated with contractors through a contractor management system.

- *Exploration and development risk:* Although the Group's activities are primarily directed towards mining operations and the development of mineral deposits, its activities also include the exploration for mineral deposits and the possibility of third party arrangements including joint ventures, partnerships, toll treating arrangements or other third party contracts. An ability to sustain or increase the current level of production in the longer term is in part dependent on the success of the Group's exploration activities and development projects, and the expansion of existing mining operations.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored subsequently have economic deposits of gold identified, and even fewer are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs the Group plans will result in a profitable mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors.

The Group has a disciplined approach to allocating budget to exploration projects. The Group also has investment criteria to ensure that development projects are only approved if an adequate economic return on the investment is expected.

- *Ore Reserves and Mineral Resources:* The Group's estimates of Ore Reserves and Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Ore Reserves could be mined or processed profitably. The quality of any Ore Reserve or Mineral Resource estimate is a function of the quantity of available technical data and of the assumptions used in engineering and geological interpretation, and modifying factors affecting economic extraction. Such estimates are compiled by experienced and appropriately qualified geoscientists using mapping and sampling data obtained from bore holes and field observations, and subsequently reported by Competent Persons under the JORC Code.

Fluctuation in gold prices, key input costs to production, as well as the results of additional drilling, and the evaluation of reconciled production and processing data subsequent to any estimate may require revision of such estimates.

Actual mineralisation of ore bodies may be different from those predicted, and any material variation in the estimated Ore Reserves, including metallurgy, grade, dilution, ore loss, or stripping ratio at the Group's properties may affect the economic viability of its properties, and this may have a material adverse impact on the Group's results of operations, financial condition and prospects.

There is also a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower reserve base. The reserve base of the Group may decline if reserves are mined without adequate replacement and

Directors' Report

the Group may not be able to sustain production beyond current mine lives, based on current production rates.

- **Political, social and security risks:** St Barbara has production and exploration operations in a developing country that is subject to political, economic and other risks and uncertainties. The formulation and implementation of government policies in this country may be unpredictable. Operating in developing countries also involves managing security risks associated with the areas where the Group has activities. The Group has established policies and procedures to assist in managing and monitoring government relations. The Group's operating procedures at its mine in Papua New Guinea includes detailed security plans.
- **Foreign exchange:** The Group has an Australian dollar presentation currency for reporting purposes. However, gold is sold throughout the world based principally on the U.S. dollar price, and most of the Group's revenues are realised in, or linked to, U.S. dollars. The Group is also exposed to U.S. dollars and Papua New Guinea Kina in respect of operations located in Papua New Guinea and Canadian dollars in respect of the Atlantic Gold operations as the operating costs are denominated in these currencies. There is a "natural" (but not perfect) hedge which matches to some degree U.S. denominated revenue and obligations related to U.S. dollar expenditure (similarly with Canadian dollar denominated revenues and expenses). The Group is therefore exposed to fluctuations in foreign currency exchange rates. The Group monitors foreign exchange exposure and risk on a monthly basis through the centralised treasury function and a Management Treasury Risk Committee.
- **Community relations:** A failure to adequately manage community and social expectations within the communities in which the Group operates may lead to local dissatisfaction which, in turn, could lead to interruptions to production and exploration operations. The Group has an established stakeholder engagement framework to guide the management of the Group's community relations efforts. At Simberi there is a dedicated community relations team to work closely with the local communities and government.
- **Insurance:** The Group maintains insurance to protect against certain risks. However, the Group's insurance will not cover all the potential risks associated with a mining company's operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is not generally available to the Group, or to other companies in the mining industry on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against, or which it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.
- **Climate change:** Climate change related risks that may impact the Group include physical as well as regulatory and macro-economic impacts. The effects of changes in rainfall patterns, changing storm patterns and intensities have from time to time adversely impacted, and may in the future adversely impact, the cost, production levels and financial performance of the Group's operations. The Group's mining operations have been, and may in the future be, subject from time to time to severe storms and high rainfalls leading to flooding and associated damage, which

has resulted, and may result in delays to, or loss of production at its mines (e.g. due to water ingress and flooding at the base of the mine at Leonora WA and tropical storms; sea level increases impacting logistics and mining operations at Simberi PNG; and/or snow storms preventing access to the mining operations at Touquoy in Nova Scotia). Carbon related regulatory impacts on the Group's operations are currently low, but may increase adversely in future, for instance should a carbon trading scheme be introduced. Climate change related impacts on commodity markets are difficult to predict, but might include increased energy cost to the Group.

- **Other natural disasters:** Seismic activity is of particular concern to mining operations. The Simberi mine in Papua New Guinea is in an area known to be seismically active and is subject to risks of earthquakes and the related risks of tidal surges and tsunamis. The Gwalia underground mine may be impacted by potential seismic events associated with operating at depth.
- **Risk of impairment:** If the gold price suffers a significant decline, or the operations are not expected to meet future production levels, there may be the potential for future impairment write downs at any of the operations. At Atlantic Gold a significant portion of the value ascribed to the acquisition is in Mineral Rights. The value of mineral rights is to be realised through profitable production from the Touquoy operation, the development of projects at Beaver Dam, Fifteen Mile Stream and Cochrane Hill and an increase to ore reserves through exploration. Any delay in the development of the Atlantic Gold projects and in achieving positive exploration results in Canada could give rise to the impairment of assets acquired. The recoverability of the carrying value of the Group's assets is assessed on a regular basis using a range of assumptions and expectations as part of the business planning system.
- **COVID-19:** While St Barbara has implemented extensive procedures to manage the risk of COVID-19 spreading through an operation, there is a risk that if broader community transmission of COVID-19 increases in a particular region, there is a risk that the local government (state, provincial or federal) may place restrictions that could ultimately result in closing the site and running in care and maintenance until restrictions are lifted. The closure of a site will have a material impact on cash flows. Additionally, while COVID-19 related restrictions may not directly impact the operations, there is a risk that suppliers of key consumables, parts and equipment could be negatively impacted, resulting in interruption of supply to the operations.

Risk management

The Group manages the risks listed above, and other day-to-day risks through an established enterprise wide risk management framework, which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, safety, environment, operational, legal, financial, tax, reputational and other risks are identified, assessed and appropriately managed.

The financial reporting and control mechanisms are reviewed during the year by management, the Audit and Risk Committee, the internal audit function and the external auditor.

Senior management and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

Regulatory environment

Australia

The Group's Australian mining activities are in Western Australia and governed by Western Australian legislation, including the Mining Act

Directors' Report

1978, the Mines Safety and Inspection Act 1994, Dangerous Goods Safety Act 2004 and other mining related and subsidiary legislation. The Mining Rehabilitation Fund Act 2012 took effect from 1 July 2013. The Mining Rehabilitation Fund replaces unconditional environmental performance bonds for companies operating under the Mining Act 1978.

The Group is subject to significant environmental regulation, including the Western Australian Environmental Protection Act 1986, Contaminated Sites Act 2003, Wildlife Conservation Act 1950, Aboriginal Heritage Act 1972 and the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999, as well as safety compliance in respect of its mining and exploration activities.

The Group is registered pursuant to the National Greenhouse and Energy Reporting Act 2007 under which it is required to report annually its energy consumption and greenhouse gas emissions. St Barbara also reports to Government pursuant to both the Energy Efficiency Opportunities Act 2006 and the National Environmental Protection (National Pollutant Inventory) Measure (subsidiary legislation to the National Environmental Protection Measures (Implementation) Act 1998). The Group has established data collection systems and processes to meet these reporting obligations. The Group's Australian operations are also required to comply with the Australian Federal Government's Clean Energy Act 2011, effective from 1 July 2012.

Papua New Guinea

The primary Papua New Guinea mining legislation is the Mining Act 1992, which governs the granting and cessation of mining rights. Under the Mining Act, all minerals existing on, in or below the surface of any land in Papua New Guinea, are the property of the State. The Mining Act establishes a regulatory regime for the exploration for, and development and production of, minerals and is administered by the Minerals Resources Authority. Environmental impact is governed by the Environment Act 2000, administered by the Department of Environment and Conservation. The PNG government has been reviewing the Mining Act since 2014. There is no public timeframe for completion of the review.

Canada

The Group's Canadian mining activities, located in Nova Scotia, are subject to both Provincial and Federal legislation. Atlantic Gold is subject to the Canadian Environmental Protection Act, 1999 (CEPA) under Environment and Climate Change Canada (ECCC). Atlantic Gold is also required to comply with the Canadian Federal Government's Department of Fisheries and Oceans (Fisheries Act), the Transportation of Dangerous Goods Act and the Migratory Birds Convention Act 1994. In Canada, Provincial governments are responsible for regulating mining within their jurisdictions.

Atlantic Gold is registered with ECCC to report under the Environmental Emergency Regulations (E2 Propane Emergency Response Plan), Greenhouse Gas Reporting Program (Greenhouse Gas emissions), and the National Pollutant Release Inventory. Atlantic Gold also reports to ECCC pursuant to the Metal and Diamond Mining Effluent Regulations.

Provincially, Atlantic Gold is governed by the Nova Scotia Environment Act 1994-1995 and the Mineral Resources Act 2018. Nova Scotia Environment has established a set of regulatory conditions for the construction, operation and reclamation of the Facility through the facility's operating permits. Atlantic Gold also reports to the Department of Energy and Mines through mineral lease requirements and the Department of Lands and Forestry through the Crown lease agreement.

Directors' Report

Information on Directors

Timothy C (Tim) Netscher

BSc (Eng) (Chemical), BCom, MBA, FICHe, CEng, FAICD

Independent Non-Executive Chairman

Appointed as a Director 17 February 2014

Appointed as Chairman 1 July 2015

Special responsibilities:

- Member of Audit and Risk Committee
- Member of Growth and Business Development Committee
- Member of Health, Safety, Environment and Community Committee (Chair until 12 February 2019)
- Member of Remuneration and Nomination Committee

Mr Netscher is an experienced international mining executive with extensive operational, project development, transactional and sustainability experience gained in senior executive and board roles over many years. His key executive positions during a 25 year executive career included Managing Director and CEO of Gindalbie Metals Ltd, Senior Vice President Asia Pacific Region of Newmont Inc., Managing Director of Vale Coal Australia, President of P T Inco and Executive Director of Refining & New Business at Impala Platinum Ltd.

Mr Netscher's experience covers a wide range of resources including platinum group metals, nickel, coal, iron ore, uranium and gold in Africa, Asia, USA and Australia.

Other current listed company directorships:

- Gold Road Resources Limited
 - Non-Executive Chairman
 - Member of Audit & Risk Committee
 - Member of Remuneration & Nomination Committee
- Western Areas Limited
 - Non-Executive Director
 - Member of Audit & Risk Committee
 - Chairman of Remuneration Committee

Former listed company directorships in last three years:

- Nil

Other previous relevant experience:

- Non-Executive Chairman of Deep Yellow Limited
- Non-Executive Chairman of Toro Energy Limited
- Director of Queensland Resources Council
- Director of Minerals Council of Australia
- Director of Chamber of Minerals and Energy of Western Australia

Craig A Jetson

Accredited Mechanical Engineer

Managing Director and Chief Executive Officer

Appointed as Managing Director and CEO 3 February 2020

Special responsibilities:

- Nil (attends Board Committee Meetings by invitation)

Mr Jetson is a highly experienced international career mining executive, having most recently served as Executive General Manager Cadia, Lihir and Global Technical Services at Newcrest Mining Limited. Previously, he was GM Lihir and prior to that held long-term senior operating roles in Australia, USA, Canada and Europe. His career began in Comalco (majority-owned and subsequently fully acquired by Rio Tinto) in operations, engineering and asset management which led him to senior management and leadership roles with Nyrstar/Zinifex in their zinc smelting businesses.

Mr Jetson has experience in successfully leading challenging businesses in complex operating environments, together with deep technical knowledge. He was awarded the 2019 Victorian Women in Resources Gender Diversity Champion.

Other current listed public company directorships: Nil

Former listed company directorships in last three years: Nil

Other current relevant experience:

- Professional Society of Engineers
- Member of Strategic Industry Research Foundation Australia

Directors' Report

Steven G Dean

FCA, AusIMM, CIMMP

Independent Non-Executive Director

Appointed as a Director 23 July 2019

Special responsibilities:

- Chair of Growth and Business Development Committee
- Member of the Remuneration & Nomination Committee

Following the successful completion of the acquisition of Atlantic Gold Corporation on 19 July 2019, Steven Dean, former Chairman, Chief Executive Officer and founder of Atlantic Gold, was appointed to the Board of St Barbara Limited as a Non-Executive Director effective 23 July 2019.

Steven has extensive experience internationally in mining, including as President of Teck Cominco Limited (now Teck Resources Ltd, (TSX: TECK.A and TECK.B, NYSE: TECK). 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, Steven 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, and is the former Chairman and a director of Sierra Metals Inc. (TSX:SMT), and Chairman of Oceanic Iron Ore Corp. (TSX-V:FEO).

Steven is a recipient of the Viola R MacMillan Award from the Prospectors and Developers Association of Canada (PDAC) for individuals demonstrating leadership in management and financing for the exploration and development of mineral resources.

Other current listed company directorships:

- Chairman and CEO of Artemis Gold Inc (CanadaTSX-V:ARTG)
- Chairman of Oceanic Iron Ore Corp. (TSX-V:FEO)
- Non-Executive Director of Sierra Metals Inc. (TSX:SMT)
- Director of Velocity Minerals Ltd. (TSX-V:VLC)

Former listed company directorships in last three years:

- Chairman, CEO and Director of Atlantic Gold Corporation (TSX-V:AGB) (Resigned July 2019)

Other previous relevant experience:

- Chairman of Sierra Metals Inc
- Co-founder and Chairman of Amerigo Resources Ltd
- Co-founder of PacMin Mining Corporation
- Executive roles, Normandy Poseidon Group
- President of Teck Cominco Limited

Kerry J Gleeson

LLB (Hons), FAICD

Independent Non-Executive Director

Appointed as a Director 18 May 2015

Special responsibilities:

- Chair of Remuneration & Nomination Committee
- Member of Audit and Risk Committee
- Member of Health, Safety, Environment and Community Committee

Ms Gleeson is an experienced non-executive director following a 30-year career as a senior executive and as a lawyer in both UK and Australia. She has significant experience in international governance, strategic mergers and acquisitions and complex corporate finance transactions, as well as in risk and crisis management.

Ms Gleeson was a member of the Group Executive at Incitec Pivot Limited for ten years until 2013, including as Company Secretary and General Counsel, with involvement across its international operations in explosives and chemicals, mining, transport and logistics. Ms Gleeson led Incitec Pivot's Corporate Affairs function across government, media and regulatory affairs as well as leading international crises responses and major environmental remediation projects, and the Group's Culture & Values and Diversity programs.

Prior to joining Incitec Pivot, she practised as a corporate lawyer, with Blake Dawson Waldron (now Ashurst) in Melbourne after a 10 year legal career in the UK, including as a corporate finance and transactional partner in an English law firm, focusing on mergers and acquisitions and initial public offerings.

Other current listed company directorships: Nil

Former listed company directorships in last three years: nil

Other current relevant experience:

- Non-Executive Director, Trinity College, University of Melbourne
 - Chair of the Pathways School Business Committee
 - Member of the Finance Committee
- A member of the Corporate Governance Consultative Panel of the Australian Securities and Investments Commission

Other previous relevant experience:

- Non-Executive Director of McAleese Limited

Directors' Report

Stefanie (Stef) E Loader

BSc Hons (Geology), GAICD

Independent Non-Executive Director

Appointed as a Director 1 November 2018

Special responsibilities:

- Chair of Health, Safety, Environment and Community Committee (appointed Chair 13 Feb 2019, Member prior to this date)
- Member of Audit and Risk Committee
- Member of Growth and Business Development Committee

Ms Loader is a company director, geologist and former mining executive with experience in mining operations, mineral exploration and project development. In her extensive executive career, Stef has worked in seven countries across four continents.

Ms Loader's experience covers a wide range of commodities and regions including copper and gold in Australia, Laos, Chile and Peru, and diamonds in Canada and India. Ms Loader held the role of Managing Director of Northparkes copper and gold mine for CMOC International and Rio Tinto from 2012 to 2017 and Chair of the NSW Minerals Council from 2015 to 2017. Ms Loader has also served in the office of the CEO for Rio Tinto supporting the Executive Committee and as Exploration Executive.

Ms Loader advises organisations, as a director and consultant, in the areas of leadership, strategy and regional economic development and was recognised as one of the Australian Financial Review 100 Women of Influence in 2013.

Other current listed company directorships:

- Non-executive director of Clean TeQ Holdings Ltd (ASX TSX:CLQ)

Former listed company directorships in last three years: Nil

Other current relevant experience:

- Independent Chair of Port Waratah Coal Services Limited
- Deputy chair of CatholicCare Wilcannia-Forbes Ltd

Other previous relevant experience:

- Chair of the NSW Minerals Council from 2015 to 2017.

David E J Moroney

BCom, FCA, FCPA, GAICD

Independent Non-Executive Director

Appointed as a Director 16 March 2015

Special responsibilities:

- Chair of Audit and Risk Committee
- Member of Health, Safety, Environment and Community Committee
- Member of Remuneration & Nomination Committee

Mr Moroney is an experienced finance executive with more than 30 years' experience in senior corporate finance roles, including 20 years in the mining industry, and extensive international work experience with strong skills in finance, strategic planning, governance, risk management and leadership. Mr Moroney's executive positions included CFO of Co-Operative Bulk Handling, CFO of First Quantum Minerals Ltd, General Manager Group Business Services at Wesfarmers Ltd, CFO of Wesfarmers CSBP Ltd, Deputy CFO/Executive GM Accounting of Normandy Mining Ltd and CFO at Aurora Gold Ltd.

Mr Moroney's experience covers a wide range of resources including diamonds, copper, cobalt, nickel, silver and gold in Africa, Asia, Scandinavia and Australia.

Other current listed company directorships: Nil

Former listed company directorships in last three years: Nil

Other current relevant experience:

- Non-Executive Independent Director, WA Super (Western Australia's largest public offer superannuation fund)
 - Chair of Risk Committee
 - Member of Audit & Compliance Committee
 - Member of Human Resources Committee

Other previous relevant experience:

- Non-Executive Director, Hockey Australia Ltd (National Sporting Organisation for Hockey enabling Australian national hockey teams the Kookaburras and Hockeyroos)
- Non-Executive Director, Geraldton Fishermen's Co-Operative Ltd (largest exporter of lobster in the southern hemisphere)
- National Councillor, Group of 100 Inc.
- Non-Executive Director, CPA Australia Ltd

Directors' Report

Information on Director and Executive

Robert S (Bob) Vassie

B. Mineral Technology Hons (Mining), GAICD, FAusIMM

Managing Director and Chief Executive Officer

Appointed as Managing Director and CEO 1 July 2014

Resigned as a Director 2 February 2020

Retired as an Executive Officer 31 March 2020

Special responsibilities:

- Nil (attended Board Committee Meetings by invitation)

Mr Vassie is a mining engineer with over 30 years' international mining industry experience and has 18 years' experience in a range of senior management roles with Rio Tinto, culminating in Global Practice Leader –Mining Technology and then Managing Director – Strategic Optimisation. Immediately prior to joining St Barbara, he was MD and CEO of Ivanhoe Australia Ltd. He has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Other current listed public company directorships: Nil

Former listed company directorships in last three years:

- Alita Resources Limited (formerly Alliance Mineral Assets Limited) (ceased December 2019)
 - Non-Executive Director
- Tawana Resources NL (ceased December 2018 per scheme of arrangement with Alliance Mineral Assets Limited)
 - Non-Executive Director

Other current relevant experience during tenure as a Director:

- Director of Minerals Council of Australia (MCA)
- Chair of MCA Gold Forum
- WGEA Pay Equity Ambassador
- Member of the Australasian Institute of Mining and Metallurgy (AusIMM) Council for Diversity and Inclusion

Information on Executives

Craig Jetson

Accredited Mechanical Engineer

Managing Director and Chief Executive Officer

Appointed 3 February 2020

Mr Jetson is a highly experienced career mining executive, having most recently served as Executive General Manager Cadia, Lihir and Global Technical Services at Newcrest Mining Limited. Previously, he was GM Lihir and prior to that held long-term senior operating roles at Nyrstar and Zinifex in Australia, USA, Canada and Europe. Mr Jetson has experience in successfully leading challenging businesses in complex operating environments, together with deep technical knowledge.

Garth Campbell-Cowan

B.Comm, Dip-Applied Finance & Investments, FCA

Chief Financial Officer

Mr Campbell-Cowan is a Chartered Accountant with over 36 years' experience in senior management and finance positions across a number of different industries.

He was appointed to the position of Chief Financial Officer in September 2006 and is responsible for the Group's Finance function, covering financial reporting and accounting, treasury, taxation, internal audit, capital management, procurement and information technology. Prior to joining the Group, his executive roles included four years as Director of Corporate Accounting at Telstra, five years as GM Finance and Tax at Newcrest Mining Ltd and five years as Manager Group Policy and Special Projects at ANZ Bank.

Rowan Cole

B.Comm, CA, CIA, MBA, GAICD, FGIA, Dip Inv Rel, Dip Marketing

Company Secretary

Mr Cole joined St Barbara in 2010 as General Manager Corporate Services and was appointed as Deputy Company Secretary in 2012 and as Company Secretary in 2014. In addition to company secretarial duties and compliance, Mr Cole is responsible for the in-house legal function, investor and external relations, insurance and risk management and sustainability reporting.

He has over 30 years' experience across chartered accounting, retail banking, private and public companies. His executive roles include five years as Chief Financial and Risk Officer of former diversified IT company UXC Ltd, General Manager of Australia's first national indigenous credit union, First Nations Advantage Credit Union, and Strategic Development Manager of Advantage Credit Union (now part of CUA). Mr Cole's experience includes external, internal and IT audit, risk management, customer service delivery, marketing, strategy formulation, execution and measurement, process and business improvement, financial and business reporting in senior roles including general manager, head of risk and compliance, chief audit executive and chief financial and risk officer.

Directors' Report

Meetings of Directors

The number of meetings of Directors (including meetings of Committees of Directors), and the numbers of meetings attended by each of the Directors of the Company during the financial year was:

	Board Meeting				Board Committees									
	Scheduled		Supplementary		Audit & Risk Committee		Remuneration & Nomination Committee - Scheduled		Remuneration & Nomination Committee - Supplementary		Health, Safety, Environment & Community Committee		Growth and Business Development Committee	
	A	H	A	H	A	H	A	H	A	H	A	H	A	B
S Dean	7	7	7	7	-	-	3	3	3	3	-	-	3	3
K Gleeson	7	7	7	7	4	4	4	4	3	3	4	4	-	-
S Loader	7	7	7	7	4	4	1	1	-	-	4	4	3	3
D Moroney	7	7	7	7	4	4	4	4	3	3	4	4	-	-
T Netscher	7	7	7	7	4	4	4	4	3	3	4	4	3	3
C Jetson ¹	3	3	4	4	2	2	2	2	-	-	2	2	2	2
B Vassie ²	4	4	3	3	2	2	2	2	1	1	2	2	1	1

Table 1: Meetings of Directors

A = Number of meetings attended

H = Number of meetings held during the time the Director held office or was a member of the committee during the year and was eligible to attend

In addition to the meetings of Directors, Directors attended additional meetings with Management in consideration of potential acquisitions.

Directors' interests

The relevant interest of each Director in the shares and rights over such instruments issued by the companies within the Group and other related bodies corporate as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, as the date of this report is as follows:

	Ordinary shares	Rights over ordinary shares
S Dean	-	-
K Gleeson	28,213	-
S Loader	30,000	-
D Moroney	105,438	-
T Netscher	87,290	-
C Jetson	-	-

Table 2: Directors' Interests

No Directors have an interest in options over shares issued by companies within the Group.

¹ Appointed as a Director 3 February 2020

² Ceased as a Director 2 February 2020

Directors' Report

Remuneration Report (Audited)

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6. Relationship between Group Performance and Remuneration
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8. Non-Executive Director Remuneration
9. Remuneration Disclosure
10. Additional Statutory Information

1. Introduction and Key Management Personnel

This Remuneration Report describes the remuneration strategy and practices that applied for the 2020 financial year. The report provides details of remuneration paid for the 2020 financial year to Non-Executive Directors and the Executives named in this report with the authority and responsibility for planning, directing and controlling the activities of the Group, collectively referred to as Key Management Personnel (KMP). The individuals identified below as KMP are the same as reported in the 2019 Remuneration Report, with the inclusion of Mr Jetson, appointed as a Managing Director and Chief Executive Officer on 3 February 2020, following the retirement of Mr Vassie.

Key Management Personnel during 2020

Non-Executive Directors

Tim Netscher	Independent Non-Executive Chairman
Steven Dean	Independent Non-Executive Director (appointed 23 July 2019)
Kerry Gleeson	Independent Non-Executive Director
Stef Loader	Independent Non-Executive Director
David Moroney	Independent Non-Executive Director

Executives

Robert (Bob) Vassie	Managing Director & Chief Executive Officer (ceased as MD & CEO 2 February 2020, ceased as a KMP 31 March 2020)
Craig Jetson	Managing Director & Chief Executive Officer (appointed 3 February 2020)
Garth Campbell-Cowan	Chief Financial Officer
Rowan Cole	Company Secretary

The Remuneration Report (as part of the Annual Report) complements, and should be read in conjunction with, information contained in the Company's corresponding annual Corporate Governance Statement and Sustainability Report, both available at www.stbarbara.com.au

2. 2020 Remuneration Summary

The outcomes described in this Remuneration Report reflect the Group's operational, financial and strategic achievements over the three-year period to 30 June 2020, which are described more fully later in the report.

Key achievements during the 2020 financial year include:

- completion of the acquisition and successful integration of Atlantic Gold Corporation in Nova Scotia, Canada, diversifying the Group's production with a low cost, cash generating mine with a mine life to 2031 with upside potential, which reported record production this financial year
- the \$112 million Gwalia Extension Project (GEP), first announced in March 2017, and substantially completed in the financial year (with reaming of the final raise bore completed in August 2020). GEP provides dual benefits of increasing ventilation and keeping the majority of waste underground
- Simberi Reserves increased by 0.5 Moz of contained gold as a result of the resource definition drill program, and which informed the sulphide project feasibility study announced in May 2020.

Additional achievements over the three-year period to 30 June 2020 include:

- generated a total NPAT of \$499 million, and net operating cash flow¹ of \$474 million
- paid and declared fully-franked dividends of \$0.34 per share (including the \$0.04 FY20 final fully-franked dividend declared today)
- increased mine life at Gwalia from 2024 to 2031, with the Gwalia deposit still open at depth
- increased oxide mine life at Simberi from 2017 to 2023, with the potential for the sulphide study to extend this operation further.

The impact of COVID-19 on the Group's performance was carefully considered in determining the award of this year's at-risk incentives, and setting of future at-risk incentives. The Board, Executive and the entire organisation invested significant extra time and effort to maintain safe operations during COVID-19. As a result, COVID-19 has had limited impact on the operational and financial performance of the Group this financial year. There were no known cases of COVID-19 at the Group's operations or offices during the financial year. No additional payments related to the COVID-19 pandemic were made to any Non-Executive Directors or Executive KMP in the 2020 financial year.

Whilst COVID-19 slowed exploration and business development for a period, it did not:

- adversely impact production outcomes
- materially impact cost outcomes
- impact safety performance
- adversely impact shareholder return.

The Group did not reduce its workforce during the 2020 financial year as a result of COVID-19, and has not sought any COVID-19 related government financial assistance, such as the Australian Government 'JobKeeper' scheme.

The Group's operational, financial and strategic performance for the 2020 financial year is reflected in the short-term incentive (STI) outcomes awarded to Executives, with the corresponding performance for the three-year period from 1 July 2017 to 30 June

1 Net cash inflow from operating activities less cash outflow from investing activities (excluding cash flows associated with the Atlantic Gold acquisition)

Directors' Report

2020 (i.e. financial years 2018, 2019 and 2020) reflected in the long-term incentive (LTI) outcomes awarded to Executives.

The Board considers that the Executive remuneration structure in place during this period has been appropriate and aligned with the achievements of the Group.

2.1 Key remuneration outcomes for the 2020 financial year

STI¹ Outcomes
(Details in Section 7.1)

The STI outcome for Executives ranged between 28% and 43% (overall average 34%) of the maximum potential STI based on an assessment of Group and individual measures. This reflects the Group's operating and financial performance during 2020 and the achievement of the strategic and growth objectives. No discretion was applied to the determination of the STI.

LTI² Outcomes
(Details in Section 7.2)

33% of the FY18 Performance Rights in respect of the three-year LTI held by Executives were assessed at 30 June 2020 to have vested. This is consistent with the operational and strategic performance during the corresponding three-year period to 30 June 2020 outlined in the summary above and set out in detail in this report. The remaining un-vested FY18 Performance Rights lapsed. No discretion was applied to the determination of the LTI, and no Performance Rights have been deferred for retesting in a subsequent financial year.

Executive Remuneration
(Details in Section 9)

For the 2020 financial year, following a review of relevant resource industry market remuneration assisted by HR Ascent Pty Ltd, and noting the significant increase in size and complexity of the Group resulting from the acquisition of Atlantic Gold, effective 1 July 2019, fixed remuneration increased by 2% for the former MD & CEO and for the Chief Financial Officer, and 7.5% for the Company Secretary, to better reflect the breadth of this role with relevant market remuneration data, which also encompasses head of investor relations, legal, risk and insurance.

The appointment of Mr Jetson, MD & CEO, was announced on 6 December 2019. A summary of Mr Jetson's executive employment contract is set out in section 5.4.

Mr Vassie received accrued annual leave and long service leave entitlements upon his retirement in March 2020. Mr Vassie received a pro-rata entitlement of his STI, determined in conjunction with that for the other Executives, after the end of the financial year. In respect of his participation in the Company's LTI plan, a pro-rata amount of his FY20 performance rights lapsed on his retirement. Under the LTI Plan rules, Mr Vassie continues to hold FY21 and FY22 performance rights, which will be tested at the end of the relevant financial years.

NED Remuneration

Following a review of comparable resource industry remuneration levels for Non-Executive Directors, the Board resolved to maintain existing Non-Executive Director fees for the 2020

(Details in Section 8)

financial year. Mr Dean was appointed as an additional Non-Executive Director on 23 July 2019.

2.2 Changes in the Executive remuneration framework during the 2020 financial year

STI Outcomes
(Details in Section 7.1)

As reported in the 2019 Remuneration Report, for the 2020 financial year only, an enhanced STI (where target is 75% of TFR rather than the standard 50%) will apply to each of the Executives in office at that time (i.e. the former MD & CEO, the CFO and Company Secretary) to underpin the focus on key strategic projects, including maximising value from the Atlantic Gold acquisition.

2.3 Changes to Executive remuneration for the 2021 financial year

Executive fixed remuneration
(Details in Section 5.5)

A review of total fixed remuneration (TFR) for Executives is underway as part of the review of Group strategy and structure, with reference to relevant resource industry market remuneration data.

2.4 Changes to Non-Executive Director Remuneration for the 2021 financial year

Non-Executive Directors fees
(Details in Section 8)

Following a review, considering a range of factors including comparable resource industry remuneration levels for Non-Executive Directors, the overall performance of the Group and the global economic landscape, the Board has resolved to maintain the existing Non-Executive Director fees for the 2021 financial year.

The Board actively monitors market practices and recommendations from industry participants on remuneration structure and disclosure, and may amend the remuneration framework accordingly at any time. The Chair of the Remuneration and Nomination Committee actively meets with proxy advisors to discuss and seek feedback on remuneration practices. At its 2019 annual general meeting, the Group received a 97.25% 'for' vote on its remuneration report for the 2019 financial year (2018: 98.35%).

The Board seeks to ensure that the remuneration framework attracts, retains and encourages high performance by its key employees, whilst remaining aligned with shareholder experience. The competition for employees in general and executives in particular is primarily against other Australian domiciled gold mining companies, and close attention is paid to their remuneration practices.

3. Executive Remuneration Strategy

The Group's Executive remuneration strategy is designed to attract, reward and retain high calibre, high performing, and team orientated individuals capable of delivering the Group strategy. The remuneration strategy and related employment policies and practices are aligned with the Group strategy.

The objectives of the remuneration strategy for the 2020 financial year were to ensure that:

- total remuneration for Executives and each level of the workforce was market competitive;

1 Short term incentive

2 Long term incentive

Directors' Report

- key employees were retained;
- total remuneration for Executives and managers comprised an appropriate proportion of fixed remuneration and performance-linked at-risk remuneration;
- performance-linked at-risk remuneration encouraged and rewarded high performance aligned with sustainable value creation for shareholders, through an appropriate mix of short and long term incentives;
- the integrity of the remuneration review processes delivered fair and equitable outcomes.

The Group's remuneration strategy and practices are influenced by the Australian gold mining industry and the peer companies with which it competes for talent.

The gold price is the primary determinant of the share price of gold companies, including St Barbara. The gold price is volatile, as illustrated by the chart below. The ASX all ordinaries gold index (ASX:XGD) was over three times more volatile (measured by standard deviation divided by average) than the ASX 200 (ASX:XJO) over the previous five years.

The nature of the industry and the share price volatility has resulted in certain key features of the Group's performance-linked at-risk remuneration, in the form of the annual short term incentive (STI) and the long term incentive (LTI) which measures performance over three financial years.

Executive remuneration outcomes are aligned with shareholder experience, as the STI and LTI link personal remuneration outcomes with the achievement of targets which drive Group performance and shareholder return. The mix of fixed and at-risk remuneration varies according to the role of each Executive, with the highest level of at-risk remuneration applied to those roles that have the greatest potential to influence and deliver Group outcomes and drive shareholder return.

In setting the remuneration strategy, the Board is cognisant of the link between remuneration and setting and maintaining a positive company culture. In this regard, St Barbara's remuneration strategy allows for the claw-back of executive incentives in the event of poor executive or organisational behaviour.

The criteria used to assess the STI include safety, production and key strategic objectives- key elements that are within management's control and underpin the overall financial result of the Group. The Board is aware that some stakeholders support the partial deferral

of an STI to subsequent years as share rights, notionally to more closely align the STI with a company's share price performance. The Board has determined no deferral of STI is appropriate at this time as deferral of STI is extremely rare amongst the resources companies with which St Barbara competes for talent, and is considered a disincentive to current and prospective employees. In addition, the corresponding LTI is closely aligned with the Company's share price performance, and provides a significant retention incentive.

The LTI aligns Executive remuneration with shareholder experience. The vesting conditions for the LTI comprise two measures, relative total shareholder return (RTSR) where total shareholder return (TSR) is positive, and return on capital employed (ROCE) in excess of thresholds above the weighted average cost of capital.

RTSR was first adopted as an LTI measure at the 2010 Annual General Meeting, with ROCE first adopted at the 2012 Annual General Meeting. These two metrics were selected as the most appropriate measures to reflect management's influence on shareholder wealth, and have been reviewed and retained in each subsequent year.

RTSR eliminates the impact of fluctuations in gold price to illustrate how effective management have been in creating value from the Group's gold assets compared against industry peers. ROCE measures the efficiency with which management uses capital in seeking to increase shareholder value. The LTI performance measures are reviewed annually for their continued relevance and consistency against general market practice and peer company LTI metrics.

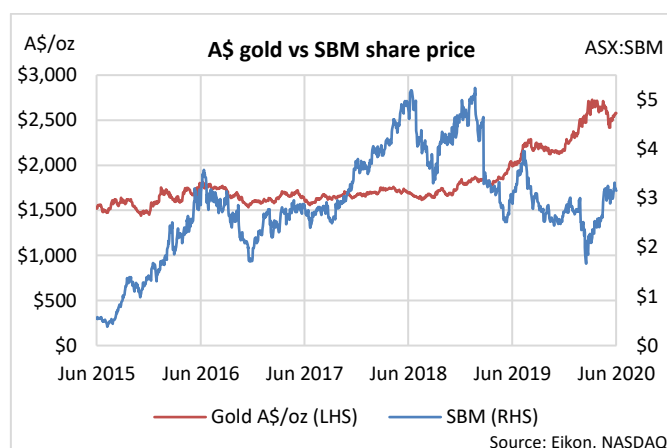


Figure 1: A\$ gold vs SBM share price

Directors' Report

The remuneration strategy and structure are directly linked to the development of strategies and budgets in the Group's annual planning cycle shown in the timetable below.

Annual Planning Timetable

Month	Strategy & Reporting	Remuneration
January		Review STI & LTI design framework
February	Half Year Financial Report	
March	Primary strategy update	
April to June	Budget setting framework	Set remuneration review framework
July		Measure STI outcomes and determine award
August	Annual Financial Report	Measure LTI outcomes (in conjunction with audited financial report) and action any vested entitlements Set STI targets for following financial year
September	Annual Report	
October	Annual General Meeting	Shareholder approval of LTI grant to be issued to MD & CEO

Table 3: Annual Planning Timetable

4. Remuneration Governance - Remuneration & Nomination Committee

Remuneration strategy and policies are approved by the Board. They are aligned with, and underpin, the Group strategy. On behalf of the Board, the Remuneration & Nomination Committee (the "Committee" for this section) oversees and reviews the effectiveness of the remuneration strategy, policies and practices to ensure that the interests of the Group, shareholders and employees are taken into account. The charter for the Committee is approved by the Board and is available on the Group's website at www.stbarbara.com.au.

The Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for Key Management Personnel.

In addition, the Committee oversees and reviews proposed levels of annual remuneration for the Group as a whole as well as other key employee related policies for the Group. It also receives reports on organisation capability and effectiveness, skills, training and development and succession planning for key roles.

The members of the Committee are all independent, Non-Executive Directors and as at the date of this report comprised:

K Gleeson	Non-Executive Director Chair of the Committee since 1 July 2015 Member of the Committee since 18 May 2015
T Netscher	Non-Executive Chairman Member of the Committee since 23 February 2015
D Moroney	Non-Executive Director Member of the Committee since 16 March 2015
S Dean	Non-Executive Director Member of the Committee since 23 July 2019

In forming remuneration recommendations, each year the Committee obtains and considers industry specific independent data and professional advice as appropriate. All reports and professional advice relating to the Managing Director and CEO's remuneration are commissioned and received directly by the Committee.

In financial year 2020, Godfrey Remuneration Group Pty Ltd was paid less than \$4,000 (excluding GST) for assistance and advice on equity plans for employees generally and a proposed 'fee-substitution' equity plan for Non-Executive Directors referred to later in this report. In financial year 2020, HR Ascent Pty Ltd was paid \$15,000 (excluding GST) to prepare a report benchmarking the remuneration of Executives following the acquisition of Atlantic Gold. The advice from Godfrey Remuneration Group Pty Ltd and HR Ascent Pty Ltd did not constitute remuneration recommendations. The Board is satisfied that the information provided was free from undue influence from any Key Management Personnel.

In accordance with the Committee's charter, where a remuneration consultant is appointed in relation to remuneration of Key Management Personnel, the Committee directly engages the consultant and receives the reports of the consultant.

The Committee has delegated authority to the Managing Director and CEO for approving remuneration recommendations for employees other than Key Management Personnel, within the parameters of approved Group wide remuneration levels and structures.

5. Remuneration Structure

Executive remuneration comprises:

- total fixed remuneration (TFR)
- a performance-linked at-risk short term incentive (STI)
- a performance linked at-risk long-term incentive (LTI).

The premise behind the combination of fixed remuneration plus performance-linked at risk short term and long term incentives is to link the remuneration of Executives to the success of the Group and thereby align the interests of Executives and shareholders.

Incentive remuneration is based on the principle that a significant part of Executives' reward should be related firstly to Group performance, secondly to the performance of the business unit in which the Executive works (if not at Group-level), and last (and least) to the performance of the Executive as an individual. Incentive remuneration rewards objective results rather than effort, and needs to be aligned with returns experienced by shareholders.

Short-term incentives aim to incentivise achievement of Board approved annual plans and budgets. Long-term incentives aim to reward Executives for delivering growth in shareholder value over the medium to longer term.

The STI and LTI are integral to a competitive total remuneration package in the market, and should not be misinterpreted as 'bonuses' paid on top of fixed remuneration 'for doing the job'. An Executive not eligible for incentives would not be fulfilling the minimum requirements of their role.

Each of these components is considered in more detail below.

Composition of Executive Remuneration

The mix of fixed and at risk remuneration for Executives for 2020 is as follows:

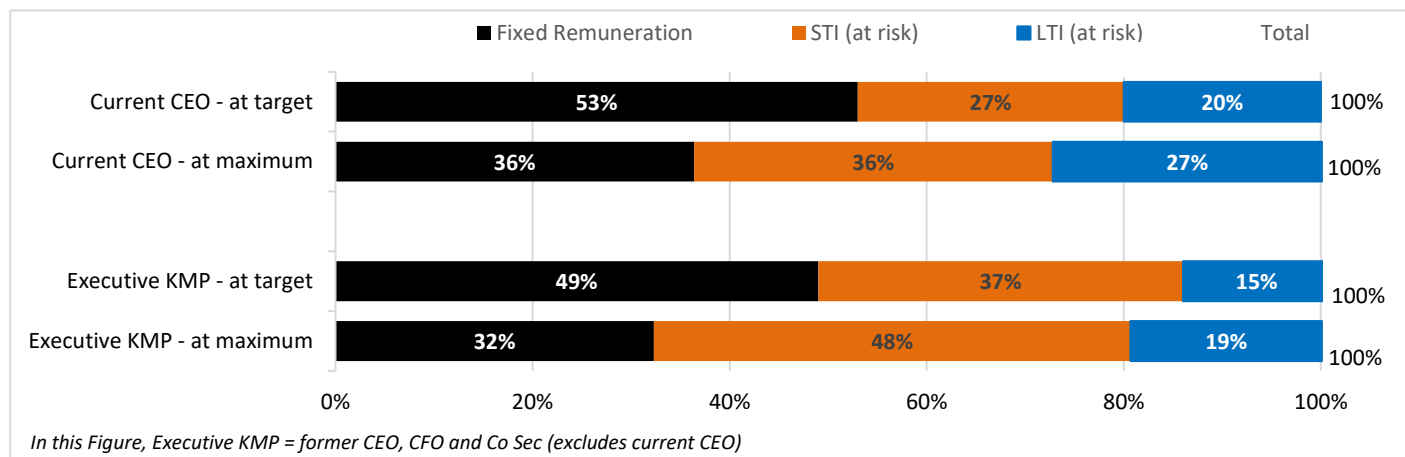


Figure 2: Composition of Executive Remuneration

In the above Figure, numbers are rounded to nearest whole percent and may not add.

- (1) **STI** as a % of Fixed Remuneration at 'target' is: Level 6 (former CEO) and Level 5 (CFO & Co Sec) 75%, current CEO 50%. STI at 'maximum' = 2 x 'target'.
 'Target' is the mid-point (50%) of the 'maximum' (100%) STI available for the rated performance of each individual. Less than target performance will result in less than the target allocation, potentially down to zero, and significant outperformance can lead to achieving 'maximum' (100%) of the STI.
 See **Section 7.1** for STI earned in 2020.
- (2) **LTI** as a % of Fixed Remuneration at 'target' is: Level 6 (CEO) 37.5%, Level 5 (CFO & Co Sec) 30%. LTI at 'maximum' = 2 x 'target'.
 'Target' is the mid-point (50%) of the maximum (100%) LTI available. The LTI allocation is fixed at grant, but the proportion of the grant that ultimately vests, if any, is subject to performance measurement under the relevant LTI plan.
 See **Section 7.2** for LTI vested during 2020.

The relationship between 'target' and 'maximum' remuneration of the current CEO for 2020 is as follows:

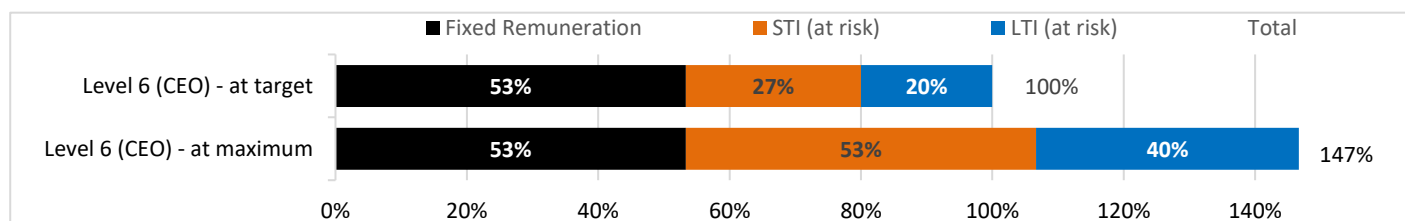


Figure 3 Relationship of STI and LTI at target and maximum for CEO remuneration

Figures are rounded to nearest whole percent and may not add.

Payment profile of Executive Remuneration

The timing of payments of Executive remuneration for 2020 is as follows (illustrated using current CEO at target):

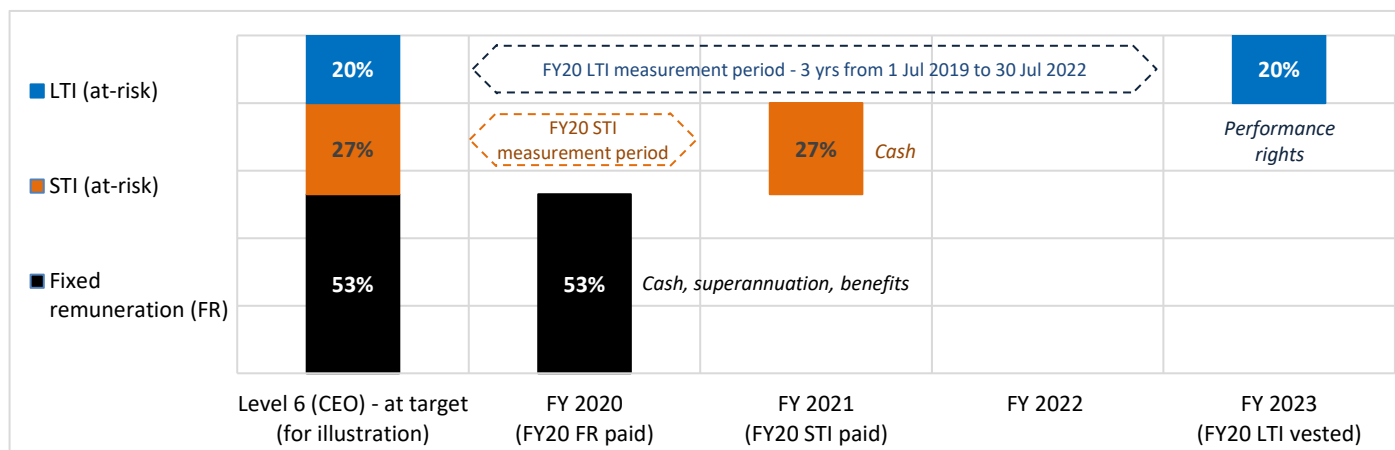


Figure 4 Payment profile of Executive Remuneration

Fixed remuneration for 2020 was paid during 2020.

STI performance for 2020 is assessed as part of this report after the end of the 2020 financial year and is paid in the 2021 financial year.

LTI performance for 2020 is assessed after the end of the 3 year performance period (1 July 2019 to 30 June 2022) and, if determined to have vested, the corresponding performance rights vest in the 2023 financial year.

5.1 Fixed Remuneration = Base salary + superannuation + benefits

Fixed remuneration is paid in cash, superannuation and benefits during the financial year.

The base salary for each Executive is influenced by the nature and responsibilities of the role, the knowledge, skills and experience required for the position, and the Group's need to compete in the market place to attract and retain the right person for the role.

Each Executive undergoes an annual performance appraisal as part of the Group's work performance system, in which individual and Group performance is assessed in detail against their respective pre-determined measures. The performance appraisal for the Chief Financial Officer and Company Secretary is assessed by the Managing Director and CEO and reported to the Remuneration & Nomination Committee and subsequently to the Board for review, including recommended remuneration outcomes that flow from that appraisal. The performance appraisal for the Managing Director and CEO is undertaken by the Chairman, reported to the Remuneration & Nomination Committee and subsequently to the Board, for review.

Benefits vary between Executives and include car parking, certain professional memberships and living away from home and travel expenses, plus any associated fringe benefits tax.

In considering remuneration for Executives, the Remuneration & Nomination Committee considers relevant industry trend data and other relevant remuneration information, which in recent years has included Aon Hewitt Gold and General Mining Industries Remuneration Report (Australasia), Aon Hewitt CEO Remuneration Report (Australasia), National Rewards Group HR Practice and Benchmarking Survey Report, HR Ascent Pty Ltd Market Benchmarking Report and National Rewards Group Senior Executive Survey.

5.2 Performance Linked Remuneration – STI

The STI is linked to specific personal and corporate objectives over the financial year. Performance of the STI objectives is assessed subsequent to the end of the financial year, with the amount determined to be achieved paid in cash or shares.

The Remuneration & Nomination Committee is responsible for recommending to the Board Executive STIs and then later assessing the extent to which the Group STI measures and the individual KPIs of the Executives have been achieved, and the amount to be paid to each Executive. To assist in making this assessment, the Committee receives detailed reports and presentations on the performance of the business from the Managing Director & CEO.

The Committee members also have access to, and take into consideration, information provided to the Board and each of the other Board Committees, on a range of matters including culture, diversity, safety and environmental performance, governance, financial and risk management and stakeholder engagement.

The Board retains overall discretion on whether an STI should be paid or the amount varied in any given year. The Board also has absolute discretion to reduce, withhold or cancel any unpaid STI in relation to fraud, defalcation or gross misconduct, or a material misstatement in the Group's financial statements.

As noted earlier in this report, deferral of STI is extremely rare amongst the resources companies with which the Group competes for talent, and is considered a disincentive to current and prospective employees. The current weighting between STI and LTI is considered to provide appropriate alignment with long-term share price performance and retention of Executives.

The STI is an annual "at risk" component of remuneration for Executives. It is payable based on performance against key performance indicators (KPI) set at the beginning of the financial year.

For each KPI there are defined "threshold", "target" and "stretch" measures which are capable of objective assessment:

Threshold performance	represents the minimum level of acceptable performance acknowledging extrinsic risks assumed in achievement of the full year budget (where the budget is normally more demanding year on year) for quantifiable measures which are within the control of STI participants such as safety, production and all-in sustaining cost (as proxies for profitability and cash generation), as well as the achievement of near term goals linked to the annual strategy.
Target performance	represents challenging but achievable levels of performance beyond achievement of budget measures.
Stretch (or maximum) performance	requires significant performance above and beyond normal expectations and, if achieved, is anticipated to result in a substantial improvement in key strategic outcomes, operational or financial results, and/or the business performance of the Group.

STIs are structured to incentivise Executives for achieving annual Group targets as well as their own individual performance targets designed to favourably impact the business. The proportion of the STI earned is calculated by adding the average result of the Group targets with the average result of an individual's performance targets, where target performance equals one. The overall STI for each KMP comprises 80% Group targets and 20% individual targets. Group and individual targets are established by reference to the Group Strategy. The net amount of any STI after allowing for applicable taxation, is normally payable in cash, however, the Board retains discretion to pay some or all of the STI in shares.

The calculation of STI earned can be summarised as follows:

STI earned = STI value at risk x [(80% x average result of Group STI targets) plus (20% x average result of Individual STI targets)], where target performance = 1.

As reported in the 2019 Remuneration Report, for the 2020 financial year only, an enhanced STI (where target is 75% of TFR rather than the standard 50%) applies to each of the Executives in office at that time (i.e. the former MD & CEO, the CFO and Company Secretary) to underpin the focus on key strategic projects, including maximising value from the Atlantic Gold acquisition.

Details of the 2020 financial year STI are set out in **Section 7.1** of this report.

5.3 Performance Linked Remuneration – LTI

LTIs are structured to remunerate Executives for the long-term performance of the Group relative to its peers. The LTIs involve the granting of rights, which only vest upon achievement of performance measures over a three-year period. Performance rights on issue carry no dividend or voting rights. On vesting, each performance right is convertible into one ordinary share.

As noted earlier, the gold industry is much more volatile than the economy in general. The primary LTI performance measure of relative total shareholder return means that LTI awards will not increase merely due to an increase in gold price, but only on better than average industry performance.

The Board retains overall discretion on whether an LTI should be paid or the amount varied in any given year. The Board also has

absolute discretion to reduce, withhold or cancel all tranches of unvested LTI Rights in relation to fraud, defalcation or gross misconduct, or a material misstatement in the Group's financial statements.

Further, the Rights Plan also provides for the recovery of damages from vested Rights in circumstances of fraud, defalcation or gross misconduct.

Vesting conditions of each tranche of performance rights issued are approved by the Board and set out in the relevant Notice of Annual General Meeting. Details of the LTI relevant to the 2020 financial year are set out in **Section 7.2** of this report.

5.4 Summaries of service agreements for Executives

Remuneration and other terms of employment for Executives are formalised in service agreements. These agreements provide, where applicable, for the provision of performance related cash payments, other benefits including allowances, and participation in the St Barbara Limited Performance Rights Plan.

All service agreements with Executives comply with the provisions of Part 2 D.2, Division 2 of the Corporations Act.

These service agreements may be terminated early by either party giving the required notice and subject to termination payments detailed in the agreement. Other major provisions of the agreements relating to remuneration are set out below.

C Jetson – Managing Director and CEO

- Term of agreement – permanent employee, commenced 3 February 2020.
- A summary of the material terms of Mr Jetson's executive employment contract was released on 6 December 2020. Key components of the contract include:
 - TFR of \$1,000,000 to be reviewed annually, inclusive of superannuation and salary sacrifice benefits
 - One-off on-boarding payment of:
 - 100,000 shares six months from the commencement date (issued on 3 August 2020)
 - 100,000 shares 18 months from the commencement date (anticipated to be issued on 3 August 2021)
 - STI of up to 100% of TFR and LTI of up to 75% of TFR as described earlier in Section 5 above, both pro-rata for the 2020 financial year.
- Mr Jetson's overall remuneration package was determined at the time of his appointment by the competitive market demand necessary to secure a candidate with the desired credentials and experience. The one-off on-boarding shares provided a non-cash, immediate retention and shareholder-aligned performance incentive until such time as performance rights associated with the LTI can be issued.
- Other than for serious misconduct or serious breach of duty, the Company or Mr Jetson may terminate employment at any time with 6 months' notice.

G Campbell-Cowan – Chief Financial Officer

- Term of agreement – permanent employee, commenced 1 September 2006.
- Other than for gross misconduct or for poor performance as judged by the Company in its absolute discretion, the Company may terminate the employment at any time with payment of a termination benefit equal to 8 months' notice. Mr Campbell-

Cowan may terminate employment at any time with 6 weeks' notice.

R Cole – Company Secretary

- Term of agreement – permanent employee, commenced 10 October 2010.
- Other than for gross misconduct or for poor performance as judged by the Company in its absolute discretion, the Company may terminate the employment at any time with payment of a termination benefit equal to 6 months' notice. Mr Cole may terminate employment at any time with 6 weeks' notice.

5.5 Future Developments in Remuneration

The Group continuously monitors its remuneration structure, practices and disclosure in light of market developments to ensure that collectively they continue to:

- attract, reward and retain high performing, team oriented individuals capable of delivering the Group strategy;
- encourage and reward individual and team performance aligned with value creation for shareholders;
- appropriately inform shareholders of what remuneration is paid and why.

The Chair of the Remuneration and Nomination Committee actively meets with proxy advisors to discuss and seek feedback on remuneration practices.

Almost exclusively, the Group competes with Australian gold industry peer companies to attract and retain the individuals necessary to maintain its success. This drives the need to closely monitor and respond to the remuneration practices of its peers, and offer a competitive and comparable remuneration packages. This means the Group's remuneration practices are consistent with the Australian gold mining industry and the peer companies with which it competes for talent, rather than practices that may be used by broader industrial companies.

There are no planned changes to the remuneration structure for Executives at the time of this report.

A review of total fixed remuneration (TFR) for Executives is underway as part of the review of Group strategy and structure, with reference to relevant resource industry market remuneration data.

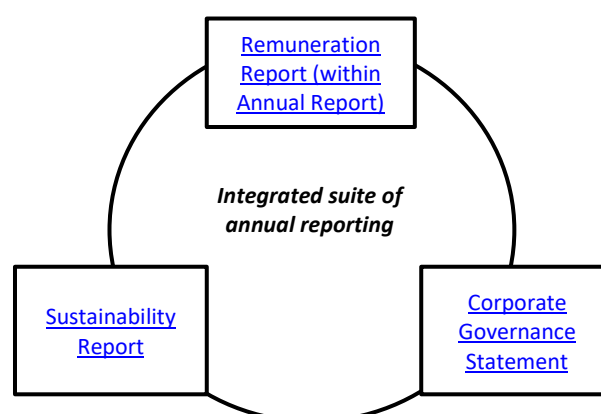
In FY20, total fixed remuneration of the Executives was between P50 and P75 of the benchmark data, which is consistent with the Company's remuneration strategy of targeting 90% of P75.

6. Relationship between Group Performance and Remuneration - past five years

The Board has regard to the overall performance of the Group over a number of years in assessing and ensuring proper alignment of the performance linked "at risk" remuneration framework to deliver fair and proper outcomes consistent with the Group's performance.

Full details of the Group's operational and financial performance are set out in the Directors' Report immediately preceding the Remuneration Report, and in the Financial Report, immediately following the Remuneration Report. For convenience, a summary of key operating and financial measures is reproduced in the Remuneration Report.

The Group's ongoing environmental, social and governance ('ESG') performance is critical to maintaining its licence to operate, which in turn is fundamental to its ongoing financial performance. Details of the Group's environmental and social performance are set out in the annual Sustainability Report and details of the Group's governance framework and compliance are set out in the annual Corporate Governance Statement, both available at stbarbara.com.au.



6. Relationship between Group Performance and Remuneration - past five years [continued]

In assessing the Group's performance and shareholder return, consideration is given to the following measures in respect of the current financial year and the previous four financial years.

Earnings	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000
Sales revenue	610,115	641,702	679,204	650,321	827,726
EBITDA ¹	298,106	293,302	345,514	274,810	338,762
Statutory net profit/(loss) after tax	169,388	157,572	226,998	144,163	128,230
Underlying net profit/(loss) after tax ¹	127,357	160,366	201,892	141,728	108,472

Table 4: Five-year financial performance

The table below provides the share price performance of the Group's shares in the current financial year and the previous four financial years.

Share price history	2016 \$ / share	2017 \$ / share	2018 \$ / share	2019 \$ / share	2020 \$ / share
Period end share price					
• Closing price on last trading day	2.95	2.91	4.83	2.94	3.15
• 10-day VWAP used for RTSR and Employee Rights pricing	2.92	2.89	4.92	2.91	3.15 ²
Dividends paid and declared for financial year ³	-	0.06 (fully-franked)	0.12 (fully-franked)	0.08 (fully-franked)	0.08 (fully-franked)
Average share price for the year	1.56	2.71	3.58	4.01	2.83
Market capitalisation	\$1.46 B	\$1.45 B	\$2.51 B	\$2.05 B	\$2.20 B

Table 5: Five-year share price history

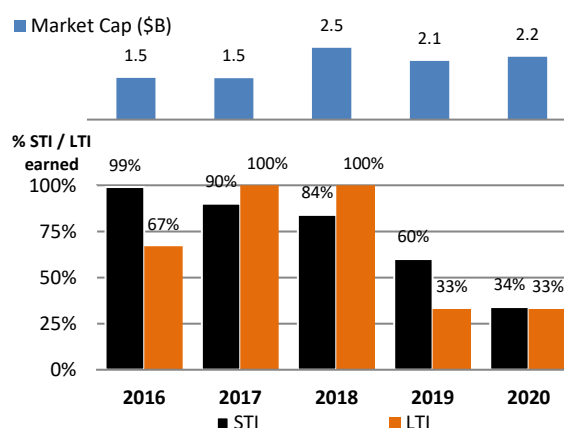
During the 2020 financial year, the Group's daily closing share price ranged between \$1.67 to \$3.96 per share (2019: \$2.51 to \$5.24 per share).

The table below provides the percentage of performance linked remuneration awarded to Executives in the current financial year and the previous four financial years.

Performance Linked Remuneration	2016	2017	2018	2019	2020
% of maximum potential STI earned	99%	90%	84%	60%	34% ⁴
% of maximum potential LTI earned	67%	100%	100%	33%	33%

Table 6: Five-year performance-linked remuneration history

Executive Performance Linked Remuneration Five Year History



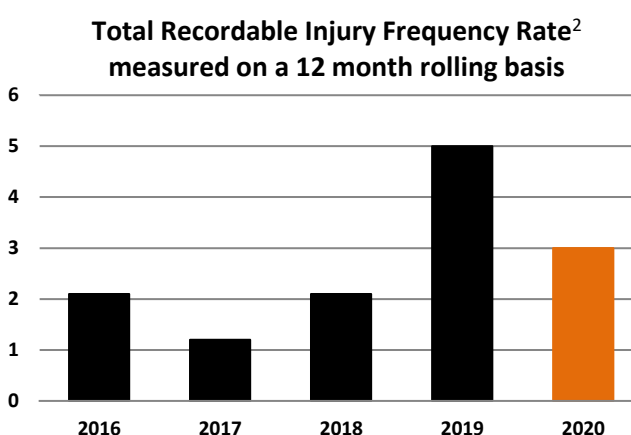
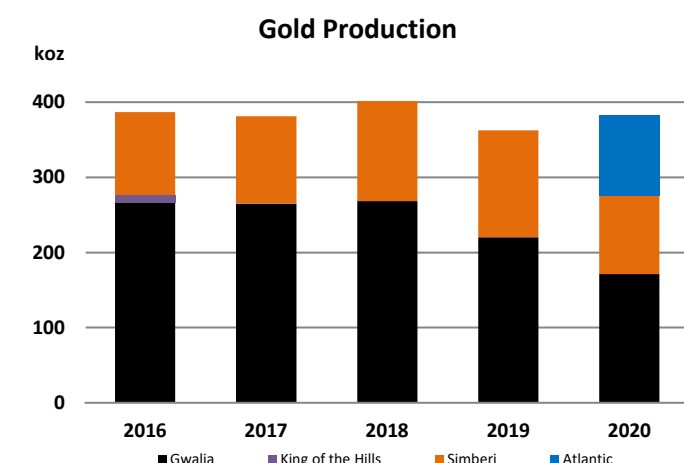
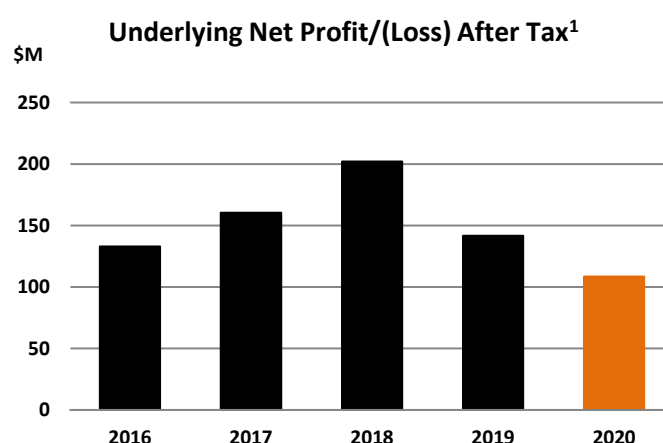
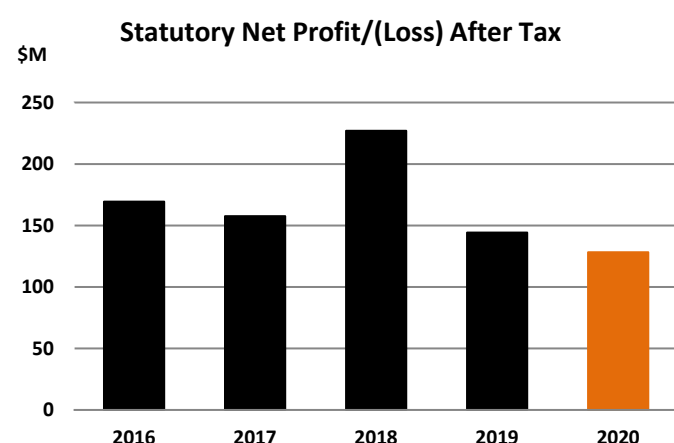
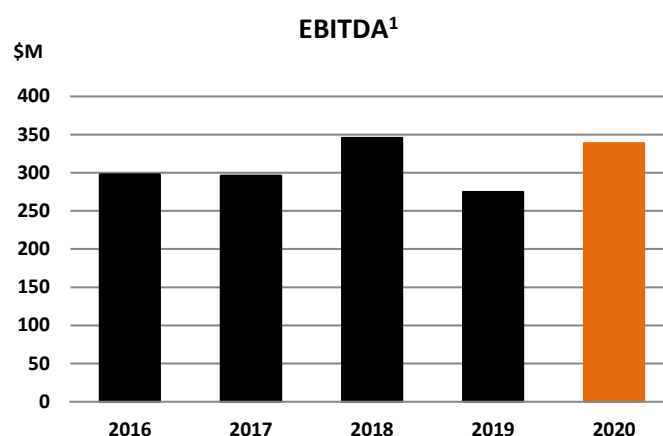
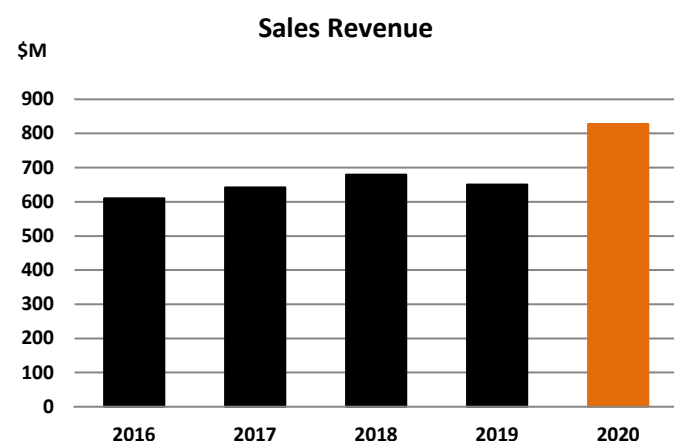
¹ Non-IFRS financial measures, refer to page 3.

² 10-day VWAP coincidentally equalled close price on 30 June 2020. 10 day close price ranged between \$2.99 and \$3.31.

³ Interim and final dividend allocated to relevant financial year (e.g.: FY20 interim and final dividends allocated to 2020 (i.e. FY20)).

⁴ Average STI earned by KMP, ranging between 28% and 43%.

5 Year Group Performance



1. Underlying net profit after tax is statutory net profit after tax excluding significant items. EBITDA is earnings before interest revenue, finance costs, depreciation and amortisation and income tax expense, and includes revenues and expenses associated with discontinued operations. These 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.
2. Total recordable injury frequency rate for each million hours worked on a 12 month rolling basis.

7. Executive Remuneration Outcomes and Remuneration Disclosure

7.1 Performance Linked Remuneration - STI

The STI was assessed for the financial year ended 30 June 2020.

Highlights of the Group's achievements in 2020 include:

Safety and People	<ul style="list-style-type: none"> • Safety performance (measured by LTIFR of 0.4) significantly better than industry peers¹ • Safely maintained operations through COVID-19 pandemic with no reported cases of COVID-19 on site or in offices • Increased psychological health and wellbeing support for all employees and families during COVID-19 • WGEA² Employer of Choice for Gender Equality for the 6th consecutive year • Organisational culture monitored monthly using a range of measures, including: <ul style="list-style-type: none"> ◦ Periodic, independent employee engagement 'net promoter' score by operation ◦ Employee turnover 7.5% (2019: 7.2%)
Strategy & Growth	<ul style="list-style-type: none"> • Preparation of a revised strategy is well progressed, collectively seeking to maximise the operational and growth potential at each operation, and maximise the value of the Group overall • A\$780 million acquisition of Atlantic Gold Corporation completed in July 2019 and integration completed during the year. Atlantic Gold acquisition achieved all five strategic objectives in place at the time of acquisition³, and in particular adds a low cost, cash generating operation with a mine life to 2031 in a favourable mining jurisdiction • Agreement to acquire shares in Moose River Resources Inc. to own 100% of Touquoy Mine and surrounding exploration tenements • Simberi sulphide feasibility study announced in May 2020, following independent validation of pre-feasibility study
Operations	<ul style="list-style-type: none"> • Operations safely maintained through COVID-19 pandemic with no impact on production • Atlantic Gold had an outstanding first year under St Barbara ownership, achieving increased year-on-year production and generating \$122 million free cash flow. • A\$112 million Gwalia Extension Project (GEP) approved in March 2017 and completed in August 2020. At the time of approval, this project extended mining at Gwalia to at least 2,000 mbs in FY 2024. The Life of Mine Plan was subsequently extended to FY 2031 based on an optimised trucking solution. • Simberi oxide mine life extended from FY 2021 to FY 2023.
Financial	<ul style="list-style-type: none"> • Net profit after tax of \$128 million (2019: \$144 million) and cash flow from operating activities of \$283 million (2019: \$241 million) • Cash at bank and deposits has increased from operations during the year by \$136 million (net of \$37 million in dividends paid), and excluding the net \$776 million consideration for the Atlantic acquisition in July 2019 and \$207 million of debt drawn down from the Company syndicated facility. • C\$100 million credit facility and hedging acquired as part of Atlantic Gold renegotiated on favourable terms • A\$200 credit facility established to ensure 'safety net' associated with possible capital requirements for all three operations (Gwalia, Simberi and Atlantic Gold) following the acquisition of Atlantic Gold drawdown early in COVID-19 restrictions as a precaution at to bolster cash reserves, and repaid in full in July 2020 • \$0.04 per share fully franked dividend in respect of half- year paid in March 2020 • \$0.04 per share fully franked dividend in respect of full financial year announced in August 2020
Exploration, Ore Reserves and Mineral Resources	<ul style="list-style-type: none"> • Successful \$46 million exploration program across Australia, Canada and PNG • Acquisition of Atlantic Gold increased Reserves by 1.9 Moz and Resources by 2.3 Moz⁴ respectively of contained gold at the time of acquisition, plus extensive regional exploration program • Simberi Reserves increased by 0.5 Moz as a result of resource definition drill program⁵ • Gwalia drilling program has continued to test for extensions of the Gwalia deposit

The STI outcome for Executives ranged between 28% and 43% (average 34%) (2019: 60% for all Executives) of the maximum potential STI based on an assessment of Group and individual measures, and reflects the Group's continued operating and financial performance during 2020 and the achievement of the strategic and growth objectives.

1 LTIFR = Lost Time Injury Frequency Rate (12 month avg.), the number of lost time injuries per million hours worked. Most recent peer performance: 1.5 (WA gold industry, [Safety performance in the Western Australian mineral industry 2018-19](#))

2 Australian Government Workplace Gender Equality Agency www.wgea.gov.au

3 Diversify production base, sustainable long life operations, quality growth pipeline, talented people who deliver, trusted to operate

4 Atlantic Gold TSX announcements 13 and 25 March 2019

5 Ore Reserves and Mineral Resources Statements for Simberi Gold Mine as at 31 December 2019 released to ASX 2 March 2020

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The table below describes the STIs available to, and achieved by, Executives during the year. Amounts shown as "Actual STI" represent the amounts accrued in relation to the 2020 financial year, based on achievement of the specified performance criteria. No additional amounts vest in future years in respect of the STI plan for the 2020 financial year. The Board has discretion whether to pay the STI in any given year, irrespective of whether Company and individual STI targets have been achieved. The Board also has discretion to pay the STI in cash or shares.

2020	Pro-rata	Type	Maximum potential STI		Actual STI included in remuneration	Group STI awarded (80% of total STI)	Individual STI awarded (20% of total STI)	% of maximum potential total STI earned ¹	% of maximum potential total STI foregone
	months		Target \$	Stretch ² \$	\$	%	%	%	%
C Jetson	5 ³	Standard	208,333	416,667	177,642	28%	100%	43%	57%
R Vassie	9 ⁴	Enhanced	498,129	996,257	274,967	28%	25%	28%	72%
G Campbell-Cowan	12	Enhanced	404,765	809,529	297,097	28%	70%	37%	63%
R Cole	12	Enhanced	322,823	645,645	236,952	28%	70%	37%	63%

Table 7: 2020 STI

The STI for Messrs Vassie and Jetson are pro-rata for the period of their appointment as MD and CEO, up to 2 February 2020 and from 3 February 2020 respectively. The average percentage of maximum potential total STI earned for the KMP was 34%⁵.

As reported in the 2019 Remuneration Report, for the 2020 financial year only, an 'enhanced STI' (where target is 75% of TFR rather than the standard 50%) applied to each of the Executives in office at that time (i.e. the former MD & CEO, the CFO and Company Secretary) to underpin the focus on key strategic projects, including maximising value from the Atlantic Gold acquisition.

The Group's STI measures for the 2020 financial year are key proxies of the primary objective of the Group, being the safe, profitable production of gold and execution of strategy. The measures are equally weighted and comprised the following:

STI Measure	Target	Weighting	Result	% of max. achieved	Threshold Target Max				
					0%	25%	50%	75%	100%
(a) Total Recordable Injury Frequency Rate	18 Recordable Injuries ⁶ and no fatalities	33⅓%	16 Recordable Injuries recorded with no fatalities, between target (18) and maximum (8)	60%					
(b) Gold production	431,000 ounces	33⅓%	381,887 ounces produced, below threshold (385,000 oz)	0%					
(c) Atlantic Gold Integration	Achievement of Board approved integration plan, advancement of strategic projects and value delivered from acquisition	33⅓%	Board assessment against objectives, at threshold	25%					
Overall Group STI Performance				28%					

Table 8: 2020 Group STI Performance

For 2020, the Board determined to assess the personal component of Executive's STI by their individual contribution during their time employed to the Group's strategy and growth objectives. The outcome of the assessment is included in Table 7 above. Some of the detailed measures and outcomes assessed are commercially sensitive and are described below in general terms only.

1 The total STI % comprises 80% Group STI measures plus 20% Individual STI measures, e.g for Mr Jetson $80\% \times 28\% + 20\% \times 100\% = 43\%$.

2 Inclusive of STI "Target".

3 Pro-rata five months from 3 February 2020.

4 Pro-rata nine months to 31 March 2020.

5 Calculated as Aggregate Actual STI included in Remuneration divided by Aggregate Maximum Potential STI at Stretch.

6 Recordable Injury (RI) includes fatalities, lost time injuries, medical treatment injuries. It does not include first aid injury.

Summary of Executive individual STI performance assessed by Board

- Review and renewal of longer-term Group strategy
- Leadership and oversight through the ongoing evolving COVID-19 Pandemic, responding to the various Government restrictions, and development and management of the Group's COVID-19 Management framework
- Leadership and oversight of successful integration of Atlantic Gold, establishment of a robust governance framework through adoption of group wide standards, policies and processes, including with regards to health, safety, community and environment
- Continued, structured evaluation of multiple inorganic growth opportunities worldwide, following the acquisition of Atlantic Gold Corporation in July 2019 as described previously. This is an ongoing process, which evaluated several potential acquisitions that failed to satisfy strict criteria
- Leadership and oversight of organic growth projects including completion of the Gwalia Extension Project (GEP), substantial increase in Simberi Reserves leading to the progression of the Simberi sulphide project to feasibility study and review and sequencing of Atlantic Gold growth projects
- Independently measured success in advancing values-based organisational culture and employee engagement

7.2 Performance Linked Remuneration – LTI outcomes

The three-year performance period for the FY18 Performance Rights was 1 July 2017 to 30 June 2020.

Key highlights of the Group's achievements during the three-year FY18 Performance Rights vesting period include:

- Total NPAT of \$499 million
- Paid and declared dividends of \$0.34 per share (including the \$0.04 FY20 final dividend declared today)
- Acquired Atlantic Gold Corporation, providing a low cost, cash generating operation with a mine life to 2031, which increased Reserves by 1.9 Moz and Resources by 2.3 Moz¹ respectively of contained gold
- Increased mine life at Gwalia from 2024 to 2031, in part due to the Gwalia Extension Project (approved in March 2017) completed in July 2020
- Increased oxide mine life at Simberi from 2019 to 2023, with the potential for the sulphide project feasibility study to extend this further
- Simberi Reserves increased by 0.5 Moz of contained gold as a result of resource definition drill program²

Selected highlights of the Group's performance during the three-year performance period from 1 July 2017 to 30 June 2020 are set out below:

		30 June 2017 ³	30 June 2020	Change	Change (%)
Share price (10 day VWAP)	\$	\$2.89	\$3.15	+\$0.26	+19% TSR inc \$0.30 dividends paid during period ⁴
Dividend declared for financial year	cents	\$0.06	\$0.08 ⁵	+\$0.02	+33%
Market Cap	\$B	\$1.45 B	\$2.20 B	\$0.75 B	+52%
EBITDA	\$M	\$293 M	\$339 M	+\$46 M	+16%
Cash and deposits	\$M	\$161 M	\$406 M	+\$245 M	+52%
Net cash ⁶	\$M	\$160 M	\$74 M	-\$86 M	-54%
Safety	TRIFR ¹	1.2	3.0	+1.8	150% decline
Reserves	Moz	4.3	6.0	+1.7	+40%
Resources	Moz	9.6	11.6	+2.0	+21%

Consistent with the performance of the Group over the last three years, and an assessment against the performance measures, 33% of the rights held by Executives under the FY18 LTI that matured on 30 June 2020 were assessed to have vested.

1 Atlantic Gold TSX announcements 13 and 25 March 2019

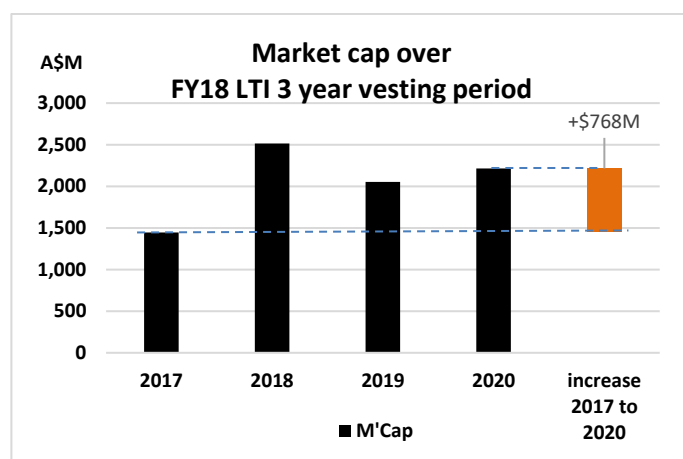
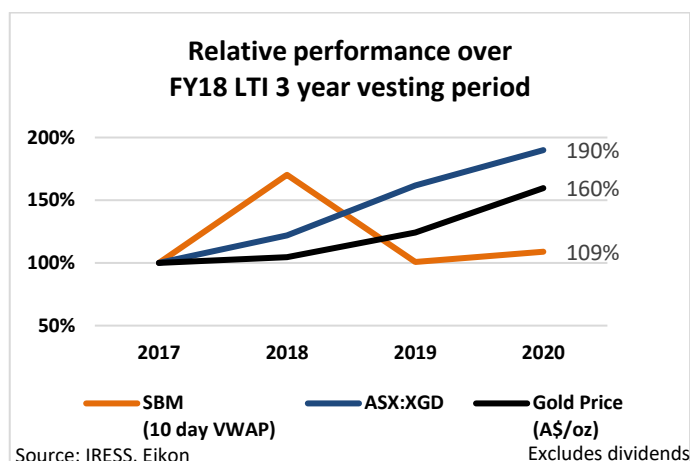
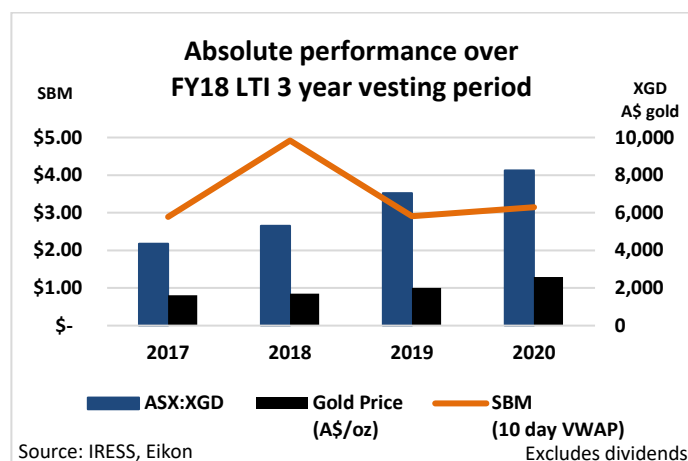
2 Ore Reserves and Mineral Resources Statements for Simberi Gold Mine as at 31 December 2019 released to ASX 2 March 2020

3 30 June 2017 figures used as 'starting' balances for the three year LTI performance period from 1 July 2017 to 30 June 2020 (i.e. the corresponding Notice of 2017 Annual General Meeting notes total shareholder return for the period to be calculated from 'the 10 day VWAP calculation up to, and including, the last business day of the financial period immediately preceding the period that the performance rights relate to'.

4 Excludes \$0.04 final fully-franked dividend announced 24 August 2020 in respect of the 2020 financial year

5 Includes \$0.04 final fully-franked dividend announced 24 August 2020 in respect of the 2020 financial year.

6 Net cash is cash and cash equivalents less interest bearing liabilities.



Calculation of the number of FY18 Performance Rights vested in 2020

132,149 (33%) of the 400,451 FY18 Performance Rights available to Executives vested at 30 June 2020, and 67% FY18 Performance Rights lapsed at 30 June 2020. The Performance Rights vested represent less than 0.02% of total shares on issue at 30 June 2020. The FY18 rights were issued in November 2017 at a 10 day VWAP price calculated under the Rights Plan Rules and Notice of 2017 Annual General Meeting of \$2.89 each. The Board has not applied discretion to the assessment of Performance Rights. No Performance Rights have been deferred for retesting in a subsequent financial year.

The FY18 Performance Rights were assessed as follows:

(a)	
Weighting:	RTSR 67%
Actual score:	TSR of 19%, 35 th percentile of comparator group (details below)
Calculation:	0% (for achieving below 50 th percentile)
(b)	
Weighting:	ROCE 33%
Actual ROCE:	26.6% (details below)
Calculation:	100% (for achieving above upper threshold of WACC 4.3% + 7.0% = 11.3%)
(c)	
Combined score:	
$(0\% \times 67\%)$ $+ (100\% \times 33\%)$ $= 33\%$	

Proportion of rights to vest		
Nil (0%)	Min (50%)	Max (100%)
●		
		●
	●	

Table 9 FY18 Performance Rights Assessment

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RTSR Calculation for FY18 Performance Rights

The result of the RTSR component of the FY18 Performance Rights for the period 1 July 2017 to 30 June 2020 was:

Relative TSR Performance	Percentage of Performance Rights to vest	Result
Below 50 th percentile	0%	St Barbara achieved a TSR of 19% for the period, and ranked at the 35 th percentile of the comparator group of companies for the period. As a result, 0% of the Performance Rights linked to RTSR vested.
50 th percentile	50%	
Between 50 th & 75 th percentiles	Pro-rata from 50% to 100%	
75 th percentile and above	100%	

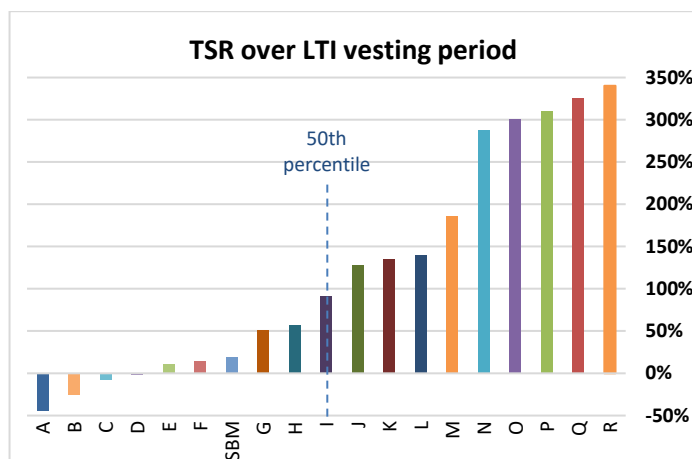


Figure 5 Chart of TSR results for comparator companies (table below)

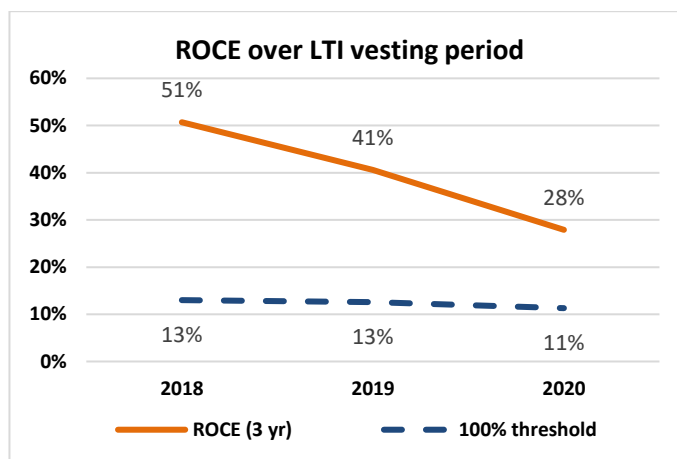


Figure 6 Chart of ROCE (calculated on the next page)

The comparator group of companies for FY18 Performance Rights comprised:

Alacer Gold Corp. (ASX: AQG)	Medusa Mining Limited (ASX: MML)	Regis Resources Limited (ASX: RRL)
Beadell Resources Limited (ASX: BDR) ¹	Northern Star Resources Ltd (ASX: NST)	Resolute Mining Limited (ASX: RSG)
Evolution Mining Limited (ASX: EVN)	OceanaGold Corporation (ASX: OGC)	Saracen Mineral Holdings Limited (ASX: SAR)
Focus Minerals Ltd (ASX: FML)	Oz Minerals (ASX: OZL)	Silver Lake Resources Limited (ASX: SLR)
Intrepid Mines Limited (ASX: IAU) ²	Perseus Mining Limited (ASX: PRU)	Tanami Gold NL (ASX: TAM)
Kingsgate Consolidated Limited (ASX: KCN)	Ramelius Resources Limited (ASX: RMS)	Troy Resources Limited (ASX: TRY)

ROCE Calculation for FY18 Performance Rights

The result of the ROCE component over the three-year vesting period commencing 1 July 2017 and ending on 30 June 2020 was:

ROCE	Percentage of Performance Rights to vest	Result
Less than or equal to the average annual WACC over the three year period commencing on 1 July 2016	0%	St Barbara achieved a ROCE for the period of 26.6% (see calculation below), which is above the upper threshold of WACC for the period of 4.3% + 7.0% = 11.3%. As a result, 100% of the Performance Rights linked to ROCE vested
WACC (calculated as above):		
+ 3%	50%	
+ between 3% and 7%	Pro-rata from 50% to 100%	
+ 7%	100%	

¹ Beadell Resources Limited was acquired by Great Panther (TSX: GPR) under a scheme of arrangement and was suspended from quotation at close of trade on 18 February 2019 and subsequently delisted from the ASX on 19 February 2019. Beadell is represented as the arithmetic average of the remaining comparator companies over the vesting period. This does not impact the result of St Barbara being below the P50 threshold.

² Intrepid Mines Limited (ASX: IAU), merged with AIC Resources Ltd (ASX:A1C) and changed name to AIC Resources Ltd (ASX:A1M) in 2019.

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ROCE is calculated as EBIT before significant items expressed as a percentage of average total capital employed (net debt and total equity)¹.

Measure	2018	2019	2020
EBIT (excluding significant items)	258,238	199,032	173,503
EBIT (discontinued operations) ²	-	-	-
EBIT (sum of above)	258,238	199,032	173,503
Capital employed – opening balance			
Total equity	461,127	665,870	1,257,023
Net debt ³	-	-	-
Capital employed – opening balance	461,127	665,870	1,257,023
Capital employed – closing balance			
Total equity	665,870	1,257,023	1,348,977
Net debt ³	-	-	-
Capital employed – closing balance	665,870	1,257,023	1,348,977
Capital employed – average for period	563,499	961,447	1,303,000
ROCE (EBIT ÷ average total capital employed) for year	45.8%	20.7%	13.3%
ROCE average of the 3 years in the vesting period	50.7%	40.6%	26.6%
WACC average of the 3 years in the vesting period	6.0%	5.6%	4.3%

Table 10 ROCE calculation

WACC is calculated using the widely available formula of (relative weight of equity x required rate of return) + (relative weight of debt x cost of debt)⁴. In this instance, WACC is calculated on a pre-tax basis to match the pre-tax nature of EBIT. The full calculation of WACC is not disclosed as it is considered to be commercial in confidence, however, the primary variables include:

- reported balance sheet figures for debt and equity.
- government 10 year bond rate as proxy for risk free premium.
- ASX All Ordinaries Index as proxy for market portfolio and to determine relative volatility.

On this basis, average WACC of the three-year measurement period commencing 1 July 2017 and ending on 30 June 2020 is 4.3% (2019: 5.6%).

7.3 Rights Vested and On Issue

7.3 (a) There are three LTI tranches relevant to the 2020 financial year, which are summarised below:

Grant year / tranche name	Description	Performance Conditions & Weighting	Performance Period	Status
FY18 Performance Rights	Granted as LTI remuneration in 2018 and disclosed in the 2017 Notice of AGM and 2018 Remuneration Report	RTSR 67% ROCE 33%	1 July 2017 to 30 June 2020	Assessed as at 30 June 2020 and reported above
FY19 Performance Rights	Granted as LTI remuneration in 2019 and disclosed in the 2018 Notice of AGM and 2019 Remuneration Report	RTSR 67% ROCE 33%	1 July 2018 to 30 June 2021	To be assessed and reported in the 2021 Remuneration Report
FY20 Performance Rights	Granted as LTI remuneration in 2020 and disclosed in the 2019 Notice of AGM and 2020 Remuneration Report	RTSR 67% ROCE 33%	1 July 2019 to 30 June 2022	To be assessed and reported in the 2022 Remuneration Report

Table 11 LTI tranches relevant to 2020 financial year

1 ROCE is not an IFRS measure and is calculated in the table above.

2 EBIT for discontinued operations calculated as profit or loss on discontinued operations before tax excluding impairments.

3 Net debt comprises cash and cash equivalents, interest bearing borrowings – current and interest bearing borrowings – non-current. The minimum net debt figure applied to the calculation is nil (i.e. where the Company is in a net cash position).

4 WACC is not an IFRS measure. The above parameters can be used to calculate WACC using commonly available formula.

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The three LTI tranches are illustrated on a timeline below:

Financial year

	2018	2019	2020	2021	2022
FY18 Performance Rights	Issued in FY18 3 yr vesting period		Tested June 2020		
FY19 Performance Rights		Issued in FY19	3 yr vesting period	To be tested June 2021	
FY20 Performance Rights			Issued in FY20	3 yr vesting period	To be tested June 2022

Figure 7 Current LTI Tranche Timeline

7.3 (b) Summary of rights on issue and vested in 2020

The number of rights over ordinary shares in the Company held directly, indirectly or beneficially during the financial year by each Executive, including their related parties, and the number of rights that vested, are set out below:

2020	Grant year / tranche name	Grant Date	Price on issue date	Held at 1 July 2019	Granted as compensation during the year	Vested during the year ¹	Forfeited during the year	Held at 30 June 2020 ²	Financial year in which grant may vest ³
C Jetson	FY20	-	\$2.91	-	- ⁴	-	-	-	2022
R Vassie	FY18	30 Nov 2017	\$2.89	218,748	-	72,187	(146,561)	-	2020
	FY19	24 Oct 2018	\$4.92	132,347	-	-	-	132,347	2021
	FY20	27 Nov 2019	\$2.91	-	223,762 ⁵	-	(55,635) ⁶	168,127	2022
G Campbell-Cowan	FY18	16 Nov 2017	\$2.89	106,133	-	35,024	(71,109)	-	2020
	FY19	24 Oct 2018	\$4.92	64,524	-	-	-	64,524	2021
	FY20	27 Nov 2019	\$2.91	-	111,275	-	-	111,275	2022
R Cole	FY18	16 Nov 2017	\$2.89	75,570	-	24,938	(50,632)	-	2020
	FY19	24 Oct 2018	\$4.92	48,829	-	-	-	48,829	2021
	FY20	27 Nov 2019	\$2.91	-	88,748	-	-	88,748	2022

Table 12 Summary of rights on issue and vested in 2020

7.3 (c) Rights granted in 2020

Details on rights over ordinary shares in the Company that were granted as remuneration to each Executive in the 2020 financial year are as follows:

2020	Grant year / tranche identifier	Grant date	Number of performance rights granted during 2020	Issue price per performance right	Expiry date	Fair value per performance right at grant date (\$ per share) ⁷
C Jetson	FY20	-	- ⁸	\$2.91	30 Jun 2022	-
R Vassie	FY20	27 Nov 2019	223,762 ⁹	\$2.91	30 Jun 2022	\$2.57
G Campbell-Cowan	FY20	27 Nov 2019	111,275	\$2.91	30 Jun 2022	\$2.57
R Cole	FY20	27 Nov 2019	88,748	\$2.91	30 Jun 2022	\$2.57

Table 13 Rights granted in 2020

1 These rights were determined by the Board on 24 August 2020 to have vested as at 30 June 2020 and are pending issue as shares as at the date of this report. The value of the shares at time of issue will be disclosed in an ASX release as the five-day volume weighted average price up to and including the day prior to issue. The five-day volume weighted average price for shares issued on 21 August 2019 to satisfy FY17 rights exercised on 21 August 2019 was \$3.68 per share.

2 The vesting of rights held at 30 June 2019 is subject to future performance conditions.

3 If FY17 rights do not vest at 2019, they may be retested at 2020 and 2021. If FY18 rights do not vest at 2020, they may be retested at 2021 and 2020.

4 Mr Jetson appointed 3 February 2020. Pro-rata issue of rights for FY20 subject to approval by shareholders at 2020 annual General Meeting scheduled for 28 October 2020.

5 Approved by shareholders at the Annual General Meeting held on 23 October 2019.

6 Pro-rata lapse per Rights Plan Rules (from retirement 31 March 2020).

7 For accounting purposes, the estimated fair value of performance rights at grant date was determined using a Black-Scholes valuation to which a Monte Carlo simulation was applied to determine the probability of the market conditions associated with the rights being met. Fair values at grant date are based on the prevailing market price on the date the performance right is granted. The assessed fair value at the grant date of performance rights is allocated equally over the period from grant date to vesting date. This methodology complied with the requirements of Australian Accounting standard AASB 2 Share-based Payments.

8 Mr Jetson appointed 3 February 2020. Pro-rata issue of rights for FY20 subject to approval by shareholders at 2020 annual General Meeting scheduled for 28 October 2020.

9 Approved by shareholders at the Annual General Meeting held on 23 October 2019.

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7.3 (d) Details of FY19 Performance Rights granted during 2019

FY19 Performance Rights were granted under the St Barbara Limited Rights Plan (2015), and details of the performance conditions were set out in the Notice of 2018 Annual General Meeting. Performance rights issued to Mr Vassie, Managing Director and CEO, were also approved by shareholders at the 2018 Annual General Meeting.

Key Features of FY19 Performance Rights

Performance conditions	Relative Total Shareholder Returns (67% weighting); Return on capital employed in excess of the weighted average cost of capital (33% weighting).
Other conditions	Continuing employment
Issue price	10 day VWAP at start, 30 June 2018, \$4.92
Measurement period	1 July 2018 to 30 June 2021
Vesting date	30 June 2021

(i) RTSR

RTSR is measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that influence the TSR performance of the Company.

The comparator group of companies for FY19 Performance Rights comprises companies in the S&P ASX All Ordinaries Gold Index (ASX: XGD) with a market capitalisation of at least A\$300 million at the start of the performance period and is set out in the table below. At the discretion of the Board, the composition of the comparator group may change from time to time.

The comparator group of companies for FY19 Performance Rights comprises:

Alacer Gold Corp (ASX: AQG)	Perseus Mining Limited (ASX: PRU)
AngloGold Ashanti Limited (ASX: AGG)	Ramelius Resources Limited (ASX: RMS)
Dacian Gold Limited (ASX: DCN)	Regis Resources Limited (ASX: RRL)
Evolution Mining Limited (ASX: EVN)	Resolute Mining Limited (ASX: RSG)
Gold Road Resources Limited (ASX: GOR)	Saracen Mineral Holdings Limited (ASX: SAR)
Newcrest Mining Limited (ASX: NCM)	Silver Lake Resources Limited (ASX: SLR)
Northern Star Resources Ltd (ASX: NST)	Tribune Resources Limited (ASX: TBR)
OceanaGold Corporation (ASX: OGC)	Westgold Resources Limited (ASX: WGX)

The proportion of the FY19 Performance Rights that vest will be influenced by the Company's TSR relative to the comparator group over the three-year vesting period commencing 1 July 2018 and ending 30 June 2021 as outlined below:

Relative TSR Performance	% Contribution to the Number of Performance Rights to Vest
Below 50th percentile	0%
50th percentile	50%
Between 50th & 75th percentiles	Pro-rata from 50% to 100%
75th percentile and above	100%

(ii) ROCE

The proportion of FY19 Performance Rights that vest will be influenced by the ROCE achieved by the Company over the three-year vesting period commencing 1 July 2018 and ending 30 June 2021.

Return on Capital Employed (ROCE)	% Contribution to the Number of Performance Rights to Vest
Less than or equal to the average annual weighted average cost of capital (WACC) over the three year period commencing on 1 July 2018	0%
WACC (calculated as above) + 3%	50%
WACC (calculated as above) + between 3% and 7%	Pro-rata from 50% to 100%
WACC (calculated as above) + 7%	100%

The outcome of FY19 Performance Rights will be reported in the 2021 Remuneration Report.

7.3 (e) Details of FY20 Performance Rights granted during 2020

FY20 Performance Rights were granted under the St Barbara Limited Rights Plan (2015), and details of the performance conditions were set out in the Notice of 2019 Annual General Meeting. Performance rights issued to Mr Vassie, Managing Director and CEO, were also approved by shareholders at the 2020 Annual General Meeting.

Key Features of FY20 Performance Rights

Performance conditions	Relative Total Shareholder Returns (67% weighting); Return on capital employed in excess of the weighted average cost of capital (33% weighting).
Other conditions	Continuing employment
Issue price	10 day VWAP at start, 30 June 2019, \$2.91
Measurement period	1 July 2019 to 30 June 2022
Vesting date	30 June 2022

(iii) RTSR

RTSR is measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and

Directors' Report

Remuneration Report (audited)

other external factors similar to those that influence the TSR performance of the Company.

The comparator group of companies for FY20 Performance Rights comprises companies in the S&P ASX All Ordinaries Gold Index (ASX: XGD) with a market capitalisation of at least A\$300 million at the start of the performance period and is set out in the table below. At the discretion of the Board, the composition of the comparator group may change from time to time.

The comparator group of companies for FY20 Performance Rights comprises:

Alacer Gold Corp (ASX: AQG)	Perseus Mining Limited (ASX: PRU)
AngloGold Ashanti Limited (ASX: AGG)	Ramellus Resources Limited (ASX: RMS)
Bellevue Gold Limited (ASX: BGL)	Regis Resources Limited (ASX: RRL)
Evolution Mining Limited (ASX: EVN)	Resolute Mining Limited (ASX: RSG)
Gold Road Resources Limited (ASX: GOR)	Saracen Mineral Holdings Limited (ASX: SAR)
Newcrest Mining Limited (ASX: NCM)	Silver Lake Resources Limited (ASX: SLR)
Northern Star Resources Ltd (ASX: NST)	Tribune Resources Limited (ASX: TBR)
OceanaGold Corporation (ASX: OGC)	Westgold Resources Limited (ASX: WGX)

The proportion of the FY20 Performance Rights that vest will be influenced by the Company's TSR relative to the comparator group over the three-year vesting period commencing 1 July 2019 and ending 30 June 2022 as outlined below:

Relative TSR Performance	% Contribution to the Number of Performance Rights to Vest
Below 50th percentile	0%
50th percentile	50%
Between 50th & 75th percentiles	Pro-rata from 50% to 100%
75th percentile and above	100%

(iv) ROCE

The proportion of FY20 Performance Rights that vest will be influenced by the ROCE achieved by the Company over the three-year vesting period commencing 1 July 2019 and ending 30 June 2022.

Return on Capital Employed (ROCE)	% Contribution to the Number of Performance Rights to Vest
Less than or equal to the average annual weighted average cost of capital (WACC) over the three year period commencing on 1 July 2017	0%
WACC (calculated as above) + 3%	50%
WACC (calculated as above) + between 3% and 7%	Pro-rata from 50% to 100%
WACC (calculated as above) + 7%	100%

The outcome of FY20 Performance Rights will be reported in the 2022 Remuneration Report.

8. Non-Executive Director Remuneration

Non-Executive Directors' fees are reviewed annually by the Board with reference to the following:

- The individual's responsibilities and time commitment relevant to the role of Director, Committee memberships and corresponding Chair roles;
- The Group's remuneration policies and a variety of external survey data sourced from specialists;
- Fees paid by comparable companies and the level of remuneration required to attract and retain Directors with the appropriate skills, experience and proven ability, and in this respect, the fees are positioned between the 50th and 75th percentile of comparable market remuneration levels;
- Consistent with Australian corporate governance practice, Non-Executive Directors do not receive performance-based remuneration to maintain their independence.

The level of fees paid to Non-Executive Directors is set by the Board, within the aggregate pool approved by shareholders (which is \$1,200,000 per annum in aggregate, approved by shareholders at the Annual General Meeting in November 2012) and reported to shareholders in this report each year.

Separate fees are paid for the following roles:

- Chair of the Board (this fee is inclusive of all Board Committee commitments)
- Member of the Board
- Chair of a Board Committee
- Member of a Board Committee

In order to maintain their independence and impartiality, the fees paid to Non-Executive Directors are not linked to the performance of the Group.

Superannuation contributions, in accordance with legislation, are included as part of each Director's total remuneration. Directors may elect to increase the proportion of their remuneration taken as superannuation subject to legislative limits. Non-Executive Directors are not entitled to retirement benefits, bonuses or equity based incentives.

The Chairman's fee is determined independently, based on roles and responsibilities in the external market for companies comparable with St Barbara Limited. The Chairman was not present at any discussions relating to the determination of his own remuneration.

The aggregate Non-Executive Directors' fees for 2020, and the estimated aggregate Non-Executive Directors' fees for 2021, are well within the shareholder approved aggregate pool of \$1,200,000 per annum.

Following the completion of the acquisition of Atlantic Gold in July 2019, the Remuneration & Nomination Committee conducted a comprehensive review of comparable resource industry remuneration levels for non-executive directors, including for the newly appointed Canadian resident director and to determine the fees for the newly established Growth and Business Development Committee.

Based on this review, the Board determined to set the fees for the new committee at a level commensurate to the existing fee structure for other committees, and resolved to maintain Non-Executive Director fees at the same levels for financial year 2020.

The Board recently conducted a further comprehensive review of available data, and also considered the impact of COVID-19 on the Group and its employees and the broader economy. The Board has resolved to maintain existing Non-Executive Directors fees for

financial year 2021 as set out in the table below, which have not changed since financial year 2019.

Following the successful completion of the acquisition of Atlantic Gold Corporation on 19 July 2019, Steven Dean, former Chairman, Chief Executive Officer and co-founder of Atlantic Gold, was appointed as an independent Non-Executive Director effective 23 July 2019.

Non-Executive Director Remuneration (continued)

The skills and experience of the Board will be reported in the annual Corporate Governance Statement, due to be published on 18 September 2020 and available at www.stbarbara.com.au/about-us/governance/.

Directors' Report

Remuneration Report (audited)

The Directors in office and the composition of Board Committees at the date of this report are:

Director	Appointed	Length of service ¹	Board	Audit & Risk Committee	Growth & Business Development Committee	Health, Safety, Environment & Community Committee	Remuneration & Nomination Committee
T C Netscher	17 Feb 2014 ²	6 years	Chairman	Member	Member	Member	Member
C A Jetson	3 Feb 2020	<1 year	MD & CEO	-	-	-	-
D E J Moroney	16 Mar 2015	5 years	Director	Chair	-	Member	Member
K J Gleeson	18 May 2015	5 years	Director	Member	-	Member	Chair
S E Loader	1 Nov 2018	1 year	Director	Member	Member	Chair	-
S G Dean	23 July 2019	<1 year	Director	-	Chair	-	Member

Table 14 Directors in office

		2017	2018	2019	2020	2021
Director fee	\$	92,000	101,200	106,260	106,260	106,260
Committee Chair	\$	16,000	20,000	25,000	25,000	25,000
Committee Member	\$	10,000	10,000	15,000	15,000	15,000
Chairman ³	\$	228,000	250,800	263,340	263,340	263,340
Annual aggregate fees	\$	484,000	533,200	690,033	879,959	est. 893,380 ⁴
<i>no. of non-executive directors</i>		3	3	4 ⁵	5 ⁶	5
Shareholder approved annual aggregate fees ⁷	\$	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000

Table 15 Non-Executive Director fees

¹ Whole years to 30 June 2020.

² Appointed as Director 17 February 2014, appointed as Chairman 1 July 2015.

³ The Chairman's fee is inclusive of all Board Committee commitments.

⁴ Aggregate fees for 2020 is estimated on the number of Directors and composition of Board Committees at the date of this report.

⁵ Stef Loader appointed as Non-Executive Director 1 November 2018.

⁶ Steven Dean appointed as Non-Executive Director 23 July 2019

⁷ Approved by shareholders at the Annual General Meeting in November 2012.

9. Remuneration Disclosure

Details of the remuneration of Key Management Personnel of the Group during the year ended 30 June 2020 and the previous corresponding year are set out in the following tables:

2020	Short-term benefits			Post-employment benefits	Long-term benefits				
Name	Cash salary & fees \$	STI payment \$	Non-monetary benefits ¹ \$	Super-annuation \$	Leave ² \$	Share-based payments ³ \$	Termination payments \$	Total \$	Proportion of total performance related ⁴
<i>Non-Executive Directors</i>									
T C Netscher (Chairman)	240,493	-	-	22,847	-	-	-	263,340	n/a
S G Dean	132,839	-	-	-	-	-	-	132,839	n/a
K J Gleeson	147,270	-	-	13,990	-	-	-	161,260	n/a
S E Loader	147,270	-	-	13,990	-	-	-	161,260	n/a
D E J Moroney	147,270	-	-	13,990	-	-	-	161,260	n/a
Total Non-Executive Directors	815,142	-	-	64,817	-	-	-	879,959	n/a
<i>Executive Director</i>									
R S Vassie ⁵	803,189	274,967	67,892	20,833	115,545	81,981	-	1,364,407	26%
C A Jetson ⁶	400,648	177,642	2,041	10,271	36,464	5,111	-	632,177	29%
<i>Executives</i>									
G Campbell-Cowan	514,686	297,097	5,566	25,000	52,640	35,450	-	930,439	36%
R Cole	405,430	236,952	7,249	25,000	43,292	21,043	-	738,966	35%
Total Executives	2,123,953	986,658	82,748	81,104	247,941	143,585	-	3,665,989	31%

Table 16 Key Management Personnel remuneration 2020

Other than the provision or reimbursement of travel, accommodation and professional development necessarily incurred in performing their duties, there were no transactions with Key Management Personnel other than as disclosed in the above table.

1 Non-monetary benefits for Executives comprise car parking, professional memberships and, for Mr Vassie, living away from home travel expenses including associated fringe benefits tax.

2 Leave includes long service leave and annual leave entitlements.

3 The value of performance rights disclosed as remuneration is the portion of the fair value of the performance rights recognised in the reporting period in accordance with the Corporations Act 2001 and relevant Australian Accounting Standards. This value may not always reflect what an executive has received in the reporting period.

4 Calculated as 'STI payment' plus 'Share-based payments' divided by 'Total' remuneration.

5 Resigned as a Director 2 February 2020, and ceased as an Executive Officer and KMP 31 March 2020

6 Appointed as a Director 3 February 2020

2019	Short-term benefits			Post-employment benefits	Long-term benefits				
Name	Cash salary & fees \$	STI payment \$	Non-monetary benefits ¹ \$	Super-annuation \$	Leave ² \$	Share-based payments ³ \$	Termination payments \$	Total \$	Proportion of total performance related ⁴
<i>Non-Executive Directors</i>									
T C Netscher (Chairman)	240,493	-	-	22,847	-	-	-	263,340	n/a
K J Gleeson	147,270	-	-	13,990	-	-	-	161,260	n/a
S E Loader ⁵	95,135	-	-	9,038	-	-	-	104,173	n/a
D E J Moroney	147,270	-	-	13,990	-	-	-	161,260	n/a
Total Non-Executive Directors	630,168	-	-	59,865	-	-	-	690,033	n/a
<i>Executive Director</i>									
R S Vassie	843,198	520,919	78,142	25,000	103,614	180,153	-	1,751,026	40%
<i>Executives</i>									
G Campbell-Cowan	504,104	285,716	5,951	25,000	53,696	51,228	-	925,695	36%
R Cole	375,400	216,216	8,171	25,000	43,927	60,060	-	728,774	38%
Total Executives	1,722,702	1,022,851	92,264	75,000	201,237	291,441	-	3,405,495	39%

Table 17 Key Management Personnel remuneration 2019

Other than the provision or reimbursement of travel, accommodation and professional development necessarily incurred in performing their duties, there were no transactions with Key Management Personnel other than as disclosed in the above table.

1 Non-monetary benefits for Executives comprise car parking, professional memberships and, for Mr Vassie, living away from home travel expenses including associated fringe benefits tax.

2 Leave includes long service leave and annual leave entitlements.

3 The value of performance rights disclosed as remuneration is the portion of the fair value of the performance rights recognised in the reporting period in accordance with the Corporations Act 2001 and relevant Australian Accounting Standards. This value may not always reflect what an executive has received in the reporting period.

4 Calculated as 'STI payment' plus 'Share-based payments' divided by 'Total' remuneration.

5 Appointed Non-Executive Director 1 November 2018

10. Additional Statutory Information*Key Management Personnel Shareholdings*

The numbers of shares in the Company held directly, indirectly or beneficially during the year by each Key Management Personnel, including their related parties, are set out below. There were no shares granted during the year as compensation.

Name	Balance at the start of the year	Issued upon exercised of employee rights	Purchased	Sold	Dividend Reinvestment Plan	Other changes	Balance at the end of the year
<i>Non-Executive Directors</i>							
S G Dean	-	-	-	-	-	-	-
K J Gleeson	27,858	-	-	-	355	-	28,213
S E Loader	30,000	-	-	-	-	-	30,000
D E J Moroney	105,438	-	-	-	-	-	105,438
T C Netscher	60,967	-	24,000	-	2,323	-	87,290
<i>Executive Director</i>							
R S Vassie ¹	1,869,053	64,914	-	-	-	(1,933,967)	-
C A Jetson ²	-	-	-	-	-	-	-
<i>Executives</i>							
G Campbell-Cowan	21,929	33,789	-	(55,718)	300	-	300 ³
R Cole	64,419	17,035	-	(63,244)	550	-	18,760 ⁴

Table 18 Key Management Personnel Shareholding

Shareholding guidelines for Non-Executive Directors and Executives

The Group encourages Non-Executive Directors, Executives and employees to own shares (subject to the Group's Securities Dealing Policy), however, the Group is not licenced or authorised to provide individuals with financial product advice under the Corporations Act.

The Group does not specify target volumes for such shareholdings, as it does not know the personal preferences and objectives, financial situation or risk profile of individuals. The Group acknowledges that gold mining equities would normally only comprise a small proportion of an individual's balanced investment portfolio, and that gold mining equities are generally considered to be volatile and counter-cyclical to economic cycles. Shareholding guidelines are uncommon amongst key peers with which the Group competes for talent, and would be a disincentive in attracting executives.

The Board has adopted a Non-Executive Director equity plan with the primary objective to facilitate the acquisition of shares by the Group's Non-Executive Directors. The fee-substitution plan enables Non-Executive Directors to nominate a fixed amount of their total Director's fee to acquire shares on an ongoing basis, in compliance with the Corporations Law and Securities Dealing Policy restrictions on Director share trading. The plan operates on a financial year basis, with the number of shares acquired by a Non-Executive Director determined by the volume-weighted average price of shares traded on the ASX for the period 1 July to 30 April within each financial year. Shares are acquired on market by an externally administered independent share trust.

The Group acknowledges that, in the absence of share trading prohibitions, KMP generally incur an income tax liability of 47% of the market value of shares issued upon vesting of employee rights under the LTI, and will generally need to sell at least half of their entitlement to cover their income tax obligations, in compliance with the Securities Dealing Policy.

Loans to Directors and Executives

There were no loans to Directors or Executives during the 2020 financial year.

END OF REMUNERATION REPORT

¹ Resigned as a Director 2 February 2020 and ceased as an Executive Officer and KMP 31 March 2020

² Appointed as a Director 3 February 2020

³ In addition, 35,024 employee rights were determined by the Board on 24 August 2020 to have vested as at 30 June 2020 and are pending issue as shares as at the date of this report.

⁴ In addition, 24,938 employee rights were determined by the Board on 24 August 2020 to have vested as at 30 June 2020 and are pending issue as shares as at the date of this report.

Directors' Report

Indemnification and insurance of officers

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, an officer of the Company against any liability incurred by that person including any liability incurred as an officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action.

The Constitution further provides that the Company may enter into an agreement with any person who is, or has been, an officer of the Company or a subsidiary of the Company to indemnify the person against such liabilities.

The Company has entered into Deeds of Access, Indemnity and Insurance with current and former officers. The Deeds address the matters set out in the Constitution. Pursuant to those deeds, the Company has paid a premium in respect of a contract insuring current and former officers of the Company and current and former officers of its controlled entities against liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with some exceptions where the liability relates to conduct involving lack of good faith.

During the year the Company paid an insurance premium for Directors' and Officers' Liability and Statutory Liability policies. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

The Company has agreed to indemnify their external auditors, PricewaterhouseCoopers, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Environmental management

St Barbara regards compliance with environmental legislation, regulations and regulatory instruments as the minimum performance standard for its operations. The Group's operations in Western Australia are subject to environmental regulation under both Commonwealth and State legislation. In Papua New Guinea, the Group ensures compliance with the relevant National and Provincial legislation and where appropriate standards or legislation are not available, the Group reverts to the standard of environmental performance as stipulated in the Western Australian legislation. In Canada, the Group is subject to both Federal and Provincial legislation.

A Group-wide Environmental Management System (EMS) has been implemented to facilitate the effective and responsible management of environmental issues to the same high standard across all sites in both Australia and Papua New Guinea. Adoption of the EMS at all operations has contributed to further reductions in the number of minor environmental incidents, and an improvement in internal compliance rates for environmental audits and inspections. There were no externally reportable

environmental incidents during the year ended 30 June 2020 at any of the Group's Australian and Pacific sites.

Non-audit services

During the year the Company did employ the auditor to provide services in addition to their statutory audit duties. Details of the amounts paid or payable to the auditor, PricewaterhouseCoopers, for non-audit services provided during the 2020 financial year are set out in Note 20 to the consolidated financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of non-audit services during the year as set out in Note 20 did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- The Audit & Risk Committee annually informs the Board of the detail, nature and amount of any non-audit services rendered by PricewaterhouseCoopers during the financial year, giving an explanation of why the provision of these services is compatible with auditor independence. If applicable, the Audit & Risk Committee recommends that the Board take appropriate action in response to the Audit & Risk Committee's report to satisfy itself of the independence of PricewaterhouseCoopers.

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 46 and forms part of this Directors' Report.

Events occurring after the end of the financial year

Subsequent to year end, the directors have declared a fully franked final dividend in relation to the 2020 financial year of 4 cents per ordinary share, to be paid on 29 September 2019. A provision for this dividend has not been recognised in the 30 June 2020 consolidated financial statements.

On 27 July 2020, the Group announced the acquisition of Moose River Resources Incorporated (MRRRI) to consolidate ownership of the Touquoy Mine and surrounding exploration tenements for a total cash value of \$64,582,000, subject to working capital adjustments. The acquisition is subject to MRRRI shareholder and court approval, which is expected to be completed in September 2020. This acquisition will be funded from the Group's existing cash balance.

On 30 July 2020 the Group repaid in full the \$200,000,000 drawn down on 31 March 2020 from the Australian tranche of the syndicated facility. The full \$200,000,000 limit under the facility remains available to be redrawn for the remaining term of the facility, which expires in July 2022.

Directors' Report**Rounding of amounts**

St Barbara Limited is a Company of the kind referred to in ASIC Corporations (Rounding in 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 24th day of August 2020.

A handwritten signature in black ink, appearing to read 'C. Jetson', is written over a faint, light blue circular stamp.

Craig Jetson

Managing Director and CEO



Auditor's Independence Declaration

As lead auditor for the audit of St Barbara Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'John O'Donoghue'.

John O'Donoghue
Partner
PricewaterhouseCoopers

Melbourne
24 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
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Financial Report

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About this report

St Barbara Limited (the "Company" or "Parent Entity") 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 year ended 30 June 2020 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.

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation in the current year. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board.

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

The Board of Directors approved the consolidated financial statements on 24 August 2020.

What's in this report

St Barbara's Directors have included information in this report that they deem to be material and relevant to the understanding of the financial statements and the Group.

A disclosure has been considered material and relevant where:

- the dollar amount is significant in size (quantitative);
- the dollar amount is significant in nature (qualitative);
- the Group's result cannot be understood without the specific disclosure; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Accounting policies and critical accounting judgements and estimates applied to the preparation of the consolidated financial statements are presented where the related accounting balance or consolidated financial statement matter is discussed. To assist in identifying critical accounting judgements and estimates, we have highlighted them in the following manner:

Accounting judgements and estimates

Financial Report

Consolidated comprehensive income statement

for the year ended 30 June 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
Operations			
Revenue	1	827,726	650,321
Mine operating costs	1	(384,820)	(299,075)
Gross profit		442,906	351,246
Interest revenue		2,306	10,073
Other income		56	115
Exploration expensed		(23,596)	(18,725)
Corporate costs		(27,156)	(21,859)
Royalties	1	(27,174)	(21,441)
Depreciation and amortisation	6	(165,366)	(79,643)
Expenses associated with acquisition	3	(7,538)	(3,865)
Share based payments		(2,472)	(3,099)
Other expenses		(4,735)	(3,855)
Operating profit		187,231	208,947
Finance costs	13	(13,255)	(946)
Net foreign exchange loss		(2,377)	(3,707)
Gold instrument fair value adjustments	3	(9,152)	-
Profit before income tax		162,447	204,294
Income tax expense	2	(34,217)	(60,131)
Net profit after tax		128,230	144,163
Profit attributable to equity holders of the Company		128,230	144,163
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Changes in fair value of financial assets		8,763	(1,171)
Income tax on other comprehensive (loss)/income		(2,482)	351
Items that may be reclassified to profit or loss:			
Foreign currency translation differences - foreign operations		(7,347)	6,787
Other comprehensive (loss)/profit net of tax⁽¹⁾		(1,066)	5,967
Total comprehensive income attributable to equity holders of the Company		127,164	150,130
Earnings per share			
Basic earnings per share (cents per share)	4	18.33	26.99
Diluted earnings per share (cents per share)	4	18.24	26.84

(1) Other comprehensive income comprises items of income and expense that are recognised directly in reserves or equity. These items are not recognised in the consolidated income statement in accordance with the requirements of the relevant accounting standards. Total comprehensive income comprises the result for the year adjusted for the other comprehensive income.

The above consolidated comprehensive income statement should be read in conjunction with the notes to the consolidated financial statements.

Financial Report

Consolidated balance sheet

as at 30 June 2020

		Consolidated	
	Notes	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	405,541	880,199
Deposits held to maturity		-	10,000
Financial assets	16	5,999	-
Trade and other receivables	11	11,225	13,036
Inventories	11	87,401	66,620
Deferred mining costs	7	2,039	1,614
Total current assets		512,205	971,469
Non-current assets			
Inventories	11	33,335	-
Property, plant and equipment	6	324,279	101,734
Financial assets	16	42,906	40,495
Deferred mining costs	7	4,386	5,655
Mine properties	8	172,165	226,330
Exploration and evaluation	9	149,949	40,858
Mineral rights	8	922,118	1,872
Deferred tax assets	2	13,670	21,320
Total non-current assets		1,662,808	438,264
Total assets		2,175,013	1,409,733
Liabilities			
Current liabilities			
Trade and other payables	11	66,970	56,549
Interest bearing liabilities	13	12,199	-
Rehabilitation provision	10	354	244
Other provisions	18	19,922	16,528
Derivative financial liabilities	12	5,760	-
Current tax liability	2	10,893	23,171
Total current liabilities		116,098	96,492
Non-current liabilities			
Interest bearing liabilities	13	319,567	-
Rehabilitation provision	10	53,162	30,846
Deferred tax liabilities	2	303,584	23,391
Derivative financial liabilities	12	31,688	-
Other provisions	18	1,937	1,981
Total non-current liabilities		709,938	56,218
Total liabilities		826,036	152,710
Net assets		1,348,977	1,257,023
Equity			
Contributed equity	14	1,422,290	1,402,675
Reserves		(35,091)	(33,593)
Accumulated losses		(38,222)	(112,059)
Total equity		1,348,977	1,257,023

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

Financial Report

Consolidated statement of changes in equity

for the year ended 30 June 2020

	Note	Consolidated				Total \$'000
		Contributed Equity \$'000	Foreign Currency Translation Reserve \$'000	Other Reserves \$'000	Accumulated Losses \$'000	
Balance at 1 July 2018		898,430	(52,458)	14,705	(194,807)	665,870
<i>Transactions with owners of the Company recognised directly in equity:</i>						
Share-based payments expense	19	-	-	3,099	-	3,099
Performance rights issued/(expired)		3,709	-	(4,906)	1,197	-
Dividends paid		-	-	-	(41,634)	(41,634)
Dividends reinvested		20,978	-	-	(20,978)	-
Equity issued (net of transaction costs)		479,558				479,558
<i>Total comprehensive income for the year</i>						
Profit attributable to equity holders of the Company		-	-	-	144,163	144,163
Other comprehensive gain/(loss)		-	6,787	(820)	-	5,967
Balance at 30 June 2019		1,402,675	(45,671)	12,078	(112,059)	1,257,023
<i>Transactions with owners of the Company recognised directly in equity:</i>						
Share-based payments expense	19	-	-	2,472	2,367	4,839
Performance rights issued/(expired)		1,310	-	(3,849)	-	(2,539)
Dividends paid		-	-	-	(37,510)	(37,510)
Dividends reinvested		18,305	-	-	(18,305)	-
Sale of shares in financial asset		-	-	945	(945)	-
<i>Total comprehensive income for the year</i>						
Profit attributable to equity holders of the Company		-	-	-	128,230	128,230
Other comprehensive gain/(loss)		-	(7,347)	6,281	-	(1,066)
Balance at 30 June 2020		1,422,290	(53,018)	17,927	(38,222)	1,348,977

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

Financial Report

Consolidated cash flow statement

for the year ended 30 June 2020

	Notes	Consolidated	
		2020 \$'000	2019 \$'000
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		831,788	647,566
Payments to suppliers and employees (inclusive of GST)		(477,135)	(336,717)
Payments for exploration and evaluation		(23,596)	(18,725)
Interest received		2,306	10,073
Interest paid		(10,550)	-
Borrowing cost		(2,036)	-
Income tax payments		(41,244)	(61,423)
Net cash inflow from operating activities	13	279,533	240,774
Cash Flows From Investing Activities:			
Movement in deposits held to maturity	13	10,000	106,200
Payments for property, plant and equipment		(26,331)	(20,651)
Payments for development of mining properties		(85,881)	(97,333)
Payments for exploration and evaluation		(22,142)	(12,676)
Divestment/(investments) in shares		3,261	(3,794)
Atlantic Gold Corporation acquisition		(779,857)	-
Cash acquired		4,065	-
Net cash outflow from investing activities		(896,885)	(28,254)
Cash Flows From Financing Activities:			
Movement in restricted cash		2,400	(1,000)
Equity raised		-	490,331
Equity raising transaction cost		-	(10,773)
Dividend payments		(37,510)	(41,634)
Principal elements of lease (2019 – finance lease) payments		(13,899)	(39)
Repayment of lease facility		(10,635)	-
Syndicate facility drawn		207,014	-
Net cash inflow from financing activities		147,370	436,885
Net increase in cash and cash equivalents		(469,982)	649,405
Cash and cash equivalents at the beginning of the year		880,199	226,443
Net movement in foreign exchange rates		(4,676)	4,351
Cash and cash equivalents at the end of the year	13	405,541	880,199

Cash flows are included in the 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 operating cash flows.

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

Notes to the Financial Report

A. Key results

1 Segment information

	Leonora		Simberi		Atlantic ⁽⁴⁾	Total segments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2020 \$'000	2019 \$'000
Gold revenue	355,319	392,292	237,340	256,807	232,903	825,562	649,099
Silver revenue	393	386	1,519	836	252	2,164	1,222
Total revenue	355,712	392,678	238,859	257,643	233,155	827,726	650,321
Mine operating costs	(164,515)	(155,236)	(151,291)	(143,839)	(69,014)	(384,820)	(299,075)
Gross profit	191,197	237,442	87,568	113,804	164,141	442,906	351,246
Royalties ⁽¹⁾	(16,896)	(15,663)	(5,952)	(5,778)	(4,326)	(27,174)	(21,441)
Depreciation and amortisation ⁽³⁾	(65,767)	(59,763)	(21,398)	(18,220)	(75,511)	(162,676)	(77,983)
Segment profit before income tax	108,534	162,016	60,218	89,806	84,304	253,056	251,822
Capital expenditure							
Sustaining	(52,559)	(44,161)	(5,194)	(9,436)	(15,327)	(73,080)	(53,597)
Growth ⁽²⁾	(8,833)	(11,127)	(4,147)	(4,596)	(15,214)	(28,194)	(15,723)
Gwalia Extension Project	(31,751)	(59,716)	-	-	-	(31,751)	(59,716)
Total capital expenditure	(93,143)	(115,004)	(9,341)	(14,032)	(30,541)	(133,025)	(129,036)
Segment assets	414,370	350,687	146,409	158,412	1,286,081	1,846,860	509,099
Segment non-current assets	389,474	332,648	49,877	62,380	1,176,685	1,616,036	395,028
Segment liabilities	62,847	31,035	49,164	39,888	455,578	567,589	70,923

(1) Royalties include state and government royalties for each operation, and corporate royalties in relation to Atlantic Gold and Gwalia gold sales.

(2) Growth capital at Gwalia represents the Gwalia optimisation studies and 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.

(3) Depreciation and amortisation in relation to Atlantic Gold includes \$61,028,000 of mineral rights amortisation for the year since acquisition date.

(4) Atlantic Gold contribution was from 19 July 2019 to 30 June 2020.

The Group has three operational business units: Leonora Operations, Simberi Operations, and Atlantic Operations. The operational business units are managed separately due to their separate geographic regions.

A reportable segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results (including production, cost per ounce and capital expenditure) of all reportable segments are regularly reviewed by the Group's Executive Leadership Team ("ELT") to make decisions about resources to be allocated to the segment and assess performance.

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

Segment capital expenditure represents the total cost incurred during the year for mine development, acquisitions of property, plant and equipment and growth projects. Growth projects are focussed on extending mine life, and in the case of exploration increasing mineral resources and ore reserves.

Sales revenue

Revenue from the sale of gold and silver in the course of ordinary activities is measured at the fair value of the consideration received or receivable. The Group recognises revenue at a point in time when control (physical or contractual) is transferred to the buyer, the amount of revenue can be reliably measured and the associated costs can be estimated reliably, and it is probable that future economic benefits will flow to the Group.

Royalties

Royalties are payable on gold sales revenue, based on gold ounces produced and sold, and are therefore recognised as the sale occurs.

Major Customers

Major customers to whom the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		% of external revenue	
	2020 \$'000	2019 \$'000	2020 %	2019 %
Customer A	462,501	309,035	57.1	47.6
Customer B	104,707	87,548	12.9	13.5
Customer C	87,183	243,464	10.8	37.5
Customer D	148,699	-	18.3	-

Notes to the Financial Report

1 Segment information (continued)

Operations	Consolidated	
	2020 \$'000	2019 \$'000
Total profit for reportable segments	253,056	251,822
Interest revenue	2,306	10,073
Other income	56	115
Exploration expensed	(23,596)	(18,725)
Corporate depreciation and amortisation	(2,690)	(1,660)
Finance costs	(13,255)	(946)
Corporate costs	(27,156)	(21,859)
Net foreign exchange (loss)/gain	(2,377)	(3,707)
Expenses associated with acquisition	(7,538)	(3,865)
Net derivative movement	(9,152)	-
Share based payments	(2,472)	(3,099)
Other expenses	(4,735)	(3,855)
Consolidated profit before income tax	162,447	204,294

Segment results that are reported to the ELT include items directly attributable to a segment and those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and related depreciation, exploration expense, revenue, finance costs and corporate costs.

Assets		
Total assets for reportable segments	1,846,860	509,099
Cash and cash equivalents	277,140	837,424
Deposits held to maturity	-	10,000
Trade and other receivables (current)	4,243	9,973
Financial assets	42,906	40,495
Corporate property, plant & equipment	3,864	2,742
Consolidated total assets	2,175,013	1,409,733

Liabilities		
Total liabilities for reportable segments	567,589	70,923
Trade and other payables	18,410	26,117
Interest bearing liabilities (current)	455	-
Interest bearing liabilities (non-current)	200,968	-
Provisions (current)	11,522	9,596
Provisions (non-current)	1,307	1,376
Current tax liability	2,422	21,307
Deferred tax liabilities	23,363	23,391
Consolidated total liabilities	826,036	152,710

Notes to the Financial Report

2 Tax**Income tax expense**

	Consolidated	
	2020	2019
	\$'000	\$'000
Current tax expense	55,043	53,376
Under provision in respect of the prior year	3,811	966
Deferred income tax cost/(benefit)	(24,637)	5,789
Total income tax expense	34,217	60,131

Numerical reconciliation of income tax expense to prima facie tax payable

	2020	2019
	\$'000	\$'000
Profit before income tax	162,447	204,294
Tax at the Australian tax rate of 30%	48,734	61,288
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	272	-
Equity settled share based payments	240	930
Sundry items	773	2,292
Recognition of previously unbooked deferred tax assets in PNG	-	(5,140)
Research and development incentive	(198)	(178)
Permanent differences arising from foreign exchange within the tax consolidated group	4,241	939
Change in tax rate in Nova Scotia ⁽¹⁾	(19,845)	-
Income tax expense	34,217	60,131

(1) During the year, the Nova Scotia provincial government reduced the provincial tax rate from 16% to 14%, representing an overall reduction, including the Canadian federal tax rate, from 31% to 29%. The amount of \$19,845,000 represents the impact of the lower tax rate on Canadian related deferred tax balances.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated income statement, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax exposure

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities may impact tax expense in the period that such a determination is made.

Tax consolidation

Entities in the Australian tax consolidated group at 30 June 2020 included: St Barbara Ltd (head entity) and Allied Gold Pty Ltd. Current and deferred tax amounts are allocated using the "separate taxpayer within group" method.

A tax sharing and funding agreement has been established between the entities in the tax consolidated group. The Company recognises deferred tax assets arising from the unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. At 30 June 2020, the Australian tax consolidated group did not have any unused tax losses.

Current tax liability

As at 30 June 2020, the Company recognised a current tax liability of \$10,893,000 (2019: \$23,171,000), consisting of Australian and Papua New Guinea tax payable relating to the year ended 30 June 2020.

Accounting judgements and estimates

At 30 June 2020, tax losses not recognised relating to entities associated with Atlantic operations in Canada of \$2,528,000 (tax effected) were not booked.

Notes to the Financial Report

2 Tax (continued)**Deferred tax balances**

	Consolidated	
	2020	2019
	\$'000	\$'000
Deferred tax assets		
Tax losses	19,663	-
Provisions and accruals	71,969	50,007
Property, plant and equipment	67,333	95,066
Derivative financial liabilities	37,448	-
Other	9,494	1,367
Total	205,907	146,440
Tax effect	60,952	43,932
Deferred tax liabilities		
Accrued income	349	260
Mine properties – exploration	72,197	48,517
Mine properties – development	921,593	12,443
Consumables	78,050	61,311
Capitalised convertible notes costs	1,399	1,904
Unrealised foreign exchange gains	23,759	17,642
Property, plant & equipment	85,100	-
Investment at fair value	22,035	11,265
Total	1,204,482	153,342
Tax effect	350,866	46,003
Net deferred tax balance	(289,914)	(2,071)
<i>Comprising:</i>		
Australia – net deferred tax liabilities	(23,363)	(23,391)
PNG – net deferred tax assets	13,670	21,320
Canada – net deferred tax liabilities	(280,221)	-
Net deferred tax balance	(289,914)	(2,071)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

Notes to the Financial Report

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 year are detailed below.

	Consolidated	
	2020	2019
	\$'000	\$'000
Atlantic Gold Corporation acquisition costs ⁽¹⁾	(7,538)	(3,865)
Amortisation of derivative financial liability ⁽²⁾	16,583	-
Gold hedge restructure ⁽³⁾	11,810	-
Call option fair value movements ⁽⁴⁾	(20,962)	-
Total significant items – pre tax	(107)	(3,865)
Tax Effect		
Nova Scotia tax rate change ⁽⁵⁾	19,845	-
Tax effect of pre-tax significant items	20	1,160
PNG deferred tax asset recognised	-	5,140
Total significant items – post tax	19,758	2,435

(1) Atlantic Gold Corporation acquisition costs

Costs relating to the acquisition of Atlantic Gold Corporation 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-the-money” position of the gold forward contracts acquired. This liability is amortised as a credit to revenue as the forward contracts mature. Following from the restructure of the hedge program in February 2020 (see note 3), the acquired forward contracts were cancelled and the remaining amortisation was accelerated, with the amount recognised in revenue for the year totalling \$16,583,000. Therefore, there will be no further amortisation of credits to revenue.

(3) Gold hedge restructure

In February 2020, the acquired Atlantic gold forwards were restructured with the effect of lifting the strike price on the remaining 78koz of forward contracts from C\$1,549/oz to C\$1,759/oz. This was achieved by selling 78koz of call options at a strike price of C\$2,050/oz. The net impact of accelerating the remaining unamortised balance of the acquired forward contracts and recognising the fair value of the call options at the date of restructure was \$11,810,000.

(4) Call option fair value movements

The call option program entered into as part of the hedge restructure (see note 3 above) does not qualify for hedge accounting on the basis the sold call options do not protect against downside risk. Therefore, movements in the fair value of the call options are recognised in the income statement. The amount of \$20,962,000 represents the movement in fair value from the date of the restructure in February 2020 to 30 June 2020. The net amount of the gold hedge restructure and call option fair value movements recognised as gold instrument fair value adjustments in the income statement was \$9,152,000.

(5) Canada province tax rate change

On 1 April 2020, the tax rate in Nova Scotia, the province in which the Atlantic Mining operations reside, was reduced from 16% to 14%. When added to the Canadian federal rate of 15%, the total tax rate reduced from 31% to 29%. The credit of \$19,845,000 in the income tax expense represents the benefit derived from the reduction of the net deferred tax liability balance.

Notes to the Financial Report

4 Earnings per share

	Consolidated	
	2020	2019
	Cents	Cents
Basic earnings per share	18.33	26.99
Diluted earnings per share	18.24	26.84

Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2020	2019
	\$'000	\$'000
Basic and diluted earnings per share:		
Profit after tax for the year	128,230	144,163

Weighted average number of shares

	Consolidated	
	2020	2019
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	699,442,910	534,106,859
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	702,895,987	537,075,948

5 Dividends

	Consolidated	
	2020	2019
	\$'000	\$'000
Declared and paid during the year on ordinary shares (fully-franked at 30 per cent)		
2020 interim dividend: 4 cents (2019: 4 cents)	27,848	20,971
2019 final dividend: 4 cents (2018: 8 cents)	27,967	41,641
Total dividends paid	55,815	62,612
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the year were as follows:		
Paid in cash	37,510	41,634
DRP – satisfied by issue of shares	18,305	20,978
Total dividends paid	55,815	62,612
Proposed and not recognised as a liability (fully-franked at 30 per cent)		
2020 final dividend: 4 cents (2019: 4 cents)	28,124	27,826
Franking credit balance		
Franking credits available for future years at 30 per cent adjusted for the payment of income tax and dividends received or payable	68,314	50,680
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the year	(12,053)	(11,926)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Performance rights

Performance rights granted to employees under the St Barbara Performance Rights Plan are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights are not included in the determination of basic earnings per share.

Weighted average of number of shares

The calculation of the weighted average number of shares is based on the number of ordinary shares and performance shares during the period, including the number of treasury shares held in trust.

Treasury shares are issued shares held by the company in trust for employee performance rights.

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 2020 interim dividend and the 2019 final dividend were issued at a 1% discount to the 5 day volume weighted average price.

Final Dividend

Subsequent to the 30 June 2020 full year report date, the Directors declared the payment of a final dividend of 4 cents per fully paid ordinary share fully franked. The aggregate amount of the proposed dividend is expected to be paid on 29 September 2020 out of retained earnings at 30 June 2020, and has not been recognised as a liability at the end of the year.

DRP shares in relation to the 2020 final dividend will be issued at a 1% discount to the 5 day volume weighted average price.

Notes to the Financial Report

B. Mining operations**6 Property, plant and equipment**

	Consolidated	
	2020	2019
	\$'000	\$'000
Land and buildings		
At the beginning of the year	11,610	11,724
Recognition of right-of-use assets	1,860	-
Acquired fixed assets (Atlantic Gold)	1,038	-
Additions	434	1,977
Depreciation (range 3-15 years)	(2,721)	(2,163)
Disposals	(61)	(72)
Effects of movement in foreign exchange rates	46	144
At the end of the year	12,206	11,610
Plant and equipment		
At the beginning of the year	90,124	100,437
Recognition of right-of-use assets	35,634	-
Acquired fixed assets (Atlantic Gold)	116,808	-
Additions	137,782	18,674
Disposals	(80)	(1,895)
Depreciation (range 3-15 years)	(66,215)	(29,106)
Effects of movement in FX rates	(1,980)	2,014
At the end of the year	312,073	90,124
Total ⁽¹⁾	324,279	101,734

(1) The above PP&E table includes right-of-use assets and associated accumulated depreciation.

Security

In accordance with security arrangements the syndicated facility and gold forward contracts are secured by the assets of the Group, excluding the assets of the Simberi operations.

Reconciliation of depreciation and amortisation to the consolidated income statement

	Consolidated	
	2020	2019
	\$'000	\$'000
Depreciation		
Land and buildings	(2,721)	(2,163)
Plant and equipment	(66,215)	(29,106)
Capitalised depreciation	6,775	-
Amortisation		
Mine properties	(41,059)	(46,355)
Mineral rights	(62,146)	(2,019)
Total	(165,366)	(79,643)

The above depreciation table includes right-of-use asset depreciation

Capital commitments

	Consolidated	
	2020	2019
	\$'000	\$'000
Purchase orders raised for contracted capital expenditure	9,870	14,003

Buildings, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate the cost or revalued amounts, net of residual values, over their estimated useful lives.

Where the carrying value of an asset is less than its estimated residual value, no depreciation is charged. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated income statement when realised.

Notes to the Financial Report

6. Plant, property and equipment (continued)

Right-of-use assets (leases)

This note provides information for right-of-use of asset where the group is a lessee

	Consolidated
Right-of-use assets	2020 \$'000
Land and buildings	
At the beginning of the year	1,860
Additions	-
Depreciation (range 1-5 years)	(465)
Disposals	-
At the end of the year	1,395
Plant and equipment	
At the beginning of the year	35,634
Acquired right-of-use assets	1,425
Additions	2,557
Disposals	-
Depreciation (range 1-5 years) ⁽¹⁾	(13,680)
At the end of the year	25,936
Total	27,331

(1) Depreciation of right-of-use assets which are used in mine development are capitalised.

	Consolidated
Lease liabilities ⁽²⁾	2020 \$'000
Current	12,199
Non-current	15,378
Total	27,577

(2) The Group only has lease liabilities relating to right-of-use assets

The Group's leasing activities

The Group leases offices, warehouses, equipment and vehicles as part of its operational requirements. Contracts are typically made for fixed periods of 6 months to 8 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone value. As a Lessee the Group will individually access single lease components.

Lease terms are negotiated on individual operational requirements and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

The Group has applied AASB 16 *Leases* from 1 July 2019 (refer to Note 25). All finance and operating leases are recognised as right-of-use assets with a corresponding liability at the date at which each leased asset is available for use by the group.

Accounting judgements and estimates

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options under management's assessment are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Management has applied judgement in determining whether assets used by a supplier in providing services to the Group qualify as right-of-use assets.

Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group has chosen not to do so for the right-of-use assets held by the Group.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of remeasuring lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$2,557,000.

7 Deferred mining costs

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Deferred operating mine development	2,039	1,614
Non-current		
Deferred operating mine development	4,386	5,655

Certain mining costs, principally those that relate to the stripping of waste in open pit operations and operating development in underground mines, which provide access so that future economically recoverable ore can be mined, are deferred in the balance sheet as deferred mining costs.

Underground operations

In underground operations mining occurs progressively on a level-by-level basis. Underground mining costs in the period are deferred based on the metres developed for a particular level.

Open pit operations

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit and deferred. This activity is referred to as deferred stripping.

Removal of waste material normally continues throughout the life of an open pit mine. This activity is referred to as production stripping.

The Group has no deferred waste costs associated with open pit operations at 30 June 2020 (2019: \$Nil).

Accounting judgements and estimates

The Group applies the units of production method for amortisation of underground operating development. The amortisation rates are determined on a level-by-level basis. In underground operations an estimate is made of the life of level average underground mining cost per recoverable ounce to expense underground costs in the consolidated income statement. Underground mining costs in the period are deferred based on the metres developed for a particular level.

Notes to the Financial Report

8 Mine properties and mineral rights

	Consolidated	
	2020 \$'000	2019 \$'000
Mine properties		
At beginning of the year	226,330	175,352
Direct expenditure	89,690	97,333
Rehabilitation asset ⁽¹⁾	7,372	-
Transfer to PP&E ⁽²⁾	(109,329)	-
Amortisation for the year	(41,059)	(46,355)
Study costs written off ⁽³⁾	(839)	-
At end of the year	172,165	226,330

(1) Rehabilitation asset generated as a result of the reduction in discount rate applied to the rehabilitation provision (refer Note 10).

(2) Relates to the Gwalia Extension Project where the majority of costs incurred were in respect of the purchase and construction of PP&E.

(3) Study costs relating to the Gwalia Mass Extraction program which were previously capitalised, now written off to the Income Statement within 'other expenses'.

Mine properties

Mine development expenditure represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine, after the commencement of production, such expenditure is carried forward as part of the mine development only when substantial future economic benefits are established, otherwise such expenditure is classified as part of production and expensed as incurred.

Mine development costs are deferred until commercial production commences, at which time they are amortised on a unit-of-production basis over mineable reserves. The calculation of amortisation takes into account future costs which will be incurred to develop all the mineable reserves. Changes to mineable reserves are applied from the beginning of the reporting period and the amortisation charge is adjusted prospectively from the beginning of the period.

Accounting judgements and estimates

The Group applies the units of production method for amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves, metallurgy and the complexity of future capital development requirements; changes to these estimates and assumptions will impact the amortisation charge in the consolidated income statement and asset carrying values.

	Consolidated	
	2020 \$'000	2019 \$'000
Mineral rights		
At the beginning of the year	1,872	3,891
Acquired mineral rights (Atlantic Gold)	988,709	-
Amortisation	(62,146)	(2,019)
Effects of movements in FX rates	(6,317)	-
At the end of the year	922,118	1,872

Mineral rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition, and are recognised at fair value at the date of acquisition. Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a unit of production basis over the estimated economic reserves of the mine to which the rights relate.

The Group's mineral rights are associated with the Simberi and Atlantic Gold operations and interests.

Accounting judgements and estimates

The Group applies the units of production method for amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves, resources and metallurgical recovery, changes to these estimates and assumptions could impact the amortisation charge in the consolidated income statement and asset carrying values.

Notes to the Financial Report

8. Mine properties and mineral rights (continued)

Impairment of assets

All asset values are reviewed at each reporting date to determine whether there is objective evidence that there have been events or changes in circumstances that indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit ('CGU') exceeds the recoverable amount. Impairment losses are recognised in the consolidated income statement.

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment.

The identified CGUs of the Group are: Leonora, Simberi and Atlantic Gold. The carrying value of all CGUs are assessed when an indicator of impairment is identified using fair value less costs of disposal ('Fair Value') to calculate the recoverable amount.

When required by an indicator of impairment, fair Value is determined as the net present value of the estimated future cash flows. Future cash flows are based on life-of-mine plans using market based commodity price and exchange rate assumptions for Australian Dollar (AUD), United States Dollar (USD) and Canadian Dollar (CAD) gold price, estimated quantities of ore reserves, operating costs and future capital expenditure. Costs to dispose have been estimated by management.

Accounting judgements and estimates - Impairment

Significant judgements and assumptions are required in making estimates of Fair Value. The CGU valuations are subject to variability in key assumptions including, but not limited to: long-term gold prices, currency exchange rates, discount rates, production, operating costs, future capital expenditure and permitting of new mines. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's recoverable value. This could lead to the recognition of impairment losses in the future. The inter-relationship of the significant accounting assumptions upon which estimated future cash flows are based, however, are such that it is impractical to disclose the extent of the possible effects of a change in a key assumption in isolation.

At 30 June 2020, the Group determined that there were no indicators of impairment for the Leonora, Simberi or Atlantic Gold cash generating units due to strong spot gold and consensus forecast prices at 30 June 2020, long mine life in the case of Leonora and Atlantic, together with the relatively low carrying value to recover at Simberi.

Ore Reserves

The Group determines and reports Ore Reserves under the 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period.

Accounting judgements and estimates— Ore Reserves

Reserves are estimates of the amount of gold product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates,

production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated future cash flows.
- The recognition of deferred tax assets.
- Depreciation and amortisation charged in the consolidated income statement may change where such charges are calculated using the units of production basis.
- Underground capital development deferred in the balance sheet or charged in the consolidated income statement may change due to a revision in the development amortisation rates.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Notes to the Financial Report

9 Exploration and evaluation

	Consolidated	
	2020 \$'000	2019 \$'000
Non-current		
At beginning of the year	40,858	28,182
Acquired exploration (Atlantic Gold)	87,712	-
Additions	22,142	12,676
Effects of movement in FX rates	(763)	-
At end of the year	149,949	40,858

Commitments for exploration

	Consolidated	
	2020 \$'000	2019 \$'000
In order to maintain rights of tenure to mining tenements for the next financial year, the Group is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the relevant government mining departments in Australia, Papua New Guinea and Canada. This requirement will continue for future years with the amount dependent upon tenement holdings.	14,155	7,299

All exploration and evaluation expenditure incurred up to establishment of resources is expensed as incurred. From the point in time when reserves are established, or where there is a reasonable expectation for reserves, exploration and evaluation expenditure is capitalised and carried forward in the consolidated financial statements, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. Capitalised costs are deferred until commercial production commences from the relevant area of interest, at which time they are amortised on a unit of production basis.

Exploration and evaluation expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an allocation of directly related overhead expenditure.

Feasibility expenditures represent costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to that area of interest. Pre-feasibility expenditures are expensed as incurred until a decision has been made to proceed to feasibility at which time the costs are capitalised.

Exploration and evaluation assets not relating to operating assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

When an area of interest is abandoned, or the Directors determine it is not commercially viable to pursue, accumulated costs in respect of that area are written off in the period the decision is made.

Accounting judgements and estimates

Exploration and evaluation expenditure is capitalised where reserves have been established for an area of interest, or where there is a reasonable expectation for reserves, and it is considered likely to be recoverable from future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation is likely. These estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the consolidated income statement.

Notes to the Financial Report

10 Rehabilitation provision

	Consolidated	
	2019	2019
	\$'000	\$'000
Current		
Provision for rehabilitation	354	244
Non-current		
Provision for rehabilitation	53,162	30,846
	53,516	31,090
Movements in Provisions		
Rehabilitation		
Balance at start of year	31,090	29,704
Acquired rehabilitation (Atlantic Gold)	12,951	-
Change in discount rate ⁽¹⁾	7,372	-
Unwinding of discount	1,953	885
Provision used during the year	(58)	(563)
Effects of movements in FX rates	208	1,064
Balance at end of year	53,516	31,090

(1) Represents a reduction in real discount rate to 0% applied to the rehabilitation provision at all operations (June 2019: 3.0%). This reduction is reflective of the reduction in the long term government bond rates.

Provisions, including those for legal claims and rehabilitation and restoration costs, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas of disturbance during mining operations.

A provision is made for the estimated cost of rehabilitation and restoration of areas disturbed during mining operations up to reporting date but not yet rehabilitated. The provision also includes estimated costs of dismantling and removing the assets and restoring the site on which they are located. The provision is based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of contouring, topsoiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

There is some uncertainty as to the extent of rehabilitation obligations that will be incurred due to the impact of potential changes in environmental legislation and many other factors (including future developments, changes in technology and price increases). The rehabilitation liability is remeasured at each reporting date in line with changes in the timing and /or amounts of the costs to be incurred and discount rates. The liability is adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgments and estimates involved.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost. A large proportion of the outflows are expected to occur at the time the respective mines are closed.

Accounting judgements and estimates

Mine rehabilitation provision requires significant estimates and assumptions as there are many transactions and other factors that will ultimately affect the liability to rehabilitate the mine sites. Factors that will affect this liability include changes in regulations, prices fluctuations, changes in technology, changes in timing of cash flows which are based on life of mine plans and changes to discount rates. When these factors change or are known in the future, such differences will impact the mine rehabilitation provision in the period in which it becomes known.

Notes to the Financial Report

C. Capital and risk

11 Working capital

Trade and other receivables

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Trade receivables	630	1,660
Other receivables ⁽¹⁾	8,070	7,116
Restricted cash	-	2,400
Prepayments	2,525	1,860
Total	11,225	13,036

(1) Consist mainly of goods and service tax and harmonized sales tax refunds due to the Company at the end of the year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are usually due for settlement no more than 30 days from the date of recognition. Cash placed on deposit with a financial institution to secure bank guarantee facilities and restricted from use ('restricted cash') within the business is disclosed as part of trade and other receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The amount of the provision for doubtful receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group does not have material trade receivables for which there is an expected credit loss though the consolidated income statement. It only sells to reputable banks, refiners and commodity traders.

Amounts receivable from Director related entities

At 30 June 2020, there were no amounts receivable from Director related entities (2019: \$Nil).

Inventories

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Consumables	58,862	47,391
Ore stockpiles	4,432	6,369
Gold in circuit	12,720	9,368
Bullion on hand	11,387	3,492
	87,401	66,620
Non-current		
Ore stockpiles	33,335	-
Total	120,736	66,620

Raw materials and consumables, ore stockpiles, gold-in-circuit and bullion on hand are valued at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Accounting judgements and estimates

The calculation of net realisable value (NRV) for ore stockpiles, gold in circuit and bullion on hand involves significant judgement and estimation in relation to timing and cost of processing, future gold prices, exchange rates and processing recoveries. A change in any of these assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.

Trade and other payables

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Trade payables	63,550	54,894
Other payables	3,420	1,655
Total	66,970	56,549

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid as at reporting date. The amounts are unsecured and are usually paid within 30 days from the end of the month of recognition.

Notes to the Financial Report

12 Financial risk management**Financial risk management**

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to withstand significant changes in cash flow under certain risk scenarios and still meet all financial commitments as and when they fall due. The Group continually monitors and tests its forecast financial position and has a detailed planning process that forms the basis of all cash flow forecasting.

The Group's normal business activities expose it to a variety of financial risk, being: market risk (especially gold price and foreign currency risk), credit risk and liquidity risk. The Group may use derivative instruments as appropriate to manage certain risk exposures.

Risk management in relation to financial risk is carried out by a centralised Group Treasury function in accordance with Board approved directives that underpin Group Treasury policies and processes. The Treasury Risk Management Committee assists and advises the Group Treasury function, Executive Leadership Team, Audit and Risk Committee and Board in discharging their responsibilities in relation to forecasted risk profiles, risk issues, risk mitigation strategies and compliance with Treasury policy. Group Treasury regularly reports the findings to the Treasury Risk Management Committee and the Board.

(a) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments, cash flows and financial position. The Group may enter into derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within directives and policies approved by the Board.

(b) Currency risk

The Group is exposed to currency risk on gold sales, purchases, cash holdings and interest bearing liabilities that are denominated in a currency other than the Company's presentation currency of Australian dollars. The currencies in which transactions primarily are denominated are Australian Dollars (AUD), United States Dollars (USD), Papua New Guinea Kina (PGK) and Canadian Dollars (CAD).

The exchange rates at the reporting date were as follows:

Closing rate as at	30 June 2020	30 June 2019
AUD/USD	0.6904	0.7021
AUD/PGK	2.3364	2.4378
AUD/CAD	0.9351	0.9190
Exposure to currency	2020	2019
USD		
Cash and cash equivalents	39,330	12,255
Trade receivables	291	377
Trade payables	(5,269)	(9,143)
PGK		
Cash and cash equivalents	6,321	548
Trade receivables	133	305
Trade payables	(2,322)	(3,870)
CAD		
Cash and cash equivalents	82,314	-
Trade receivables	1,415	-
Trade payables	(1,668)	-
Interest bearing liabilities	(105,966)	-
Net exposure	3,579	3,489

Sensitivity analysis:

The following table details the Group's sensitivity to a 10% movement (i.e. increase or decrease) in the AUD against the USD, PGK and CAD at the reporting date, with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period:

	Impact on Profit After Tax (Increase profit)/decrease profit	
	2020	2019
	\$'000	\$'000
AUD/USD +10%	(3,435)	(349)
AUD/USD -10%	3,435	349
AUD/CAD +10%	3,491	-
AUD/CAD -10%	(3,491)	-

PGK against the AUD has been reviewed and considered an immaterial currency risk.

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates.
- The translation of the net assets in subsidiaries with a functional currency other than the Australian dollar has not been included in the sensitivity analysis as part of the equity movement.
- The net exposure at the reporting date is representative of what the Group is expected to be exposed to in the next 12 months.
- The sensitivity analysis only includes the impact on the balance of financial assets and financial liabilities at the reporting date.

(c) Interest rate exposures

The Group Treasury function manages the interest rate exposures according to the Board approved Treasury policy. Any decision to hedge interest rate risk is assessed in relation to the overall Group exposure, the prevailing interest rate market, and any funding counterparty requirements.

Notes to the Financial Report

12 Financial risk management (continued)**(d) Capital management**

The Group's total capital is defined as total shareholders' funds plus net debt. The Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. The Group has a capital management plan that is reviewed by the Board on a regular basis.

Consolidated capital	2020 \$'000	2019 \$'000
Total shareholders' funds	1,348,977	1,257,023
Borrowings	(331,766)	-
Cash and cash equivalents ⁽¹⁾	331,766	-
Total capital	1,348,977	1,257,023

(1) Cash and cash equivalents are included to the extent that the net debt position is nil.

The Group does not have a target net debt/equity ratio. In July 2019 the Group established an A\$200,000,000 syndicated facility to support the Group following the acquisition of Atlantic Gold. This facility was restructured in December 2019 to combine the A\$200,000,000 facility with the C\$100,000,000 debt facility acquired as part of the acquisition of Atlantic Gold. The syndicated facility has a term that expires on 23 July 2022.

The Group is not subject to externally imposed capital requirements other than normal banking requirements.

Investments and other financial assets

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through the consolidated income statement or other comprehensive income, and assets measured at amortised cost. The classification depends on the purpose for which the investments were acquired and are determined at initial recognition. The Group has made an irrevocable election at the time of initial recognition to account for the current equity investments at fair value through other comprehensive income.

Investments and other financial assets are recognised initially at fair value plus, for assets not at fair value through profit and loss, any directly attributable transaction costs.

(e) Credit risk

Credit risk is the risk that a counter party does not meet its obligations under a financial instrument or customer contract, with a maximum exposure equal to the carrying amount of the financial assets as recorded in the consolidated financial statements. The Group is exposed to credit risk from its operating activities (primarily customer receivables) and from its financing activities, including deposits with banks and financial institutions and derivatives.

Credit risks related to receivables

The Group's most significant customer accounts for \$62,000 of the trade receivables carrying amount at 30 June 2020 (2019: \$996,000), representing receivables owing from ore processing services. Based on historic rates of default, the Group believes that no impairment has occurred with respect to trade receivables, and none of the trade receivables at 30 June 2020 were past due.

Credit risks related to deposits and derivatives

Credit risk from balances with banks, financial institutions and derivative counterparties is managed by the centralised Group Treasury function in accordance with the Board approved policy. Investments of surplus funds are only made with approved counterparties with a minimum Standard & Poor's credit rating, and

there is a financial limit on funds placed with any single counterparty.

Derivative transactions are only made with approved counterparties in accordance with the Board approved Treasury Policy. Derivative transactions do not cover a major proportion of total Group production, with maturities occurring over a relatively short period of time.

(f) Cash flow hedges

The Group's revenue is exposed to spot gold price risk. Based upon sensitivity analysis, a movement in the average spot price of gold during the year of \$100 per ounce and all other factors remaining constant, would have changed after tax profit by \$26,677,000.

In accordance with the Group's financial risk management policies, the Group has managed commodity price risk from time to time using gold forward contracts as described below.

In October 2018, the Company entered into gold forward contracts for 50,000 ounces of gold at A\$1,809 per ounce and 50,000 ounces of gold at US\$1,300 per ounce with maturity over a twelve-month period from January 2020 to December 2020. The US\$1,300 per ounce forward contract was later swapped to A\$1,961 per ounce as part of a foreign exchange trade.

Forward contracts acquired from Atlantic Gold with a forward price of C\$1,549 per ounce were restructured with the effect of lifting the forward price to C\$1,759 per ounce. This was achieved by selling gold call options with delivery dates from March 2021 to December 2022 at a strike price of C\$2,050 per ounce.

As physical delivery of gold is used to close out forward contracts, the standard provides an "own use" exemption under which the Group is not subject to the requirements of AASB 9 for these contracts.

The maturity profile of the gold contracts remaining as at 30 June 2020 is provided in the table below.

Strike Price	Total ounces	6 months or less ounces	6 – 12 months ounces	1 – 2 years ounces	2 – 5 years ounces
<i>Forward contracts</i>					
A\$1,809/oz	26,000	26,000	-	-	-
A\$1,961/oz	26,000	26,000	-	-	-
C\$1,759/oz	52,489	35,648	16,841	-	-
<i>Call options</i>					
C\$2,050/oz	78,010	-	12,000	41,000	25,010

Cash flow hedge sensitivity

The relationship between currencies, spot gold price and volatilities is complex and changes in the spot gold price can influence volatility, and vice versa.

At 30 June 2020, the Group did not hold any gold options to hedge against the risk of negative movements in the gold price, however this is reviewed by the Board as part of the risk management framework.

As noted above, 78,010 ounces of gold call options were sold to restructure the acquired Atlantic Gold forward contracts. The call options have a strike price of C\$2,050 per ounce. Changes in the fair value of the call options are recognised in the income statement.

Notes to the Financial Report

12 Financial risk management (continued)**(g) Fair value estimation**

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates carrying value. The fair value of other monetary financial assets and financial liabilities is based upon market prices.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using generally accepted valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Fixed Interest Maturing in 2020						
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	Non- interest bearing \$'000	Total \$'000	Fair value \$'000
Financial assets						
Cash and cash equivalents	178,038	227,503	-	-	405,541	405,541
Deposits held to maturity	-	-	-	-	-	-
Restricted cash and cash equivalent	-	-	-	-	-	-
Receivables	-	-	-	8,700	8,700	8,700
Financial assets ⁽¹⁾	-	-	-	48,905	48,905	48,905
	178,038	227,503	-	57,605	463,146	463,146
Weighted average interest rate	0.26%	0.86%	n/a	n/a		
Financial liabilities						
Trade and other payables	-	-	-	66,970	66,970	66,970
Right-of-use assets lease liability	-	12,199	15,378	-	27,577	27,577
Loans from other entities ⁽²⁾	-	-	307,404	-	307,404	308,707
Derivative financial liabilities	-	-	-	37,448	37,448	37,448
	-	12,199	322,782	104,418	439,399	440,702
Weighted average interest rate	n/a	4.14%	2.76%	n/a		
Net financial assets	178,038	215,304	(322,782)	(46,813)	23,747	22,444

Fixed Interest Maturing in 2019

Financial assets

Cash and cash equivalents	212,199	668,000	-	-	880,199	880,199
Deposits held to maturity	-	10,000	-	-	10,000	10,000
Restricted cash and cash equivalent	-	2,400	-	-	2,400	2,400
Receivables	-	-	-	8,776	8,776	8,776
Financial assets ⁽¹⁾	-	-	-	40,495	40,495	40,495
	212,199	680,400	-	49,271	941,870	941,870
Weighted average interest rate	1.96%	2.10%	n/a	n/a		

Financial liabilities

Trade and other payables	-	-	-	56,549	56,549	56,549
Lease liabilities	-	-	-	-	-	-
	-	-	-	56,549	56,549	56,549
Weighted average interest rate	n/a	n/a	n/a	n/a		
Net financial assets	212,199	680,400	-	(7,278)	885,321	885,321

(1) Fair value is determined based on Level 1 inputs as the balance represents investments in listed securities.

(2) Excludes capitalised borrowing costs of \$3,215,000.

Notes to the Financial Report

12 Financial risk management (continued)**(h) Liquidity risk**

Prudent liquidity risk management requires maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and matching maturity profiles of financial assets and liabilities. The Group undertakes sensitivity analysis to stress test the operational cash flows, which are matched with capital commitments to assess liquidity requirements. The capital management plan provides the analysis and actions required in detail for the next twelve months and longer term.

To manage the risk of the impact of COVID-19 may have on operations, and therefore the liquidity of the Group, the Group drew down 100% of the A\$200,000,000 Australian tranche of the syndicated facility in March 2020. This tranche of the facility was repaid in July 2020, with the amount able to be redrawn within the remaining term of the facility.

Surplus funds are invested in instruments that are tradeable in highly liquid markets.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows, which includes interest obligations over the term of the facilities.

	Less than 12 months \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
Maturity of financial liabilities – 2020					
Trade and other payables	66,970	-	-	66,970	66,970
Right-of-use assets lease liabilities	13,025	16,100	-	29,125	27,577
Syndicated facility ⁽¹⁾	8,571	316,640	-	325,211	307,404
Call options	5,760	31,688	-	37,448	37,448
	94,326	364,428	-	458,754	439,399
Maturity of financial liabilities – 2019					
Trade and other payables	56,549	-	-	56,549	56,549
Lease liabilities	-	-	-	-	-
	56,549	-	-	56,549	56,549

(1) Excludes capitalised borrowing costs of \$3,215,000.

Notes to the Financial Report

13 Net debt**Cash and cash equivalents**

	Consolidated	
	2020	2019
	\$'000	\$'000
Cash at bank and on hand	178,038	212,199
Term deposits	227,503	668,000
	405,541	880,199

Cash and cash equivalents includes cash on hand, deposits and cash at call held at financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash at bank and on hand

Cash at bank at 30 June 2020 was invested "at call" earning interest at an average rate of 0.26% per annum (2019: 1.96% per annum).

Term deposits

Term deposits maturing within 3 months of the 30 June 2020 reporting date earned interest at rates of between 0.49% and 1.50% per annum (2019: rates of between 1.21% and 2.77% per annum). At 30 June 2020, the average time to maturity was 52 days (2019: 17 days) from balance date.

Deposits held to maturity

	Consolidated	
	2020	2019
	\$'000	\$'000
Term deposits between 3 and 12 months	-	10,000

Term deposits between 3 and 12 months

Term deposits with maturity between 3 to 12 months at 30 June 2020 reporting date was \$Nil (2019: \$10,000,000) and interest at rates \$Nil (2019: rate of 2.55% per annum). At 30 June 2020, the average time to maturity was Nil days (2019: 205 days) from reporting date.

Interest bearing liabilities

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Secured		
Right-of-use assets lease liabilities	12,199	-
Total current	12,199	-
Non-current		
Secured		
Right-of-use assets lease liabilities	15,378	-
Syndicated facility	307,404	-
Capitalised borrowing costs	(3,215)	-
Total non-current	319,567	-
Total interest bearing liabilities	331,766	-

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 income statement 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.

Profit before income tax includes the following specific expenses:

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Finance Costs</i>		
Interest paid/payable	5,971	-
Bank fees and borrowing costs	2,036	60
Finance lease interest	3,295	1
Provisions: unwinding of discount	1,953	885
	13,255	946

Notes to the Financial Report

13 Net debt (continued)**Reconciliation of profit from ordinary activities after income tax to net cash flows from operating activities**

	Consolidated	
	2020	2019
	\$'000	\$'000
Profit after tax for the year	128,230	144,163
Depreciation and amortisation	165,366	79,643
Net derivative movement	9,152	-
Difference between income tax expenses and tax payments	(7,027)	(1,292)
Unwinding of rehabilitation provision	1,953	885
Unrealised/realised foreign exchange loss	2,377	3,707
Equity settled share-based payments	2,472	3,099
Change in operating assets and liabilities		
Receivables and prepayments	3,338	(421)
Inventories	(7,813)	(2,071)
Other assets	(5,673)	(1,462)
Trade creditors and payables	(2,691)	16,671
Provisions and other liabilities	(10,151)	(2,148)
Net cash flows from operating activities	279,533	240,774

14 Contributed equity

Details	Number of shares	\$'000
Opening balance 1 July 2019	695,653,732	1,402,675
Vested performance rights	551,245	1,484
Shares issued on DRP	6,889,639	18,305
Share issue fees	-	(174)
Closing balance 30 June 2020	703,094,616	1,422,290

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and performance rights are recognised as a deduction from equity, net of any tax effects.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Financial Report

D. Business portfolio

15 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2020, the parent company of the Group was St Barbara Limited.

Financial statements

	Parent Entity	
	2020 \$'000	2019 \$'000
Results of the parent entity		
Profit after tax for the year	38,732	89,716
Other comprehensive (loss)/profit	6,281	(820)
Significant item – intercompany debt forgiveness ⁽¹⁾	-	(106,533)
Total comprehensive (loss)/income for the year	45,013	(17,637)

Note (1): Represents debts forgiven between companies within the Group to enable non-operating and dormant companies to be deregistered to streamline the Group's legal structure. Amount forgiven was non-cash, and did not represent any economic loss to the consolidated Group.

Other comprehensive income is set out in the Consolidated statement of comprehensive income.

	Parent Entity	
	2020 \$'000	2019 \$'000
Financial position of the parent entity at year end		
Current assets	310,468	880,981
Total assets	1,264,445	992,111
Current liabilities	65,331	74,517
Total liabilities	330,041	122,851
Total equity of the parent entity comprising:		
Share capital	1,422,290	1,402,675
Reserves	(11,345)	(5,064)
Dividend payments	(55,815)	(62,612)
Accumulated losses	(420,726)	(465,739)
Total equity	934,404	869,260

Transactions with entities in the wholly-owned group

St Barbara Limited is the parent entity in the wholly-owned group comprising the Company and its wholly-owned subsidiaries. It is the Group's policy that transactions are at arm's length.

During the year the Company charged management fees of \$7,019,000 (2019: \$5,019,000), operating lease rents of \$Nil (2019: \$Nil), and interest of \$546,000 (2019: \$86,000) to entities in the wholly-owned group.

Net loans payable to the Company amount to a net payable of \$53,011,000 (2019: net receivable \$41,606,000).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

16 Financial assets and fair value of financial assets

	Consolidated	
	2020 \$'000	2019 \$'000
Current		
Investment in private company	5,999	-
Non-current		
Australian listed shares and equity	42,906	40,495

At the 30 June 2020 reporting date, the Group's non-current financial assets of \$42,906,000 (30 June 2019: \$40,495,000) represent investments 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)

Current financial asset of \$5,999,000 represents an investment in Moose River Resources Inc (MRRI), acquired as part of the acquisition of Atlantic Gold. This investment is valued using Level 3 inputs. The accumulated fair value adjustments are recognised in other comprehensive income as gains or losses. This amount includes a deposit paid in relation to the acquisition of MRRI announced after year end (refer Note 21).

The Group recognised Level 1, 2 and 3 financial assets on a recurring fair value basis as at 30 June 2020 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 market 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.

Notes to the Financial Report

17 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy on consolidation.

Except as noted below, all subsidiaries are 100% owned at 30 June 2019 and 30 June 2020.

	Country of Incorporation
<u>Parent entity</u>	
St Barbara Limited	Australia
<u>Subsidiaries of St Barbara Limited</u>	
Allied Gold Mining Ltd ⁽¹⁾	UK
Allied Gold Pty Ltd	Australia
<u>Subsidiaries of Allied Gold Pty Ltd</u>	
Nord Pacific Limited	Canada
<u>Subsidiaries of Nord Pacific Limited</u>	
Nord Australex Nominees (PNG) Ltd	PNG
Simberi Gold Company Limited	PNG
Atlantic Mining NS Inc. ⁽²⁾	Canada

(1) Non-operating entity deregistered during the 2020 financial year.

(2) On 19 July 2019, the Group acquired Atlantic Gold Corporation (AGC). During the year, AGC and other subsidiaries of AGC, were amalgamated into a single entity, Atlantic Mining NS Inc. The purpose of the amalgamation was to streamline the legal entity structure to derive administrative benefits without compromising permitting or licencing for current projects.

Notes to the Financial Report

E. Remunerating our people

18 Employee benefit expenses and other provisions

Expenses

	Consolidated	
	2020	2019
	\$'000	\$'000
<i>Employee related expenses</i>		
Wages and salaries	100,005	73,546
Retirement benefit obligations	7,436	5,985
Equity settled share-based payments	2,472	3,099
	109,913	82,630

Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be paid within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, including expected on-costs, when the liabilities are settled.

Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they are due and become payable. The Group has no obligations in respect of defined benefit funds.

Equity settled share-based payments

Performance rights issued to employees are recognised as an expense by reference to the fair value of the equity instruments at the date at which they are granted. Refer to Note 19 for further information.

Executive incentives

Senior executives may be eligible for short term incentive payments ("STI") subject to achievement of key performance indicators, as recommended by the Remuneration Committee and approved by the Board of Directors. The Group recognises a liability and an expense for STIs in the reporting period during which the service is provided by the employee.

Key management personnel

	Consolidated	
	2020	2019
	\$'000	\$'000
Short term employee benefits	3,193	2,838
Post-employment benefits	81	75
Leave	248	201
Share-based payments	144	291
	3,666	3,405

Disclosures relating to Directors and key management personnel are included within the Remuneration Report, with the exception of the table opposite.

Other provisions

	Consolidated	
	2020	2019
	\$'000	\$'000
Current		
Employee benefits – annual leave	5,665	4,951
Employee benefits – long service leave	4,512	3,869
Other provisions	9,745	7,708
	19,922	16,528
Non-current		
Employee benefits - long service leave	1,937	1,981
	1,937	1,981

Employee related and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made, plus expected on-costs, in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted with reference to market yields on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Report

19 Share-based payments

Employee Performance Rights

During the year ended 30 June 2020, \$2,367,000 (2019: \$1,197,000) previously recognised in the share based payment reserve for 821,523 (2019: 483,621) performance rights, which expired during the year, were transferred as a gain to accumulated losses. Accounting standards preclude the reversal through the consolidated income statement of amounts which have been booked in the share based payments reserve for performance rights, and which satisfy service conditions but do not vest due to market conditions.

Set out below are summaries of performance rights granted to employees under the St Barbara Limited Performance Rights Plan approved by shareholders:

Consolidated and parent entity 2020								
Grant Date	Expiry Date	Issue price	Balance at start of the year Number	Granted during the year Number	Vested during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
16 Nov 2017	30 Jun 2020	\$2.89	1,175,059	-	(341,277)	(833,782)	-	-
24 Oct 2018	30 Jun 2021	\$4.92	711,080	-	-	(28,042)	683,038	-
21-Dec 2018	30 Jun 2021	\$4.92	54,523	-	-	-	54,523	-
27 Nov 2019	30 Jun 2020	\$2.91	-	56,544	(16,824)	(39,720)	-	-
27 Nov 2019	30 Jun 2021	\$2.91	-	56,544	-	(5,562)	50,982	-
27 Nov 2019	30 Jun 2022	\$2.91	-	1,505,276	-	(123,884)	1,381,392	-
03 Feb 2020	30 Jun 2022	\$2.91	-	86,664	-	-	86,664	-
03 Feb 2020 ⁽¹⁾	30 Jun 2022	\$3.15	-	107,388	-	-	107,388	-
Total			1,940,662	1,812,416	(358,101)	(1,030,990)	2,363,987	-
Consolidated and parent entity 2019								
21 Oct 2016	30 Jun 2019	\$2.92	837,568	-	(472,228)	(365,340)	-	-
12 Dec 2016	30 Jun 2019	\$2.92	196,708	-	(64,914)	(131,794)	-	-
31 Mar 2017	30 Jun 2019	\$2.92	42,440	-	(14,103)	(28,337)	-	-
16 Nov 2017	30 Jun 2020	\$2.89	1,211,812	-	-	(36,753)	1,175,059	-
24 Oct 2018	30 Jun 2021	\$4.92	-	718,262	-	(7,182)	711,080	-
21 Dec 2018	30 Jun 2021	\$4.92	-	54,523	-	-	54,523	-
Total			2,288,528	772,785	(551,245)	(569,406)	1,940,662	-

(1) 107,388 of the performance rights issued on 3 February 2020 are subject to shareholder approval at the annual general meeting set for 28 October 2020.

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.08 years (2019: 1.40 years). Conditions associated with rights granted during the year ended 30 June 2020 included:

- Rights are granted for no consideration. The vesting of rights granted in 2020 is subject to a continuing service condition as at the vesting date, Return on Capital Employed over a three year period (for the management personnel only), and relative Total Shareholder Return over a three year period measured against a peer group.
- Performance rights do not have an exercise price.
- Any performance right which does not vest will lapse.
- Grant date varies with each issue.

The fair value of rights issued was adjusted according to estimates of the likelihood that the market conditions will be met. A Monte-Carlo simulation was performed using data at grant date to assist management in estimating the probability of the rights vesting.

As a result of the Monte-Carlo simulation results, the assessed fair value of rights issued during the year was \$4,500,000. This outcome was based on the likelihood of the market condition being met as at the date the rights vest.

Expenses arising from share based payment transactions

Total expenses arising from equity settled share based payment transactions recognised during the year as part of the employee benefit expenses were as follows:

	Consolidated 2020 \$	2019 \$
Performance rights issued under performance rights plan	2,472,000	3,099,000

Accounting judgements and estimates

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Where the vesting of share based payments contain market conditions, in estimating the fair value of the equity instruments issued, the Group assesses the probability of the market conditions being met, and therefore the probability of fair value vesting, by undertaking a Monte-Carlo simulation. The simulation performs sensitivity analysis on key assumptions in order to determine potential compliance with the market performance conditions. The simulation specifically performs sensitivity analysis on share price volatility based on the historical volatility for St Barbara Limited and the peer group companies. The results of the Monte-Carlo simulation are not intended to represent actual results, but are used as an estimation tool by management to assist in arriving at the judgment of probability.

Notes to the Financial Report

F. Further disclosures

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers Australia, the auditor of the parent entity, and its related practices:

	Consolidated	
	2020 \$	2019 \$
PricewaterhouseCoopers Australia audit and review of financial reports	407,820	276,020
PricewaterhouseCoopers Papua New Guinea audit and review of financial reports	24,969	24,969
PricewaterhouseCoopers Australia Non-audit services		
Accounting advice and other assurance related services	-	39,200
PricewaterhouseCoopers Canada Non-audit services		
Taxation consulting services	32,950	-
Total remuneration for audit and non-audit related services	465,739	340,189

21 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 a fully franked final dividend in relation to the 2020 financial year of 4 cents per ordinary share, to be paid on 23 September 2019. A provision for this dividend has not been recognised in the 30 June 2020 consolidated financial statements.

On 27 July 2020, the Group announced the acquisition of Moose River Resources Incorporated (MRRI) to consolidate ownership of the Touquoy Mine and surrounding exploration tenements for a total cash value of \$64,582,000, subject to working capital adjustments. The acquisition is subject to MRRI shareholder approval and court approval which is expected to be completed in September 2020. This acquisition will be funded from the Group's existing cash balance.

On 30 July 2020 the Group repaid in full the A\$200,000,000 debt drawn on 31 March 2020 from the syndicated facility. The full A\$200,000,000 limit under the facility remains available to be redrawn for the remaining term of the facility which expires in July 2022.

22 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 by tax authorities 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.

Notes to the Financial Report

23 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 accounting for the acquisition of Atlantic Gold has been finalised at 30 June 2020.

	Consolidated 2020 \$'000	2019 \$'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	-	-
Net cash out flow on acquisition of subsidiaries		
Consideration paid in cash	779,857	-
Less: Cash and cash equivalents balance acquired	(4,065)	-
Net cash out flow on acquisition of subsidiaries	775,792	-

Expenses associated with acquisition

Acquisition and integration related costs of \$7,538,000 incurred during the year that were not directly attributable to the issue of shares are included in expenses associated with acquisition in the income statement 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:

	Fair value \$'000
Assets	
Current assets	
Cash and cash equivalents	4,065
Trade and other receivables	3,927
Inventories	17,673
Financial assets	3,021
Total current assets	28,686
Non-current assets	
Inventories	20,735
Property, plant and equipment	117,846
Mineral rights	988,709
Exploration and evaluation	87,712
Other assets	964
Total non-current assets	1,215,966
Total assets	1,244,652
Liabilities	
Current liabilities	
Trade and other payables	13,112
Interest bearing borrowings	10,635
Provisions	301
Derivative financial liabilities	25,969
Total current liabilities	50,017
Non-current liabilities	
Interest bearing borrowings	98,519
Rehabilitation provision	12,951
Deferred tax liabilities	284,285
Derivative financial liabilities	19,023
Total non-current liabilities	414,778
Total liabilities	464,795
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 \$59,330,000 attributable to Atlantic Gold. Revenue for the year was \$233,155,000 from 107,076 ounces of gold sold with 106,663 ounces of gold produced.

Depreciation and amortisation for the year comprised:

- Depreciation of property, plant & equipment: \$14,483,000
- Amortisation of mineral rights: \$61,028,000

If Atlantic Gold had been acquired on 1 July 2019, the Group's revenue would have increased by \$8,000, and net profit after tax would have decreased by \$463,000.

Notes to the Financial Report

24 Basis of preparation*Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items:

- Financial assets are measured at fair value;
- Share based payment arrangements are measured at fair value;
- Rehabilitation provision is measured at net present value;
- Long service leave provision is measured at net present value.

Principles of consolidation - Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of St Barbara Limited as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, and as a result has an exposure or rights to variable returns, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Both the functional and presentation currency of St Barbara Limited and its Australian controlled entities is Australian dollars (AUD). The functional currency of the Simberi Operations is US dollars (USD), and the functional currency of the Atlantic Operations is Canadian dollars (CAD).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as level 1 financial assets, are included in the fair value reserve in equity.

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of St Barbara Limited (Australian dollars) at the year-end exchange rate and the revenue and expenses are translated at the rates applicable at the transaction date. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

Critical accounting judgement and estimates

The preparation of consolidated financial statements in conformity with AASB and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Report

25 Accounting standards

New Standards adopted

The accounting policies applied by the Group in this 30 June 2020 consolidated financial report are consistent with Australian Accounting Standards. All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2019 to the group have been adopted and have no material impact on the recognition 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 full 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 at 30 June 2020 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
Additions	2,557
Acquired right-of-use assets	1,425
Lease principal payments	(13,899)
Lease liabilities as at 30 Jun 2020	27,577

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 full year financial statements ended 30 June 2020:

	Included with in	\$'000
Income Statement⁽¹⁾		
Depreciation and amortisation	Net operating costs	(11,168)
Lease interest	Finance cost	(1,033)
Statement of cash flows		
Lease principal payments	Cash flows from financing activities	(13,899)
Lease interest paid	Net interest paid	(1,322)
Balance sheet		
Right of use assets:		
- carrying value	Property, plant and equipment lease	27,331
Liabilities:		
- current	Interest bearing borrowings	(12,199)
- non-current		(15,378)

(1) Depreciation of \$2,977,000 and interest of \$290,000 relating to right-of-use assets which are used in mine development was capitalised during the year.

Critical accounting judgement and estimates

The preparation of consolidated financial statements 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.

Financial Report**Directors' declaration**

- 1 In the opinion of the directors of St Barbara Limited (the Company):
 - (a) the consolidated financial statements and notes that are contained in pages 47 to 79 and the remuneration report in the Directors' report, set out on pages 20 to 43, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2020.
- 3 The directors draw attention to page 47 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Craig Jetson

Managing Director and CEO

Melbourne
24 August 2020

Independent auditor's report

To the members of St Barbara Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of St Barbara Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020
- the consolidated comprehensive income statement for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$8.1 million, which represents approximately 5% of the Group's profit before tax. We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We utilised a 5% threshold based on our professional judgement, noting that it is within the range of commonly accepted profit related thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Group operates mines in Western Australia, Papua New Guinea (PNG) and Nova Scotia, Canada and has a centralised corporate accounting function based in Melbourne. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: <ul style="list-style-type: none"> Accounting for the acquisition of Atlantic Gold Corporation Assessing the carrying value of mining assets Accounting for the cost of rehabilitation These are further described in the <i>Key audit matters</i> section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter**How our audit addressed the key audit matter****Accounting for the acquisition of Atlantic Gold Corporation**
(Refer to note 23)

The Group acquired Atlantic Gold Corporation for total consideration of \$780 million during the financial year, as described in note 23 of the financial report.

The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial and operational impacts on the Group. The Group made complex judgements when accounting for the acquisition, including identifying all assets and liabilities of the newly acquired business and estimating their fair value for initial recognition, particularly the Mineral Rights and Exploration and Evaluation assets.

Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others:

- Evaluated the Group's accounting against the requirements of Australian Accounting Standards, key transaction agreements, and our understanding of the business acquired and its industry, and selected other transaction related documentation.
- Assessed the fair values of the acquired assets and liabilities recognised, including:
 - considering the reasonableness of key assumptions used in the Mineral Rights model that estimated fair value in light of historical performance and industry forecasts.
 - considering the discount rate assumptions used in the Mineral Rights model in light of other market participants' average cost of capital.
 - considering the valuation methodology in the Mineral Rights model against the requirements of the Australian Accounting Standards.
 - for Exploration and Evaluation assets, considering the multiples adopted with reference to market practice.
 - considering the completeness of identified liabilities.
- Considered the adequacy of the business combination disclosures in light of the requirements of Australian Accounting Standards.

Assessing the carrying value of mining assets
(Refer to notes 6 and 8)

At 30 June 2020, the Group recognised \$324 million of Property, Plant and Equipment, \$172 million of Mine Properties and \$922 million of Mineral Rights on the consolidated balance sheet (the 'mining assets').

Group policy is to assess for indicators of impairment at each reporting date, for each cash generating unit (CGU), by evaluating conditions specific to the Group and to the particular CGU that may lead to impairment.

The assessment for impairment indicators for these assets was a key audit matter due to the financial significance of the balances and the judgement required in the determination of whether indicators exist.

At 30 June 2020, the Group assessed that no indicators of impairment exist for any CGUs.

Our procedures to assess the Group's consideration of impairment indicators included:

- Evaluated the actual current year operating and financial performance of each CGU against the budget.
- Considered the movement in the year of key economic assumptions including long-term gold price, discount rates and currency exchange rates.
- Considered any change during the year in ore reserves and resources or forecast future capital expenditure.
- Compared the value of the net assets of the Group at year end to the market capitalisation.

Accounting for the cost of rehabilitation (Refer to note 10) \$53 million

The Group is required under the laws and regulations of Western Australia, PNG and Nova Scotia, Canada to rehabilitate the Gwalia, Simberi and Atlantic Gold operations respectively, at the completion of mining activities.

Calculating the rehabilitation provisions requires significant estimation and judgement by the Group. Assumptions are required to be made in respect of methods of rehabilitation, changes in timing of cash flows, changes to discount rates as well as the potential for changes in regulatory requirements and technology.

Given the financial significance of this balance and the judgemental factors outlined above, the accounting for the cost of rehabilitation was a key audit matter.

To assess the Group's rehabilitation provisions, we performed the following procedures, amongst others:

- Obtained the Group's calculation of the rehabilitation provisions. We checked the mathematical accuracy of these calculations and whether the timing of the cash flows in the rehabilitation models was consistent with the life of mine plans.
- Where external and internal experts were used by the Group to estimate rehabilitation costs, we assessed our ability to use their estimates for the purposes of our audit.
- We compared the Group's assumptions on rehabilitation costs, on a sample basis, to other similar costs in the business.
- Assessed whether the discount rates used in the rehabilitation models were reasonable by comparing them to those generally used in the industry to discount liabilities of this nature.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

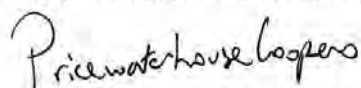
Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 43 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of St Barbara Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



PricewaterhouseCoopers



John O'Donoghue
Partner

Melbourne
24 August 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

REGISTERED OFFICE

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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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AUDITOR

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