

Acquisition of Moose River Resources to consolidate ownership of Touquoy Mine

St Barbara Limited (ASX:SBM) (“St Barbara”) is pleased to announce that it has, through its wholly owned subsidiary Atlantic Mining NS (“Atlantic Mining”), agreed to acquire 100% of the shares in Moose River Resources Incorporated (“MRRRI”) (the “transaction”). Following this transaction, St Barbara will own 100% of the Touquoy Mine and surrounding exploration tenements.

As previously advised, MRRRI has held a 40% interest in the Touquoy Mine in Nova Scotia, Canada, and a 25% interest in certain exploration tenements around the Touquoy Mine. Atlantic Mining currently holds approximately 7% of MRRRI issued capital. St Barbara has sought to acquire the remaining MRRRI interest in the Touquoy Mine and surrounding tenements since the initial acquisition of Atlantic Gold Corporation Inc (now incorporated as Atlantic Mining) was announced in May 2019.

It is proposed that St Barbara will acquire the remaining MRRRI shares by way of a court approved Plan of Arrangement for cash of ~C\$60 M (subject to working capital adjustments at completion). The offer consideration will be funded from St Barbara’s existing cash reserves. At the completion of the transaction, MRRRI will be a wholly owned subsidiary in the St Barbara group.

The MRRRI Board of Directors has confirmed that it will recommend the offer to MRRRI shareholders for their approval, which will require 75% of shareholders attending a special meeting to vote in favour to be approved.

The transaction is subject to customary commercial conditions, including due diligence of MRRRI, with the offer consideration subject to a working capital adjustment at the date of completion. Completion is anticipated to occur in early September 2020.

Mr Craig Jetson, Managing Director & CEO, said:

“I am very pleased to announce St Barbara has reached agreement with MRRRI’s Board to effectively acquire the minority interest in the Touquoy Mine from Moose River Resources Inc. St Barbara’s intent to purchase MRRRI’s interest has been consistently communicated since the initial acquisition of Atlantic Gold.

Touquoy is a low-cost operation, generating impressive margins and is located in a very favourable and prospective jurisdiction. It produced a record 106,663 ounces of gold in FY20, reinforcing the credentials of this operation and the value it is delivering to St Barbara.

Assuming full control of the business will provide operational efficiencies, deliver financial benefits and allow us to truly realise the potential of the asset. In addition to developing our existing project pipeline, we are exploring in the Moose River Corridor and elsewhere in Nova Scotia to identify further development opportunities. Collectively, the opportunity for value creation for the community of Nova Scotia and our shareholders is exciting.”

Investor Relations	Mr David Cotterell	Manager Investor Relations	+61 3 8660 1959	ASX: SBM
Media Relations	Mr Ben Wilson	GRACosway	+61 407 966 083	ADR: STBMY
Authorised by	Mr Rowan Cole	Company Secretary	+61 3 8660 1900	

Background

MRRRI is a private company based in Nova Scotia, Canada. In 1996, MRRRI acquired 100% interest in the Touquoy tenements and completed a drilling program before optioning the property over subsequent years to a number of mining companies. In 2003, Atlantic Gold Corporation Inc (“Atlantic Gold”) optioned the Touquoy property and commenced exploration.

In April 2016, Atlantic Gold acquired from MRRRI a 60% interest in the Touquoy tenements, with Atlantic Gold responsible for managing the exploration, evaluation, development and production of the tenements. The agreement separated relevant tenements into two blocks, with MRRRI retaining a 40% interest in the development block (i.e. Touquoy) and a 25% interest in the exploration block.

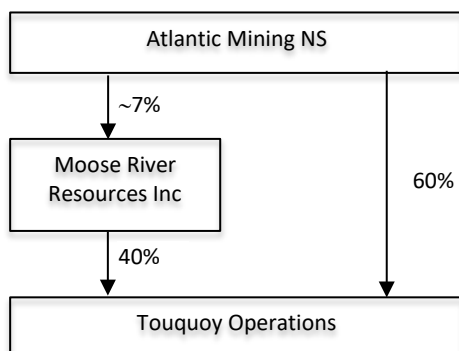
Under the agreement, Atlantic Gold received 100% of the cash flow from Touquoy until all exploration, pre-production, capital, financing and other expenditures plus interest were recouped. Thereafter, MRRRI was to receive 40% of pre-tax profits, which was estimated to commence in Q1 September FY22.

The agreement included an option for Atlantic Gold to purchase MRRRI's interest at fair market value after the later of:

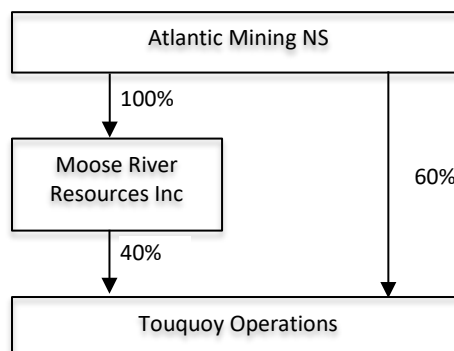
- (i) 18 months following the commencement of commercial production
- (ii) 3 Mt of ore has been processed.

Commercial production was achieved in March 2018. St Barbara acquired Atlantic Gold (now incorporated as Atlantic Mining NS) in July 2019. The above milestones were met in Q1 September FY20, and St Barbara commenced the process to acquire MRRRI's interest in Touquoy in March 2020.

Current Touquoy Ownership



Post-transaction Touquoy Ownership



Analyst Briefing

The next analyst briefing is scheduled for 11:00 am Australian Eastern Standard Time (UTC + 10 hours) on Wednesday 29 July 2020, following release of the Q4 June FY20 quarterly report.