



# St Barbara LIMITED

St Barbara Limited ACN 009 165 066

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[www.stbarbara.com.au](http://www.stbarbara.com.au)



## New banking facilities unlock cash and secure A\$1,425 per ounce minimum price for King of the Hills.

### Summary

- \$25 million performance bond facility (non-cash backed) established to free up \$22 million in cash.
- \$1,425 per ounce minimum price protection for King of the Hills production, while retaining upside exposure to \$1,615 per ounce.

### Detail

Facilities have been established with Barclays Bank PLC (Barclays) and National Australia Bank Limited (NAB) to meet two key financial objectives:

1. A \$25 million, three year, performance bond facility to be provided by NAB replaces an existing cash backed facility, currently drawn down to \$22M. The performance bonds provide security for performance obligations incurred in the ordinary course of business including environmental bonds.
2. A hedging facility for 250,000 ounces of gold – the estimated Life of Mine, King of the Hills production, has been implemented in the form of a collar structure commencing in June 2011 quarter and concluding in the June 2015 quarter.
  - Bought Put option price \$1,425 per ounce.
  - Sold Call option price \$1,615 per ounce.

The freeing up of \$22 million in cash currently held as security for the existing performance bond facility will add to available funds for exploration expansion and other growth opportunities.

The put options secure a minimum price for gold produced from King of the Hills of \$1,425 per ounce for 250,000 ounces of gold. The put options have been financed by selling call options over 250,000 ounces with a strike price of \$1,615 per ounce.



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Thus, if at any time from commencement of production to 30 June 2015 the spot gold price is less than \$1,425 per ounce, the Company can exercise put options to achieve a minimum price of \$1,425 per ounce.

Conversely, if the spot gold price exceeds \$1,615 per ounce during the same period, the Company may be required to sell gold at \$1,615 per ounce.

As previously announced, Life of Mine cash operating costs per ounce of gold at King of the Hills, Leonora, are estimated in the range of \$850 to \$880 per ounce, and minimum price protection has always been envisaged for this non-core project.

With Life of Mine total capital costs estimated at \$40 to \$45 million (including pre-production capital), through the collar structure strong cash flows have been secured for this project.

As previously stated, there is no intention to hedge core gold production.

Security for the combined facility is in the form of a fixed and floating charge over the Company's assets and includes normal commercial terms.

The two facilities strengthen the Company's financial position and secure strong cash flow margins from the King of the Hills project.

Managing Director and Chief Executive Officer  
St Barbara Limited