



Simberi Strategic Review Concluded

- **St Barbara to retain and operate Simberi Operations**
- **Option and Farm-in Agreement with Newcrest for joint copper-gold porphyry exploration on nearby islands**
- **Focused exploration underway to improve the economics of possible future sulphide expansion**

The Strategic Review of the future of St Barbara's Papua New Guinea (PNG) assets (including the Simberi mine and exploration tenements on nearby islands) has reached a conclusion. This follows extensive internal analysis, expert financial advice from independent financial advisor Cutfield Freeman & Co, and a thorough process to assess third party interest in the PNG assets.

The key outcomes are:

- The St Barbara group will retain and continue to operate the Simberi mine. While a number of potential buyers expressed interest in the PNG assets, their level of interest did not meet St Barbara's assessment of the value of these assets, comprising the Simberi mine that has produced gold at above its target 100,000 ounce per annum rate for the last six quarters, the sulphide opportunity and the highly prospective exploration tenements across the Tabar Island group.
- The St Barbara group (through its wholly owned PNG subsidiary Nord Australex Nominees (PNG) Ltd) has entered into an Option and Farm-in Agreement with Newcrest PNG Exploration Limited (a wholly owned subsidiary of Newcrest Mining Limited) for copper-gold porphyry exploration on the tenements on nearby Tatau and Big Tabar Islands, subject to final completion of normal conditions precedent.

The Agreement grants Newcrest the option to earn up to a 75% joint venture interest in the relevant tenement holdings. After an initial two year option period which requires

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US\$3 million in exploration expenditure and 4,000 metres of diamond drilling, Newcrest can earn up to a 75% joint venture interest upon achieving a further US\$25 million in exploration expenditure and 32,000 metres of diamond drilling, in two discrete stages which are subject to certain milestones over a period of up to six years.

Under the Agreement, the St Barbara group (through its wholly owned PNG subsidiaries, including Simberi Gold Company Limited) will manage all exploration during the initial two year option period, and retains the rights over all oxide and sulphide material which is, or has the potential to be, mill feed for the existing oxide or contemplated sulphide plant on Simberi.

- St Barbara group's own exploration across the Tabar Island group (including Simberi, Tatau and Big Tabar Islands) will continue as planned, with expenditure of A\$6 to \$7 million anticipated for FY17. St Barbara is encouraged by recent drilling results, and positive outcomes may extend the existing oxide mine life, or improve the sulphide expansion project.
- St Barbara group completed and announced last financial year the outcomes of a prefeasibility study for processing the sulphide ore reserves on Simberi Island. St Barbara group is exploring nearby Tatau Island this financial year to determine whether the addition of higher grades and volumes of sulphide ore from that Island can improve the economics of the sulphide project. In parallel, further work to optimise the construction of, and recovery from, the proposed sulphide plant will be undertaken. The future tenure of the mine will depend on exploration success at both Simberi and the nearby Tatau and Big Tabar islands. As previously advised, the current oxide reserve supports a remaining mine life of approximately two years.

St Barbara's MD and CEO, Bob Vassie, said that the Simberi Strategic Review had been rigorous, and that it has provided certainty for the Simberi mine. "We've tested each strategic option for the future of the PNG assets, and we are now clear about the preferred strategic direction. What we own in PNG would be difficult to replace in the current market. St Barbara's diligent work over the last few years has successfully turned around the Simberi operation, which is now consistently generating good cash flows. We're very proud of the Simberi team and the great results they are achieving. The prospectivity of the region, and the potential for exploration discovery on the Tabar Island group, is demonstrated by the significant option and farm-in arrangements with Newcrest. Our focus now will be on continuing to explore to extend the oxide mine life at Simberi, improve the sulphide opportunity, maximise the value from exploration interests and work with Newcrest to achieve success from our joint exploration."

Bob Vassie, Managing Director & CEO, will brief analysts and institutional investors on this announcement at 11:00 am Australian Eastern Daylight Time (UTC + 11 hours) on Tuesday 15 November 2016. Participation on the conference call is by personal invitation only.

A live audio webcast of the briefing will be available on St Barbara's website at www.stbarbara.com.au/investors/webcast/ or by [clicking here](#). The audio webcast is 'listen only' and does not enable questions. The audio webcast will subsequently be made available on the website.

Simberi Guidance for FY17

FY17 guidance for Simberi is maintained as follows:

- > Gold production of between 95,000 and 105,000 ounces
- > All-In Sustaining Cost¹ (AISC) of between A\$1,330 and A\$1,490 per ounce (derived from AISC in Simberi's functional currency of between US\$1,000 to US\$1,120)
- > Sustaining capex of between A\$5 and A\$6 million (US\$4 to US\$5 million)
- > Forecast exploration expenditure in PNG (excluding the joint venture exploration) of between A\$6 and A\$7 million

Simberi Recent Gold Production

Production Summary	Q3 Mar FY16	Q4 Jun FY16	Year FY16	Q1 Sep FY17	Guidance FY17 ³
Production	oz 25,433	26,935	110,286	25,429	95 to 105 koz
Mined Grade	g/t 1.35	1.18	1.26	1.05	1.3 ²
Total Cash Operating Costs ¹	\$/oz 1,198	1,164	1,143	1,247	n/a
All-In Sustaining Cost ¹	\$/oz 1,404	1,266	1,293	1,359	1,330 to 1,490

FY16 Simberi segment result⁴

Year ended 30 June 2016	A\$M
Gross profit	50
Underlying profit from operations	34
Operating cash contribution	43
Capital expenditure	(9)
Cash contribution	34

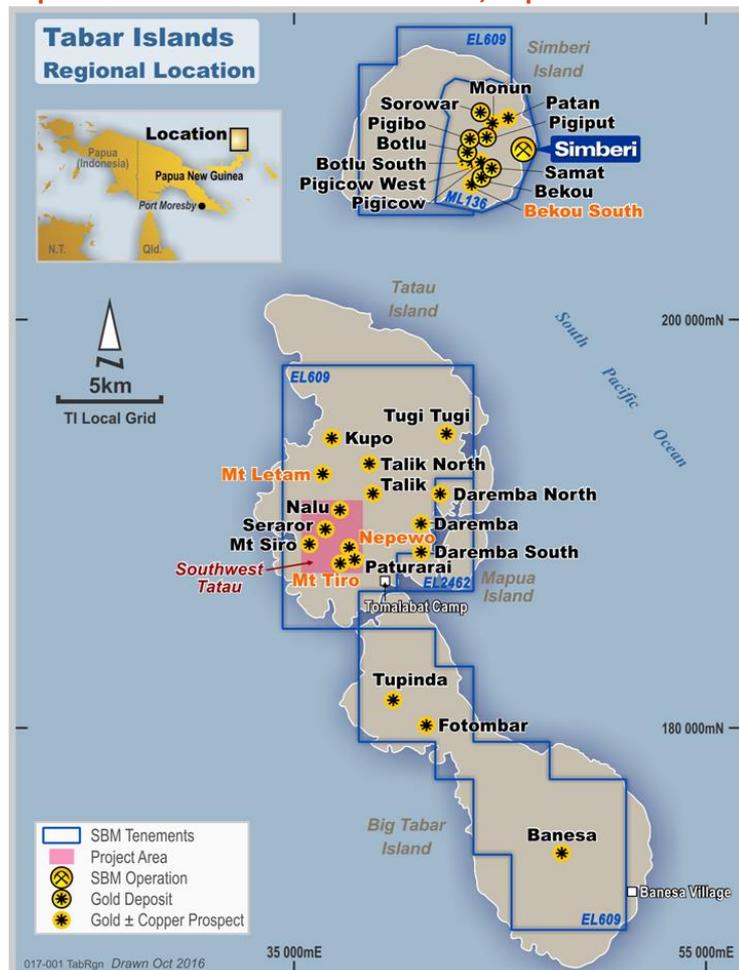
[1] Non-IFRS measure, refer Q1 September 2016 quarterly report (released 19 October 2016)

[2] Ore Reserve grade at 30 June 2016, refer Ore Reserve and Mineral Resources Statement (released 23 August 2016)

[3] FY17 guidance announced in Q4 June 2016 quarterly report (released 19 July 2016)

[4] For details refer page 4, 2016 Annual Report (released 21 October 2016)

Exploration: Simberi and Tabar Islands, Papua New Guinea



Simberi

- > Bekou South - drilling of high grade trenching targets during Q2 Dec 2016
- > Significant number of high grade, oxide, sulphide and transition intersections

Tatau

- > Mt Letam copper gold porphyry target 530 diamond drill hole completed, assay results pending
- > Southwest Tatau - encouraging high grade trenching results, aerial survey planned
- > 2,000m drill campaign commenced September 2016

Option and farm in agreement

- > covers exploration tenements on Tatau and Big Tabar Islands
- > seeking to test 6 copper-gold porphyry targets
- > anticipates ~36,000 m diamond drilling over up to 8 years

For details of St Barbara exploration, refer 'Quarterly Report September 2016' (released 19 October 2016)