
4 April 2023

Genesis merger, Leonora production and guidance update

St Barbara Limited (“**St Barbara**” or the “**Company**”) (ASX: SBM) provides the following updates in relation to the announced merger with Genesis Minerals Limited (“**Genesis**”) (ASX: GMD) as well as an update on the March quarter production at Leonora, and implications for FY23 guidance.

Update on Genesis merger

As announced on 12 December 2022, St Barbara and Genesis entered into a proposed transaction whereby St Barbara will acquire 100% of the shares in Genesis, via a scheme of arrangement (“**Scheme**”), to form “Hoover House”, and the proposed demerger of St Barbara’s non-Leonora assets to St Barbara shareholders to form “Phoenician Metals”. The Scheme remains subject to the satisfaction of a number of conditions precedent. The conditions precedent must be satisfied (or, where applicable, waived) prior to the end date of 11 July 2023 and at the date of this announcement all conditions remain outstanding.

One of the conditions precedent requires St Barbara’s net debt to be no more than \$163.2M at the end of the calendar month prior to the date upon which the second Court hearing for the Scheme will occur. St Barbara’s net debt position marginally improved at the end of the March quarter at \$112M, compared to \$117M at the end of December 2022, with lower gold production at Leonora being offset by favourable gold prices. St Barbara’s cash position increased by \$22M in the March quarter to \$60M (\$7m attributable to Australia and \$53m attributable to the offshore assets), as a result of the \$20M debt drawdown in January.

St Barbara and Genesis are committed to advancing the transaction given the industrial logic of consolidating the Leonora province. However, in light of the recent operational and financial performance, and the ongoing evolution of the mine plan at Gwalia, St Barbara and Genesis are in discussions regarding potential alternative transaction structures and capital requirements.

Given the status of these discussions, the Boards of both St Barbara and Genesis believe it is appropriate to place the respective company shares into trading halt until an outcome of these discussions is known.

Leonora production and guidance update

Leonora produced 30,942koz of gold for the March quarter of FY23 and 97,195koz of gold for the financial year to date. Gold production at Leonora was impacted by suboptimal blasting of three key stopes in the quarter. Recovery of affected stopes, each containing between 8kt and 36kt of ore, required significant rework which reduced mining rates from these stopes and has slowed down the overall mining sequence. As a result, some ore that had been expected to be mined in March has been delayed into the June quarter, which then cascades some ore from the June quarter into FY24.

Over the course of FY23 the performance of the resource model has been down compared to previous years, with the model performing on average ~10% below reconciled production. The underperformance relates to a higher proportion of stopes in the current sequence being mined on the edges of the South-West Branch lode.

As a result of the lower than anticipated mining rates and resource model underperformance on the edges of the South-West Branch lode, St Barbara hereby updates Leonora’s production guidance for FY23 to between 130koz and 135koz. St Barbara’s group production guidance has been adjusted to incorporate the Leonora guidance update (see Table 1). The Company also retracts the cost guidance for Leonora and the Group until it can be updated with the release of the March Quarterly Report, following the finalisation of monthly financial accounts. Simberi and Atlantic guidance remains unchanged.

Improved production results are expected at Leonora with increased stoping tonnes anticipated early in FY24. During the March quarter, the opportunity was taken to accelerate mine development, improving the number of headings providing access to ore.

Importantly, the “margin over ounces” mine plan anticipated by Hoover House for FY24 and onwards will focus mining on the core of the South-West Branch lode where grades are significantly higher and more consistent than the edges, and the plan will be underpinned by a new Resource model jointly developed by St Barbara and Genesis.



Table 1: FY23 Guidance

FY23 Guidance	Gold production (koz)	AISC (A\$/oz)	Sustaining capex (A\$M)	Growth capex (A\$M)
Atlantic Operations	40 - 50	2,075 – 2,315 ¹	5 – 10	20 – 25
Leonora Operations	130 – 135	retracted	60 – 70	10 – 15
Simberi Operations	70 – 80	2,300 – 2,540 ²	5 – 10	3 – 5
Consolidated	240 – 265	retracted	70 – 90	33 - 45

Delivering Leonora's long term future

Whilst gold production was lower than expected in the March quarter, St Barbara achieved successes in several initiatives designed to secure Leonora's long term future. A number of cost saving initiatives are already bearing fruit. For example, the Company has completed the consolidation of mine operations under a single contractor, saving approximately \$1M per month. Development productivity has increased over the prior quarter, whilst maintaining total material movement, with reduced underground equipment and personnel, demonstrating the success of recent productivity improvement initiatives. In addition, enhanced maintenance practices and sustained access to higher quality maintenance skills, resulted in improved quarter on quarter equipment availability.

Corporate costs are expected to reduce through the contraction of the corporate office, an initiative completed at the end of the quarter. Workforce numbers at St Barbara's operations have also been rationalised. Staffing levels are now appropriately sized to meet the operational requirements of the Company.

As announced on 15 March 2023³, in the light of the recent performance at Gwalia, St Barbara and Genesis jointly undertook extensive remodelling of the Gwalia orebody. This work confirms the presence of a consistent high-grade core within the South-West Branch lode, following recent infill drilling and reinterpretation of the ore lode geometries at Leonora. The infill drilling covers a vertical distance of ~200m immediately below the current stoping front and confirms grade continuity to a high level of confidence for the medium term (see Figure 1).

Current ore mining is occurring on the periphery of the orebody, which is characterised by inconsistent grades. Grade consistency is expected to return to normal practice once mining enters the high grade core region of the orebody.

The reinterpretation of the lodes has been focused on better defining the geometry of the lodes on the edges of the high grade trend. Globally there is no material change to the Mineral Resource estimate. This work has provided further impetus to pursue a quality focussed "margin over ounces" mine plan, as anticipated in connection with the proposed combination of St Barbara's and Genesis' respective operations.

¹ C\$1,800 to C\$2,014 per ounce at AUD/CAD of 0.87

² US\$1,450 to US\$1,600 per ounce at AUD/USD of 0.63

³ Refer to the St Barbara and Genesis Minerals Limited (ASX:GMD) joint announcement on 15 March 2023 "Update on transaction progress"

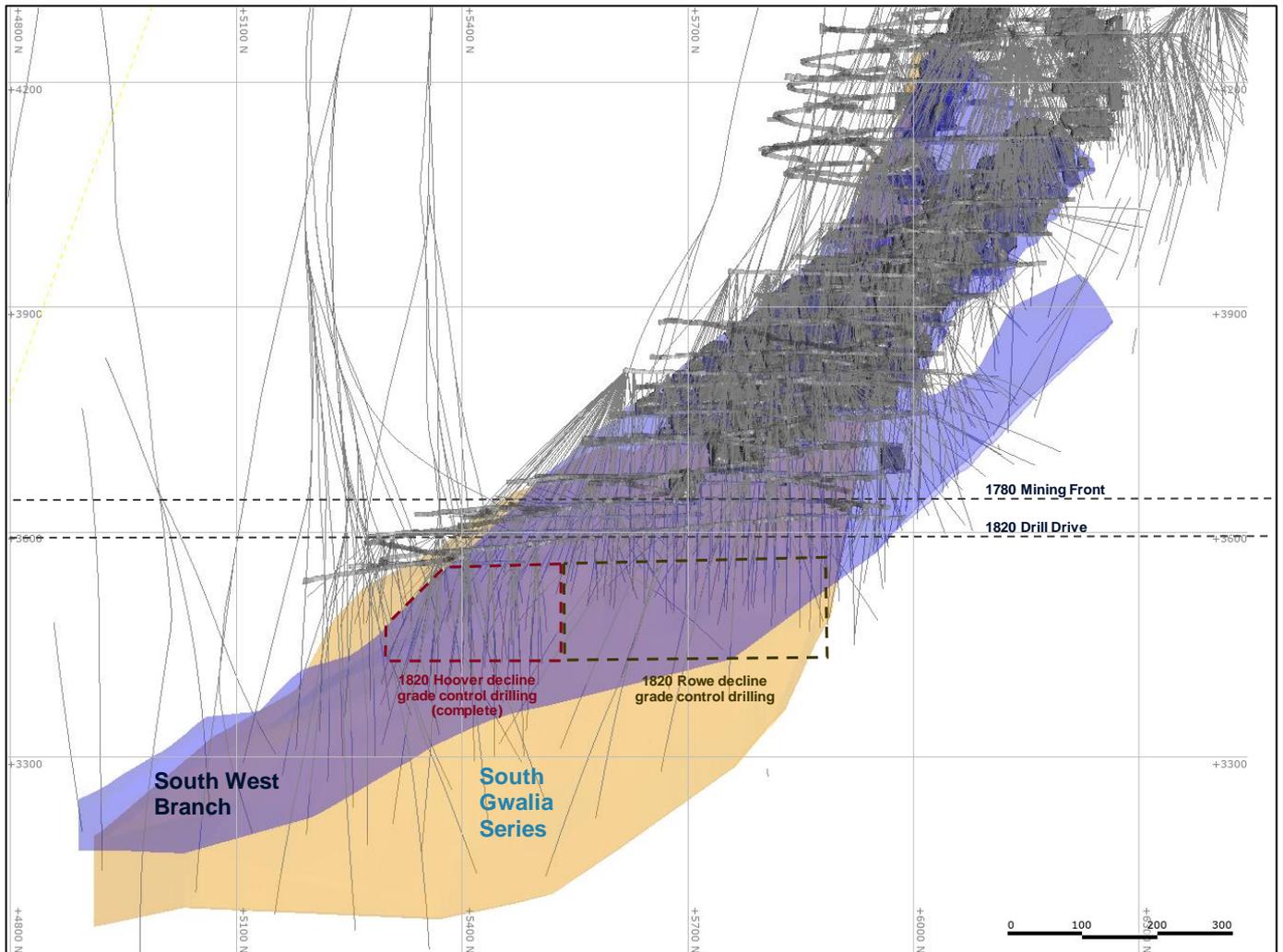


Figure 1: Gwalia deeps long section

Authorised by

St Barbara Board of Directors
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