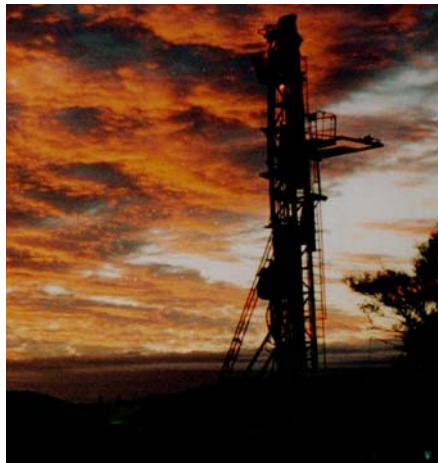




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Merger Proposal with Catalpa

St Barbara Limited (“St Barbara”) has approached the Board of Catalpa Resources Limited (“Catalpa”) with a merger proposal (“Proposal”) to combine the two companies to form a leading Australian mid-tier gold company¹ with four Australian production assets forecast to produce approximately 480,000 ounces of gold in FY 12.

The merged company would have a strong production growth profile for shareholders with a diversified asset, production and cash flow base.

St Barbara’s expertise in underground mining at Leonora and Southern Cross in Western Australia is a natural complement to Catalpa’s future underground expansion options at its Edna May project, which is approximately 75 km from St Barbara’s 120,000 ounce per annum Southern Cross operation.

The scheme of arrangement proposal put to Catalpa on 10 May 2011 is for a 50% scrip and 50% cash transaction at a fixed ratio of 0.4535 St Barbara ordinary shares for each ordinary share in Catalpa plus A\$0.9613 cash per Catalpa share (implying an offer value of A\$1.92 for each Catalpa share²).

The Proposal values Catalpa at A\$349 million and the merged company at A\$865 million³ and provides significant value for Catalpa shareholders, representing:

- a 41% premium based on Catalpa’s closing share price on the date of the Proposal, 10 May 2011⁴;
- a 26% premium based on Catalpa’s 30-day VWAP for the period ending on the date of the Proposal, 10 May 2011.

St Barbara Managing Director and CEO, Tim Lehany, said today the complementary portfolios, operational and technical capabilities, and the financial strength and scale of both organisations would make the combination attractive to local and global investors, and stakeholders of both companies.

“Together, St Barbara and Catalpa would become a leading Australian mid-tier gold company, with significant opportunities for growth and performance improvement to benefit all shareholders,” said Mr Lehany. “We like Catalpa’s Cracow asset and believe St Barbara has the technical expertise to take Edna May forward.”

1 Based on pro forma market capitalisation of A\$865 million and pro forma ore reserves, mineral resources and production profile.

2 Based on the closing price of St Barbara shares on the Proposal date, 10 May 2011, of A\$2.12.

3 Based on the pro forma St Barbara shares on issue post transaction and on the closing price of St Barbara shares on the Proposal date, 10 May 2011, of A\$2.12.

4 Closing price of Catalpa shares on the Proposal date, 10 May 2011, was A\$1.36.

St Barbara Chairman, Colin Wise said, "While we believe the logic of the combination to be compelling, St Barbara has other development opportunities under consideration. In the event that the merger does not proceed, St Barbara will continue to focus on realising value from organic growth and other identified opportunities."

The Proposal includes requirements for limited scope due diligence and entry into a Merger Implementation Agreement on terms and conditions customary for transactions of this type and size, including obtaining of all necessary shareholder, regulatory and Court approvals.

Other Benefits to Catalpa Shareholders

The Proposal would result in Catalpa shareholders owning approximately 20% of the combined organisation⁵. In addition to the attractive premium, St Barbara believes the Proposal provides significant additional value for Catalpa shareholders who join with existing St Barbara shareholders in:

- A leading Australian mid-tier gold producer;
- Proven capability in developing and operating underground gold projects;
- A more diversified asset profile;
- A stronger and more diversified organic growth portfolio;
- A stronger financial position giving greater flexibility to pursue growth opportunities; and
- Potential operating and strategic synergies in the northern Southern Cross region of Western Australia.

Conditions to the Proposal

The Proposal is subject to normal terms and conditions for a transaction of this nature, including:

- Unanimous recommendation from the Catalpa Board in favour of the Proposal;
- Satisfactory completion of targeted due diligence by St Barbara on key issues; and
- Execution of a Merger Implementation Agreement on acceptable terms.

Further details of the benefits of the proposed combination are set out in Appendix 1.

St Barbara intends to continue discussing the Proposal with Catalpa and its advisors with a view to obtaining due diligence access as soon as practicable.

St Barbara is being advised by Lazard and Blake Dawson. This announcement does not constitute an offer to Catalpa shareholders and there can be no assurance that any combination will result from the Proposal.

For media enquiries, please contact Simon Jemison, Collins Street Media, +613 9223 2465.

For investor relations enquiries, please contact Ross Kennedy, Company Secretary, +613 8660 1903.



Tim Lehany
Managing Director & CEO
13 May 2011

⁵ Based on the existing issued capital of both companies on a fully diluted basis as at the Proposal date, 10 May 2011.

Appendix 1: BENEFITS OF THE PROPOSED COMBINATION OF ST BARBARA AND CATALPA

i. Creates a portfolio with one of the largest gold reserves and resources positions in the Australian mid-tier gold sector

The combined organisation would have:

- 3.9 million ounces of gold reserves, ranking it second in the Australian mid-tier gold sector⁶;
- 9.8 million ounces of gold resources, ranking it third in the Australian mid-tier gold sector⁷;
- Forecast gold production of approximately 480,000 ounces in financial year ending 30 June 2012, ranking it as the largest Australian mid-tier producer⁸.

In addition, there is the potential for future upgrades and substantial production growth.

ii. Operating asset diversification

The combined organisation would have a substantially more diversified asset portfolio, reducing the potential impact on shareholders of any unplanned production and operational disruptions at individual mines.

In the combined organisation, no asset is expected to represent more than ~50% of the reserve base⁹ or contribute more than ~50% of pro forma production for the financial year ending 30 June 2012¹⁰.

iii. Stronger production growth profile with significant upside opportunity

The combined organisation will have a pipeline of development opportunities to deliver substantial growth over the medium term. Production is forecast to grow by approximately 15% per annum compound from financial year ended 30 June 2010 to financial year ending 30 June 2013¹¹.

iv. Greater scale and financial capabilities to capture future growth opportunities

With a pro forma market capitalisation of A\$865 million and strong operating cash flows, the combined organisation would have greater scale and financial capability to invest in future growth and development opportunities.

6 Based on most recently disclosed company filings.

7 Based on most recently disclosed company filings.

8 Based on mid-point of company guidance for St Barbara, and estimates from selected brokers which disclose production metrics for Catalpa.

9 Based on most recently disclosed company filings.

10 Based on mid-point of company guidance for St Barbara, and estimates from selected brokers which disclose production metrics for Catalpa.

11 Based on mid-point of company guidance and estimates from selected brokers which disclose production metrics.

v. Improved stock market positioning

We believe, as a leading Australian mid-tier gold producer, the enhanced scale, coverage and weighting in indices should result in:

- Stronger investment support from both Australian and overseas investors;
- Improved liquidity; and
- Potential re-rating to a level reflecting its position and quality of portfolio relative to its mid-tier peers with any re-rating benefits flowing to St Barbara shareholders and Catalpa shareholders accepting all or part scrip consideration.

vi. Potential synergies

As part of its due diligence, St Barbara will clarify the magnitude of potential synergies available through the combination of the two companies. Integration is anticipated to result in natural synergies, including supply chain efficiencies, improved fleet and equipment utilisation, optimisation of assets in the northern Southern Cross region of Western Australia, productivity improvements and removal of duplicated corporate costs.

vii. Exploration portfolio

The combined entity would have an Australian based exploration portfolio of approximately 5,000 km², including targets currently being drilled in Southern Cross, WA and East Lachlan, NSW.

viii. Flexibility for Catalpa shareholders – ‘mix and match’ cash and shares facility

The Proposal includes a ‘mix and match’ facility under which Catalpa shareholders have the opportunity to choose to receive proportionately more shares or more cash¹². Catalpa shareholders who elect to receive St Barbara shares could also potentially receive the advantage of CGT rollover relief.

12 Subject to scale back on a pro rata basis if required based on an aggregate final mix of share consideration of 82 million St Barbara shares and A\$174 million cash consideration.