St Barbara LIMITED

St Barbara Limited ACN 009 165 066
Level 14, 90 Collins Street, Melbourne VIC 3000
Locked Bag 9, Collins Street East, Melbourne VIC 8003
Tel +61 3 8660 1900 **Fax** +61 3 8660 1999
www.stbarbara.com.au

Half Year Financial Report December 2009

- **Gold production for the half year was 113,938 oz, in line with guidance (2008: 104,579 oz)**
- **Average gold price realised during the half year was A$1,178/oz (2008: A$1,122/oz)**
- **EBITDA before significant items was $27.2 million (2008: $7.4 million)**
- **Net profit after tax of $0.8 million (2008: net loss of $41.2 million)**
- **Cash at bank $167.7 million (2008: $43.9 million), net cash after finance liabilities was $86.0 million**

St Barbara reported a net profit after tax for the six months ended 31 December 2009 of $0.8 million (2008: net loss of $41.2 million), which was after significant items of $3.0 million (2008: loss of $27.0 million). The main significant item was a gain of $2.7 million related to the sale of the Company's holding in Bendigo Mining Limited. The result is summarised below:

	31 Dec 09 $'000	31 Dec 08 $'000
Total revenue	139,755	112,662
EBITDA including significant items	30,217	(467)
EBITDA excluding significant items	27,233	7,413
EBIT	3,297	(39,998)
Profit/ (loss) after tax	**803**	**(41,220)**

Financial performance

The Company's focus continued to be on increasing production at the Gwalia mine, Leonora, extension of mine life at the Southern Cross operations and evaluating the Company's land bank prospectivity.

Total sales revenue of $137.6 million (2008: $110.4 million) was generated from gold sales of 116,159 oz (2008: 97,965 oz) at an average realised gold price of A$1,178/oz (2008: A$1,122/oz). Higher gold sales in the half reflected the benefit of a full six months of production from the Gwalia mine.

Production at Leonora Operations totalled 50,735 oz (2008: 27,573 oz) for the half, with most of the ore sourced from the Gwalia underground mine. Decline and lateral development continued to be advanced in line with expectations, opening up more stoping areas to enable increased production. The mine continues to perform to expectation with good ground conditions and production reconciling to reserve.

Production at Southern Cross was 63,203 oz (2008: 77,006 oz) sourced from the Marvel Loch underground mine and Mercury open pit. Open pit mining ceased in August 2009.

St Barbara
LIMITED

St Barbara Limited ACN 009 165 066
Level 14, 90 Collins Street, Melbourne VIC 3000
Locked Bag 9, Collins Street East, Melbourne VIC 8003
Tel +61 3 8660 1900 **Fax** +61 3 8660 1999
www.stbarbara.com.au

At Leonora total cash operating costs were $635/oz (2008:$808/oz), which were higher than forecast due to processing some residual low grade high cost open pit ore stockpiles from Trump. Cash operating costs at Southern Cross Operations were higher compared to the prior corresponding period, due to higher expensed development expenditure and higher processing costs from campaign milling, with the cash operating cost for the period of $907/oz (2008: $818/oz).

Exploration expensed in the half totalled $2.3 million (2008: $9.8 million), with total exploration expenditure amounting to $2.4 million (2008: $13.4 million).

Corporate costs were lower for the half at $10.9 million (2008: $14.7 million). Corporate costs comprised expenses related to the Melbourne office, Perth Office (technical engineering, safety, environmental and human resources support), rates associated with landholdings, compliance costs and a 1.5% production royalty payable to a third party.

Depreciation and amortisation (D&A) of fixed assets and capitalised mine development totalled $26.9 million (2008: $39.5 million). The D&A charge in the prior corresponding period included open pit development and asset impairment write downs. The higher D&A charge for the December half 2009, before write downs, was mainly attributable to Gwalia underground producing for the full period and is based on current reserves.

Net finance costs increased to $4.7 million (2008: $3.3 million), as interest attributable to the Gwalia development was expensed post commissioning.

Financial position

Net cash increased in the period by $91.5 million (2008: decrease of $15.1 million) as a result of proceeds from the non renounceable rights issue completed in December 2009 and the sale of the Company's holding in Bendigo Mining Limited ($10 million). At 31 December 2009, cash and restricted cash was $167.6 million (30 June 2009: $78.0 million). The convertible notes decreased to $64.1 million (30 June 2009: $77.1 million) at balance date following the buy-back in December 2009, and decreased by another $2.3 million in January 2010. Total other interest bearing liabilities were $18.1 million (June 30 2009: $21.6 million) consisting mainly of asset financing and lease liabilities. The Company will have sufficient cash reserves to meet any early redemption of Convertible Notes on 4 June 2010.

Cash flows

Cash flows from operating activities for the year were positive $27.2 million (2008: negative $2.3 million). Payments to suppliers and employees were $4.2 million lower than the prior corresponding period, reflecting the benefit of lower operating expenditure associated with the cessation of open pit mining during the period.

Cash used in investing activities amounted to $48.1 million (2008: $103.6 million), was within the forecast range, and was mainly applied in the following major areas:

- Payments for property, plant and equipment - $5.2 million
- Mine development expenditure at Gwalia operations - $31.2 million;
- Mine development expenditure at Southern Cross operations - $11.7 million

The Company is now well placed to continue developing the Gwalia mine, buy-back Convertible Notes if required, fund the development of a second mining operation at Leonora and position itself for growth.

Tim Lehany
Managing Director & CEO

Note: Dollar amounts shown are Australian Dollars

Appendix 4D

Half year report

Name of entity

ST BARBARA LIMITED

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Half year/financial year ended ('current period')
36 009 165 066	✓		**31 December 2009**

Results for announcement to the market

		%		A$'000
Revenues from ordinary activities	up	27%	to	142,882
Profit/(loss) from ordinary activities after tax attributable to members *Prior period loss: $41,220,000*	increase in profit	N/A	to	803
Profit/(loss) attributable to members *Prior period loss: $41,220,000*	increase in profit	N/A	to	803
Dividends No dividend has been declared				

	31/12/09	**31/12/08**
Net Tangible Assets per security	0.21	0.19
Entities over which control has been gained or lost over the period.	N/A	N/A
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: 24 February 2010

Tim Lehany
Managing Director and CEO

ST BARBARA LIMITED

ABN 36 009 165 066

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Table of Contents

The Directors present their report on the consolidated entity, consisting of St Barbara Limited ("St Barbara") and the entities it controlled at the end of, or during, the half year ended 31 December 2009.

Directors

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

- S J C Wise — Chairman
- T J Lehany — Managing Director & CEO
- D W Bailey — Non-executive director
- B J Gibson — Non-executive director
- P C Lockyer — Non-executive director
- R K Rae — Non-executive director

Principal activities

During the six months ended 31 December 2009 the principal activities of the consolidated entity were mining and the sale of gold, mineral exploration and development. There were no significant changes in the nature of the activities of the consolidated entity during the period.

Consolidated results

The result reported by the consolidated entity for the six months ended 31 December 2009 was a net profit after tax of $803,000 (2008: net loss of $41,220,000). The profit for the period was after significant items resulting in a gain of $2,984,000 (2008: loss of $27,019,000). The consolidated revenues and result for the period are summarized as follows:

	Period ended 31 Dec 09 $'000	**Period Ended 31 Dec 08 $'000**
Sales revenue	137,567	110,377
Interest earned	1,757	1,956
Other	431	329
Total revenue	**139,755**	**112,662**
EBITDA	**30,217**	**(467)**
EBIT	**3,297**	**(39,998)**
Profit/ (loss) after tax attributable to members of the Company	**803**	**(41,220)**

The significant items included in the result for the period are as follows:

	Period Ended 31 Dec 09 $'000	Period Ended 31 Dec 08 $'000
Gain on sale of Bendigo Mining Limited[(1)]	2,724	-
Discount on buy-back of convertible notes[(2)]	260	-
Net realised/unrealised gains on derivatives	-	1,514
Restructuring and redundancy costs	-	(795)
Redundancy provisions	-	(2,227)
Write off of capitalised exploration	-	(4,010)
Write off mine properties	-	(2,148)
Write off of capitalised open pit development	-	(12,981)
Write down of listed investments to fair value	-	(6,372)
Total significant items	**2,984**	**(27,019)**
EBITDA – excluding significant items	**27,233**	**7,413**
EBIT – excluding significant items	**313**	**(12,979)**
Loss after tax – excluding significant items	**(2,181)**	**(14,201)**

(1) During August 2009, the Company sold its 9% interest in Bendigo Mining Limited for $9.9 million. As this investment was written down to $7.2m on a mark-to-market basis at 30 June 2009, a gain on sale of $2.7 million was recognised as "Other Income" in the Income Statement.

(2) During December 2009, the Company bought back Convertible Notes with a face value of $13.0 million for a total payment of $12.7 million. The resulting discount was recognised as "Other Revenue" in the Income Statement.

Review of operations

The Company's focus during the period continued to be the achievement of profitable production and the extension of the mine life at the Southern Cross operations, increasing production at Gwalia and exploration for gold close to existing operations at Southern Cross and Leonora. Sales revenue in the period included higher gold sales from Gwalia due to the fact that the mine was commissioned in October 2008 during the corresponding prior period.

Financial performance

Total sales revenue of $137,567,000 (2008: $110,377,000) was generated from gold sales of 116,159 ounces (2008: 97,965 ounces) in the period at an average achieved gold price of A$1,178 per ounce (2008: A$1,122 per ounce) from the Southern Cross and Leonora operations.

Production at Leonora operations totalled 50,735 ounces (2008: 27,573 ounces) for the period. The majority of ore production was sourced from the Gwalia underground mine, with 6,100 tonnes at 0.67g/t sourced from the open pit stockpiles mined in 2008/09. While the underground mine produced ore for the full six month period (operations commenced in October 2008), underground capital and lateral development is still being advanced in order to open up more stoping areas to enable increased production.

Details of Production Performance – Leonora Operations

		Sep Qtr 09	Dec Qtr 09	**6 Months 31 Dec 09**	**6 Months 31 Dec 08**
Open Pit Ore Mined	t	-	-	**-**	**226,608**
Grade	g/t	-	-	**-**	**1.5**
Underground Ore Mined	t	120,981	133,730	**254,711**	**97,590**
Grade	g/t	6.5	6.1	**6.3**	**5.9**
Ore Milled	t	131,163	133,898	**265,061**	**348,126**
Grade	g/t	6.3	6.1	**6.2**	**2.5**
Recovery	%	96	95	**95**	**93**
Gold Production	oz	25,692	25,043	**50,735**	**27,573**
Cash Operating Cost	A$/oz	632	637	**635**	**808**

Production at Southern Cross totalled 63,203 ounces (2008: 77,006 ounces) for the period, which was from the Marvel Loch underground mine and Mercury open pit. Open pit mining operations ceased in August 2009.

At Southern Cross production from the Marvel Loch underground mine decreased to 496,000 tonnes during the period at an average grade of 3.7g/t. Production from open pits ceased during the period, with surface mining and other stockpiles contributing 259,000 tonnes to production. The recovery reported by the processing plant during the period was down on the previous corresponding period due to the impact of processing Mercury ore. The lower gold production compared to the prior corresponding period was attributable mainly to the cessation of surface mining during the period. As at 31 December 2009 Run of Mine (ROM) stockpiles totalled 171,000 tonnes at 2.8g/t for 18,400 contained ounces.

Details of Production Performance – Southern Cross Operations

		Sep Qtr 09	Dec Qtr 09	**6 Months 31 Dec 09**	**6 Months 31 Dec 08**
Open Pit Ore Mined	t	23,413	-	**23,413**	**531,243**
Grade	g/t	5.7	-	**5.7**	**1.6**
Underground Ore Mined	t	243,982	252,252	**496,234**	**517,877**
Grade	g/t	3.8	3.6	**3.7**	**3.5**
Ore Milled	t	441,524	303,065	**744,589**	**1,102,411**
Grade	g/t	2.8	3.7	**3.2**	**2.5**
Recovery	%	85	83	**84**	**88**
Gold Production	oz	33,143	30,060	**63,203**	**77,006**
Cash Operating Cost	A$/oz	984	822	**907**	**818**

Other revenue of $2,188,000 (2008: $2,285,000) comprised mainly interest earned during the period of $1,757,000 (2008: $1,956,000). Other revenue also included $260,000 representing the discount on buy-back of convertible notes with a face value of $13,000,000.

At Leonora total cash operating costs were $32,196,000 at a unit rate of $635 per ounce. During the period cash operating costs at Leonora were impacted by processing some low grade high cost open pit ore from Trump.

Cash operating costs at Southern Cross operations were higher in the period compared to the prior corresponding period, due to increased mining costs associated with underground mining and higher processing costs with the move to campaign milling. Total cash operating costs were $57,315,000 (2008: $62,979,000), with the unit cash operating cost of production for the period at $907 (2008: $818) per ounce.

Exploration expensed in the income statement in the period totalled $2,280,000 (2008: $9,828,000), with total exploration expenditure amounting to $2,376,000 (2008: $13,387,000).

Corporate administration costs consists of expenses related to the corporate office, rates and taxes associated with the Company's landholdings, compliance costs and operations support and technical services, which totalled $10,866,000 (2008: $14,664,000) for the period.

Royalty expenses for the period were $5,349,000 (2008: $4,325,000), reflecting the impact of the increased gold sales and higher achieved gold price. This expense represents gold royalties paid to the Western Australian Government and a third party corporate royalty.

Depreciation and amortisation of fixed assets and capitalised mine development totalled $26,920,000 (2008: $39,531,000) for the period. The depreciation and amortisation charge in the prior corresponding period included open pit development and asset impairment write downs. Depreciation and amortisation attributable to Southern Cross was $11,288,000 (2008: $14,062,000) and $12,987,000 (2008: $3,847,000) was for Leonora, with the balance associated with corporate and exploration activities. The higher depreciation and amortisation charge in the period was mainly attributable to the Gwalia underground mine producing for the full period. In 2008, $19,139,000 relating to asset write downs was included in the depreciation and amortisation expense.

Net finance costs increased to $4,661,000 (2008: $3,280,000) in the period due mainly to the fact that capitalisation of interest to the Gwalia development ceased on commissioning of the operations in October 2008. Interest capitalised to the Gwalia development in the prior corresponding period totalled $2,039,000. The gross interest expense on convertible notes decreased to $3,033,000 (2008: $3,984,000) due to the buy-back of convertible notes in March 2009.

During the period the Company sold its investment in Bendigo Mining Limited for $9,907,000. A gain on sale of $2,724,000 was recognised in the income statement.

Financial position

As at 31 December 2009 net current assets increased to $115,737,000 (30 June 2009: $22,016,000) due mainly to increased cash balances and lower current interest bearing liabilities. Available for sale financial assets included in total current assets, representing the investment in Bendigo Mining Limited, was eliminated during the period due to the sale of the Company's interest. The reduction in current interest bearing liabilities was attributable to the buy-back of convertible notes with a face value of $13,000,000 during the period.

As at 31 December 2009 other receivables included restricted cash of $22,492,000 (30 June 2009: $24,339,000), representing cash held on deposit as security for bank guarantees.

The convertible notes, classified as current liabilities, decreased to $64,100,000 (30 June 2009: $77,100,000) following the buy-back in December 2009. The working capital balance as at 31 December 2009, excluding the current deferred mining asset and restricted cash, was positive $72,165,000 (30 June 2009: negative $18,159,000).

Total non current assets increased by $17,265,000 during the period to $334,925,000 (30 June 2009: $317,660,000). The increase in non current assets was attributable to capitalised development expenditure classified as mine properties at Southern Cross and Gwalia.

Non current liabilities decreased to $40,673,000 (30 June 2009: $43,204,000) mainly as a result of a decrease in interest bearing liabilities. Non current interest bearing borrowings totalled $11,599,000 (30 June 2009: $13,974,000) as at 31 December 2009, comprising the non current portion owing under lease facilities.

During the period, the Company issued new equity as follows:

- In November 2009, proceeds of $74,006,000 before transaction costs from the institutional component of a non renounceable rights issue; and
- In December 2009, proceeds of $49,853,000 before transaction costs from the retail component of a non renounceable rights issue.

Cash flows

Net cash increased in the period by $91,463,000 (2008: decrease of $15,056,000) as a result of proceeds from the non renounceable rights issues completed in December 2009.

Cash flows from operating activities for the year was positive $27,155,000 (2008: negative $2,326,000). There was a substantial increase in receipts from customers, reflecting the benefit of increased gold production from Gwalia and a higher average achieved gold price.

Payments to suppliers and employees were $4,173,000 lower than the prior corresponding period reflecting the benefit of lower operating expenditure associated with the cessation of open pit mining during the period. Interest received of $1,244,000 (2008: $1,925,000) was marginally lower than in the prior corresponding period due to lower average cash balances. The interest paid in the period of $3,084,000 (2008: $3,984,000) represented the semi-annual payment in respect of the convertible notes and was lower as a result of the buy-back of notes in March 2009.

Cash flows used in investing activities amounted to $40,271,000 (2008: $80,983,000) and was mainly in the following major areas:

- Payments for property, plant and equipment - $5,154,000
- Mine development expenditure at Gwalia operations - $31,216,000;
- Mine development expenditure at Southern Cross operations - $11,671,000; and
- Exploration expenditure - $2,376,000.

Investing cash flows in the period included net proceeds from the sale of the Company's investment in Bendigo Mining Limited of $9,907,000.

Cash flows from financing activities totalled $104,579,000 (2008: $68,253,000), which included net proceeds from the non renounceable rights of $119,088,000. Transaction costs associated with the rights issue were $4,771,000 for the period. Principal repayments of lease and insurance premium funding facilities during the period totalled $4,128,000 (2008: $2,061,000), with the increase attributable to the equipment finance facility drawn down in September 2008.

Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of directors.

Tim Lehany
Managing Director & Chief Executive Officer

Melbourne
24 February 2010

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

To: the directors of St Barbara Limted

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 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.

KPMG

KPMG

Michael Bray
Partner

Melbourne
24 February 2010

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2009

`

	Note	Half-Year 31 Dec 2009 $'000	Half-Year 31 Dec 2008 $'000
Revenue from continuing operations	10	137,567	110,377
Mine operating costs		(90,744)	(76,306)
Gross profit		**46,823**	**34,071**
Other revenue	10	2,188	2,285
Other income		3,067	9
Exploration expensed		(2,280)	(9,828)
Corporate administration costs		(10,866)	(14,664)
Royalties		(5,349)	(4,325)
Depreciation and amortisation		(26,920)	(39,531)
Other expenditure		(1,252)	(1,046)
Operating profit/ (loss)		**5,411**	**(33,029)**
Finance costs	11	(4,661)	(3,280)
Net realised/unrealised gains on derivatives		53	1,514
Unrealised loss on available for sale assets		-	(6,425)
Profit/(loss) before income tax		**803**	**(41,220)**
Income tax		-	-
Profit/(loss) after income tax		**803**	**(41,220)**
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic Earnings /(loss) per share (cents)	19	0.05	(3.21)
Diluted Earnings/(loss) per share (cents)	19	0.05	(3.21)

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 2009

	Note	Half-Year	
		31 Dec 2009 $'000	**31 Dec 2008 $'000**
Profit/(loss) for the period		803	(41,220)
Other comprehensive income			
Changes in fair value of available for sale financial assets	12	(6,687)	-
Income tax on other comprehensive income		-	-
Other comprehensive income net of tax		**(6,687)**	**-**
Total comprehensive income attributable to equity holders of the company		**(5,884)**	**(41,220)**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the half-year ended 31 December 2009

	Note	Attributable to equity holders of the Company			
		Contributed Equity $'000	**Reserves $'000**	**Retained Earnings $'000**	**Total $'000**
Balance at 1 July 2009		**496,176**	**8,960**	**(208,664)**	**296,472**
Equity issues (net of transaction costs)	18	119,089	-	-	119,089
Share-based payments expense		-	312	-	312
Comprehensive income for the period		-	(6,687)	803	(5,884)
Balance at 31 December 2010		**615,265**	**2,585**	**(207,861)**	**409,989**

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

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2009

	Note	31 Dec 2009 $'000	30 Jun 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	13	145,155	53,692
Trade and other receivables	14	29,564	34,936
Inventories		23,419	31,058
Derivative financial assets		53	-
Available for sale financial assets		-	13,869
Deferred mining costs		21,080	16,196
Total current assets		219,271	149,751
Non-current assets			
Property, plant and equipment		117,668	117,628
Deferred mining costs		6,452	6,472
Exploration and evaluation	16	3,281	8,219
Mine properties	15	207,524	185,341
Total non-current assets		334,925	317,660
Total assets		**554,196**	**467,411**
LIABILITIES			
Current liabilities			
Trade and other payables		29,810	38,376
Interest bearing liabilities	17	70,245	83,567
Provisions		3,479	5,792
Total current liabilities		103,534	127,735
Non-current liabilities			
Interest bearing liabilities	17	11,599	13,974
Provisions		29,074	29,230
Total non-current liabilities		40,673	43,204
Total liabilities		**144,207**	**170,939**
Net assets		**409,989**	**296,472**
EQUITY			
Contributed equity	18	615,265	496,176
Reserves		2,585	8,960
Accumulated Losses		(207,861)	(208,664)
Total equity		**409,989**	**296,472**

The above balance sheet should be read in conjunction with the accompanying notes.

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2009

	Note	Half-Year	
		31 Dec 2009 $'000	**31 Dec 2008 $'000**
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		140,820	115,388
Payments to suppliers and employees (inclusive of GST)		(110,901)	(115,074)
Interest received		1,244	1,925
Interest paid		(3,084)	(3,984)
Finance charges – hire purchase agreements		(560)	(479)
Borrowing costs paid		(364)	(102)
Net cash flow from/(used in) operating activities		**27,155**	**(2,326)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		265	60
Payments for property, plant and equipment		(5,154)	(47,437)
Proceeds from sale of available for sale financial assets		9,976	-
Payments for development of mine properties		(42,887)	(27,449)
Payments for mines under construction		-	(28,682)
Payments for tenements		(95)	(388)
Payments for exploration		(2,376)	(13,387)
Proceeds from sale of derivative financial assets		-	36,300
Net cash flow used in investing activities		**(40,271)**	**(80,983)**
Cash flows from financing activities			
Proceeds from issues of shares		123,859	54,518
Payments for share issue transaction costs		(4,771)	(1,052)
Proceeds from equipment financing facility		-	20,000
Payments for equipment financing facility transaction costs		-	(310)
Buy-back of convertible notes		(12,740)	-
Payments of convertible notes transaction fees		(47)	-
Proceeds from insurance premium funding/hire purchases		559	-
Movement in unclaimed monies		-	(1)
Movement in restricted cash		1,847	(2,841)
Principal repayments - equipment leasing facility		(2,296)	(575)
- hire purchase agreements		(533)	(323)
- insurance premium funding		(1,299)	(1,163)
Net cash flow from financing activities		**104,579**	**68,253**
Net increase/(decrease) in cash and cash equivalents		**91,463**	**(15,056)**
Cash and cash equivalents at beginning of the period		53,692	35,517
Cash and cash equivalents at end of the period		**145,155**	**20,461**

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

Note 1 – Basis of preparation of half-year consolidated report

St Barbara Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates and jointly controlled entities.

This general purpose financial report for the interim reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim 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 annual report for the year ended 30 June 2009 and any public announcements made by St Barbara Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 23 February 2010.

Note 2 – Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009.

Note 3 – New Standards adopted

(i) Determination and presentation of operating segments

The Company has applied the requirements of AASB 8 'Operating Segments' for the first time, which became effective for the current reporting date. The Company had previously reported segments based on the commodity and region it had operated in – being 'gold' and 'Australia'. AASB 8 requires segments to be identified based on internal reports that are reviewed and used by the chief operating decision maker in assessing performance and in determining the allocation of resources.

The Company has determined that two reportable segments exist: Leonora Operations and Southern Cross Operations. Discrete information for each of these operating business units are reported to the Chief Executive Officer and his management team on at least a monthly basis.

Segment information on the reportable segments is disclosed in Note 6 to the financial statements. Comparative information has been re-presented so it is in conformity with the new standard.

(ii) Presentation of financial statements

The Company has applied revised AASB 101 'Presentation of Financial Statements' for the first time, which became effective for the current reporting period. As a result the Company has presented in the consolidated changes of equity all owner related changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so it is in conformity with the revised standard.

Note 4 – Critical accounting estimates and judgements

The preparation of the interim 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.

Except as described below, in preparing this consolidated interim financial report, the significant estimates and judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2009.

The recoverable amount of each Cash Generating Unit (CGU) is based on estimates in relation to future net cash flows, discounted to present value. Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the assets. Given the nature of the consolidated entity's mining activities, future changes in long term assumptions upon which these estimates are based may give rise to a material adjustment to the carrying value of a CGU, which could lead to recognition of impairment losses in the future.

Future cash flow estimates are based on expected production values, the short and long term forecasts of the Australian dollar gold price, ore reserves, operating costs, future capital expenditure and restoration and rehabilitation costs. Management is required to make these estimates and assumptions, which are subject to risk and uncertainty. As a result there is a possibility that changes in circumstances will alter these projections, which could impact on the recoverable amount of these assets. As at the 31 December 2009 reporting date, there were no indications of impairment with respect to the Company's CGUs.

On 4 June 2007 the Company issued $100,000,000 of convertible notes. As at 31 December 2009, convertible notes with a face value of $64,100,000 remained. Unless previously redeemed, converted, or purchased and cancelled, the notes mature on 4 June 2012 at 100% of their principal amount. Holders of the convertible notes are able to redeem all or some of the notes at the principal amount, together with any accrued interest, on 4 June 2010. As at the 30 June 2009 reporting date the non-current liability associated with these convertible notes was reclassified to a current liability based on this option held by convertible note holders. As at the 31 December 2009 reporting date the liability associated with the convertible notes continued to be classified as current; the Company has sufficient cash resources to fund the potential redemption of the convertible notes as a result of note holders exercising their put option on 4 June 2010.

Note 5 – Financial risk management

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2009.

Note 6 – Segment information

The Company has two reportable segments, Leonora and Southern Cross Operations, which are the Company's operational business units. The operational business units are managed separately due to their separate geographic regions.

Information regarding the operations of each reportable segment is included below. 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.

	Leonora		Southern Cross		Total	
	31 Dec 2009 $'000	**31 Dec 2008 $'000**	**31 Dec 2009 $'000**	**31 Dec 2008 $'000**	**31 Dec 2009 $'000**	**31 Dec 2008 $'000**
Revenue	59,384	24,504	78,183	85,873	137,567	110,377
Mine operating costs	(30,603)	(14,495)	(60,141)	(61,811)	(90,744)	(76,306)
Gross profit	**28,781**	**10,009**	**18,042**	**24,062**	**46,823**	**34,071**
Royalties	(2,261)	(919)	(3,088)	(3,406)	(5,349)	(4,325)
Depreciation and amortisation	(12,987)	(3,847)	(11,288)	(14,062)	(24,275)	(17,909)
Reportable segment profit before income tax	**13,533**	**5,243**	**3,666**	**6,594**	**17,199**	**11,837**
Other material non-cash items	-	(8,449)	-	(6,680)	-	(15,129)
Capital expenditure	(28,683)	(79,296)	(14,191)	(14,665)	(42,874)	(93,961)
	31 Dec 2009 $'000	**30 Jun 2008 $'000**	**31 Dec 2009 $'000**	**30 Jun 2008 $'000**	**31 Dec 2009 $'000**	**30 Jun 2008 $'000**
Reportable segment assets	301,487	281,773	64,514	69,175	366,001	350,948

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

	Consolidated	
	Period Ended 31 Dec 2009 $'000	**Period Ended 31 Dec 2008 $'000**
Revenues		
Total revenue for reportable segments	137,567	110,377
Other revenue	2,188	2,285
Consolidated revenue	139,755	112,662

	Consolidated	
	Period Ended 31 Dec 2009 $'000	**Period Ended 31 Dec 2008 $'000**
Profit or loss		
Total profit for reportable segments	17,199	11,837
Other income and revenue	5,255	2,294
Exploration expensed	(2,280)	(9,828)
Unallocated depreciation and amortisation	(2,645)	(2,483)
Asset write-downs	-	(19,139)
Finance costs	(4,661)	(3,280)
Other corporate expenses	(12,065)	(20,621)
Consolidated profit/(loss) before income tax	803	(41,220)

	Consolidated	
	31 Dec 2009 $'000	**30 June 2009 $'000**
Assets		
Total assets for reportable segments	366,001	350,948
Cash and cash equivalents	145,155	53,692
Trade and other receivables	29,564	34,936
Available for sale financial assets	-	13,869
Capitalised borrowing costs	8,844	9,122
Other assets	4,632	4,844
Consolidated total assets	**554,196**	**467,411**

	Half year ended 31 December 2009			Half year ended 31 December 2008		
	Reportable segment totals	Adjustments	Consolidated totals	Reportable segment totals	Adjustments	Consolidated totals
Other material items						
Depreciation and amortisation	24,275	2,645	26,920	17,909	2,483	20,392
Asset impairments(1)	-	-	-	15,129	4,010	19,139

Note (1): Asset impairments were included within depreciation and amortisation in the Income Statement in 2008..

Note 7 – Events subsequent to balance date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial reporting date 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, except for the following:

- On 18 January 2010, the Company bought-back convertible notes with a face value of $2,350,000 for a total payment of $2,303,000.

Note 8 – Contingent liabilities

The parent entity and Group have a contingent liability at 31 December 2009 in respect of the following legal claim:

Kingstream

On 2 July 2002, Kingstream Steel Limited (now Midwest Corporation Limited) ("Kingstream") commenced proceedings in the Supreme Court of Western Australia against the Company and its 100% owned subsidiary, Zygot Ltd ("Zygot") (together, "St Barbara"). In early 2005, Kingstream obtained the leave of the Court to substitute the trustees of Kingstream Steel's Creditors Trust as plaintiffs in these proceedings, namely Bryan Kevin Hughes and Vincent Anthony Smith. Mr Smith resigned as a trustee and Mr Hughes ("Hughes") has been the sole plaintiff since 30 January 2008.

Hughes's claim against St Barbara arose from the withdrawal by Zygot of three mining lease applications ("MLAs") in September 2001. Hughes alleged that these applications were part of the subject matter of an Option Deed between the St Barbara and Kingstream dated 26 March 1997 as supplemented by a Deed dated 20 January 1998 and a letter dated 29 January 1999 from St Barbara's lawyers to Kingstream. Kingstream exercised the option in February 1999.

Following amendments to the statement of claim in October 2008, Hughes sought damages from St Barbara relying upon causes of action based on rectification of the Supplemental Deed, allegations of breach of contract, breach of duty of care, estoppel and unilateral mistake.

Hughes produced various reports by experts who purported to quantify the loss that was claimed. The reports disclosed opinions about the value of the MLAs at the time of their withdrawal of between $250,000 and $4,000,000. They also disclosed a range of opinions about the claimed value of the MLAs to Kingstream ranging from $13,070,000 in November 2005 to $980,000,000 in November 2008. St Barbara defended the proceedings.

As at 31 December 2009 the Company had made no provision for any liability in relation to this matter.

None of the current Directors of St Barbara were directors of the Company or Zygot at the time the relevant activities took place.

St Barbara believes that if it is found to have breached the Supplemental Deed, any damages will be assessed by reference to the value of the MLAs as at the date of withdrawal. In the event that damages are awarded against the Company, the Court will also determine interest and costs to be paid.

The action was heard in the Supreme Court of Western Australia between 2 and 19 June 2009. The Trial Judge reserved his decision.

Note 9 – Dividends

No dividends were declared or paid during the period.

Note 10 – Revenue

	Consolidated	
	Period ended 31 Dec 2009 $'000	**Period ended 31 Dec 2008 $'000**
Sales revenue		
- Sale of gold	136,787	109,868
- Sale of silver	780	509
	137,567	**110,377**
Other revenue		
- Interest revenue	1,757	1,956
- Discount on Convertible Note buyback	260	-
- Sub-lease rental	171	185
- Royalty revenue	-	144
	2,188	**2,285**
	139,755	**112,662**

	Consolidated	
	Period ended 31 Dec 2009 $'000	**Period ended 31 Dec 2008 $'000**
Note 11 – Finance costs		
Interest paid/payable	52	49
Interest on convertible notes	3,033	3,984
Borrowing costs	410	102
Finance lease	592	594
Unwinding of discount on rehabilitation provision	574	590
Interest expense capitalised(1)	-	(2,039)
	4,661	**3,280**

Note (1): Represents the interest paid/payable on the convertible notes issued in June 2007 to fund the development of Gwalia. Production commenced at Gwalia in October 2008, and capitalisation of interest expense ceased from this date.

Note 12 – Significant Items

Significant items are those items where their nature or amount is considered material to the financial report. Such items included within the consolidated results for the period are detailed below.

	Consolidated	
	Period ended 31 Dec 2009 $'000	**Period ended 31 Dec 2008 $'000**
Gain on sale of Bendigo Mining Limited(1)	2,724	-
Discount on buy-back of convertible notes(2)	260	-
Net realised/unrealised gains on derivatives	-	1,514
Restructuring and redundancy costs	-	(795)
Redundancy provisions	-	(2,227)
Write off of capitalised exploration	-	(4,010)
Write off mine properties	-	(2,148)
Write off of capitalised open pit development	-	(12,981)
Write down of listed investments to fair value	-	(6,372)
Total exceptional items	**2,984**	**(27,019)**

(1) At 31 December 2008 an impairment loss of $6,192,000 in relation to the investment in Bendigo Mining Limited was recognised in the income statement. A mark-to-market gain as at 30 June 2009 in relation to this investment of $6,687,000, which would ordinarily have reversed the impairment loss recognised in the income statement in the period ended 31 December 2008, was recorded in the investment fair value reserve in accordance with Australian Interpretation 10. In August 2009 the investment in Bendigo Mining Limited was sold for $9,909,000, which gave rise to the transfer of the amount in the investment fair value reserve to the income statement resulting in a net gain on sale of $2,724,000 recognised as "Other Income".

(2) During December 2009, the Company bought back Convertible Notes with a face value of $13,000,000 for a total payment of $12,740,000. The resulting discount was recognised as "Other Revenue" in the Financial Statements.

	Consolidated	
	31 Dec 2009 $'000	**30 June 2009 $'000**
Note 13 – Cash and cash equivalents		
Cash at bank and on hand	53,821	18,692
Deposits at call	91,334	35,000
	145,155	**53,692**

	31 Dec 2009 $'000	30 June 2009 $'000
Note 14 – Trade and other receivables		
Trade receivables	1,830	4,192
Other receivables	3,118	3,928
Restricted cash[1]	22,492	24,339
Prepayments	2,124	2,477
	29,564	**34,936**

Note (1): Restricted cash represents cash placed on deposit to secure bank guarantees is respect of obligations entered into for office rental obligations and environmental performance bonds issued in favour of the Western Australian Department of Industry and Resources. These deposits earned interest at an average interest rate of 4.5%.

	Consolidated	
	31 Dec 2009 $'000	30 June 2009 $'000
Note 15 – Mine properties		
Mine development		
At beginning of period	185,341	41,370
Direct expenditure	38,016	62,426
Transferred from exploration and evaluation	5,237	12,079
Transferred from mines under construction	-	150,822
Adjustment to rehabilitation provision	-	(645)
Mine development written off	-	(46,508)
Amortisation for the year	(21,070)	(34,203)
Closing balance	**207,524**	**185,341**
Mines under construction		
At beginning of the period	-	119,817
Direct expenditure	-	28,682
Capitalised amortised convertible notes transaction costs	-	303
Net borrowing costs capitalised[1]	-	2,020
Transferred to mine properties	-	(150,822)
Closing balance	**-**	**-**
Total Mining Properties	**207,524**	**185,341**

Note (1): Borrowing costs capitalised are net of interest revenue capitalised (refer Note 10)

	Consolidated	
	31 Dec 2009 $'000	30 June 2009 $'000
Note 16 – Exploration and evaluation		
At beginning of the period	8,219	25,778
Acquired tenements	94	388
Expenditure capitalised for the period	96	2,549
Feasibility capitalised for the period	109	-
Capitalised exploration written off	-	(8,417)
Transferred to mine properties	(5,237)	(12,079)
Closing balance	**3,281**	**8,219**

	31 Dec 2009 $'000	30 June 2009 $'000
Note 17 – Interest bearing liabilities		
Current		
Secured		
Lease Liabilities	930	937
Equipment finance facility	4,931	4,734
Unsecured		
Convertible notes	64,100	77,100
Convertible notes transaction costs	(323)	(1,110)
Insurance premium funding	607	1,906
	70,245	**83,567**
Non-current		
Secured		
Lease liabilities	1,531	1,547
Equipment finance facility	10,068	12,427
	11,599	**13,974**

Note 18 – Contributed equity

	Parent entity		Parent entity	
	31 Dec 2009 Shares	30 June 2009 Shares	31 Dec 2009 $'000	30 June 2009 $'000
Ordinary shares fully paid	1,952,668,407	1,493,932,950	615,265	496,176

Date	Details	Notes	Number of shares	Issue price (cents/ share)	$'000
1 July 2009	Opening balance		1,493,932,950		496,176
Plus	Institutional placement		274,094,788	0.27	74,006
	Transaction costs arising on institutional placement				(3,214)
Plus	Retail placement		184,640,669	0.27	49,853
	Transaction costs arising on retail placement				(1,556)
31 Dec 2009	Closing balance		1,952,668,407		615,265

Note 19 – Earnings Per Share ("EPS")

	Consolidated	
	Period ended 31 Dec 2009	Period ended 31 Dec 2008
Basic earnings/(loss) per share (cents per share)	0.05	(3.21)
Diluted earnings/(loss) per share (cents per share)	0.05	(3.21)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	1,563,129,738	1,285,892,375
Weighted average number of ordinary shares outstanding during the period used in calculation of diluted EPS	1,567,298,452	1,285,892,375

DIRECTORS' DECLARATION

In the directors' opinion:

a) the financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

   ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the result of its operations and its cash flows, for the half-year ended on that date; and

b) there are reasonable grounds to believe that St Barbara Limited 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.

Tim Lehany
Managing Director & Chief Executive Officer

Dated at Melbourne this 24th day of February 2010

KPMG

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

Report on the financial report

We have reviewed the accompanying interim financial report of St Barbara Limited, which comprises the consolidated statement of financial position as at 31 December 2009, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, a description of accounting policies and other explanatory notes 1 to 19 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 interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 interim 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 2009 and its performance for the interim period 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 an interim 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*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2009 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Michael Bray
Partner

Melbourne

24 February 2010