ASX Release / 26 February 2014

December 2013 Half Year Financial Report

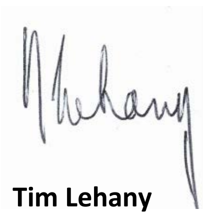
The Interim Financial Report for the Half Year to 31 December 2013 is attached.

Key points include:

- Consolidated loss after tax $87 million (underlying loss after tax[1] $47 million);
- Segment profit before tax at Gwalia $44 million;
- Segment loss before tax (excluding impairment) at Simberi $18 million and Gold Ridge $18 million;
- Impairment charge before tax at Simberi $17 million and Gold Ridge $25 million;
- Cash on hand at 31 December 2013 was $70 million, with total debt of $320 million;
- A new US$75 million facility with Red Kite was announced to the ASX yesterday, which replaces the previous gold prepayment facility with improved terms and flexibility.

Full details are set out in the attached Appendix 4D and Financial Report.

Additional information will be contained in an accompanying presentation to be released later today.



Tim Lehany
Managing Director and CEO

1. Non-IFRS measure, refer attached Interim Financial Report for Half Year Ended 31 Dec 2013, p3.

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')
36 009 165 066	✓		**31 December 2013**

Results for announcement to the market

		%		A$'000
Revenues and other income	increase	19%	to	277,288
Loss after tax from ordinary activities (before significant items) attributable to members *(Prior period underlying profit: $17,186,000)*	down	n/m	to	(46,616)
Net loss attributable to members of the parent entity *(Prior period profit: $2,461,000)*	down	n/m	to	(87,175)
Dividends No dividend has been declared				

n/m=not meaningful

	31 Dec 13 **$**	**30 Jun 13** **$**
Net Tangible Assets per security	1.10	1.28
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: 26 February 2014

Timothy J Lehany
Managing Director and Chief Executive Officer

Interim Financial Report

for the half-year ended 31 December 2013

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CORPORATE DIRECTORY 34

The Directors present their report on the Group, consisting of St Barbara Limited ("St Barbara") and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

Directors

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

- S J C Wise — Non-executive Chairman
- T J Lehany — Managing Director & CEO
- D W Bailey — Non-executive director
- E A Donaghey — Non-executive director
- P C Lockyer — Non-executive director (retiring 31 March 2014)
- R K Rae — Non-executive director (retiring 28 February 2014)
- I L Scotland — Non-executive director (appointed 30 September 2013)
- T C Netscher — Non-executive director (appointed 17 February 2014)

Following a significant reduction in planned exploration activities and downsizing of the Discovery and Growth team, on-going exploration will be focussed on near mine targets at both Simberi and Gold Ridge. Consequently, Mr Phil Uttley's role of Executive General Manager Discovery and Growth has been made redundant.

Mr Alistair Croll, former Chief Operating Officer, left the Company in January 2014. Site General Managers now report directly to Mr Tim Lehany, MD & CEO.

Principal activities

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

Dividends

There were no dividends paid or declared during the period.

Overview of results

The Group reported a net loss after tax of $87,175,000 (2012 profit: $2,461,000) for the six months ended 31 December 2013. The Statutory loss for the period included significant items after tax totaling a net loss of $40,559,000 (2012: loss of $14,725,000) which included an asset impairment charge in relation to the Simberi and Gold Ridge operations. Underlying net loss after tax for the period, after excluding significant items was $46,616,000 (2012 profit: $17,186,000). The consolidated revenues and results for the period are summarized as follows:

	Period ended 31 Dec 2013 $'000	Period ended 31 Dec 2012 $'000
Sales revenue	273,537	229,580
EBITDA[3] (including significant items)	(2,897)	65,574
EBIT[2] (including significant items)	(56,062)	13,676
Statutory (Loss)/profit after tax[1] for the half year	**(87,175)**	**2,461**
Total significant items (before tax)	(39,898)	(12,444)
EBITDA[4] – excluding significant items	37,001	73,551
EBIT[4] – excluding significant items	(16,164)	29,843
Underlying net profit after tax[4] for the half year	**(46,616)**	**17,186**

1 Statutory Profit is net profit after tax attributable to owners of the parent.
2 EBIT is earnings before interest revenue, finance costs and income tax expense. It includes revenues and expenses associated with discontinued operations.
3 EBITDA is EBIT before impairment, depreciation and amortisation. It includes revenues and expenses associated with discontinued operations.
4 EBITDA, EBIT and Underlying net profit after income tax is net profit after income tax ("Statutory Profit") less significant items as described in Note 10 to the financial report.
5 EBIT, EBITDA and underlying net profit after tax are non-IFRS financial information, 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.

Significant items included in the Statutory (Loss)/Profit for the period are displayed in the table below. Descriptions of each item are provided in Note 10 to the Interim Financial Report.

	Consolidated	
	Period ended 31 Dec 2013 $'000	**Period ended 31 Dec 2012 $'000**
Unrealised gain on derivatives	-	4,087
Realised gain on derivatives	1,293	190
Borrowing costs written off	-	(2,678)
Contingent consideration received on Southern Cross disposal	1,468	-
Southern Cross disposal costs	-	(305)
Allied Gold related acquisition costs	-	(7,576)
Integration costs	-	(4,031)
Asset impairment charges – Pacific Operations	(42,100)	-
Redundancy costs	(559)	(2,131)
Operating (loss) from discontinued operations	-	(6,401)
Total significant items – pre tax	**(39,898)**	**(18,845)**
Total significant items – post tax	**(40,559)**	**(14,725)**

The asset impairment charges resulted from a review of the carrying value of assets at the Simberi and Gold Ridge operations in the context of the slower than anticipated improvement in operating performance of these operations. While impairment charges as a result of the lower gold price environment totalling $220,913,000 after tax were recognised as at 30 June 2013, increased capital expenditure and slower improvement in operating performance resulted in the further impairment of the Simberi and Gold Ridge operations as at 31 December 2013 of $42,100,000 after tax.

The impairment of Gold Ridge as at 31 December 2013 was based on the mine taking longer and costing more than previously assumed to become a long life profitable operation. A review is continuing at Gold Ridge to identify alternatives to reduce the level of future cash investment required from St Barbara Limited to achieve profitable operations. If the strategic review does not identify an acceptable commercial outcome, a further material impairment charge will result.

Analysis of Australian Operations

Total sales revenue of $199,051,000 (2012: $227,506,000 including discontinued operations) was generated from gold sales of 139,188 ounces (2012: 139,958 ounces including discontinued operations) in the period at an average achieved gold price of A$1,421 per ounce (2012: A$1,614 per ounce).In the prior corresponding period discontinued operations contributed 33,276 ounces to gold sales.

A summary of production performance for the period ended 31 December 2013 is provided in the table below.

Details of 2013 Production Performance

		Gwalia		King of the Hills	
		6 months 31 Dec 13	**6 months 31 Dec 12**	**6 months 31 Dec 13**	**6 months 31 Dec 12**
Underground Ore Mined	t	**423,290**	315,843	**258,774**	213,464
Grade	g/t	**8.0**	7.6	**4.4**	4.5
Ore Milled (including stockpiles)	t	**444,708**	415,366	**243,450**	209,090
Grade	g/t	**7.7**	6.1	**4.6**	4.5
Recovery	%	**96**	96	**95**	95
Gold Production	oz	**105,782**	78,038	**34,453**	28,644
Cash Cost[1]	A$/oz	**770**	792	**955**	787
Total Cost[1]	A$/oz	**995**	1,025	**1,405**	1,137

(1) Before significant items

Gwalia

Gold production from the Gwalia underground mine in the period was 105,782 ounces (2012: 78,038 ounces), which was a substantial increase on the prior corresponding period. The higher production at Gwalia was due to higher tonnes and grade mined. Production in the prior corresponding period had been impacted by truck haulage issues. The Gwalia processing plant continued to perform well during the period at or above design capacity. Recoveries during the period were maintained at an average of 96%.

Gwalia unit cash costs for the period were $770 per ounce (2012: $792 per ounce), reflecting the benefit of higher production. Total Cash Operating Costs[1] at Gwalia of $81,452,000 were higher compared with the prior corresponding period (2012: $61,806,000), due mainly to the increase in ore mined and processed.

King of the Hills

Gold production from the King of the Hills underground mine in the period was 34,453 ounces (2012: 28,644 ounces). The increase in gold production compared with the prior period was largely due to increased volume of ore mined. The average grade mined was 4.4 grams per tonne (2012: 4.5 grams per tonne). King of the Hills unit cash costs were $955 per ounce (2012: $787 per ounce) which reflected the impact of increased mining costs associated with the higher cost "cut and fill" and "room and pillar" mining methods in the period. Total Cash Operating Costs[1] were $32,903,000 (2012: $22,543,000) with the increase in operating costs attributable to the higher mining activity and increased mining costs in the period.

[1] Cash Operating Costs are mine operating costs including government royalties, and after by-product credits. This non-IFRS financial information 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).

Analysis of Pacific Operations

Total sales revenue of $74,486,000 (2012: $58,249,000) was generated from gold sales of 51,600 ounces (2012: 34,561 ounces) in the period at an average achieved gold price of A$1,414 per ounce (2012: A$1,675 per ounce). The prior corresponding period comprised four months as the Company assumed control of the Simberi and Gold Ridge mines in September 2012.

A summary of production performance for the period ended 31 December 2013 is provided in the table below.

		Simberi		Gold Ridge	
		6 months 31 Dec 13	4months to 31 Dec 12	6 months 31 Dec 13	4 months to 31 Dec 12
Open Pit Ore Mined	t	**965,243**	759,750	**962,076**	609,636
Grade	g/t	**0.9**	1.0	**1.5**	1.3
Ore Milled (including stockpiles)	t	**882,347**	572,134	**960,971**	513,234
Grade	g/t	**0.9**	1.1	**1.5**	1.4
Recovery	%	**82**	88	**64**	67
Gold Production	oz	**20,649**	17,560	**29,431**	14,711
Cash Cost(1)	A$/oz	**2,177**	1,253	**1,989**	2,086
Total Cost(1)	A$/oz	**2,377**	1,592	**2,219**	2,553

(1) Before significant items

Simberi

Gold production from the Simberi open pit operation in the period was 20,649 ounces (4 Months to Dec 2012: 17,560 ounces). Mining efficiency improved during the period, and the new processing plant was commissioned during December 2013, resulting in increases to throughput rates towards the end of the month. Recoveries for the period of 82% (4 Months to Dec 2012: 88%) were lower due to the blending of low grade stockpiles and scats with the ore as part of the commissioning process. The average grade milled for the period was lower due to processing of lower grade stockpiles during the commissioning process.

Simberi unit cash costs for the period were $2,177 per ounce (4 Months to Dec 2012: $1,253 per ounce). The main contributor to the higher cash cost per ounce was lower production volumes while the plant was being commissioned. Total Cash Operating Costs at Simberi of $44,953,000 were higher compared with the prior corresponding period (4 Months to 2012: $22,003,000) due mainly to the significant increase in mining volumes and increased operating costs caused by a number of operational inefficiencies during the period.

Gold Ridge

Gold production from the Gold Ridge open pit operation in the period was 29,431 ounces (4 Months to Dec 2012: 14,711 ounces), reflecting the benefit of an additional two months of mining and processing. However, production in the current period was negatively impacted by 14 days of lost production time as a result of processing plant upgrades. Recoveries for the period were 64% (4 Months to Dec 2012: 67%) as a result of relatively low recoveries in the September quarter due to recovery characteristics of the blocks of ore available for processing.

Gold Ridge unit cash costs for the period were $1,989 per ounce (4 Months to Dec 2012: $2,086 per ounce). The lower unit cash cost compared with the prior period was largely due to the substantial increase in production as a result of higher mining volumes and plant throughput. Total Cash Operating Costs at Gold Ridge of $58,538,000 were higher compared with the prior corresponding period (4 Months to 2012: $30,687,000) as a result of increased production.

Analysis of Corporate and Discovery & Growth expenditure

Exploration and evaluation expenditure in the period amounted to $13,707,000 (2012: $6,031,000), which was all expensed in the consolidated income statement. The higher level of exploration expenditure compared to the prior corresponding period was attributable to exploration activities in the Pacific.

Corporate administration costs for the period of $9,901,000 (2012: $8,988,000) comprised mainly expenses relating to the corporate office and compliance costs.

Royalty expenses for the period were $10,419,000 (2012: $7,780,000). The higher expense compared with the prior period was due to the higher production in both the Australian and Pacific Operations. This expense represents gold royalties paid to the Western Australian, Papua New Guinea and Solomon Islands Governments and third party corporate royalties.

Other revenue of $1,206,000 (2012: $2,498,000) comprised mainly interest earned during the period of $1,110,000 (2012: $2,354,000). Other income of $2,545,000 (2012: $121,000) included royalty income, and contingent consideration received in relation to the sale of Southern Cross.

Depreciation and amortisation of fixed assets and capitalised mine development amounted to $53,165,000 (2012: $43,708,000) for the period. Depreciation and amortisation attributable to the Australian Operations was $39,756,000 (2012: $28,998,000) with the charge associated with the Pacific Operations totalling $11,118,000 (2012: $13,915,000); the balance of the expense was attributable to corporate activities. The lower expense in the Pacific Operations compared with the previous period was due to the impairment charges booked at 30 June 2013.

Net finance costs increased in the period to $22,583,000 (2012: $10,325,000). Interest paid and payable of $12,920,000 (2012: $3,016,000) was attributable to the US$250 million senior secured notes issued in March 2013. Fair value movements during the period on the gold prepayment facility of $5,904,000 (2012: $1,219,000) were expensed as a borrowing cost.

Discussion and Analysis of the Cash Flow Statement

Cash flow from operating activities

Cash flow from Operating Activities for the period was $6,165,000 (2012: $27,873,000) representing a significant decrease on the prior corresponding period. Operating cash flows for the period included lower receipts from the sale of gold, reflecting the lower gold price achieved compared with the prior period, increased exploration expenditure and higher interest paid.

Payments to suppliers and employees were lower than the prior corresponding period at $244,165,000 (2012: $257,341,000) due mainly to payments associated with discontinued operations in the prior corresponding period. Payments for exploration in the period amounted to $13,707,000 (2012: $5,892,000) reflecting increased exploration in the Pacific region during the period.

Interest received of $1,110,000 (2012: $4,397,000) was lower than the corresponding period due to lower average cash balances. Interest paid in the period was $13,471,000 (2012: $3,195,000), which included interest on the US$250 million senior secured notes issued in March 2013.

Cash flow from investing activities

Net cash flows used in investing activities amounted to $47,061,000 (2012: $278,210,000) for the period. Investing expenditure during the period was in the following major areas:

- Underground mine development and infrastructure at Gwalia - $15,470,000 (2012: $21,818,000);
- Underground mine development and infrastructure at King of the Hills - $6,931,000 (2012: $12,997,000);
- Purchase of property, plant and equipment for the Australian operations - $2,048,000 (2012: $5,999,000); and
- Purchase of property, plant and equipment for the Pacific operations - $24,148,000 (2012: 27,296,000)

The prior corresponding period included payments for the acquisition of Allied Gold amounting to an outflow of $206,622,000.

Cash flow from financing activities

Net cash flows used in financing activities was an outflow of $18,254,000 (2012: inflow of $131,655,000), with major movements including:

- Prior period included a draw down on a syndicated debt facility of $150,000,000 which was refinanced in April 2013;
- Higher payments under the gold prepayment facility due to the negative impact on repayments of a lower spot gold price during the period, and
- Scheduled repayments of finance leasing and insurance premium funding facilities amounted to $6,075,000 (2012: $2,609,000) with the increase compared to the prior corresponding period attributable to new equipment purchases financed by lease facilities subsequent to 31 December 2012.

During the current period the Company closed out gold options previously held as a hedge of the King of the Hills gold production realising proceeds of $8,500,000.

Discussion and Analysis of the Balance Sheet

Net Assets and Total Equity

St Barbara's net assets decreased during the period by $88,221,000 to $535,006,000 (2012: $623,227,000), largely due to the decrease in cash of $59,143,000 as a result of negative cash flows, and impairment write downs relating to the Pacific Operations of $42,100,000 at December 2013. .

The cash balance at 31 December 2013 was $58,240,000 (30 June 2013: $117,383,000), with an additional $11,965,000 (30 June 2013: $11,955,000) held on deposit as restricted cash and reported within trade and other receivables.

Property, plant and equipment, mine properties and capitalised exploration had a combined value on the balance sheet at 31 December 2013 of $628,953,000 (30 June 2013: $643,833,000), the reduction driven largely by the impairment in the period.

Net current assets at 31 December 2013 were $45,261,000 (30 June 2013: $100,104,000) reflecting mainly the reduction in the cash balance.

Net debt

Net debt, comprising total borrowings less cash and cash equivalents on hand, was $262,178,000 at 31 December 2013 (30 June 2013: $210,709,000). As at 31 December 2013 total interest bearing borrowings amounted to $320,418,000 (30 June 2013: $328,092,000), comprising the US$250,000,000 senior secured notes, and the gold prepayment facility of $37,495,000 (30 June 2013: $53,809,000). The Australian dollar equivalent of the USD senior secured notes, net of capitalised transaction costs, was $270,169,000 as at 31 December 2013.

Events occurring after the half year ended 31 December 2013

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

- On 25 February 2014, the Company entered into a US$75,000,000 debt facility with RK Mine Finance (the "Debt Facility"), which replaces the gold prepayment facility established by Allied Gold Mining PLC in 2011 prior to its acquisition by St Barbara Ltd in 2012. As at 31 December 2013 the gold prepayment facility had a book value of A$37,495,000 (US$33,419,000). As at the date of this report an equivalent of US$32,775,000 was outstanding, which is to be converted into United States Dollars in lieu of gold and incorporated into an opening balance under the Debt Facility. A minimum additional draw down of US$20,000,000 will be made on execution of the facility. The balance of the Debt Facility is available to be drawn down over the next twelve months. Under the terms of the Debt Facility, there are no principal repayments for the first twelve months, after which date principal repayments are made in eight equal quarterly instalments through to November 2016. The interest rate under the Debt Facility is a floating coupon rate, currently 8.5% per annum, payable quarterly.

  The Debt Facility was entered into to improve terms, flexibility and provide access to additional liquidity if required while the turnaround at the Simberi operations is completed, and the strategic review of Gold Ridge is finalised.

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 10 and forms part of the Directors' Report for the half year ended 31 December 2013.

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.

Timothy J Lehany
Managing Director & Chief Executive Officer

Melbourne
26 February 2014

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 2013 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

Tony Romeo
Partner

Melbourne

26 February 2014

ST BARBARA LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
For the half-year ended 31 December 2013

	Note	Half-Year 31 Dec 2013 $'000	31 Dec 2012 $'000
Revenue from continuing operations	8	273,537	229,580
Mine operating costs	10	(203,813)	(133,478)
Gross profit		**69,724**	**96,102**
Other revenue	8	1,206	2,498
Other income		2,545	121
Exploration expensed		(13,707)	(6,031)
Corporate administration costs		(9,901)	(8,988)
Expenses associated with acquisition/disposal		-	(14,043)
Royalties		(10,419)	(7,780)
Depreciation and amortisation		(53,165)	(43,708)
Other expenditure		(3,565)	(1,453)
Impairment losses and asset write-downs	10	(42,100)	-
Operating (loss)/profit		**(59,382)**	**16,718**
Net finance costs	9	(22,583)	(10,325)
Net realised/unrealised gains on derivatives	10	1,293	4,277
Foreign exchange gain		3,137	1,436
(Loss)/profit before income tax		**(77,535)**	**12,106**
Income tax expense from continuing operations	11	(9,640)	(5,164)
(Loss)/profit for the period from continuing operations		**(87,175)**	**6,942**
Loss for the period from discontinued operations		-	(4,481)
(Loss)/profit for the period		**(87,175)**	**2,461**
Earnings per share for continued operations:			
Basic (loss)/earnings per share (cents)		(17.86)	1.64
Diluted (loss)/ earnings per share (cents)		(17.86)	1.62

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 2013

	Half-Year	
	31 Dec 2013 $'000	**31 Dec 2012 $'000**
(Loss)/Profit for the period	**(87,175)**	**2,461**
Other comprehensive income		
Items that may be reclassified subsequently to Profit or Loss:		
Changes in fair value of available for sale financial assets	37	34
Changes in fair value of cash flow hedges taken to reserves	(4,771)	(2,029)
Gain on closure of cash flow hedge collar(2)	2,946	-
Tax on other comprehensive income	260	609
Foreign Currency Translation-foreign operations	(14)	-
Other comprehensive income net of tax(1)	(1,542)	(1,386)
Total comprehensive income attributable to equity holders of the company	**(88,717)**	**1,075**

(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 comprises the result for the year adjusted for the other comprehensive income.

(2) Net gain on the closure of the King of the Hills collar, net of amounts reclassified to the profit and loss as required by AASB 139.

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 CHANGES IN EQUITY
For the half-year ended 31 December 2013

	Contributed Equity $'000	Share Based Payments Reserve $'000	Gold Cash Flow Hedge Reserve $'000	Investment Fair Value Reserve $'000	Currency translation reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2013	**886,242**	**1,141**	**3,627**	**(156)**	**(29,614)**	**(238,013)**	**623,227**
Share-based payments expense	-	496	-	-	-	-	**496**
Comprehensive income/(loss) for the period	-	-	(1,565)	37	(14)	(87,175)	**(88,717)**
Balance at 31 December 2013	**886,242**	**1,637**	**2,062**	**(119)**	**(29,628)**	**(325,188)**	**535,006**

	Contributed Equity $'000	Share Based Payments Reserve $'000	Gold Cash Flow Hedge Reserve $'000	Investment Fair Value Reserve $'000	Currency translation reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 July 2012	**613,275**	**2,996**	**(3,394)**	**(67)**	**-**	**(48,977)**	**563,833**
Share issue (net of transaction cost)	272,967	-	-	-	-	-	**272,967**
Share-based payments expense	-	491	-	-	-	-	**491**
Unlisted options expired	-	(2,818)	-	-	-	2,818	**-**
Comprehensive income/(loss) for the period	-	-	(1,420)	34	-	2,461	**1,075**
Balance at 31 December 2012	**886,242**	**669**	**(4,814)**	**(33)**	**-**	**(43,698)**	**838,366**

The above statement 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 2013

	Notes	Consolidated Dec 2013 $'000	June 2013 $'000
Assets			
Current assets			
Cash and cash equivalents	12	58,240	117,383
Trade and other receivables		21,009	23,158
Inventories		76,337	63,995
Derivative financial assets		-	11,077
Available for sale financial assets		127	88
Deferred mining costs		24,255	32,411
Total current assets		**179,968**	**248,112**
Non-current assets			
Property, plant and equipment		337,667	339,861
Deferred mining costs		562	1,229
Mine properties		276,250	288,936
Exploration and evaluation		15,036	15,036
Mineral rights		190,854	209,957
Net deferred tax asset		22,862	27,231
Total non-current assets		**843,231**	**882,250**
Total assets		**1,023,199**	**1,130,362**
Liabilities			
Current liabilities			
Trade and other payables		74,116	88,658
Interest bearing borrowings	13	43,042	42,612
Provisions		17,549	16,738
Total current liabilities		**134,707**	**148,008**
Non-current liabilities			
Interest bearing borrowings	13	277,376	285,480
Provisions		73,215	72,771
Net deferred tax liability		2,895	876
Total non-current liabilities		353,486	359,127
Total liabilities		**488,193**	**507,135**
Net Assets		**535,006**	**623,227**
Equity			
Contributed equity	14	886,242	886,242
Reserves		(26,048)	(25,002)
Accumulated losses	15	(325,188)	(238,013)
Total equity		**535,006**	**623,227**

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 2013

	Note	Half-Year 31 Dec 2013 $'000	31 Dec 2012 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		276,874	290,473
Payments to suppliers and employees (inclusive of GST)		(244,165)	(257,341)
Payments for exploration and evaluation		(13,707)	(5,892)
Interest received		1,110	4,397
Interest paid		(13,471)	(3,195)
Finance charges – hire purchase agreements		(390)	(119)
Borrowing costs paid		(86)	(450)
Net cash flow from operating activities		**6,165**	**27,873**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		68	57
Payments for property, plant and equipment		(26,196)	(33,295)
Proceeds from sale of discontinued operations		1,468	-
Payments for development of mine properties		(22,401)	(38,350)
Payments for business combination, net of cash acquired		-	(206,622)
Net cash flow used in investing activities		**(47,061)**	**(278,210)**
Cash flows from financing activities			
Syndicated Debt facility - draw down		-	150,000
Syndicated Debt facility - transaction costs		-	(8,387)
Proceeds from close out of gold options		8,500	-
Movements in restricted cash and cash equivalents		(10)	-
Secured notes drawdown, transaction costs		(187)	-
Gold prepayment facility financing costs		(20,482)	(7,349)
Principal repayments - hire purchase agreements		(2,920)	(72)
- insurance premium funding		(3,155)	(2,537)
Net cash flow (used in)/from financing activities		**(18,254)**	**131,655**
Net decrease in cash and cash equivalents		**(59,150)**	**(118,682)**
Cash and cash equivalents at beginning of the period		117,383	185,242
Net foreign exchange movement		7	(174)
Cash and cash equivalents at end of the period	12	**58,240**	**66,386**

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

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 2013 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

This general purpose financial report for the half year reporting period ended 31 December 2013 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 2013.

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 their operations and effective for the current half year. This consolidated half year financial report was approved by the Board of Directors on 26 February 2014.

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 2013, 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 Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

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

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine'(and related AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20')

The Adopted standards with the exception of those noted below have no material impact on the disclosure or the half year interim financial report.

(a) Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

Note 2 – Significant accounting policies (continued)

(a) Impact of the application of AASB 13 (continued)

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements. AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

(b) Impact of the application of Interpretation 20

The interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (‘production stripping costs’).

Per the interpretation, the Group is required to recognise a stripping activity asset if all of the following is met:

1. It is probable that the future economic benefit (improved access to ore body) associated with the stripping activity will flow to the entity.
2. The entity can identify the component of the ore body for which access has been improved and;
3. The costs related to the stripping activity associated with that component can be measured reliably.

To date the Group has capitalised $1,638,000 and of this amortised $149,000. The total is included within the Deferred Mining costs asset as at 31 December 2013.

Note 3 – New standards and interpretations not yet adopted

I. *AASB 9 Financial Instruments (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*

AASB 9 (2009) 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 introduces additions relating to financial liabilities. The International Accounting Standard Board currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 (2010 and 2009) is effective for annual reporting periods beginning on or after 1 January 2015.

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.

Except as noted below, 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 and the additional accounting policies disclosed in Note 2 above.

Note 4 – Critical accounting estimates and judgements (continued)

(i) Impairment of assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. The recoverable amount of each Cash Generating Unit (CGU) is determined as the higher of value-in-use or fair value less costs to sell ("Fair Value").

Given the nature of the Group's mining activities, future changes in assumptions upon which these estimates are based may give rise to a material adjustment to the carrying value of the CGU. This could lead to the recognition of impairment losses in the future.

The continued slower than expected improvement in performance of the Pacific Operations for the 6 months to 31 December 2013 represented an indicator of possible impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). As a result, the Group assessed the recoverable amounts of each the Pacific Operations CGUs, being the Gold Ridge and Simberi gold mines. The recoverable amount of the Leonora CGU was tested for impairment, and was assessed to be in excess of its carrying value.

Unless otherwise indicated, the following discussion is applicable to the assessment of the recoverable value of the Simberi and Gold Ridge CGUs.

(a) Methodology

Impairment is recognised when the carrying amount exceeds the recoverable amount. The recoverable amount of the Simberi and Gold Ridge CGUs were assessed using Fair Value less costs to sell ("Fair value"). The costs to sell have been estimated by management based on prevailing market conditions.

Fair Value is determined as the net present value of the estimated future cash flows. Future cash flows are based on life-of-mine plans using market based commodity price and exchange assumptions for both Australian Dollar (AUD) and United States Dollar (USD) gold price, estimated quantities of ore reserves, operating costs and future capital. When life-of-mine plans do not fully utilise the existing mineral resource for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of unmined resources, in addition to an estimate of value of exploration potential, is included in the determination of Fair Value.

Present values are determined using a risk adjusted discount rate appropriate to the risks inherent in the assets.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the planning process documents, including life-of-mine plans, three year business plans and one year budgets.

Significant judgements and assumptions are required in making estimates of Fair Value. The CGU valuations are subject to variability in key assumptions including, but not limited to: long-term gold prices, currency exchange rates, discount rates, production and operating costs. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's recoverable value.

(b) Key Assumptions

The table below summarises the key assumptions used in the 31 December 2013 reporting date carrying value assessments:

	2014-2018	**Long term 2019+**
Gold (Real US$ per ounce)	$1,190/oz - $1,203/oz	$1,200/oz
AUD:USD exchange rate	0.88 declining to 0.85	0.85
Pre-tax real discount rate (%) – Pacific Operations	13.35	13.35

Note 4 – Critical accounting estimates and judgements (continued)

(i) Impairment of assets (continued)

Commodity prices and exchange rates

Commodity prices and foreign exchange rates are estimated with reference to external market forecasts and updated at least annually. The rates applied for the first five years of the valuation have regard to observable market data, including spot and forward values. Thereafter the estimate is interpolated to the long term assumption, which is made with reference to market analysis.

Discount rate

In determining Fair Value of CGUs, the future cash flows are discounted using rates based on the Group's estimated real pre-tax weighted average cost of capital for each functional currency used in the Group, with an additional premium applied having regard to the geographic location of the CGU.

Operating and capital costs

Life-of-mine operating and capital cost assumptions are based on the Group's latest life-of-mine plans. The projections do not include expected cost improvements reflecting the Group's objectives to maximise free cash flow, optimise and reduce activity, apply technology, improve capital and labour productivity.

Unmined resources and exploration values

Unmined resources may not be included in a CGU's particular life-of-mine plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment. In determining the Fair Value of the Simberi and Gold Ridge CGUs, the Group has estimated unmined and exploration resources values based on a risked expected valuation methodology, taking into account a range of factors, including the physical specifications of the ore, probability of conversion, estimated capital and operating costs, and length of mine life.

The value of unmined resources and exploration as a percentage of the assessed Fair Value in the current period for each CGU subject to impairment is as follows:

	Simberi	**Gold Ridge**
	%	**%**
Unmined resource	4	26
Exploration	3	11

(c) Impacts

After reflecting the write down of certain assets arising from the Group's revised operating plans, the Group has conducted the carrying value analysis and recognised goodwill and non-current assets impairments giving a total charge of A$42,100,000 million after tax, as summarised in the table below for Gold Ridge and Simberi.

	Simberi $'000	**Gold Ridge $'000**	**Total $'000**
Write down of assets			
Inventories	832	2,047	2,879
Impairments			
Property, plant and equipment	9,214	12,624	21,838
Deferred mining costs	-	264	264
Mineral rights	7,547	9,572	17,119
Total asset impairment and write downs	17,593	24,507	42,100
Tax effect			-
Total asset impairments and write downs after tax			42,100

The Fair Value of the Simberi and Gold Ridge CGUs has been impacted as these operations are taking longer and costing more to reach profitable operational performance.

Note 4 – Critical accounting estimates and judgements (continued)

(i) Impairment of assets (continued)

(d) Sensitivity Analysis

After recognising the asset impairment and write downs in respect of the Simberi and Gold Ridge CGUs, the fair value of these assets is assessed as being equal to their carrying amount as at 31 December 2013.

Any variation in the key assumptions used to determine Fair Value will result in a change of the assessed fair value. If the variation in assumption had a negative impact on Fair Value it could indicate a requirement for additional impairment of non-current assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the Fair Value of each CGU in its functional currency that has been subject to impairment as at 31 December 2013:

	Simberi	Gold Ridge
Decrease in Fair Value resulting from:	**$'000**	**$'000**
US$100/oz decrease in gold price	107,145	62,392
0.50% increase in discount rate	13,392	3,335

The sensitivities above assume that the specific assumption moves in isolation, while all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions is usually accompanied with a change in another assumption, which may have an offsetting impact (for example, the recent decline in the USD gold price was accompanied with a decline in the AUD compared to the USD). Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

(e) Gold Ridge operating assumption

The impairment of Gold Ridge as at 31 December 2013 was based on the mine taking longer and costing more than previously assumed to become a long life profitable operation. A review is continuing at Gold Ridge to identify alternatives to reduce the level of future cash investment required from St Barbara Limited to achieve profitable operations. If the strategic review does not identify an acceptable commercial outcome, a further material impairment charge will result.

Note 5 – Segment information

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

The Leonora Operations comprise two reportable segments: the Gwalia and King of the Hills underground mines. The results of all mines 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.

Note 5 – Segment information (continued)

	Simberi		Gold Ridge		Gwalia		King of the Hills		Total	
For the six months	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012[(1)] $'000**
Revenue	28,994	26,165	45,492	32,084	148,682	124,776	50,369	46,555	273,537	229,580
Mine operating costs	(41,840)	(18,195)	(55,086)	(35,215)	(74,433)	(56,828)	(32,454)	(22,295)	(203,813)	(132,533)
Gross profit/ (loss)	**(12,846)**	**7,970**	**(9,594)**	**(3,131)**	**74,249**	**67,948**	**17,915**	**24,260**	**69,724**	**97,047**
Royalties	(647)	(582)	(1,909)	(490)	(5,947)	(4,922)	(1,916)	(1,787)	(10,419)	(7,781)
Impairment losses	(17,593)	-	(24,507)	-	-	-	-	-	(42,100)	-
Depreciation and amortisation	(4,218)	(6,999)	(6,900)	(6,916)	(24,195)	(18,911)	(15,561)	(10,087)	(50,874)	(42,913)
Reportable segment profit /(loss) before income tax	**(35,304)**	**389**	**(42,910)**	**(10,537)**	**44,107**	**44,115**	**438**	**12,386**	**(33,669)**	**46,353**

	Simberi		Gold Ridge		Gwalia		King of the Hills		Total	
For the six months	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012 $'000**	**31 Dec 2013 $'000**	**31 Dec 2012[(1)] $'000**
Capital expenditure	(18,670)	(24,854)	(4,463)	(6,464)	(17,453)	(24,941)	(7,084)	(13,351)	(47,670)	(69,610)
As at	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**	**31 Dec 2013 $'000**	**30 Jun 2013 $'000**
Reportable segment: assets	305,074	303,207	178,924	198,746	369,989	380,093	49,774	57,836	903,761	939,882

(1)Excludes segment information for Southern Cross sold in the prior year.

Note 5 – Segment information (continued)

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

	Consolidated	
	Period Ended 31 Dec 2013 $'000	**Period Ended 31 Dec 2012 $'000**
Revenues		
Total revenue for reportable segments	273,537	229,580
Other revenue	1,206	2,498
Consolidated revenue from continued operations	**274,743**	**232,078**

	Consolidated	
	Period Ended 31 Dec 2013 $'000	**Period Ended 31 Dec 2012 $'000**
Profit or loss		
Total profit for reportable segments	(33,669)	46,353
Other income and revenue	3,751	2,619
Exploration expensed	(13,707)	(6,031)
Unallocated depreciation and amortisation	(2,291)	(795)
Finance costs	(22,583)	(10,325)
Net fair value gain/(loss) on derivatives	1,293	4,277
Foreign exchange gain	3,137	1,436
Corporate and support costs	(9,901)	(8,988)
Expenses associated with acquisitions/disposals	-	(14,043)
Other corporate expenses	(3,565)	(2,397)
Consolidated (loss)/profit before income tax from continued operations	**(77,535)**	**12,106**

Note 5 – Segment information (continued)

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

	Consolidated	
	31 Dec 2013 $'000	30 June 2013 $'000
Assets		
Total assets for reportable segments	903,761	939,882
Cash and cash equivalents	55,871	109,446
Trade and other receivables	20,141	21,637
Available for sale financial assets	127	88
Net deferred tax asset	22,862	27,231
Property, plant & equipment	11,176	11,437
Derivative financial assets	-	11,077
Other assets	9,261	9,564
Consolidated total assets	**1,023,199**	**1,130,362**

	Half year ended 31 December 2013			Half year ended 31 December 2012		
	Reportable segment	Adjustments	Consolidated	Reportable segment	Adjustments	Consolidated
Other material items						
Depreciation and amortisation	50,874	2,291	53,165	42,913	795	43,708

Note 6 – Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2013 (2012: Nil).

Note 7 – Dividends

No dividends were declared or paid during the period. (2012: Nil).

Note 8 – Revenue

	Consolidated	
	Period ended 31 Dec 2013 $'000	**Period ended 31 Dec 2012 $'000**
Sales revenue		
- Sale of gold	272,000	228,035
- Sale of silver	1,537	1,545
	273,537	**229,580**
Other revenue		
- Interest revenue	1,110	2,354
- Sub-lease rental	96	144
	1,206	**2,498**
Revenue from continuing operations	**274,743**	**232,078**

Note 9 – Finance costs

	Consolidated	
	Period ended 31 Dec 2013 $'000	**Period ended 31 Dec 2012 $'000**
Interest paid/payable	12,920	3,016
Borrowing costs	1,319	4,241
Finance lease interest	966	110
Fair value movement in gold prepayment facility	5,904	1,219
Provisions: unwinding of discount	1,474	1,739
	22,583	**10,325**

Note 10 – Significant Items

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

	Consolidated	
Continuing operations	Period ended 31 Dec 2013 $'000	Period ended 31 Dec 2012 $'000
Included within net realised/unrealised gains on derivatives		
Unrealised gain/(loss) on gold cash flow hedges	-	4,087
Realised gain on gold cash flow hedge[(1)]	1,293	190
	1,293	4,277
Included within borrowing costs		
Capitalised borrowing costs written off	-	(2,678)
Impairment losses	(42,100)	-
Included within mine operating costs		
Redundancy costs[(2)]	(559)	-
Included within other income		
Contingent consideration received on sale of Southern Cross[(3)]	1,468	-
Included within expenses associated with acquisition/disposal		
Integration costs	-	(4,031)
Redundancy costs	-	(2,131)
Southern Cross disposal costs	-	(305)
Allied Gold acquisition costs	-	(7,576)
	-	(14,043)
Total significant items for continuing operations – pre tax	**(39,898)**	**(12,444)**
Discontinued operations		
Results from Southern Cross operations	-	(6,401)
Total significant items for continuing operations – pre tax	**-**	**(6,401)**
Total significant items – pre tax	**(38,898)**	**(18,845)**

(1) Realised gain on gold cash flow hedge

Represents the amount of the gain from the close out of the gold option collar amortised during the period. The collar was closed out in July 2013 for cash proceeds of $8.5 million, resulting in a gain of $4.2 million. Per accounting standards, this gain is deferred to an equity reserve and amortised in accordance with the underlying profile/timing of the collar tranches closed out.

(2) Redundancy costs

During October 2013, the Group restructured the cost base of the Simberi operations, resulting in redundancy payments of $0.6 million.

(3) Southern Cross disposal proceeds/(costs)

During the period, the Company received $1.5 million from Hanking Gold Mining Pty Ltd in relation to the sale of the Group's Southern Cross operations in the prior financial year. The proceeds were contingent consideration received upon satisfaction of certain undertakings by the Company.

(4) Results from Southern Cross operations

For the period to 31 December 2012, the Southern Cross operations were disclosed as "discontinued operations". These operations were sold to Hanking Gold Mining Pty Ltd in April 2013.

Note 11 – Income tax

	Consolidated	
	Period ended 31 Dec 2013 $'000	**Period ended 31 Dec 2012 $'000**
Income tax expense	9,814	6,799
Under/(over) provision in respect of prior years	(174)	(3,555)
Income tax expense for continued and discontinued operations[1]	**9,640**	**3,244**
Income tax expense for continued operations	9,640	5,164
Income tax benefit for discontinued operations	-	(1,920)

(1) The main reconciling item between prima facie tax benefit and the expense is the effect of not recognising deferred tax assets in respect of losses in the Pacific operations.

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 2013 $'000	**30 June 2013 $'000**
Cash at bank and on hand[(1),(2)]	24,622	25,755
Term deposits[(3)]	33,618	91,628
	58,240	**117,383**

(1) Cash at bank at 31 December 2013 invested "at call" was earning interest at an average rate of 1.47% (30 June 2013: 2%)

(2) Cash at bank excludes restricted cash of $11,965,000. Restricted cash forms part of the Trade and Other Receivables balance.

(3) Term deposits at 31 December 2013 were earning interest at rates between 2.98% and 3.85% (30 June 2013: rates between 3.75% and 4.25%). While term deposits are invested for defined periods, all deposits can be immediately accessed. At 31 December 2013, the average time to maturity was 93 days (30 June 2013: 40 days).

	31 Dec 2013 $'000	30 June 2013 $'000
Note 13 – Interest bearing liabilities		
Current		
Secured		
Lease liabilities	4,241	4,218
Gold prepayment facility	37,495	38,394
Unsecured		
Insurance premium funding	1,306	-
	43,042	**42,612**
Non-Current		
Secured		
Lease liabilities	7,207	7,791
Senior secured notes (net of transaction costs)	270,169	262,274
Gold prepayment facility	-	15,415
	277,376	**285,480**

Note 14 – Contributed equity

	Parent entity		Parent entity	
	31 Dec 2013 Shares	30 June 2013 Shares	31 Dec 2013 $'000	30 June 2013 $'000
Ordinary shares fully paid	488,074,077	488,074,077	886,242	886,242

Note 15 – Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	31 Dec 2013 $'000	**30 June 2013 $'000**
Balance at start of year*	(238,013)	(48,977)
Transferred from share based payment reserve (a)	-	2,818
Loss attributable to members of the Company	(87,175)	(191,854)
Balance at end of year	**(325,188)**	**(238,013)**

* The 30 June 2013 comparative discloses movements for the year ended 30 June 2013.

(a) Share based payment reserve transfers to accumulated losses

No options expired during the period ended 31 December 2013 (30 June 2013: $2,818,000 previously recognised in the share based payment reserve for 1,955,263 options which expired during the period was transferred as a gain to accumulated losses).

Accounting standards preclude the reversal through the Income Statement for amounts which have been booked in the share based payments reserve for options 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 year 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, except for the following:

- On 25 February 2014, the Company entered into a US$75,000,000 debt facility with RK Mine Finance (the "Debt Facility"), which replaces the gold prepayment facility established by Allied Gold Mining PLC in 2011 prior to its acquisition by St Barbara Ltd in 2012. As at 31 December 2013 the gold prepayment facility had a book value of A$37,495,000 (US$33,419,000). As at the date of this report an equivalent of US$32,775,000 was outstanding, which is to be converted into United States Dollars in lieu of gold and incorporated into an opening balance under the Debt Facility. A minimum additional draw down of US$20,000,000 will be made on execution of the facility. The balance of the Debt Facility is available to be drawn down over the next twelve months. Under the terms of the Debt Facility, there are no principal repayments for the first twelve months, after which date principal repayments are made in eight equal quarterly instalments through to November 2016. The interest rate under the Debt Facility is a floating coupon rate, currently 8.5% per annum, payable quarterly.

  The Debt Facility was entered into to improve flexibility and provide access to additional liquidity if required while the turnaround at the Simberi operations is completed, and the strategic review of Gold Ridge is finalised.

Note 17 – Business combination

On 7 September 2012, the Company acquired 100% of the ordinary share capital of Allied Gold Mining Plc ("Allied Gold") in line with its growth strategy to enhance diversification and take advantage of further exploration opportunities.

During the period the fair value of the assets and liabilities were finalised. The final valuation on inventories and liabilities acquired on 7 September 2012 has resulted in a reduction in the net asset base acquired and the level of goodwill on the transaction.

Finalised goodwill on acquisition

	$'000
Consideration transferred	483,901
Less: Fair value of identifiable net assets acquired	(477,827)
Goodwill arising on acquisition	6,074

Note 17 – Business combination (continued)

Finalised Asset values:

	Provisional fair value reported at 30 June 2013 $'000	Adjustments to provisional fair value $'000	Finalised fair value reported at 31 Dec 2013 $'000
Current assets			
Cash	4,311	-	4,311
Trade receivables(1)	5,857	(74)	5,783
Inventories(2)	61,535	(1,951)	59,584
Available for sale financial assets	51	-	51
Other assets(3)	4,582	(75)	4,507
Total current assets	**76,336**	**(2,100)**	**74,236**
Non-Current assets			
Property plant and equipment	320,613	-	320,613
Mineral Rights asset	336,450	-	336,450
Goodwill(4)	4,005	2,069	6,074
Total Non-Current assets	**661,068**	**2,069**	**663,137**
Current liabilities			
Trade payables	(43,945)	-	(43,945)
Provisions(5)	(13,433)	(856)	(14,289)
Loans and Borrowings	(46,809)	-	(46,809)
Total Current liabilities	**(104,187)**	**(856)**	**(105,043)**
Non-Current liabilities			
Provisions	(47,620)	-	(47,620)
Loans and Borrowings	(31,590)	-	(31,590)
Deferred tax liability(6)	(70,106)	887	(69,219)
Total Non-Current liabilities	**(149,316)**	**887**	**(148,429)**
Fair value of identifiable net assets	**483,901**	**-**	**483,901**

(1) Trade receivables long outstanding at the date of acquisition which are unlikely to be recovered.

(2) Detailed review of inventory spares determined that there were obsolete items whose values were unlikely to be recovered.

(3) Capitalised interest relating to expired finance leases at the date of acquisition.

(4) The final goodwill valuation as a result of finalisation of fair values. As part of the impairment review in June 13, all goodwill on the acquisition was impaired.

(5) Retention bonus provisions which should have been booked before acquisition.

(6) The change in the deferred taxes is a result of the adjustments listed above.

Note 18 – 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 asset and liabilities that are measured at fair value on a recurring basis:

The Group has financial asset 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 31/12/13	Fair value as at 30/06/13	Fair Value hierarchy	Valuation technique and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Available for sale financial assets (shares)	$125,000	$88,000	Level 1	Quoted bid price in an active market	N/A	N/A
Gold cap/floor liability	($3,991,000)	($5,163,071)	Level 2	Model based upon market observable data	N/A	N/A
Gold Forward asset	$8,472,000	$12,289,727	Level 2	Model based upon market observable data	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 2013		June 2013	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial assets				
Receivables:				
- Trade and other receivables	21,009	21,009	23,158	23,158
Financial liabilities held at amortised costs				
- Trade and Other Payables	74,115	74,115	88,658	88,658
- Gold Prepayment Facility	37,495	37,495	53,809	53,809
- Insurance premium funding	1,306	1,306	-	-
- Senior Secured Notes[1]	270,169	235,520	262,274	253,520
	383,085	348,436	404,741	395,987
Financial lease payables	11,448	11,448	12,009	12,009

[1] The carrying value of the senior secured notes includes capitalised transaction costs and discount

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 30 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 2013 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.

Timothy J Lehany
Managing Director & Chief Executive Officer

Dated at Melbourne this 26th day of February 2014

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 balance sheet as at 31 December 2013, 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 18 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 2013 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*.

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 2013 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*.

KPMG

KPMG

Tony Romeo
Partner

Melbourne

26 February 2014

CORPORATE DIRECTORY

BOARD OF DIRECTORS

S J C Wise	Non-Executive Chairman
T J Lehany	Managing Director & CEO
D W Bailey	Non-Executive Director
E A Donaghey	Non-Executive Director
P C Lockyer [1]	Non-Executive Director
T C Netscher	Non-Executive Director
R K Rae [2]	Non-Executive Director
I L Scotland	Non-Executive Director

1. Retiring 31 March 2014
2. Retiring 28 February 2014

COMPANY SECRETARY

R J Kennedy

REGISTERED OFFICE

Level 10, 432 St Kilda Road
Melbourne Victoria 3004 Australia

Telephone: +61 3 8660 1900
Facsimile: +61 3 8660 1999
Email: melbourne@stbarbara.com.au
Website: www.stbarbara.com.au

STOCK EXCHANGE LISTING

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

SHARE REGISTRY

Computershare Limited
GPO Box 2975
Melbourne Victoria 3001 Australia

Telephone (within Australia): 1300 653 935
Telephone (international): +61 3 9415 4356
Facsimile: +61 3 9473 2500

BANKER

National Australia Bank
500 Bourke Street
Melbourne Victoria 3000 Australia

AUDITOR

KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

SOLICITOR

Ashurst
181 William Street
Melbourne Victoria 3000 Australia

ABN 36 009 165 066