



## December 2015 Half Year Financial Report

### Strong operating and financial performance & strategic review of Simberi Operations

The statutory profit after tax for the half year to 31 December 2015 was \$77 million, with the underlying profit after tax<sup>1</sup> \$60 million. This represents a significant improvement on the corresponding prior period (2014: \$20 million statutory loss, \$1 million<sup>2</sup> underlying loss), primarily due to:

- increased segment profit at Leonora of \$97 million<sup>2</sup> (2014: \$53 million<sup>2</sup>), which excludes \$15 million profit on sale of the King of the Hills mine and Kailis resource
- significantly improved operating performance at Simberi resulted in a segment profit of \$21 million (2014: \$14 million segment loss)
- completion of the divestment of the previously unprofitable Gold Ridge operations incurred \$1 million cash outflow (2014: segment loss of \$6 million).

Cash and cash equivalents on hand at 31 December 2015 was \$100 million<sup>3</sup>, with total interest bearing debt of \$293 million (June 2015: \$347 million). The debt primarily comprised US\$180 million senior secured notes and US\$36 million Red Kite debt facility, which were reduced by US\$ 55 million in total from 30 June 2015. Debt has been further reduced in the second half as announced previously.

Consolidated net cash flow from operations for the period increased to \$123 million (2014: \$22 million).

St Barbara MD & CEO, Bob Vassie, said: “This is another strong half that reflects the quality of our operations and the fundamental repositioning of our business. With continued strong cash generation we have significantly strengthened our balance sheet and we are now seeking to realise the longer term potential of our assets”.

Full details are set out in the attached Appendix 4D and Interim Financial Report for the Half Year to 31 December 2015.

1 Non-IFRS measure, refer attached Interim Financial Report for the Half Year to 31 December 2015, page 4

2 Excluding discontinued operations

3 Excludes \$1 million restricted cash

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## Strategic Review of Simberi Operations

The Simberi Operation in PNG has been profitable since December 2014 when it started operating at the target 100,000 ounce per annum production rate. The mine produced 107,553 ounces of gold for the 2015 calendar year and is forecast to produce between 100,000 and 110,000 ounces for the 2016 financial year. The exploration lease EL609 covering the Tabar Island group (which includes Simberi Island) is highly prospective<sup>4</sup>.

The pre-feasibility study (PFS) for the Simberi Sulphide Project is now due to be completed in April 2016. A key remaining input to the PFS is an independent review of the resource. A progress report on the PFS indicates that the Sulphide Project would extend the existing oxide mine life at Simberi (currently approximately 3 years) by producing up to an additional one million ounces of gold in concentrate over a further 7 years. An optimised mine plan for the Simberi Sulphide Project will require a phased cut-over from current oxide mining, as some parts of the existing oxide reserve are contained within the Sulphide Project pit shell, and would continue to be processed to generate gold doré. Indicative parameters of the Sulphide Project from the progress report are set out below.

It is proposed that the Sulphide Project would utilise the existing infrastructure on Simberi Island, including the airport, power station, village, and wharf. The existing semi-autogenous grinding (SAG) mill and ball mill would be utilised in a new plant flowsheet, maintaining the ability to process both oxide and sulphide ores. The progress report on the PFS indicates that the production and sale of a concentrate is the preferred option, which avoids the requirement to establish downstream processing on the Island. The progress report on the PFS estimates the Sulphide Project will require a capital investment of approximately US\$100 million (A\$140 million at A\$/US\$ 0.70), however, this includes US\$42 million for a new mining fleet, and contract mining will be assessed as part of ongoing study.

To avoid any interruption to production, a decision on the Sulphide Project is required during the 2016 calendar year. To help evaluate the potential investment in the Simberi Sulphide Project against the Company's other potential investment opportunities, St Barbara has appointed Cutfield Freeman & Co as its financial advisor to assist the Company to conduct a Strategic Review and evaluate various options regarding its PNG assets which include the Sulphide Project, the existing oxide operation, and the EL609 exploration licence across the Tabar Island Group (incorporating Simberi, Tatau and Big Tabar Islands).

The Strategic Review is anticipated to take approximately 6 months and will explore a range of options for the Company's various PNG assets, including continued ownership, exploration and development, joint ventures and divestment of some or all of the assets.

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<sup>4</sup> Refer Q2 December 2015 Quarterly Report released 21 January 2016

### Indicative parameters of the Simberi Sulphide Project:

Scope	Produce and sell gold concentrate from sulphide ores and gold doré from oxide ores
Ore Reserves at 30 June 2015 <sup>5</sup>	Sulphide: 19.9 Mt @ 2.0 g/t Au for 1,285 koz of contained gold Oxide: 19.1 Mt @ 1.3 g/t Au for 818 koz of contained gold <sup>6</sup>
Capex	US\$100 million (A\$140 million at A\$/US\$ 0.70) comprising: <ul style="list-style-type: none"><li>• US\$43 million processing plant</li><li>• US\$42 million mining fleet (contract mining to be assessed as an alternative)</li><li>• US\$15 million general site infrastructure</li></ul>
Production (after applying recovery)	Average annual production from sulphide ores approx. 140,000 ounces over 7 years (1 Moz in total) Production from oxide ores treated within the Sulphide Project varies by year (140,000 oz in total)
Mill throughput	2.0 Mtpa
Recovery	c. 83%
Output	Gold concentrate @ 30+ g/t Au from sulphide ores Gold doré from oxide ores
All-In Sustaining Cost <sup>7</sup>	US\$930 to US\$990 per ounce

The above project metrics are based on a progress report on the PFS and are subject to the assumptions contained therein. The results may change as the PFS is finalised. It is envisaged that further optimisation and value engineering activities will continue on the Project during the strategic review.

### Disclaimer

This release has been prepared by St Barbara Limited (“Company”). The material contained in this release is for information purposes only. This release is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in the Company and neither this release nor anything contained in it shall form the basis of any contract or commitment.

This release contains forward-looking statements that are subject to risk factors associated with exploring for, developing, mining, processing and the sale of gold. Forward-looking statements include those containing such words as anticipate, estimates, forecasts, indicative, should, will, would, expects, plans or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which could cause actual results or trends to differ materially from those expressed in this release. Actual results may vary from the information in this release. The Company does not make, and this release should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of such statements or assumptions. Investors are cautioned not to place undue reliance on such statements.

This release has been prepared by the Company based on information available to it, including information from third parties, and has not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information or opinions contained in this release.

The Company estimates its reserves and resources in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2012 Edition (“JORC Code”), which governs such disclosures by companies listed on the Australian Securities Exchange.

<sup>5</sup> Refer ASX release 25 August 2015 ‘Ore Reserves and Mineral Resources Statements as at 30 June 2015’

<sup>6</sup> Parts of the existing oxide reserve are contained within the Sulphide Project pit shell, and are subject to optimisation of the existing oxide operation

<sup>7</sup> Non-IFRS measure, refer attached Interim Financial Report for the Half Year to 31 December 2015, page 6

# Appendix 4D

## Half Year Report

### ST BARBARA LIMITED

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
<b>36 009 165 066</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<b>31 December 2015</b>

#### Results for announcement to the market

		%		A\$'000
Revenue from ordinary activities	up	32%	to	311,625
Profit from ordinary activities after tax from continuing operations attributable to members (Prior corresponding period loss: \$7,784,000)		n/m	to	77,448
Net profit attributable to members of the parent entity (Prior corresponding period loss: \$19,879,000)		n/m	to	77,448
Dividends No dividend has been declared or paid				

n/m=not meaningful

	31 Dec 15	30 Jun 15
	\$	\$
Net Tangible Assets per security	0.41	0.28
Details of dividend distribution	N/A	N/A
Details of reinvestment plans	N/A	N/A
Details of joint venture entities and associates	N/A	N/A
Foreign entity accounting standards	N/A	N/A
Audit dispute or qualification	N/A	N/A

Dated: 23 February 2016



**Bob Vassie**  
Managing Director and CEO



**St Barbara**  
LIMITED

**Interim Financial Report**  
for the half-year ended 31 December 2015

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## ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT

The Directors present their report on the "St Barbara Group", consisting of St Barbara Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

### Directors

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

- T C Netscher                      Non-Executive Chairman
- R S Vassie                         Managing Director & CEO
- K J Gleeson                        Non-Executive Director
- D E J Moroney                    Non-Executive Director

### Principal activities

During the period the principal activities of the Group were mining and the sale of gold, mineral exploration and development. There were no significant changes in the nature of activities of the Group during the period.

### Dividends

There were no dividends paid or declared during the period.

### Overview of Results

During the half year the Group continued the significant improvement in its financial performance which began in the 2015 financial year, with key achievements during the half year being:

- Continued strong production from the Gwalia mine of 135,921 ounces of gold (2014 comparative period: 113,980 ounces) generating significant net cash flows during the half year of \$115,829,000 (2014: \$60,969,000).
- Continued positive performance from the Simberi operations in Papua New Guinea, with this operation producing 57,918 ounces of gold (2014 comparative period: 29,934 ounces) and generating positive net cash flows of \$16,545,000 (2014: negative \$14,811,000). In the calendar year ended 31 December 2015 Simberi produced 107,553 ounces of gold, exceeding the targeted annual rate of 100,000 ounces.
- Divestment of the mature King of the Hills mine at Leonora leaving the Group with no residual environmental, rehabilitation or other liabilities associated with this operation and the Kailis tenements.

The Group reported a statutory net profit after tax of \$77,448,000 for the half year ended 31 December 2015 (2014: statutory net loss after tax of \$19,879,000), including Significant Items totalling a net profit after tax of \$17,548,000 (2014: net loss of \$6,775,000).

To provide additional clarity into the underlying performance of the operations the underlying measures for the period are presented in the table below, together with the statutory results. Underlying net profit after tax, before significant items, was \$59,900,000 (2014: net loss of \$13,104,000).

The Group generated net cash flows before financing activities of \$98,951,000 (2014: negative \$12,210,000) in the period, which enabled the significant reduction in borrowings.

Cash on hand (excluding restricted cash) at 31 December 2015 was \$100,492,000 (30 June 2015: \$76,871,000), and this was after debt repayments totalling \$78,120,000 during the period. Total interest bearing borrowings at 31 December 2015 were well down on the last reporting date at \$293,237,000 (30 June 2015: \$346,961,000).

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

The consolidated result for the period is summarised as follows:

	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
EBITDA <sup>(3)(6)</sup> (including significant items)	160,832	45,118
EBIT <sup>(2)(6)</sup> (including significant items)	120,241	7,472
Profit/(Loss) before tax <sup>(4)</sup>	100,969	(13,140)
<b>Statutory profit/(loss)<sup>(1)</sup> after tax for the year</b>	<b>77,448</b>	<b>(19,879)</b>
Total net significant items after tax	17,548	(6,775)
EBITDA <sup>(6)</sup> (excluding significant items)	143,908	51,893
EBIT <sup>(6)</sup> (excluding significant items)	103,317	14,247
Profit/(loss) before tax – excluding significant items	84,045	(6,365)
<b>Underlying net profit/(loss) after tax<sup>(5)(6)</sup> for the year</b>	<b>59,900</b>	<b>(13,104)</b>

(1) Statutory profit/(loss) is net profit/(loss) after tax attributable to owners of the parent.

(2) EBIT is earnings before interest revenue, finance costs and income tax expense. It includes revenues and expenses associated with discontinued operations in the prior corresponding period.

(3) EBITDA is EBIT before depreciation and amortisation. It includes revenues and expenses associated with discontinued operations in the prior corresponding period.

(4) Profit/(loss) before tax is earnings before income tax expense. It includes revenues and expenses associated with discontinued operations in the prior corresponding period.

(5) Underlying net profit/(loss) after income tax is net profit/(loss) after income tax ("Statutory Profit/(Loss)") less significant items as described in Note 10 to the financial statements.

(6) EBIT, EBITDA and underlying net profit/(loss) 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.

Details of significant items included in the Statutory Profit/(Loss) for the half year are displayed in the table below. Descriptions of each item are provided in Note 10 to the financial report.

	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
Effect of foreign exchange movements on US borrowings	(10,214)	(46,490)
Unrealised foreign exchange gains	17,742	39,715
Realised foreign exchange loss on US debt repayments	(5,462)	-
Gain on the sale of King of the Hills and Kailis	14,858	-
<b>Significant items before tax</b>	<b>16,924</b>	<b>(6,775)</b>
<b>Significant items after tax</b>	<b>17,548</b>	<b>(6,775)</b>



**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

**Overview of Operating Results**

Total production for the Group in the half year was 202,951 ounces of gold (2014: 166,741 ounces), and gold sales amounted to 198,826 ounces (2014: 166,960 ounces) at an average gold price of A\$1,564 per ounce (2014: A\$1,411 per ounce). The prior corresponding period included higher production and gold sales from the King of the Hills mine, which ceased mining in April 2015 and production in September 2015.

Consolidated All-In Sustaining Cost (AISC) for the Group was \$922 per ounce in the half year (2014: \$1,166 per ounce), reflecting the benefits of strong results achieved at Gwalia and improved performance at Simberi.

The table below provides a summary of the underlying profit/(loss) before tax from continuing operations at Leonora and Simberi.

\$'000	Period ended 31 December 2015			Period ended 31 December 2014		
	Leonora Operations <sup>(2)</sup>	Simberi Operations	Consolidated	Leonora Operations <sup>(2)</sup>	Simberi Operations	Consolidated
Revenue	222,403	89,222	311,625	194,706	41,652	236,358
Mine operating costs	(84,863)	(60,592)	(145,455)	(101,691)	(51,047)	(152,738)
<b>Gross Profit</b>	<b>137,540</b>	<b>28,630</b>	<b>166,170</b>	<b>93,015</b>	<b>(9,395)</b>	<b>83,620</b>
Royalties	(8,737)	(1,994)	(10,731)	(7,550)	(1,034)	(8,584)
<b>EBITDA<sup>(1)</sup></b>	<b>128,803</b>	<b>26,636</b>	<b>155,439</b>	<b>85,465</b>	<b>(10,429)</b>	<b>75,036</b>
Depreciation and Amortisation	(32,266)	(5,754)	(38,020)	(32,527)	(3,111)	(35,638)
<b>Underlying profit from operations<sup>(1)</sup></b>	<b>96,537</b>	<b>20,882</b>	<b>117,419</b>	<b>52,938</b>	<b>(13,540)</b>	<b>39,398</b>

(1) Excludes corporate and exploration costs, interest and tax and is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors. This measure is presented to enable understanding of the underlying performance of the operations.

(2) Comprises the Leonora operations, which includes the Gwalia and King of the Hills underground mines and the Leonora processing plant. The King of the Hills mine ceased mining in April 2015 and produced 9,112 ounces in the September 2015 quarter (2014: 22,827 ounces).

The table below provides a summary of the cash contribution, after capital expenditure, from continuing operations in Australia and at Simberi.

\$'000	Period ended 31 December 2015			Period ended 31 December 2014		
	Leonora Operations	Simberi Operations	Consolidated	Leonora Operations	Simberi Operations	Consolidated
Operating cash contribution	140,578	22,798	163,376	84,441	(10,665)	73,776
Capital expenditure <sup>(1)</sup>	(12,974)	(6,253)	(19,227)	(26,465)	(4,146)	(30,611)
<b>Cash contribution</b>	<b>127,604</b>	<b>16,545</b>	<b>144,149</b>	<b>57,976</b>	<b>(14,811)</b>	<b>43,165</b>

(1) Excludes Gwalia exploration deep drilling expenditure totalling \$4,090,000 (2014: \$Nil).

**Analysis of Australian Operations**

Total sales revenue from the Leonora operations of \$222,403,000 (2014: \$194,706,000) was generated from gold sales of 143,381 ounces (2014: 137,877 ounces) in the period at an average achieved gold price of A\$1,549 per ounce (2014: A\$1,407 per ounce). During the period revenue benefitted from higher gold sales compared with the prior corresponding period, despite the King of the Hills mine ceasing production in the September 2015 quarter, and a ten percent increase in the average achieved gold price. Gold sales from Gwalia were sixteen percent higher than the prior corresponding period.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

A summary of production performance for the half year ended 31 December 2015 is provided in the table below.

**Details of Production Performance**

		Gwalia		King of the Hills	
		6 Months to 31 Dec 15	6 Months to 31 Dec 14	6 Months to 31 Dec 15	6 Months to 31 Dec 14
Underground Ore Mined	t	<b>496,184</b>	435,814	-	256,538
Grade	g/t Au	<b>8.8</b>	8.5	-	4.1
Ore Milled (including stockpiles)	t	<b>507,769</b>	446,717	<b>76,361</b>	177,364
Grade	g/t Au	<b>8.7</b>	8.3	<b>3.9</b>	4.2
Recovery	%	<b>96</b>	96	<b>95</b>	95
Gold Production	oz	<b>135,921</b>	113,980	<b>9,112</b>	22,827
Gold Sales	oz	<b>134,269</b>	115,623	<b>9,112</b>	22,254
Cash Cost <sup>(1)</sup>	A\$/oz	<b>605</b>	673	<b>893</b>	1,089
All-In Sustaining Cost (AISC) <sup>(2)</sup>	A\$/oz	<b>764</b>	964	<b>964</b>	1,257

(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 based on Cash Operating Costs, and adds items relevant to sustaining production. It includes some but not all, of the components identified in 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.

*Gwalia*

Gwalia reported another strong performance in the period with gold production of 135,921 ounces (2014: 113,980 ounces). The continuing strong performance at Gwalia is mainly the result of productivity improvements, including successful implementation of innovations in mining, and higher grade.

Ore tonnes mined from the Gwalia underground mine increased by fourteen percent from 435,814 tonnes in 2014 to 496,184 tonnes in the current period, largely due to excellent productivity improvements achieved through ongoing implementation of innovations such as underground storage of waste and an ore pass system.

Ore mined grades increased from 8.5 grams per tonne gold in 2014 to 8.8 grams per tonne gold in the current period, mainly due to improved control of dilution, and the fact that the mine was operating in a higher grade area of the ore body. Ore milled grade of 8.7 grams per tonne was higher than the 8.3 grams per tonne achieved in the prior corresponding period in line with the higher mined grade. The Gwalia mill continued to perform strongly in the period, with higher throughput in line with the increased ore production and the average recovery consistent at 96 percent.

Gwalia unit Cash Operating Costs for the period were \$605 per ounce (2014: \$673 per ounce), reflecting the benefit of increased production and lower operating costs. The unit All-In Sustaining Cost (AISC) for Gwalia was \$764 per ounce for the period, which was well down on the \$964 per ounce reported in the prior corresponding period. The lower AISC was due to the lower unit Cash Operating Cost and reduced sustaining capital expenditure in the period compared to the prior corresponding period. Total Cash Operating Costs at Gwalia of \$82,232,000 were seven percent higher compared with the prior corresponding period (2014: \$76,709,000), with production volumes up by fourteen percent in the period.

In the period Gwalia generated net cash flows, after capital expenditure, of \$115,829,000 (2014: \$60,969,000).

*King of the Hills*

Gold production from King of the Hills was 9,112 ounces in the period (2014: 22,827 ounces) from processing ore stockpiles; mining at King of the Hills ceased in April 2015.

The King of the Hills unit cash operating costs for the period were \$893 per ounce (2014: \$1,089 per ounce), and the unit All-In Sustaining Cost (AISC) was \$964 per ounce (2014: \$1,257 per ounce). Total Cash Operating Costs at King of the Hills were \$8,137,000 in the period (2014: \$24,859,000).

King of the Hills generated net positive cash flows in the period of \$11,775,000 from stockpiled ore (2014: cash outflow of \$2,993,000)

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**Analysis of Simberi Operations**

The successful turnaround of the Simberi operations achieved since December 2014 was further consolidated in the period. The turnaround was achieved through optimising the processing plant to sustain throughput of 3.5 million tonnes per annum, improvement in the mining fleet and achieving productivity improvements in mining operations. During the period Simberi continued its focus on achieving further productivity improvements across the operations, including increased attention to the ore delivery system and an ongoing commitment to reducing operating costs.

Total sales revenue from Simberi in the period was A\$89,222,000 (2014: A\$41,652,000) generated from gold sales of 55,445 ounces (2014: 29,083 ounces) at an average achieved gold price of A\$1,605 per ounce (2014: A\$1,410 per ounce).

A summary of production performance at Simberi for the half year ended 31 December 2015 is provided in the table below.

**Details of Production Performance**

	Simberi		
	6 Months to 31 Dec 15	6 Months to 31 Dec14	
Open Pit Ore Mined	t	1,772,086	889,421
Grade	g/t Au	1.22	1.10
Ore Milled (including stockpiles)	t	1,690,908	1,152,046
Grade	g/t Au	1.27	0.96
Recovery	%	83	82
Gold Production	oz	57,918	29,934
Gold Sales	oz	55,445	29,083
Cash Cost	A\$/oz	1,108	1,859
All-In Sustaining Cost (AISC)	A\$/oz	1,285	1,866

Simberi production for the six months ended 31 December 2015 of 57,918 ounces was significantly higher than the prior corresponding period, and was also seventeen percent higher than the second half of financial year 2015, which achieved production of 49,635 ounces.

Ore tonnes mined and total volume of material moved has continued to increase, with total material moved in the period of 5,023,000 tonnes compared to 2,790,000 tonnes for prior corresponding period. Total material moved in the second half of the 2015 financial year was 3,499,000 tonnes. The improvement in mining performance was largely attributable to better equipment reliability and availability, continuing improvement in equipment and ongoing introduction of efficiencies in the mining operations.

Ore milled increased to 1,690,908 tonnes in the period (2014: 1,152,046 tonnes), which reflected the benefit of operational improvements to increase performance of the processing plant. Processing ore through both the SAG mill and recommissioned ball mill only commenced in December 2014, with the current period benefitting from both mills operating.

Simberi unit Cash Operating Costs for the period were \$1,108 per ounce (2014: \$1,859 per ounce), reflecting the positive impact of increased production and lower operating costs. The unit All-In Sustaining Cost (AISC) for Simberi was \$1,285 per ounce in the period (2014: \$1,866 per ounce). Total Cash Operating Costs at Simberi during the period were higher than the prior corresponding period at \$64,173,000 (2014: \$55,647,000) due to increased mining and processing volumes.

In the period Simberi generated net positive cash flows, after capital expenditure, of \$16,545,000 (2014: negative net cash flows of \$14,811,000).

# ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### Discussion and Analysis of the Income Statement

#### *Revenue*

Total revenue increased from \$236,358,000 in 2014 to \$311,625,000 in the current period. Revenue from Gwalia and Simberi was higher than the prior period due to increased production and gold sales, and the benefit of the higher gold price. Revenue from King of the Hills in the period was lower than the prior corresponding period at \$13,960,000 (2014: \$31,342,000).

#### *Mine operating costs*

Mine operating costs in relation to continuing operations were \$145,455,000 in the current period compared to \$152,738,000 in the prior corresponding period. The higher operating costs in the prior corresponding period were mainly attributable to King of the Hills which ceased mining in April 2015 and only had limited expenditure in the current period.

#### *Other revenue and income*

Other revenue of \$1,211,000 (2014: \$556,000) comprised mainly interest earned during the period of \$1,177,000 (2014: \$443,000). The higher interest earned is reflective of increased cash balances in the period.

Other income for the period of \$3,480,000 (2014: \$562,000) included \$3,299,000 related to the net gain on settlement of a legal matter.

#### *Exploration*

Exploration expenditure expensed in the income statement in the period amounted to \$3,517,000 (2014: \$4,041,000). Total exploration expenditure incurred during the period amounted to \$7,607,000 (2014: \$4,041,000), with an amount of \$4,090,000 (2014: \$ nil) capitalised to exploration and evaluation. Exploration expenditure capitalised was associated with the deep drilling program at Gwalia, which is focused on investigating extensions to the lode system below the current Ore Reserves.

#### *Corporate and support costs*

Corporate and support costs for the period of \$10,111,000 (2014: \$13,784,000) comprised mainly expenses relating to the corporate office and compliance costs. Expenditure in the current period was lower compared to the prior corresponding period as a result of a cost reduction program that commenced in 2014.

#### *Royalties*

Royalty expenses for the period were \$10,731,000 (2014: \$8,584,000). 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 2.25% of gold revenues earned from the Simberi mine. The increase in royalty expenses was attributable to the higher gold revenue from Leonora and Simberi.

#### *Depreciation and amortisation*

Depreciation and amortisation of fixed assets and capitalised mine development amounted to \$40,591,000 (2014: \$37,646,000) for the period. Depreciation and amortisation attributable to the Leonora Operations was \$32,266,000 (2014: \$32,527,000), with the prior period charge including \$7,006,000 of depreciation and amortisation related to King of the Hills. The expense at Simberi was \$5,754,000 (2014: \$3,111,000), with the increased charge attributable to the higher production in the period.

#### *Net gains on disposal of assets*

During the period the net gains on disposal of assets of \$15,372,000 (2014: \$1,424,000) included the profit on disposal of the King of the Hills mine and Kailis tenements of \$14,858,000.

#### *Other expenditure*

Other expenditure of \$1,189,000 (2014: \$320,000) included costs related mainly to care and maintenance at King of the Hills.

#### *Net finance costs*

Finance costs in the period were \$20,449,000 (2014: \$20,911,000). Finance costs comprised interest paid and payable on borrowings and finance leases of \$17,330,000 (2014: \$17,540,000), capitalised borrowing costs amortised to the income statement of \$2,128,000 (2014: \$2,470,000) and the unwinding of the discount on the rehabilitation provision of \$991,000 (2014: \$1,045,000).

#### *Foreign currency movements*

A net foreign exchange movement gain of \$1,324,000 was recognised for the period (2014: loss of \$2,954,000).

# ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

### *Income tax*

An income tax expense of \$23,521,000 was recognised for the period (2014: \$6,739,000) which related mainly to the Australian operations. The effective tax rate in relation to Australian operations is 29.8 percent.

### **Discussion and Analysis of the Cash Flow Statement**

#### *Operating activities*

Cash flows from operating activities for the period were \$122,779,000 (2014: \$21,883,000), reflecting the benefit of significantly higher receipts from customers and lower payments to suppliers and employees compared to the prior corresponding period. Receipts from customers of \$312,198,000 (2014: \$253,873,000) were higher than the prior corresponding period, despite lower gold revenue from King of the Hills, as a result of increased gold sales from Gwalia and Simberi; receipts for the period included gold revenue related to King of the Hills of \$13,960,000 (2014: \$31,342,000).

Payments to suppliers and employees were \$169,597,000 (2014: \$210,892,000). The prior corresponding period included payments related to Gold Ridge amounting to \$10,535,000 and King of the Hills of \$29,948,000. Payments for exploration expensed in the period amounted to \$3,517,000 (2014: \$3,791,000), which related to exploration activities in Western Australia and at Simberi and its neighbouring islands. Interest paid in the period of \$17,205,000 (2014: \$17,411,000) was in line with the prior corresponding period, with lower US dollar interest expense, as a result of repayments during the period, offset by the impact of a weaker Australian dollar on US dollar denominated interest payments.

#### *Investing activities*

Net cash flows used in investing activities amounted to \$23,828,000 (2014: \$34,093,000) for the period. Lower expenditure on development of mine properties of \$11,127,000 (2014: \$23,811,000) was the main reason for reduced investing expenditure in the period. Lower mine development was due mainly to reduced expenditure as a result of ceasing mining at King of the Hills. Exploration expenditure capitalised during the period totalled \$4,090,000 (2014: \$Nil), which all related to the deep drilling program at Gwalia. Investing expenditure during the period was in the following major areas:

- Underground mine development and infrastructure at Gwalia – \$11,127,000 (2014: \$19,497,000);
- Underground mine development and infrastructure at King of the Hills – \$Nil (2014: \$4,314,000);
- Purchase of property, plant and equipment at Gwalia – \$1,847,000 (2014: \$2,654,000);
- Purchase of property, plant and equipment at Simberi – \$6,253,000 (2014: \$4,146,000); and
- Exploration expenditure at Gwalia - \$4,090,000 (2014: \$Nil).

#### *Financing activities*

Net cash flows related to financing activities in the period were a net outflow of \$77,413,000 (2014: net outflow of \$5,368,000), which included the repayment of debt totalling \$78,120,000 (2014: \$3,215,000). The Company continued its focus on reducing borrowings with the strong free cash flows generated by the operations. The main movements in financing cash flows in the period included:

- Early repayment of the secured senior US dollar notes through buy backs totalling \$21,419,000, with the buy backs realising discounts of between four and seven percent;
- Repayment of the Red Kite secured loan totalling \$54,476,000, with \$28,482,236 representing the prepayment of the facility; and
- Repayment of finance leases amounting to \$2,225,000 (2014: \$3,215,000).

### **Discussion and Analysis of the Statement of Financial Position**

#### *Net Assets and Total Equity*

The Group's net assets and total equity increased during the period by \$62,105,000 to \$202,534,000 due to the strong profit result and free cash flows generated by the operations, giving rise to increased cash on hand and significant reduction in borrowings.

Total current assets increased to \$181,795,000 in the period (30 June 2015: \$151,962,000) due mainly to the increase in cash and trade and other receivables.

Total provisions decreased to \$43,861,000 (30 June 2015: \$62,597,000) due mainly to de-recognition of the King of the Hills and Kailis rehabilitation provision.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

The deferred tax balance was a net liability of \$7,642,000 (30 June 2015: net asset of \$13,985,000). The net movement in deferred tax asset as at 30 June 2015 to a net deferred tax liability at the end of the period was due mainly to the utilisation of deferred tax losses.

*Debt management and liquidity*

The available cash balance at 31 December 2015 was \$100,492,000 (30 June 2015: \$76,871,000), with an additional \$1,377,000 (30 June 2015: \$2,084,000) held on deposit as restricted cash and reported within trade receivables.

Total interest bearing liabilities decreased to \$293,237,000 as at 31 December 2015 (30 June 2015: \$346,961,000). The weaker Australian dollar had a negative impact on the US dollar denominated debt as at 31 December 2015, partially offsetting the reduction in the Australian dollar value of borrowings through the buy back of senior secured notes and repayment of the Red Kite secured facility totalling \$75,895,000. The largest components of borrowings as at 31 December 2015 were:

- US\$180,395,000 (30 June 2015: US\$195,980,000) senior secured notes translated at the period end AUD/USD exchange rate of 0.7285 (A\$243,709,000), net of capitalised transaction costs of \$3,919,000;
- A debt facility of US\$35,625,000 (30 June 2015: US\$75,000,000) drawn down with RK Mine Finance ("Red Kite") translated at the period end AUD/USD exchange rate (A\$46,540,000), net of capitalised transaction costs of \$2,362,000; and
- Lease liabilities of \$2,988,000.

The current portion of total debt as at 31 December 2015 was \$24,147,000 (30 June 2015: \$52,428,000).

The AUD/USD exchange rate as at 31 December 2015 was 0.7285 (30 June 2015: 0.7713).

**Auditor independence**

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

**Events occurring after the end of the financial year**

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

**Rounding of amounts**

St Barbara Limited is a Company of the kind referred to in Class Order 98/100 approved by the Australian Securities and Investments Commission and issued pursuant to section 341(1) of the Corporations Act 2001. 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 23<sup>rd</sup> day of February 2016



**Bob Vassie**  
**Managing Director and CEO**

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of St Barbara Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'KPMG' or similar, written over a horizontal line.

KPMG

A handwritten signature in black ink, appearing to be 'Tony Romeo', written over a horizontal line.

Tony Romeo  
*Partner*

Melbourne

23 February 2016

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED INCOME STATEMENT**  
For the half-year ended 31 December 2015

	Note	Half-Year	
		31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue from operations	8	311,625	236,358
Mine operating costs		(145,455)	(152,738)
<b>Gross profit</b>		<b>166,170</b>	<b>83,620</b>
Other revenue	8	1,211	556
Other income		3,480	562
Exploration expensed		(3,517)	(4,041)
Corporate administration costs		(10,111)	(13,784) <sup>(1)</sup>
Royalties		(10,731)	(8,584)
Depreciation and amortisation		(40,591)	(37,646)
Net gain on disposal of assets		15,372	1,424
Other expenditure		(1,189)	(320) <sup>(1)</sup>
<b>Operating profit</b>		<b>120,094</b>	<b>21,787</b>
Net finance costs	9	(20,449)	(20,911)
Amortisation of hedge reserve		-	1,033
Net foreign exchange gain/(loss)		1,324	(2,954)
<b>Profit/(loss) before income tax</b>		<b>100,969</b>	<b>(1,045)</b>
Income tax expense from continuing operations	11	(23,521)	(6,739)
<b>Profit/(loss) for the period from continuing operations</b>		<b>77,448</b>	<b>(7,784)</b>
Loss for the period from discontinued operations		-	(12,095)
<b>Profit/(loss) attributable to equity holders of the Company</b>		<b>77,448</b>	<b>(19,879)</b>
<b>Earnings per share for continuing operations:</b>			
Basic profit/(loss) per share (cents)		15.64	(1.59)
Diluted profit/(loss) per share (cents)		14.92	(1.59)

(1) During the prior year the Group reclassified expenditure for certain costs from other expenditure to corporate and support costs. This classification better reflects the nature of the expenditure. Prior period expenditure of \$927,000 was changed for comparative purposes.

*The above income statement should be read in conjunction with the accompanying notes.*



**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the half-year ended 31 December 2015

	Half-Year	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>Profit/(loss) for the period</b>	<b>77,448</b>	<b>(19,879)</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to Profit or Loss:		
Changes in fair value of cash flow hedges taken to reserves	-	(723)
Changes in fair value of available for sale financial assets	(4)	-
Foreign currency translation differences – foreign operations	(17,437)	(39,308)
Income tax on other comprehensive income	1,894	-
<b>Other comprehensive loss net of tax<sup>(1)</sup></b>	<b>(15,547)</b>	<b>(40,031)</b>
<b>Total comprehensive profit/(loss) attributable to equity holders of the company</b>	<b><u>61,901</u></b>	<b><u>(59,910)</u></b>

- (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 Income Statement as required by accounting standards. Total comprehensive profit/(loss) comprises the result for the period adjusted for the other comprehensive income.

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2015

	Note	Consolidated	
		31 Dec 2015 \$'000	30 June 2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	100,492	76,871
Trade and other receivables		15,717	9,924
Inventories		53,954	52,272
Available for sale financial assets		70	66
Deferred mining costs		11,562	12,829
<b>Total current assets</b>		<b>181,795</b>	<b>151,962</b>
<b>Non-current assets</b>			
Property, plant and equipment		172,456	170,045
Deferred mining costs		3,959	4,525
Mine properties		195,533	211,989
Exploration and evaluation		21,059	16,969
Mineral rights		21,871	23,407
Net deferred tax asset		-	13,985
<b>Total non-current assets</b>		<b>414,878</b>	<b>440,920</b>
<b>Total assets</b>		<b>596,673</b>	<b>592,882</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		49,399	42,895
Interest bearing borrowings	13	24,147	52,428
Provisions		6,034	17,013
<b>Total current liabilities</b>		<b>79,580</b>	<b>112,336</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	13	269,090	294,533
Provisions		37,827	45,584
Net deferred tax liability		7,642	-
<b>Total non-current liabilities</b>		<b>314,559</b>	<b>340,117</b>
<b>Total liabilities</b>		<b>394,139</b>	<b>452,453</b>
<b>Net Assets</b>		<b>202,534</b>	<b>140,429</b>
<b>Equity</b>			
Contributed equity	14	887,216	887,216
Reserves		(64,779)	(49,436)
Accumulated losses	15	(619,903)	(697,351)
<b>Total equity</b>		<b>202,534</b>	<b>140,429</b>

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the half-year ended 31 December 2015

	Contributed Equity	Share Based Payments Reserve	Gold Cash Flow Hedge Reserve	Investment Fair Value Reserve	Currency Translation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2015</b>	<b>887,216</b>	<b>167</b>	<b>-</b>	<b>(144)</b>	<b>(49,459)</b>	<b>(697,351)</b>	<b>140,429</b>
Share-based payments expense	-	204	-	-	-	-	204
Accumulated profit/(loss) for the period	-	-	-	-	-	77,448	77,448
Comprehensive income/(loss) for the period	-	-	-	(4)	(15,543)	-	(15,547)
<b>Balance at 31 December 2015</b>	<b>887,216</b>	<b>371</b>	<b>-</b>	<b>(148)</b>	<b>(65,002)</b>	<b>(619,903)</b>	<b>202,534</b>

  

	Contributed Equity	Share Based Payments Reserve	Gold Cash Flow Hedge Reserve	Investment Fair Value Reserve	Currency Translation Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>	<b>886,242</b>	<b>437</b>	<b>985</b>	<b>(138)</b>	<b>(18,272)</b>	<b>(737,442)</b>	<b>131,812</b>
Equity issues (net of transaction costs)	974	-	-	-	-	-	974
Share based payments expense	-	(31)	-	-	-	-	(31)
Accumulated loss for the period	-	-	-	-	-	(19,879)	(19,879)
Comprehensive loss for the period	-	-	(723)	-	(39,308)	-	(40,031)
<b>Balance at 31 December 2014</b>	<b>887,216</b>	<b>406</b>	<b>262</b>	<b>(138)</b>	<b>(57,580)</b>	<b>(757,321)</b>	<b>72,845</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the half-year ended 31 December 2015

		Half-Year	
	Note	31 Dec 2015 \$'000	31 Dec 2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		312,198	253,873
Payments to suppliers and employees (inclusive of GST)		(169,597)	(210,892)
Payments for exploration and evaluation		(3,517)	(3,791)
Interest received		1,127	445
Interest paid		(17,205)	(17,411)
Finance charges – finance leases		(146)	(273)
Borrowing costs paid		(81)	(68)
<b>Net cash flow from operating activities</b>		<b>122,779</b>	<b>21,883</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		814	1,235
Payments for property, plant and equipment		(9,425)	(11,517)
Payments for exploration and evaluation		(4,090)	-
Payments for development of mine properties		(11,127)	(23,811)
<b>Net cash flow used in investing activities</b>		<b>(23,828)</b>	<b>(34,093)</b>
<b>Cash flows from financing activities</b>			
Movements in restricted cash and cash equivalents		707	(507)
Senior secure notes repayments		(21,419)	-
Other loan facility repayments		(54,476)	-
Facility financing costs		-	(1,646)
Principal repayments on finance leases		(2,225)	(3,215)
<b>Net cash flow used in financing activities</b>		<b>(77,413)</b>	<b>(5,368)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>21,538</b>	<b>(17,578)</b>
Cash and cash equivalents at beginning of the period		76,871	79,407
Net foreign exchange movement		2,083	5,736
<b>Cash and cash equivalents at end of the period</b>	12	<b>100,492</b>	<b>67,565</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**For the half-year ended 31 December 2015**

**Note 1 – Basis of preparation**

St Barbara Limited (the “Company”) is a company domiciled in Australia. The consolidated half year financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the “Group”).

This general purpose financial report for the half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited annual report for the year ended 30 June 2015.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half year. This consolidated half year financial report was approved by the Board of Directors on 23 February 2016.

**Note 2 – Significant accounting policies**

The accounting policies applied by the Group in this consolidated half year financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015, except for the impact of the Standards and interpretations described below. These accounting policies are consistent with Australian Accounting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current half-year report. Accounting policies are applied consistently by each entity in the Group.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- *AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality*

**Note 3 – New standards and interpretations not yet adopted**

*I. AASB 9 Financial Instruments (December 2014) and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9*

AASB 9 introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 also introduces new requirements relating to financial liabilities. The change in fair value of financial liabilities designated at fair value through profit and loss due to an entity’s own credit risk are present in other comprehensive income, unless this creates an accounting mismatch. The standard has not been early adopted and as such has no impact on disclosure of the half year interim report.

*II. AASB 15 Revenues from contracts with customers*

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods and services. The standard has not been early adopted and as such has no impact on disclosure of the half year interim report.

**Note 4 – Critical accounting estimates and judgements**

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated half year financial report, the significant estimates and judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**For the half-year ended 31 December 2015**

**Note 5 – Segment information**

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

The Leonora Operations comprise underground gold mining operations in Western Australia, consisting of the Leonora processing plant and Gwalia mine. The King of the Hills mine was part of the Leonora business unit until its sale in October 2015. The results of all segments are reviewed regularly by the Group's Executive Leadership Team, in particular production, cost per ounce and capital expenditures.

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

For the six months	Leonora		Simberi		Total	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue	222,403	194,706	89,222	41,652	311,625	236,358
Mine operating costs	(84,863)	(101,691)	(60,592)	(51,047)	(145,455)	(152,738)
<b>Gross profit/ (loss)</b>	<b>137,540</b>	<b>93,015</b>	<b>28,630</b>	<b>(9,395)</b>	<b>166,170</b>	<b>83,620</b>
Royalties	(8,737)	(7,550)	(1,994)	(1,034)	(10,731)	(8,584)
Depreciation and amortisation	(32,266)	(32,527)	(5,754)	(3,111)	(38,020)	(35,638)
Profit from sale of assets	15,264	1,424	108	-	15,372	1,424
<b>Reportable segment profit /(loss) before income tax</b>	<b>111,801</b>	<b>54,362</b>	<b>20,990</b>	<b>(13,540)</b>	<b>132,791</b>	<b>40,822</b>

For the six months	Leonora		Simberi		Total	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Capital expenditure	(16,955)	(25,654)	(6,253)	(8,039)	(23,208)	(33,693)
<b>As at</b>	<b>31 Dec 2015 \$'000</b>	<b>30 Jun 2015 \$'000</b>	<b>31 Dec 2015 \$'000</b>	<b>30 Jun 2015 \$'000</b>	<b>31 Dec 2015 \$'000</b>	<b>30 Jun 2015 \$'000</b>
Segment – assets	331,583	356,675	150,454	129,274	482,037	485,949
Segment – non-current assets	302,684	334,556	106,145	99,122	408,829	433,678
Segment – liabilities	29,015	37,689	41,357	20,424	70,372	58,113

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**For the half-year ended 31 December 2015**

**Note 5 – Segment information (continued)**

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

	Consolidated	
	Period Ended 31 Dec 2015 \$'000	Period Ended 31 Dec 2014 \$'000
<b>Revenues</b>		
Total revenue for reportable continuing segments	311,625	236,358
Other revenue	1,211	556
<b>Consolidated revenue from continuing operations</b>	<b>312,836</b>	<b>236,914</b>

	Consolidated	
	Period Ended 31 Dec 2015 \$'000	Period Ended 31 Dec 2014 \$'000
<b>Profit or loss</b>		
Total profit for reportable continuing segments	132,791	40,822
Other income and revenue	4,691	1,118
Exploration expensed	(3,517)	(4,041)
Unallocated depreciation and amortisation	(2,571)	(2,008)
Finance costs	(20,449)	(20,911)
Net fair value (loss)/gain on derivatives	-	1,033
Foreign exchange gain/(loss)	1,324	(2,954)
Corporate and support costs	(10,111)	(13,784)
Other corporate expenses	(1,189)	(320)
<b>Consolidated profit/(loss) before income tax from continuing operations</b>	<b>100,969</b>	<b>(1,045)</b>

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**For the half-year ended 31 December 2015**

**Note 5 – Segment information (continued)**

Reconciliation of reportable continuing segment revenues, profit or loss, assets, and other material items (continued):

	<b>Consolidated</b>	
	<b>31 Dec 2015 \$'000</b>	<b>30 June 2015 \$'000</b>
<b>Assets</b>		
Total assets for reportable segments	482,037	485,949
Cash and cash equivalents	98,900	76,871
Trade and other receivables	9,617	9,924
Available for sale financial assets	70	66
Net deferred tax asset	-	13,985
Property, plant & equipment	6,049	6,087
<b>Consolidated total assets</b>	<b>596,673</b>	<b>592,882</b>

	<b>Half year ended 31 December 2015</b>			<b>Half year ended 31 December 2014</b>		
	<b>Reportable segment</b>	<b>Adjustments</b>	<b>Consolidated</b>	<b>Reportable segment</b>	<b>Adjustments</b>	<b>Consolidated</b>
<b>Other material items</b>						
Depreciation and amortisation	38,020	2,571	40,591	35,638	2,008	37,646

**Note 6 – Contingent liabilities**

During July 2014, the Company announced that by operation of its internal reporting mechanisms, the provision of benefits to a foreign public official that may violate its Anti-Bribery and Anti-Corruption Policy or applicable laws in Australia or in foreign jurisdictions were identified. The amount of the benefits provided to the foreign public official was not material to the Company. The Company self-reported the matter to relevant authorities, including the Australian Federal Police, and the matter is being assessed and investigated. To date, there has been no action taken against the Company, consequently, the range of potential penalties, if any, cannot be reliably estimated. Should there be any prosecution, potential penalties are governed by laws in various jurisdictions including *Criminal Code 1995 (Cth)* in Australia and/or the UK *Bribery Act*.

**Note 7 – Dividends**

No dividends were declared or paid during the period (2014: Nil).



**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
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For the half-year ended 31 December 2015

**Note 8 – Revenue**

	Consolidated	
	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
Sales revenue		
- Sale of gold	310,878	239,458
- Sale of silver	747	794
Less revenue from discontinued operations	-	(3,894)
	<b>311,625</b>	<b>236,358</b>
Other revenue		
- Interest revenue	1,177	443
- Sub-lease rental	34	113
	<b>1,211</b>	<b>556</b>
Revenue from operations	<b>312,836</b>	<b>236,914</b>

	Consolidated	
	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
<b>Note 9 – Finance costs</b>		
Interest paid/payable	17,184	17,267
Borrowing costs	2,128	2,470
Finance lease interest	146	273
Provisions: unwinding of discount	991	1,045
Less finance costs – discontinued operations	-	(144)
	<b>20,449</b>	<b>20,911</b>

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
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**Note 10 – Significant Items**

Significant items are those items where their size and nature is considered significant to the financial report. Such items included within the consolidated results for the period are detailed below.

	Consolidated	
	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
<b>Included within profit of disposal of asset</b>		
Profit on sale of King of the Hills and Kailis	14,858	-
<b>Included within net foreign exchange</b>		
Effect of foreign exchange movements on US borrowings <sup>(1)</sup>	(10,214)	(46,490)
Unrealised foreign exchange gains <sup>(2)</sup>	17,742	39,715
Foreign exchange loss on USD debt repayments <sup>(3)</sup>	(5,462)	-
	2,066	(6,775)
<b>Total significant items for continuing operations – pre tax</b>	<b>16,924</b>	<b>(6,775)</b>
<b>Total significant items for continuing operations – post tax</b>	<b>17,548</b>	<b>(6,775)</b>

*(1) Effect of foreign exchange movements on US borrowings*

The Group hedges the foreign exchange exposure of its US dollar functional currency Pacific assets against its US dollar denominated borrowings. Per AASB 121 the ineffective component must be recognised in the Consolidated Income Statement. Additionally, the unrealised foreign exchange movement on the US dollar denominated borrowing not in a hedging relationship is recognised in the Consolidated Income Statement.

*(2) Unrealised foreign exchange gains.*

The movement represents the unrealised gains on Australian and US denominated intercompany loans and third party balances reflected within the Consolidated Income Statement per AASB 121.

*(3) Realised fx gain/(loss) on US debt.*

Represents the amount of FX gain/(loss) on the buy back of US notes and Red Kite loan repayments.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
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**Note 11 – Income tax**

	Consolidated	
	Period ended 31 Dec 2015 \$'000	Period ended 31 Dec 2014 \$'000
Income tax expense	23,028	8,564
Under/(over) provision in respect of prior years	493	(1,825)
<b>Income tax expense for continued and discontinued operations</b>	<b>23,521</b>	<b>6,739</b>

**Note 12 – Cash and cash equivalents**

For the purpose of the Consolidated half-year Statement of Cash Flows, cash and cash equivalents at the 31 December balance date comprised the following:

	Consolidated	
	31 Dec 2015 \$'000	30 June 2015 \$'000
Cash at bank and on hand <sup>(1)</sup>	58,492	18,871
Term Deposits <sup>(2)</sup>	42,000	58,000
<b>Total cash and cash equivalents</b>	<b>100,492</b>	<b>76,871</b>

(1) Cash at bank at 31 December 2015 invested "at call" was earning interest at an average rate of 2.2% per annum (30 June 2015: 2.2% per annum). Cash at bank excludes restricted cash of \$1,377,000, which is reported as part of trade and other receivables.

(2) The deposits at 31 December 2015 were earning interest at rates of between 2.69% and 2.91% per annum (30 June 2015: rates of between 2.35% and 2.97% per annum). At 31 December 2015, the average time to maturity was 46 days (30 June 2015: 50 days).

**Note 13 – Interest bearing liabilities**

*Current*

*Secured*

	Consolidated	
	31 Dec 2015 \$'000	30 June 2015 \$'000
Lease liabilities	2,101	3,809
Loans from other entities (net of transaction costs)	22,046	48,619
	<b>24,147</b>	<b>52,428</b>

*Non-Current*

*Secured*

Lease liabilities	887	1,450
Senior secured notes (net of transaction costs)	243,709	248,621
Loans from other entities (net of transaction costs)	24,494	44,462
	<b>269,090</b>	<b>294,533</b>

The AUD:USD exchange rate as at 31 December 2015 was 0.7285 (30 June 2015: 0.7713)

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
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**Note 14 – Contributed equity**

	Parent entity		Parent entity	
	31 Dec 2015	30 June 2015	31 Dec 2015	30 June 2015
	Shares	Shares	\$'000	\$'000
Ordinary shares fully paid	495,102,525	495,102,525	887,216	887,216

**Note 15 – Accumulated losses**

Movements in accumulated losses were as follows:

	Consolidated	
	31 Dec 2015 \$'000	30 June 2015 \$'000
Balance at start of the period	(697,351)	(737,442)
Transferred from share based payment reserve (a)	-	409
Profit attributable to members of the Company	77,448	39,682
<b>Balance at end of the period<sup>(1)</sup></b>	<b>(619,903)</b>	<b>(697,351)</b>

(1) The 30 June 2015 comparative information discloses the movement for the year ended 30 June 2015.

**(a) Share based payment reserve transfers to accumulated losses**

No performance rights expired during the period ended 31 December 2015 (30 June 2015: \$409,000).

Accounting standards preclude the reversal through the Income Statement for amounts which have been booked in the share based payments reserve for options and rights which satisfy service conditions but do not vest due to market conditions.

**Note 16 – Subsequent events**

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial period that, in their opinion, has significantly affected or may significantly affect in future years the Company's operations, the results of those operations or the state of affairs.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
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**Note 17 – Financial instruments**

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

a) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis:

The Group has financial assets measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these assets are assessed.

Financial assets/liabilities	Fair value as at		Fair Value hierarchy	Valuation technique and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31/12/15	30/06/15				
Available for sale financial assets (shares)	\$70,000	\$66,000	Level 1	Quoted bid price in an active market	N/A	N/A

b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Dec 2015		June 2015	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial liabilities held at amortised costs				
- Loans from other entities <sup>(1)</sup>	48,902	48,432	97,238	94,593
- Senior secured notes <sup>(2)</sup>	247,628	244,636	254,088	252,620
	<u>296,530</u>	<u>293,068</u>	<u>351,326</u>	<u>347,213</u>

(1) Loans from other entities exclude \$2,362,000 (June 2015: \$4,157,000) of capitalised transaction costs.

(2) The senior secured note amount excludes \$3,522,000 (June 2015: \$4,920,000) of capitalised transaction costs and \$397,000 (June 2015: \$547,000) discount on notes.

**ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES**  
**INTERIM FINANCIAL REPORT**  
**For the half-year ended 31 December 2015**

**DIRECTORS' DECLARATION**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 25 are in accordance with the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and
  - ii) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the six month period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Bob Vassie**  
**Managing Director and CEO**

Dated at Melbourne this 23<sup>rd</sup> day of February 2016



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

### Report on the financial report

We have reviewed the accompanying half-year financial report of St Barbara Limited, which comprises the consolidated statement of financial position as at 31 December 2015, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of St Barbara Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St Barbara Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'KPMG' or a similar stylized name.

KPMG

A handwritten signature in black ink, consisting of a stylized 'H' and 'D' inside a circle, with horizontal lines above and below.

Tony Romeo  
*Partner*

Melbourne

23 February 2016



## INTERIM FINANCIAL REPORT

### CORPORATE DIRECTORY

#### BOARD OF DIRECTORS

T C Netscher Non-Executive Chairman  
R S Vassie Managing Director & CEO  
K J Gleeson Non-Executive Director  
D E J Moroney Non-Executive Director

#### STOCK EXCHANGE LISTING

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

#### SHARE REGISTRY

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Telephone (international): +61 3 9415 4356  
Facsimile: +61 3 9473 2500

#### COMPANY SECRETARY

R R Cole

#### AUDITOR

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**St Barbara**  
LIMITED

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