St Barbara LIMITED

ASX Release / 25 August 2015

FY15 Financial Report, Appendix 4E, briefing and audio webcast

The Company has reported a statutory net profit after tax of $39,682,000 for the year ended 30 June 2015 (2014: statutory net loss after tax of $500,831,000).

During the 2015 financial year the Company significantly improved its financial performance, with the following key achievements:

> Record annual production from the Gwalia mine of 248,142 ounces of gold (2014: 214,319 ounces) generating significant cash flows
> Turnaround of the Simberi mine in Papua New Guinea, with this operation generating positive cash flows of $13,907,000 since December 2014
> Divestment of the Gold Ridge Project
> Significantly reduced corporate costs and exploration expenditure
> Repurchased US$54 million of its US 144A Senior Secured Notes.

Managing Director & CEO, Bob Vassie, commented, "In FY15 we achieved each of the key objectives we set for ourselves at the start of the year, including increasing performance at Gwalia, turning around Simberi, resolving Gold Ridge and reducing costs. We are well positioned as we start FY16, with continued strong operating performance and promising growth opportunities at Gwalia and Simberi."

Details of the results for the financial year ended 30 June 2015 are set out in the attached Appendix 4E and Financial Report.

To provide additional clarity into the performance of the Company, the underlying measures for the year are presented on page 4 of the Financial Report, together with the statutory results. Underlying net profit after tax before significant items[1] for FY15 was $42,402,000 (2014: net loss of $33,526,000). Net cash flow from operating activities for FY15 was $113,201,000 (2014: $20,260,000).

Bob Vassie, Managing Director & CEO, will brief analysts and institutional investors on the FY15 Financial Report at 10:00 am Australian Eastern Standard Time (UTC + 10 hours), Wednesday 26 August 2015. 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.

1 These are non-IFRS measures which are detailed in the attached FY15 Financial Report, and exclude profit or loss from discontinued operations.

Appendix 4E

For the year ended 30 June 2015

Preliminary Final Report
Financial year ended 30 June 2015

This information should be read in conjunction with the St Barbara Limited 2015 Financial Report attached.

Name of entity

St Barbara Limited

ABN or equivalent company reference

36 009 165 066

Results for announcement to the market

		% Change		**A$'000**
Revenue and other income (continuing operations)	up	18%	to	551,491
Profit after tax from ordinary activities (before significant items) attributable to members *(Prior year underlying loss: $33,526,000)*		n/m	to	42,402
Net profit attributable to members of the parent entity (*Prior year net loss: $500,831,000)*		n/m		39,682

n/m: not meaningful

During the year there were a number of significant items that had a material impact on the income statement of the consolidated entity as set out in the table below:

	Year ended 30 June 2015 A$'000	**Year ended 30 June 2014 A$'000**
Net profit/(loss) after tax as reported – Statutory Profit	**39,682**	**(500,831)**
Significant Items		
Asset impairments and write downs	11,425	215,290
Increase in rehabilitation provision – King of the Hills mine	5,896	-
Redundancy costs	522	4,349
Gain on US notes buy back	(1,626)	-
Onerous provision on office leases	1,729	-
Effect of unhedged borrowings	47,470	-
Unrealised foreign exchange gain	(42,805)	-
Realised foreign exchange loss on buy back of US Notes	13,066	-
Additional proceeds in relation to Southern Cross sale	-	(1,444)
Net gain from disposal of discontinued operation	(18,528)	242,890
Tax effect	(14,429)	6,220
Underlying net profit/(loss) after tax	**42,402**	**(33,526)**

Dividends

The Company did not declare or pay any dividends during the year or in the prior year.

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

During the 2015 financial year the Group significantly improved its financial performance, with key achievements over the year being:

- Record annual production from the Gwalia mine of 248,142 ounces of gold (2014: 214,319 ounces) generating significant cash flows during the year of $168,695,000.
- Successful turnaround of the Simberi operations in Papua New Guinea, with this operation generating positive cash flows of $13,907,000 since December 2014.
- Divesting the Gold Ridge project leaving the Group with no residual environmental, rehabilitation or other liabilities.

The Group reported a statutory net profit after tax of $39,682,000 (2014: statutory net loss after tax of $500,831,000) for the year ended 30 June 2015, including Significant Items totalling a net loss after tax of $2,720,000 (2014: net loss of $467,305,000).

To provide additional clarity into the underlying performance of the operations the underlying measures for the year are presented in the table below, together with the statutory results. Underlying net profit after tax, before significant items, was $42,402,000 (2014: net loss of $33,526,000).

Cash on hand (excluding restricted cash) at 30 June 2015 was $76,871,000 (2014: $79,407,000). Total interest bearing borrowings were $346,961,000 (2014: $339,576,000).

The consolidated result for the year is summarised as follows:

	2015 $'000	2014 $'000
EBITDA[3][6] (including significant items)	167,557	(331,634)
EBIT[2][6] (including significant items)	82,486	(440,325)
Profit/(Loss) before tax[4]	40,772	(483,307)
Statutory profit/(loss) [1] after tax for the year	**39,682**	**(500,831)**
Total net significant items after tax	(2,720)	(467,305)
EBITDA [6] (excluding significant items)	186,332	114,974
EBIT [6] (excluding significant items)	101,261	19,354
Profit/(loss) before tax – excluding significant items	57,921	(22,222)
Underlying net profit/(loss) after tax[5][6] for the year	**42,402**	**(33,526)**

(1) Statutory profit/(loss) is net profit/(loss) 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 depreciation and amortisation. It includes revenues and expenses associated with discontinued operations.

(4) Profit/(loss) before tax is earnings before income tax expense. It includes revenues and expenses associated with discontinued operations.

(5) Underlying net profit/(loss) after income tax is net profit/(loss) after income tax ("Statutory Profit/(Loss)") less significant items as described in Note 9 to the financial statements, and excluding profit or loss from discontinued operations.

(6) EBIT, EBITDA and underlying net profit/(loss) after tax are non-IFRS financial measures, 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.

Details of significant items included in the Statutory Profit/(Loss) for the year are displayed in the table below. Descriptions of each item are provided in Note 9 to the financial report.

	2015 $'000	2014* $'000
Asset impairments and write downs	(11,425)	(215,290)
Increase in rehabilitation provision	(5,896)	-
Redundancy costs	(522)	(4,349)
Gain on US notes buy back	1,626	-
Onerous provisions on office leases	(1,729)	-
Effect of unhedged borrowings	(47,470)	-
Unrealised foreign exchange gain	42,805	-
Realised foreign exchange loss on buy back of US Notes	(13,066)	-
Additional proceeds in relation to Southern Cross sale	-	1,444
Net profit/(loss) from discontinued operation	18,528	(242,890)
Significant items before tax	**(17,149)**	**(461,085)**
Significant items after tax	**(2,720)**	**(467,305)**

*restated to include comparative for discontinued operations.

Asset impairments and write downs

Due to the cessation of mining at the King of the Hills mine in Leonora during April 2015 and the move to care and maintenance, the Group reviewed the carrying values of the remaining assets associated with the operations. As a result capitalised mine development was written off totalling $11,425,000. In the prior year total impairments expensed in relation to the Simberi and Gold Ridge operations amounted to $410,556,000 after tax.

In addition, a review of the estimate of the rehabilitation provision related to the King of the Hills operations resulted in an increased cost of $5,896,000, which has been expensed in the income statement and recognised as a significant item.

Overview of Operating Results

Total production for the Group in the 2015 financial year was 377,387 ounces of gold (2014: 374,402 ounces), and gold sales amounted to 382,104 ounces (2014: 376,160 ounces) at an average gold price of A$1,439 per ounce (2014: A$1,410 per ounce). The prior year included higher production and gold sales from the Gold Ridge mine, which is classified as a discontinued operation.

Consolidated All-In Sustaining Cost (AISC) for the Group was $1,007 per ounce in 2015 (2014: $1,340 per ounce), reflecting the benefits of strong results achieved at Leonora, improved performance at Simberi and removal of the Gold Ridge operation from the portfolio.

The table below provides a summary of the underlying profit/(loss) before tax from continued operations in Australia and the Pacific.

Year ended 30 June 2015 $'000	Australian Operations[2]	Pacific Operations[3]	Consolidated
Revenue	435,685	112,521	548,206
Mine operating costs	(209,230)	(102,471)	(311,701)
Gross Profit	**226,455**	**10,050**	**236,505**
Royalties	(17,656)	(2,575)	(20,231)
Depreciation and Amortisation	(69,837)	(10,038)	(79,875)
Underlying profit/(loss) from operations[1]	**138,962**	**(2,563)**	**136,399**

[1] Excludes corporate and exploration costs, discontinued operations, impairment losses, interest and tax and is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors, . This measure is presented to enable understanding of the underlying performance of the operations.
[2] Comprises the Leonora operations, which includes the Gwalia and King of the Hills underground mines and the Leonora processing plant.
[3] Comprises only the Simberi operations, with operations at Gold Ridge having been suspended in April 2014.

The table below provides a summary of the cash contribution, after capital expenditure, from continued operations in Australia and the Pacific.

Year ended 30 June 2015 $'000	Australian Operations	Pacific Operations	Consolidated
Operating cash contribution	224,328	8,490	232,818
Capital expenditure	(38,332)	(8,523)	(46,855)
Cash contribution	**185,996**	**(33)**	**185,963**

Analysis of Australian Operations

Total sales revenue from the Leonora operations of $435,685,000 (2014: $401,820,000) was generated from gold sales of 302,094 ounces (2014: 284,067 ounces) in the year at an average achieved gold price of A$1,437 per ounce (2014: A$1,406 per ounce). During the 2015 year revenue benefitted from six percent higher gold sales compared with the prior year and a marginal increase in the average spot gold price.

In April 2015 mining operations at the King of the Hills mine ceased and processing of stockpiles through the Gwalia mill continued to the end of June.

A summary of production performance for the year ended 30 June 2015 is provided in the table below.

Details of 2015 Production Performance

		Gwalia		King of the Hills	
		2014/15	2013/14	**2014/15**	2013/14
Underground Ore Mined	kt	**902**	811	**457**	472
Grade	g/t Au	**8.9**	8.4	**4.1**	4.6
Ore Milled (including stockpiles)	kt	**931**	851	**392**	514
Grade	g/t Au	**8.6**	8.1	**4.2**	4.5
Recovery	%	**96**	96	**95**	95
Gold Production	oz	**248,142**	214,319	**49,677**	70,711
Cash Cost[1]	A$/oz	**642**	688	**1,112**	973
All-In Sustaining Cost (AISC) [2]	A$/oz	**841**	940	**1,103**	1,263

Gwalia

Gwalia produced a record 248,142 ounces of gold in 2015 (2014: 214,319 ounces). The record performance at Gwalia was the result of multiple factors, including improvements in productivity, successful implementation of innovations in mining and higher grade.

Ore tonnes mined from the Gwalia underground mine increased from 811,000 tonnes in 2014 to 902,000 tonnes in 2015, largely due to excellent productivity improvements achieved during the year, including continued underground storage of waste.

Ore mined grades increased from 8.4 grams per tonne gold in 2014 to 8.9 grams per tonne gold in 2015 mainly due to reduced dilution, and high grade shoots present in stopes that cannot be reliably estimated by production drilling. Ore milled grade increased from 8.1 grams per tonne in 2014 to 8.6 grams per tonne in line with the higher grade of ore mined. The Gwalia mill continued to perform strongly in 2015 and throughput increased in line with the higher ore production; the average recovery was consistent with the prior year at 96 percent.

Gwalia unit Cash Operating Costs[1] for the year were $642 per ounce (2014: $688 per ounce), reflecting the benefit of increased production and higher average grade. The unit All-In Sustaining Cost (AISC)[2] for Gwalia was $841 per ounce in 2015 well down on the $940 per ounce reported in the prior year. The lower AISC in 2015 was due mainly to the lower unit Cash Operating Cost and a reduced corporate and administration cost allocation. Total Cash Operating Costs at Gwalia of $159,307,000 were higher compared with the prior year (2014: $147,451,000) due to the increase in production volumes.

In 2015 Gwalia generated net cash flows, after capital expenditure, of $168,695,000 (2014: $119,392,000).

King of the Hills

Ore tonnes mined from the King of the Hills underground mine was marginally down on 2014 at 457,000 tonnes (2014: 472,000 tonnes). Gold production from King of the Hills was 49,677 ounces (2014: 70,711 ounces). The lower production in 2015 was as a result of mining operations ceasing in April 2015 and the fact that higher grade Gwalia ore was prioritised for processing over King of the Hills ore.

The average grade of ore mined was lower than the prior year at 4.1 grams per tonne gold (2014: 4.6 grams per tonne gold). The King of the Hills unit cash operating costs for 2015 were $1,112 per ounce (2014: $973 per ounce), with the increase due mainly to the lower production. The unit All-In Sustaining Cost (AISC) for King of the Hills was $1,103 per ounce in 2015 (2014: $1,263 per ounce). Total Cash Operating Costs at King of the Hills were $55,241,000 (2014: $68,802,000), reflecting the lower mining activity and milling volumes in 2015.

In 2015 King of the Hills generated net cash flows, after capital expenditure, of $17,301,000 (2014: net cash outflow $650,000). As at 30 June 2015 ore containing an estimated 9,410 ounces of gold was stockpiled at King of the Hills for processing in the first quarter of the 2016 financial year.

Analysis of Pacific Operations

Operations at the Gold Ridge mine in the Solomon Islands were suspended in April 2014 following extreme rainfall and flooding. Production did not recommence and the Group divested the mine in May 2015. In the 2014 year Gold Ridge produced 45,121 ounces of gold prior to operations being suspended, with gold sales of 49,410 ounces generating revenue of $71,058,000. While there was no production from Gold Ridge in the 2015 year, gold sales of $4,345,000 were generated from gold produced in the prior year. The results of operations at Gold Ridge and the impact of its divestment in 2015 have been separately disclosed as discontinued operations in the income statement.

During 2015 a successful turnaround was completed at the Simberi operations. The turnaround has been achieved through optimising the processing plant to sustain throughput of 3.5 million tonnes per annum, improving the mining fleet and achieving productivity improvements in mining operations, increased focus on the ore delivery system and a commitment to reduce operating costs.

[1] Cash Operating Costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It 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).

[2] All-In Sustaining Cost (AISC) is based on Cash Operating Costs, and adds items relevant to sustaining production. It includes some but not all, of the components identified in World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non IFRS financial measure.

Total sales revenue from Simberi in 2015 was $112,521,000 (June 2014: $60,950,000) generated from gold sales of 77,236 ounces (June 2014: 42,683 ounces) at an average achieved gold price of A$1,445 per ounce (June 2014: A$1,426 per ounce).

A summary of production performance at Simberi for the year ended 30 June 2015 is provided in the table below.

Details of 2015 Production Performance

		Simberi		Gold Ridge	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
Open Pit Ore Mined	kt	**2,070**	1,886	-	1,425
Grade	g/t Au	**1.23**	1.0	-	1.4
Ore Milled (including stockpiles)	kt	**2,660**	1,714	-	1,467
Grade	g/t Au	**1.1**	1.0	-	1.4
Recovery	%	**84**	80	-	67
Gold Production	oz	**79,568**	44,251	-	45,121
Cash Cost(1)	A$/oz	**1,337**	2,136	-	1,994
All-In Sustaining Cost (AISC)(1)	A$/oz	**1,464**	2,404	-	2,218

(1) Before significant items.

Simberi

Simberi production of 79,568 ounces of gold was the highest since the Group acquired the operations in September 2012 (2014: 44,251 ounces). Simberi's performance in the second half of 2015 with production of 49,635 ounces confirmed that the turnaround of the operations has been successful.

Ore tonnes mined and total volume of material moved has increased quarter on quarter during 2015. Total material moved in 2015 was 6,289,000 tonnes compared to 4,256,000 tonnes for the 2014 year. Ore mined in 2015 totalled 2,070,000 tonnes compared to 1,886,000 tonnes in 2014. The improvement in mining performance in the 2015 financial year was largely attributable to better equipment reliability and availability, improvement in equipment and introduction of efficiencies in the mining operations.

Ore mined grades increased from 1.0 gram per tonne gold in 2014 to 1.23 grams per tonne gold in 2015.

Ore milled increased to 2,660,000 tonnes (2014: 1,714,000 tonnes), which reflected the commissioning of the SAG mill and refurbishment of the ball mill in December 2014, and the processing of ore through both the SAG and ball mills in the second half of the year.

Simberi unit Cash Operating Costs for the year were $1,337 per ounce (2014: $2,136 per ounce), reflecting the positive impact of increased production and lower operating costs. The unit All-In Sustaining Cost (AISC) for Simberi was $1,464 per ounce in 2015 (2014: $2,404 per ounce). As the performance of Simberi significantly improved during the second half of the 2015 financial year, the unit cash costs and AISC reduced markedly to $1,107 per ounce and $1,222 per ounce respectively. Total Cash Operating Costs at Simberi during the 2015 year were higher than the prior year at $106,382,000 (2014: $94,520,000) due to increased production.

In 2015 Simberi generated net negative cash flows, after capital expenditure, of $33,000 (2014: negative $60,381,000). In the seven month period from December 2014 to 30 June 2015 Simberi generated positive net cash flows of $13,907,000.

Discussion and Analysis of the Income Statement

Revenue

Total revenue (excluding discontinued operations) increased from $462,770,000 in 2014 to $548,206,000 in 2015. Revenue from Leonora and Simberi was higher than the previous year due to increased production and gold sales, and the benefit of the higher gold price.

Mine operating costs

Mine operating costs in relation to continuing operations in 2015 were $311,701,000 compared to $297,864,000 in the prior year. The increase in operating costs was attributable to higher production and mining activity at both the Gwalia and Simberi mines in 2015.

Other revenue and income

Other revenue of $1,782,000 (2014: $1,904,000) comprised mainly interest earned during the year of $1,586,000 (2014: $1,718,000). The decrease in interest earned is reflective of lower interest rates applied to excess cash balances in 2015.

Other income for the year of $1,503,000 (2014: $3,169,000) included royalties earned from tenements held in Australia of $1,053,000 (2014: $1,565,000). In the prior year other income included an amount of $1,444,000 in relation to additional proceeds from the sale of the Southern Cross operations.

Exploration

Exploration expenditure expensed in the income statement in the year amounted to $7,691,000 (2014: $16,112,000). Total exploration expenditure incurred during the 2015 year amounted to $9,932,000 (2014: $16,112,000), with an amount of $2,241,000 (2014: nil) capitalised to exploration and evaluation. Exploration expenditure in the current year was significantly lower compared to the prior year, with exploration expenditure activities during the year focused on investigating highly prospective near mine high grade oxide targets at Simberi and undertaking a deep drilling program at Gwalia.

Corporate and support costs

Corporate and support costs for the year of $20,284,000 (2014: $26,809,000) comprised mainly expenses relating to the corporate office and compliance costs. Expenditure in 2015 was lower than in the prior year as a result of a cost reduction program that commenced in 2014.

Royalties

Royalty expenses for the year were $20,231,000 (2014: $17,267,000). Royalties paid in Western Australia are 2.5% of gold revenues, plus a corporate royalty of 1.5% of gold revenues. Royalties paid in Papua New Guinea are 2.25% of gold revenues earned from the Simberi mine. The increase in royalty expenses in 2015 was attributable to increased gold revenue from Leonora and Simberi.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development amounted to $85,071,000 (2014: $95,620,000) for the year. Depreciation and amortisation attributable to the Australian Operations was $69,837,000 (2014: $80,938,000), with the lower charge attributable to reduced amortisation of mine development at King of the Hills. The expense at Simberi was $10,038,000 (2014: $11,554,000), with the lower charge due to the reduction in the asset base in the prior year from the impairment write off.

Other expenditure

Other expenditure of $9,705,000 (2014: $1,261,000) included an expense related to recognition of an onerous provision for surplus office lease space, costs related to a procurement cost reduction initiative and technical and feasibility study costs.

Net finance costs

Finance costs in the year were $43,300,000 (2014: $43,296,000). Finance costs comprised interest paid and payable on borrowings and finance leases of $36,708,000 (2014: $26,551,000), capitalised borrowing costs relating to the senior secured notes amortised to the income statement of $4,246,000 (2014: $3,575,000) and the unwinding of the discount on the rehabilitation provision of $1,875,000 (2014: $1,629,000).

Foreign currency movements

A foreign exchange movement loss of $15,350,000 was recognised for the year (2014: gain of $3,218,000), which included the foreign currency loss of $13,066,000 on the buy back of the US Notes in June 2015.

Income tax

An income tax expense of $1,090,000 was recognised for the 2015 year (2014: income tax expense of $12,484,000).

Discussion and Analysis of the Cash Flow Statement

Operating activities

Cash flows from operating activities for the year were $113,201,000 (2014: $20,260,000), reflecting the benefit of higher receipts from customers and significantly lower payments to suppliers and employees compared to the prior year. Receipts from customers of $555,823,000 (2014: $540,050,000) were marginally higher than the prior year; the prior year receipts included an amount of $71,058,000 related to Gold Ridge. Payments to suppliers were $407,508,000 (2014: $472,501,000), with 2014 including payments related to Gold Ridge amounting to $97,818,000. Payments for exploration expensed in the year amounted to $7,383,000 (2014: $21,297,000, including $5,185,000 relating to discontinued operation). Interest paid in the year was $28,682,000 (2014: $26,565,000), with the higher expense due mainly to the impact of the weaker Australian dollar on United States dollar denominated interest payments.

Investing activities

Net cash flows used in investing activities amounted to $50,602,000 (2014: $86,412,000) for the year. Lower expenditure on property, plant and equipment of $23,762,000 (2014: $49,225,000) was the main reason for reduced investing expenditure in the year. The lower expenditure on property, plant and equipment in 2015 was due to the completion of the Simberi SAG Mill in 2014. Lower mine development of $24,705,000 (2014: $39,971,000) was due mainly to reduced expenditure at King of the Hills. Exploration expenditure capitalised during the year totalled $2,241,000 (2014: $Nil), which related to the deep drilling program at Gwalia. Investing expenditure during the year was in the following major areas:

- Underground mine development and infrastructure at Gwalia – $30,662,000 (2014: $28,921,000);
- Underground mine development and infrastructure at King of the Hills – $4,969,000 (2014: $11,050,000);
- Simberi oxide expansion and other capital projects – $8,412,000 (2014: $26,973,000); and
- Purchase of property, plant and equipment at the operations – $3,073,000 (2014: $19,092,000)

Financing activities

Net cash flows related to financing activities in 2015 were a net outflow of $71,341,000 (2014: net inflow of $18,679,000), due mainly to the repayment of debt in the 2015 year. The main movements in financing cash flows included:

- Partial repayment of the secured notes through a buy back totalling $66,831,000 after a five percent discount.
- Repayment of finance leases amounting to $4,003,000 (2014: $4,706,000).

The prior year benefitted from the net additional draw down of debt of $14,921,000 and proceeds from the close out of gold options of $8,500,000.

Discussion and Analysis of the Statement of Financial Position

Net Assets and Total Equity

St Barbara's net assets and total equity increased marginally during the year by $8,617,000 to $140,429,000 as a result of an increase in the deferred tax assets, combined with a reduction in total liabilities, offset by lower mine properties. The reduction in mine properties was attributable to amortisation in the year and the impairment of King of the Hills.

Trade and other payables decreased to $42,895,000 at 30 June 2015 (2014: $58,951,000), reflecting mainly the impact of the cessation of activities at King of the Hills and Gold Ridge.

Provisions decreased to $62,597,000 (2014: $84,007,000) due to the de-recognition of the Gold Ridge rehabilitation provision.

The deferred tax balance was a net asset of $13,985,000 (2014: net asset of $5,859,000). Deferred tax assets arising from accumulated tax losses in relation to the Pacific Operations of $79,574,000 (tax effected) have not yet been booked as it is not probable as at 30 June 2015 that future taxable profits will be generated to utilise these deferred tax assets.

Debt management and liquidity

The available cash balance at 30 June 2015 was $76,871,000 (2014: $79,407,000), with an additional $2,084,000 (2014: $1,577,000) held on deposit as restricted cash and reported within trade receivables.

Total interest bearing liabilities increased to $346,961,000 at 30 June 2015 (2014: $339,576,000). The significantly weaker Australian dollar had a materially negative impact on the United States denominated debt as at 30 June 2015, while the buy back of senior secured notes in June 2015 reduced debt by $70,037,000. The largest components of the year end balance were:

- US$195,980,000 (2014: US$250,000,000) senior secured notes translated at the year end AUD/USD exchange rate ($248,621,000), net of capitalised transaction costs of $5,467,000;
- A debt facility of US$75,000,000 (2014: US$75,000,000) drawn down with RK Mine Finance ("Red Kite") translated at the year end AUD/USD exchange rate ($93,081,000), net of capitalised transaction costs of $4,157,000; and
- Lease liabilities of $5,259,000.

The current portion of total debt as at 30 June 2015 was $52,428,000 (2014: $24,226,000). Scheduled quarterly repayments of the Red Kite facility commences in September 2015.

The AUD/USD exchange rate as at 30 June 2015 was 0.7713 (30 June 2014: 0.9430).

Subsequent Events

No significant events have occurred after balance date for the year ended 30 June 2015, except for the following:

- On 20 August 2015, the Group announced the sale of its King of the Hills mine and Kailis resource to Saracen Metals Pty Ltd (a wholly owned subsidiary of Saracen Mineral Holdings Ltd) subject to various third party consents and Australian government approvals. Consideration for the sale is $3 million, with $0.3 million payable on completion and the balance due on the earlier of commercial production of ore from Kailis or four years from completion of the sale. The present value of the deferred settlement of $2.7 million is $2.3 million. Completion of the sale is expected to occur by the end of October 2015. On completion of the sale the rehabilitation provision of $13.9 million relating to King of the Hills and Kailis will be reversed to the Income Statement.

Net tangible asset backing

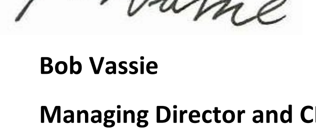
	Current period	Previous corresponding period
Net tangible assets per ordinary security*	$0.28	$0.27

* Calculated as the Company's net tangible assets at period end divided by ordinary shares on issue at period end

Statement about the audit status

This preliminary final report is based on the St Barbara Limited and controlled entities financial report as at 30 June 2015, which has been audited by KPMG. The 30 June 2015 financial report contains the independent audit report to the members of St Barbara Limited.

Dated: 25 August 2015



Bob Vassie

Managing Director and CEO

Directors' and Financial Report

For the year ended 30 June 2015

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DIRECTORS' REPORT

The Directors present their report on the "St Barbara Group", consisting of St Barbara Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2015.

Directors

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

• T C Netscher	Non-Executive Chairman (appointed 1 July 2015) Non-Executive Director (1 July 2014 to 30 June 2015)
• S J C Wise	Non-Executive Chairman (resigned 30 June 2015)
• R S Vassie	Managing Director & CEO (appointed 1 July 2014)
• D W Bailey	Non-Executive Director (resigned 30 June 2015)
• I L Scotland	Non-Executive Director (resigned 26 January 2015)
• K J Gleeson	Non-Executive Director (appointed 18 May 2015)
• D E J Moroney	Non-Executive Director (appointed 16 March 2015)

The qualifications, experience and special responsibilities of the Directors are presented on pages 16 to 20.

Principal activities

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

Dividends

There were no dividends paid or declared during the financial year.

Overview of Results

During the 2015 financial year the Group significantly improved its financial performance, with key achievements over the year being:

- Record annual production from the Gwalia mine of 248,142 ounces of gold (2014: 214,319 ounces) generating significant cash flows during the year of $168,695,000.
- Successful turnaround of the Simberi operations in Papua New Guinea, with this operation generating positive cash flows of $13,907,000 since December 2014.
- Divesting the Gold Ridge project leaving the Group with no residual environmental, rehabilitation or other liabilities.

The Group reported a statutory net profit after tax of $39,682,000 (2014: statutory net loss after tax of $500,831,000) for the year ended 30 June 2015, including Significant Items totalling a net loss after tax of $2,720,000 (2014: net loss of $467,305,000).

To provide additional clarity into the underlying performance of the operations the underlying measures for the year are presented in the table below, together with the statutory results. Underlying net profit after tax, before significant items, was $42,402,000 (2014: net loss of $33,526,000).

Cash on hand (excluding restricted cash) at 30 June 2015 was $76,871,000 (2014: $79,407,000). Total interest bearing borrowings were $346,961,000 (2014: $339,576,000).

DIRECTORS' REPORT

The consolidated result for the year is summarised as follows:

	2015 $'000	2014 $'000
EBITDA(3)(6) (including significant items)	167,557	(331,634)
EBIT(2)(6) (including significant items)	82,486	(440,325)
Profit/(Loss) before tax(4)	40,772	(483,307)
Statutory profit/(loss) (1) after tax for the year	**39,682**	**(500,831)**
Total net significant items after tax	(2,720)	(467,305)
EBITDA (6) (excluding significant items)	186,332	114,974
EBIT (6) (excluding significant items)	101,261	19,354
Profit/(loss) before tax – excluding significant items	57,921	(22,222)
Underlying net profit/(loss) after tax(5)(6) for the year	**42,402**	**(33,526)**

(1) Statutory profit/(loss) is net profit/(loss) 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 depreciation and amortisation. It includes revenues and expenses associated with discontinued operations.

(4) Profit/(loss) before tax is earnings before income tax expense. It includes revenues and expenses associated with discontinued operations.

(5) Underlying net profit/(loss) after income tax is net profit/(loss) after income tax ("Statutory Profit/(Loss)") less significant items as described in Note 9 to the financial statements, and excluding profit or loss from discontinued operations.

(6) EBIT, EBITDA and underlying net profit/(loss) after tax are non-IFRS financial measures, 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.

Details of significant items included in the Statutory Profit/(Loss) for the year are displayed in the table below. Descriptions of each item are provided in Note 9 to the financial report.

	2015 $'000	2014* $'000
Asset impairments and write downs	(11,425)	(215,290)
Increase in rehabilitation provision	(5,896)	-
Redundancy costs	(522)	(4,349)
Gain on US notes buy back	1,626	-
Onerous provisions on office leases	(1,729)	-
Effect of unhedged borrowings	(47,470)	-
Unrealised foreign exchange gain	42,805	-
Realised foreign exchange loss on buy back of US Notes	(13,066)	-
Additional proceeds in relation to Southern Cross sale	-	1,444
Net profit/(loss) from discontinued operation	18,528	(242,890)
Significant items before tax	**(17,149)**	**(461,085)**
Significant items after tax	**(2,720)**	**(467,305)**

*restated to include comparative for discontinued operations.

DIRECTORS' REPORT

Asset impairments and write downs

Due to the cessation of mining at the King of the Hills mine in Leonora during April 2015 and the move to care and maintenance, the Group reviewed the carrying values of the remaining assets associated with the operations. As a result capitalised mine development was written off totalling $11,425,000. In the prior year total impairments expensed in relation to the Simberi and Gold Ridge operations amounted to $410,556,000 after tax.

In addition, a review of the estimate of the rehabilitation provision related to the King of the Hills operations resulted in an increased cost of $5,896,000, which has been expensed in the income statement and recognised as a significant item.

Overview of Operating Results

Total production for the Group in the 2015 financial year was 377,387 ounces of gold (2014: 374,402 ounces), and gold sales amounted to 382,104 ounces (2014: 376,160 ounces) at an average gold price of A$1,439 per ounce (2014: A$1,410 per ounce). The prior year included higher production and gold sales from the Gold Ridge mine, which is classified as a discontinued operation.

Consolidated All-In Sustaining Cost (AISC) for the Group was $1,007 per ounce in 2015 (2014: $1,340 per ounce), reflecting the benefits of strong results achieved at Leonora, improved performance at Simberi and removal of the Gold Ridge operation from the portfolio.

The table below provides a summary of the underlying profit/(loss) before tax from continued operations in Australia and the Pacific.

Year ended 30 June 2015 $'000	**Australian Operations[2]**	**Pacific Operations[3]**	**Consolidated**
Revenue	435,685	112,521	548,206
Mine operating costs	(209,230)	(102,471)	(311,701)
Gross Profit	**226,455**	**10,050**	**236,505**
Royalties	(17,656)	(2,575)	(20,231)
Depreciation and Amortisation	(69,837)	(10,038)	(79,875)
Underlying profit/(loss) from operations[1]	**138,962**	**(2,563)**	**136,399**

[1] Excludes corporate and exploration costs, discontinued operations, impairment losses, interest and tax and is non-IFRS financial information, which has not been subject to review or audit by the Group's external auditors, . This measure is presented to enable understanding of the underlying performance of the operations.
[2] Comprises the Leonora operations, which includes the Gwalia and King of the Hills underground mines and the Leonora processing plant.
[3] Comprises only the Simberi operations, with operations at Gold Ridge having been suspended in April 2014.

The table below provides a summary of the cash contribution, after capital expenditure, from continued operations in Australia and the Pacific.

Year ended 30 June 2015 $'000	**Australian Operations**	**Pacific Operations**	**Consolidated**
Operating cash contribution	224,328	8,490	232,818
Capital expenditure	(38,332)	(8,523)	(46,855)
Cash contribution	**185,996**	**(33)**	**185,963**

DIRECTORS' REPORT

Analysis of Australian Operations

Total sales revenue from the Leonora operations of $435,685,000 (2014: $401,820,000) was generated from gold sales of 302,094 ounces (2014: 284,067 ounces) in the year at an average achieved gold price of A$1,437 per ounce (2014: A$1,406 per ounce). During the 2015 year revenue benefitted from six percent higher gold sales compared with the prior year and a marginal increase in the average spot gold price.

In April 2015 mining operations at the King of the Hills mine ceased and processing of stockpiles through the Gwalia mill continued to the end of June.

A summary of production performance for the year ended 30 June 2015 is provided in the table below.

Details of 2015 Production Performance

		Gwalia		King of the Hills	
		2014/15	2013/14	**2014/15**	2013/14
Underground Ore Mined	kt	**902**	811	**457**	472
Grade	g/t Au	**8.9**	8.4	**4.1**	4.6
Ore Milled (including stockpiles)	kt	**931**	851	**392**	514
Grade	g/t Au	**8.6**	8.1	**4.2**	4.5
Recovery	%	**96**	96	**95**	95
Gold Production	oz	**248,142**	214,319	**49,677**	70,711
Cash Cost (1)	A$/oz	**642**	688	**1,112**	973
All-In Sustaining Cost (AISC) (2)	A$/oz	**841**	940	**1,103**	1,263

Gwalia

Gwalia produced a record 248,142 ounces of gold in 2015 (2014: 214,319 ounces). The record performance at Gwalia was the result of multiple factors, including improvements in productivity, successful implementation of innovations in mining and higher grade.

Ore tonnes mined from the Gwalia underground mine increased from 811,000 tonnes in 2014 to 902,000 tonnes in 2015, largely due to excellent productivity improvements achieved during the year, including continued underground storage of waste.

Ore mined grades increased from 8.4 grams per tonne gold in 2014 to 8.9 grams per tonne gold in 2015 mainly due to reduced dilution, and high grade shoots present in stopes that cannot be reliably estimated by production drilling. Ore milled grade increased from 8.1 grams per tonne in 2014 to 8.6 grams per tonne in line with the higher grade of ore mined. The Gwalia mill continued to perform strongly in 2015 and throughput increased in line with the higher ore production; the average recovery was consistent with the prior year at 96 percent.

Gwalia unit Cash Operating Costs[1] for the year were $642 per ounce (2014: $688 per ounce), reflecting the benefit of increased production and higher average grade. The unit All-In Sustaining Cost (AISC)[2] for Gwalia was $841 per ounce in 2015 well down on the $940 per ounce reported in the prior year. The lower AISC in 2015 was due mainly to the lower unit Cash Operating Cost and a reduced corporate and administration cost allocation. Total Cash Operating Costs at Gwalia of $159,307,000 were higher compared with the prior year (2014: $147,451,000) due to the increase in production volumes.

In 2015 Gwalia generated net cash flows, after capital expenditure, of $168,695,000 (2014: $119,392,000).

[1] Cash Operating Costs are mine operating costs including government royalties, and after by-product credits. This is a non-IFRS financial measure which has not been subject to review or audit by the Group's external auditors. It 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).
[2] All-In Sustaining Cost (AISC) is based on Cash Operating Costs, and adds items relevant to sustaining production. It includes some but not all, of the components identified in World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non IFRS financial measure.

DIRECTORS' REPORT

King of the Hills

Ore tonnes mined from the King of the Hills underground mine was marginally down on 2014 at 457,000 tonnes (2014: 472,000 tonnes). Gold production from King of the Hills was 49,677 ounces (2014: 70,711 ounces). The lower production in 2015 was as a result of mining operations ceasing in April 2015 and the fact that higher grade Gwalia ore was prioritised for processing over King of the Hills ore.

The average grade of ore mined was lower than the prior year at 4.1 grams per tonne gold (2014: 4.6 grams per tonne gold). The King of the Hills unit cash operating costs for 2015 were $1,112 per ounce (2014: $973 per ounce), with the increase due mainly to the lower production. The unit All-In Sustaining Cost (AISC) for King of the Hills was $1,103 per ounce in 2015 (2014: $1,263 per ounce). Total Cash Operating Costs at King of the Hills were $55,241,000 (2014: $68,802,000), reflecting the lower mining activity and milling volumes in 2015.

In 2015 King of the Hills generated net cash flows, after capital expenditure, of $17,301,000 (2014: net cash outflow $650,000). As at 30 June 2015 ore containing an estimated 9,410 ounces of gold was stockpiled at King of the Hills for processing in the first quarter of the 2016 financial year.

Analysis of Pacific Operations

Operations at the Gold Ridge mine in the Solomon Islands were suspended in April 2014 following extreme rainfall and flooding. Production did not recommence and the Group divested the mine in May 2015. In the 2014 year Gold Ridge produced 45,121 ounces of gold prior to operations being suspended, with gold sales of 49,410 ounces generating revenue of $71,058,000. While there was no production from Gold Ridge in the 2015 year, gold sales of $4,345,000 were generated from gold produced in the prior year. The results of operations at Gold Ridge and the impact of its divestment in 2015 have been separately disclosed as discontinued operations in the income statement.

During 2015 a successful turnaround was completed at the Simberi operations. The turnaround has been achieved through optimising the processing plant to sustain throughput of 3.5 million tonnes per annum, improving the mining fleet and achieving productivity improvements in mining operations, increased focus on the ore delivery system and a commitment to reduce operating costs.

Total sales revenue from Simberi in 2015 was $112,521,000 (June 2014: $60,950,000) generated from gold sales of 77,236 ounces (June 2014: 42,683 ounces) at an average achieved gold price of A$1,445 per ounce (June 2014: A$1,426 per ounce).

A summary of production performance at Simberi for the year ended 30 June 2015 is provided in the table below.

Details of 2015 Production Performance

		Simberi		Gold Ridge	
		30 June 2015	**30 June 2014**	**30 June 2015**	**30 June 2014**
Open Pit Ore Mined	kt	**2,070**	1,886	-	1,425
Grade	g/t Au	**1.23**	1.0	-	1.4
Ore Milled (including stockpiles)	kt	**2,660**	1,714	-	1,467
Grade	g/t Au	**1.1**	1.0	-	1.4
Recovery	%	**84**	80	-	67
Gold Production	oz	**79,568**	44,251	-	45,121
Cash Cost[(1)]	A$/oz	**1,337**	2,136	-	1,994
All-In Sustaining Cost (AISC)[(1)]	A$/oz	**1,464**	2,404	-	2,218

(1) Before significant items.

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Simberi

Simberi production of 79,568 ounces of gold was the highest since the Group acquired the operations in September 2012 (2014: 44,251 ounces). Simberi's performance in the second half of 2015 with production of 49,635 ounces confirmed that the turnaround of the operations has been successful.

Ore tonnes mined and total volume of material moved has increased quarter on quarter during 2015. Total material moved in 2015 was 6,289,000 tonnes compared to 4,256,000 tonnes for the 2014 year. Ore mined in 2015 totalled 2,070,000 tonnes compared to 1,886,000 tonnes in 2014. The improvement in mining performance in the 2015 financial year was largely attributable to better equipment reliability and availability, improvement in equipment and introduction of efficiencies in the mining operations.

Ore mined grades increased from 1.0 gram per tonne gold in 2014 to 1.23 grams per tonne gold in 2015.

Ore milled increased to 2,660,000 tonnes (2014: 1,714,000 tonnes), which reflected the commissioning of the SAG mill and refurbishment of the ball mill in December 2014, and the processing of ore through both the SAG and ball mills in the second half of the year.

Simberi unit Cash Operating Costs for the year were $1,337 per ounce (2014: $2,136 per ounce), reflecting the positive impact of increased production and lower operating costs. The unit All-In Sustaining Cost (AISC) for Simberi was $1,464 per ounce in 2015 (2014: $2,404 per ounce). As the performance of Simberi significantly improved during the second half of the 2015 financial year, the unit cash costs and AISC reduced markedly to $1,107 per ounce and $1,222 per ounce respectively. Total Cash Operating Costs at Simberi during the 2015 year were higher than the prior year at $106,382,000 (2014: $94,520,000) due to increased production.

In 2015 Simberi generated net negative cash flows, after capital expenditure, of $33,000 (2014: negative $60,381,000). In the seven month period from December 2014 to 30 June 2015 Simberi generated positive net cash flows of $13,907,000.

Discussion and Analysis of the Income Statement

Revenue

Total revenue (excluding discontinued operations) increased from $462,770,000 in 2014 to $548,206,000 in 2015. Revenue from Leonora and Simberi was higher than the previous year due to increased production and gold sales, and the benefit of the higher gold price.

Mine operating costs

Mine operating costs in relation to continuing operations in 2015 were $311,701,000 compared to $297,864,000 in the prior year. The increase in operating costs was attributable to higher production and mining activity at both the Gwalia and Simberi mines in 2015.

Other revenue and income

Other revenue of $1,782,000 (2014: $1,904,000) comprised mainly interest earned during the year of $1,586,000 (2014: $1,718,000). The decrease in interest earned is reflective of lower interest rates applied to excess cash balances in 2015.

Other income for the year of $1,503,000 (2014: $3,169,000) included royalties earned from tenements held in Australia of $1,053,000 (2014: $1,565,000). In the prior year other income included an amount of $1,444,000 in relation to additional proceeds from the sale of the Southern Cross operations.

Exploration

Exploration expenditure expensed in the income statement in the year amounted to $7,691,000 (2014: $16,112,000). Total exploration expenditure incurred during the 2015 year amounted to $9,932,000 (2014: $16,112,000), with an amount of $2,241,000 (2014: nil) capitalised to exploration and evaluation. Exploration expenditure in the current year was significantly lower compared to the prior year, with exploration expenditure activities during the year focused on investigating highly prospective near mine high grade oxide targets at Simberi and undertaking a deep drilling program at Gwalia.

Corporate and support costs

Corporate and support costs for the year of $20,284,000 (2014: $26,809,000) comprised mainly expenses relating to the corporate office and compliance costs. Expenditure in 2015 was lower than in the prior year as a result of a cost reduction program that commenced in 2014.

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Royalties

Royalty expenses for the year were $20,231,000 (2014: $17,267,000). Royalties paid in Western Australia are 2.5% of gold revenues, plus a corporate royalty of 1.5% of gold revenues. Royalties paid in Papua New Guinea are 2.25% of gold revenues earned from the Simberi mine. The increase in royalty expenses in 2015 was attributable to increased gold revenue from Leonora and Simberi.

Depreciation and amortisation

Depreciation and amortisation of fixed assets and capitalised mine development amounted to $85,071,000 (2014: $95,620,000) for the year. Depreciation and amortisation attributable to the Australian Operations was $69,837,000 (2014: $80,938,000), with the lower charge attributable to reduced amortisation of mine development at King of the Hills. The expense at Simberi was $10,038,000 (2014: $11,554,000), with the lower charge due to the reduction in the asset base in the prior year from the impairment write off.

Other expenditure

Other expenditure of $9,705,000 (2014: $1,261,000) included an expense related to recognition of an onerous provision for surplus office lease space, costs related to a procurement cost reduction initiative and technical and feasibility study costs.

Net finance costs

Finance costs in the year were $43,300,000 (2014: $43,296,000). Finance costs comprised interest paid and payable on borrowings and finance leases of $36,708,000 (2014: $26,551,000), capitalised borrowing costs relating to the senior secured notes amortised to the income statement of $4,246,000 (2014: $3,575,000) and the unwinding of the discount on the rehabilitation provision of $1,875,000 (2014: $1,629,000).

Foreign currency movements

A foreign exchange movement loss of $15,350,000 was recognised for the year (2014: gain of $3,218,000), which included the foreign currency loss of $13,066,000 on the buy back of the US Notes in June 2015.

Income tax

An income tax expense of $1,090,000 was recognised for the 2015 year (2014: income tax expense of $12,484,000).

Discussion and Analysis of the Cash Flow Statement

Operating activities

Cash flows from operating activities for the year were $113,201,000 (2014: $20,260,000), reflecting the benefit of higher receipts from customers and significantly lower payments to suppliers and employees compared to the prior year. Receipts from customers of $555,823,000 (2014: $540,050,000) were marginally higher than the prior year; the prior year receipts included an amount of $71,058,000 related to Gold Ridge. Payments to suppliers were $407,508,000 (2014: $472,501,000), with 2014 including payments related to Gold Ridge amounting to $97,818,000. Payments for exploration expensed in the year amounted to $7,383,000 (2014: $21,297,000, including $5,185,000 relating to discontinued operation). Interest paid in the year was $28,682,000 (2014: $26,565,000), with the higher expense due mainly to the impact of the weaker Australian dollar on United States dollar denominated interest payments.

Investing activities

Net cash flows used in investing activities amounted to $50,602,000 (2014: $86,412,000) for the year. Lower expenditure on property, plant and equipment of $23,762,000 (2014: $49,225,000) was the main reason for reduced investing expenditure in the year. The lower expenditure on property, plant and equipment in 2015 was due to the completion of the Simberi SAG Mill in 2014. Lower mine development of $24,705,000 (2014: $39,971,000) was due mainly to reduced expenditure at King of the Hills. Exploration expenditure capitalised during the year totalled $2,241,000 (2014: $Nil), which related to the deep drilling program at Gwalia. Investing expenditure during the year was in the following major areas:

- Underground mine development and infrastructure at Gwalia – $30,662,000 (2014: $28,921,000);
- Underground mine development and infrastructure at King of the Hills – $4,969,000 (2014: $11,050,000);
- Simberi oxide expansion and other capital projects – $8,412,000 (2014: $26,973,000); and
- Purchase of property, plant and equipment at the operations – $3,073,000 (2014: $19,092,000)

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Financing activities

Net cash flows related to financing activities in 2015 were a net outflow of $71,341,000 (2014: net inflow of $18,679,000), due mainly to the repayment of debt in the 2015 year. The main movements in financing cash flows included:

- Partial repayment of the secured notes through a buy back totalling $66,831,000 after a five percent discount.
- Repayment of finance leases amounting to $4,003,000 (2014: $4,706,000).

The prior year benefitted from the net additional draw down of debt of $14,921,000 and proceeds from the close out of gold options of $8,500,000.

Discussion and Analysis of the Statement of Financial Position

Net Assets and Total Equity

St Barbara's net assets and total equity increased marginally during the year by $8,617,000 to $140,429,000 as a result of an increase in the deferred tax assets, combined with a reduction in total liabilities, offset by lower mine properties. The reduction in mine properties was attributable to amortisation in the year and the impairment of King of the Hills.

Trade and other payables decreased to $42,895,000 at 30 June 2015 (2014: $58,951,000), reflecting mainly the impact of the cessation of activities at King of the Hills and Gold Ridge.

Provisions decreased to $62,597,000 (2014: $84,007,000) due to the de-recognition of the Gold Ridge rehabilitation provision.

The deferred tax balance was a net asset of $13,985,000 (2014: net asset of $5,859,000). Deferred tax assets arising from accumulated tax losses in relation to the Pacific Operations of $79,574,000 (tax effected) have not yet been booked as it is not probable as at 30 June 2015 that future taxable profits will be generated to utilise these deferred tax assets.

Debt management and liquidity

The available cash balance at 30 June 2015 was $76,871,000 (2014: $79,407,000), with an additional $2,084,000 (2014: $1,577,000) held on deposit as restricted cash and reported within trade receivables.

Total interest bearing liabilities increased to $346,961,000 at 30 June 2015 (2014: $339,576,000). The significantly weaker Australian dollar had a materially negative impact on the United States denominated debt as at 30 June 2015, while the buy back of senior secured notes in June 2015 reduced debt by $70,037,000. The largest components of the year end balance were:

- US$195,980,000 (2014: US$250,000,000) senior secured notes translated at the year end AUD/USD exchange rate ($248,621,000), net of capitalised transaction costs of $5,467,000;
- A debt facility of US$75,000,000 (2014: US$75,000,000) drawn down with RK Mine Finance ("Red Kite") translated at the year end AUD/USD exchange rate ($93,081,000), net of capitalised transaction costs of $4,157,000; and
- Lease liabilities of $5,259,000.

The current portion of total debt as at 30 June 2015 was $52,428,000 (2014: $24,226,000). Scheduled quarterly repayments of the Red Kite facility commences in September 2015.

The AUD/USD exchange rate as at 30 June 2015 was 0.7713 (30 June 2014: 0.9430).

Business strategy and future prospects

St Barbara's strategic focus is on mining lower cost gold deposits in Australia and at Simberi in Papua New Guinea. Currently the Group has a diversified asset portfolio spanning underground and open cut mines, and exploration projects in Australia and Papua New Guinea. A successful turnaround was completed at the Simberi operations through the optimisation of the processing plant, improving the mining fleet, and productivity improvements in mining operations.

St Barbara's strategy is to generate shareholder value through the discovery and development of gold deposits and production of gold. The Group aligns its decisions and activities to this strategy by focusing on three key value drivers: relative total shareholder returns, growth in gold ore reserves and return on capital employed.

Strategic drivers for the business include:

- *Optimising cash flow and reducing the cost base:* The Group is focused on optimising cash flow from operations through maximising production and managing costs at its existing operations, enhancing operating capabilities and incorporating new technologies across St Barbara. The Group will continue to identify opportunities to enhance efficiency and improve operating performance in a volatile gold market.

- *Improving productivity*: The Group is focused on consolidating the turnaround at the Simberi operations to maintain the increased production rates and reduced operating costs. St Barbara continues to invest to improve infrastructure, mining fleets and capability to ensure consistent and reliable production.
- *Growing the ore reserve base through the development of existing Mineral Resources and exploration activities:* A number of potential organic growth opportunities have been identified, which could increase production and extend the life of the Gwalia and Simberi operations. During 2015 a deep drilling program commenced at Gwalia with the objective to extend the Gwalia mineral resource and develop the case for mining below the current resource. At Simberi, a sulphide ore reserve, which has been estimated at 1.3 Moz, provides an opportunity to create a long life production centre at Simberi. In addition the Group is generating and evaluating exploration targets in the Tabar Island Group in Papua New Guinea.
- *Maintaining a conservative financial profile:* The Group will continue to maintain prudent financial management policies with the objective of maintaining liquidity to ensure appropriate investments in the operations. The Group's financial management policies are aimed at generating net cash flows from operations to meet financial commitments, fund exploration and reduce debt to the extent viable and appropriate. The Group's capital management plan is reviewed and discussed with the Board on a regular basis.
- *Continue and strengthen the Group's commitment to employees and local communities:* The Group considers the capability and wellbeing of its employees as key in delivering the business strategy. Creating and sustaining a safe work environment and ensuring that operations conform to applicable environmental and sustainability standards is an important focus for the Group. The Group invests in the training and development of its employees, talent management, and succession planning, and views such efforts as an important component of instilling St Barbara's values throughout the organisation and retaining continuity in the workforce. The Group has implemented a comprehensive talent management framework to strengthen the capacity to attract, motivate and retain capable people. The Group also has an ongoing commitment to work with local communities to improve infrastructure, particularly in health and education, support local businesses, and provide venues for leisure activities, and other opportunities for developing communities in which the Group operates.

Within Australia, the Gwalia underground mine with ore reserves of 1.6 million ounces remains the flagship asset of the Group, generating strong cash flows. In parallel with the deep drilling program at Gwalia, studies in relation to ore haulage options are to occur during the 2016 financial year.

In Papua New Guinea, a prefeasibility study (PFS) for the Simberi sulphide project is being advanced. Current plans indicate that a phased cut over to sulphide processing, including a period of processing both sulphides and oxides would be optimal (due to areas of oxide reserves lying within the deeper sulphide pit shells). The PFS is currently focussed on metallurgical work that indicates a traditional floatation circuit will produce a marketable concentrate for export from Simberi. The extent of oxide and sulphide reserves indicates at least a 15 year mine life with upside potential. If the sulphide project was not progressed, the best value plan for oxides would be for approximately 4 years, with possible extension to this from continuing exploration work.

The Group's 2016 financial year budget was developed in the context of a volatile gold market and weakening Australian dollar against the United States dollar. The Group's priorities in the 2016 financial year are to continue consistent production from Leonora, further optimise the operations at Simberi, reduce costs and contain capital expenditure. For the 2016 financial year the Group's operational and financial outlook is as follows:

- Gold production is expected to be in the range 319,000 to 369,000 ounces.
- All-In Sustaining Cost is expected to be in the range of $995 per ounce to $1,080 per ounce.
- Capital expenditure is expected to be in the range of $38 million to $47 million.

Material business risks

St Barbara prepares its business plan using estimates of production and financial performance based on a business planning system and a range of assumptions and expectations. There is uncertainty in these assumptions and expectations, and risk that variation from them could result in actual performance being different to planned outcomes. The uncertainties arise from a range of factors, including the Group's international operating scope, nature of the mining industry and economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2015 are:

DIRECTORS' REPORT

- *Fluctuations in the United States Dollar ("USD") spot gold price:* Volatility in the gold price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained despite a fall in the spot gold price.

  Declining gold prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or may interrupt operations, which may have a material adverse effect on the results of operations and financial condition.

  In assessing the feasibility of a project for development, the Group may consider whether a hedging instrument should be put in place in order to guarantee a minimum level of return. For example the Group put in place a gold collar structure when the King of the Hills project was commissioned.

  The Group has a centralised treasury function that monitors the risk of fluctuations in the USD gold price and impacts on expenditures from movements in local currencies. Where possible, the exposure to movements in the USD relative to USD denominated expenditure is offset by the exposure to the USD gold price (a natural hedge position).

- *Government regulation:* The Group's mining, processing, development and exploration activities are subject to various laws and statutory regulations governing prospecting, development, production, taxes, royalty payments, labour standards and occupational health, mine safety, toxic substances, land use, water use, communications, land claims of local people and other matters.

  No assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could have an adverse effect on the Group's financial position and results of operations. Any such amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Group. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against the Group, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

- *Operating risks and hazards:* The Group's mining operations, consisting of open pit and underground mines, generally involve a high degree of risk, and these risks are increased when mining occurs at increased depth. The Group's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold. Processing operations are subject to hazards such as equipment failure, toxic chemical leakage, loss of power, fast-moving heavy equipment, failure of deep sea tailings disposal pipelines and retaining dams around tailings containment areas, rain and seismic events which may result in environmental pollution and consequent liability. The impact of these events could lead to disruptions in production and scheduling, increased costs and loss of facilities, which may have a material adverse impact on the Group's results of operations, financial condition and prospects. These risks are managed by a structured operations risk management framework.

- *Reliance on transportation facilities and infrastructure:* The Group depends on the availability and affordability of reliable transportation facilities and infrastructure (e.g. roads, bridges, airports, power sources and water supply) to deliver consumables to site, and final product to market. Interruption in the provision of such infrastructure (e.g. due to adverse weather; community or government interference) could adversely affect St Barbara's operations, financial condition and results of operations. The Group's operating procedures include business continuity plans which can be enacted in the event a particular piece of infrastructure is temporarily unavailable.

- *Production, cost and capital estimates:* The Group prepares estimates of future production, cash costs and capital costs of production for its operations. The ability of the Group to achieve production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. The assets of the Group, as any others, are subject to uncertainty with ore tonnes, grade, metallurgical recovery, ground conditions, operational environment, funding for development, regulatory changes, accidents and other unforeseen circumstances such as unplanned mechanical failure of plant and equipment. Failure to achieve production, cost or capital estimates, or material increases to costs, could have an adverse impact on the Group's future cash flows, profitability and financial condition. The development of estimates is managed by the Group using a rigorous budgeting and forecasting process. Actual results are compared with forecasts to identify drivers behind discrepancies which may result in updates to future estimates.

DIRECTORS' REPORT

- *Changes in input costs:* Mining operations and facilities are intensive users of electricity, gas and carbon-based fuels. Energy prices can be affected by numerous factors beyond the Group's control, including global and regional supply and demand, carbon taxes, inflation, political and economic conditions, and applicable regulatory regimes. The prices of various sources of energy may increase significantly from current levels.

  The Group's production costs are also affected by the prices of commodities it consumes or uses in its operations, such as diesel, lime, sodium cyanide and explosives. The prices of such commodities are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Group's control. Increases in the price for materials consumed in St Barbara's mining and production activities could materially adversely affect its results of operations and financial condition.

  Certain of the Group's operations use contractors for the bulk of the mining services at those operations, and some of its construction projects are conducted by contractors. As a result, the Group's operations are subject to a number of risks, including:

  - negotiation and renewal of agreements with contractors on acceptable terms;
  - failure of contractors to perform under their agreements, including failure to comply with safety systems and standards, contractor insolvency and failure to maintain appropriate insurance;
  - failure of contractors to comply with applicable legal and regulatory requirements; and
  - changes in contractors.

  In addition, St Barbara may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on its results of operations and financial position.

  The Group manages risks associated with input costs through a centralised procurement function which analyses market trends, supply environment, and operational demand planning, to establish appropriate sourcing strategies for spend categories.

- *Exploration and development risk:* Although the Group's activities are primarily directed towards mining operations and the development of mineral deposits, its activities also include the exploration for mineral deposits and the possibility of third party arrangements including joint ventures, partnerships, toll treating arrangements or other third party contracts. An ability to sustain or increase the current level of production in the longer term is in part dependent on the success of the Group's exploration activities and development projects, and the expansion of existing mining operations.

  The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored subsequently have economic deposits of gold identified, and even fewer are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to establish rights to mine the ground, to receive all necessary operating permits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs the Group plans will result in a profitable mining operation.

  Whether a mineral deposit will be commercially viable depends on a number of factors.

  The Group has a disciplined approach to allocating budget to exploration projects. The Group also has investment criteria to ensure that development projects are only approved if an adequate return on the investment is expected.

- *Ore Reserves and Mineral Resources:* The Group's estimates of Ore Reserves and Mineral Resources are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Ore Reserves could be mined or processed profitably. The quality of any Ore Reserve or Mineral Resource estimate is a function of the quantity of available technical data and of the assumptions used in engineering and geological interpretation, and modifying factors affecting economic extraction. Such estimates are compiled by experienced and appropriately qualified geoscientists using mapping and sampling data obtained from bore holes and field observations, and subsequently reported by Competent Persons under the JORC Code.

  Fluctuation in gold prices, key input costs to production, as well as the results of additional drilling, and the evaluation of reconciled production and processing data subsequent to any estimate may require revision of such estimate.

DIRECTORS' REPORT

Actual mineralisation or ore bodies may be different from those predicted, and any material variation in the estimated Ore Reserves, including metallurgy, grade, dilution, ore loss, or stripping ratio at the Group's properties may affect the economic viability of its properties, and this may have a material adverse impact on the Group's results of operations, financial condition and prospects.

There is also a risk that depletion of reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower reserve base. The reserve base of the Group may decline if reserves are mined without adequate replacement and the Group may not be able to sustain production beyond current mine lives, based on current production rates.

- *Political, social and security risks:* St Barbara has production and exploration operations in developing countries that are subject to political, economic and other risks and uncertainties. The formulation and implementation of government policies in these countries may be unpredictable. Operating in developing countries also involves managing security risks associated with the areas where the Group has activities. The Group has established policies and procedures to assist in managing and monitoring various government relations. The Group's operating procedures at its mines in the Pacific include detailed security plans.

- *Restrictions on indebtedness:* Under the terms of the US senior secured notes, although there are no operational covenants, there are certain restrictions on the cumulative amount that can be invested in the Pacific Operations, and in the amount of additional indebtedness that may be entered into by the Group. A breach of these terms may lead to a default. At 30 June 2015, based on forward projections, there is adequate headroom under these restrictions. However the restrictions on investment in the Pacific Operations and new indebtedness may provide a potential constraint on developing future programs such as expanding production capacity or developing additional near mine reserves.

- *Refinancing risk:* The Company has debt facilities with external financiers, including a secured loan facility with RK Mine Finance and senior secured notes. The structure of these facilities has been designed so that the refinancing obligations of the facilities are staged over a reasonable period. Although the Company currently generates sufficient cash flows to secure its debt requirements, no assurance can be given that it will be able to refinance the debt prior to its expiry on acceptable terms to the Company. If the Company is unable to repay or refinance its external debt in the future, its financial condition and ability to continue operating may be adversely affected.

- *Foreign exchange:* The Group has an Australian dollar functional currency for reporting purposes. However, gold is sold throughout the world based principally on the U.S. dollar price, and most of the Group's revenues and interest bearing liabilities are realised in, or linked to, U.S. dollars. The Group is also exposed to U.S. dollars and Papua New Guinea Kina in respect of operations located in Papua New Guinea as certain of its operating costs are denominated in these currencies. There is a "natural" (but not perfect) hedge which matches to some degree U.S. denominated revenue and obligations related to interest bearing liabilities, which may reduce, but does not eliminate, foreign exchange risk. The Group is therefore exposed to fluctuations in foreign currency exchange rates. The Group monitors foreign exchange exposure and risk on a monthly basis through the centralised treasury function and a Management Treasury Risk Committee.

- *Community relations*: A failure to adequately manage community and social expectations within the communities in which the Group operates may lead to local dissatisfaction which, in turn, could lead to interruptions to production and exploration operations. The Group has an established stakeholder engagement framework to guide the management of the Group's community relations efforts. At each of the operations in the Pacific there is a dedicated community relations team to work closely with the local communities and government.

- *Insurance: T*he Group maintains insurance to protect against certain risks. However, the Group's insurance will not cover all the potential risks associated with a mining company's operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. The Group might also become subject to liability for pollution or other hazards which may not be insured against or which it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

- *Weather and climactic conditions:* The effects of changes in rainfall patterns, changing storm patterns and intensities have from time to time adversely impacted, and may in the future adversely impact, the cost, production levels and financial performance of the Group's operations. The Group's mining operations have been, and may in the future be, subject from time to time to severe storms and high rainfalls leading to flooding and associated damage, which has resulted, and may result in delays to, or loss of production at its mines. Seismic activity is of particular concern to mining operations. The Simberi mine in Papua New Guinea is in an area known to be seismically active and is subject to risks of earthquakes and the related risks of tidal surges and tsunamis. Also, production at the Gwalia mine has in the past been, on occasion, interrupted due to water ingress and flooding at the base of the mine. Naturally occurring events, such as earthquakes, volcanic eruptions and tsunamis are difficult to predict and no assurance can be given that St Barbara's operations will not be adversely affected by earthquakes and associated tidal surges and tsunamis.

- *Risk of further impairment*: If the gold price continues to decline, or the operations are not expected to meet future production levels, there may be a potential for future impairment write downs at any of our operations.

Risk management

The Group manages the risks listed above, and other day-to-day risks through an established enterprise wide risk management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed.

The financial reporting and control mechanisms are reviewed during the year by management, the Audit and Risk Committee, the internal audit function and the external auditor.

The Group has policies in place to manage risk in the areas of Health and Safety, Environment and Equal Employment Opportunity.

Senior management and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

During July 2014, the Company announced that by operation of its internal reporting mechanisms, the provision of benefits to a foreign public official that may violate its Anti-Bribery and Anti-Corruption Policy or applicable laws in Australia or in foreign jurisdictions were identified. The amount of the benefits provided to the foreign public official was not material to the Company. The Company self-reported the matter to relevant authorities, including the Australian Federal Police, and the matter is being assessed and investigated. To date, there has been no action taken against the Company, consequently, the range of potential penalties, if any, cannot be reliable estimated. Should there be any prosecution, potential penalties if any are governed by laws in various jurisdictions including *Criminal Code 1995 (Cth)* in Australia and/or the UK *Bribery Act.*

Regulatory environment

Australia

The Group's Australian mining activities are in Western Australia and governed by Western Australian legislation, including the Mining Act 1978, the Mines Safety and Inspection Act 1994, Dangerous Goods Safety Act 2004 and other mining related and subsidiary legislation. The Mining Rehabilitation Fund Act 2012 took effect from 1 July 2013. The Mining Rehabilitation Fund replaces unconditional environmental performance bonds for companies operating under the Mining Act 1978.

The Group is subject to significant environmental regulation, including, inter alia, the Western Australian Environmental Protection Act 1986, Contaminated Sites Act 2003, Wildlife Conservation Act 1950, Aboriginal Heritage Act 1972 and the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999, as well as safety compliance in respect of its mining and exploration activities.

The Group is registered pursuant to the National Greenhouse and Energy Reporting Act 2007 under which it is required to report annually its energy consumption and greenhouse gas emissions. St Barbara also reports to Government pursuant to both the Energy Efficiency Opportunities Act 2006 and the National Environmental Protection (National Pollutant Inventory) Measure (subsidiary legislation to the National Environmental Protection Measures (Implementation) Act 1998). The Group has established data collection systems and processes to meet these reporting obligations. The Group's Australian operations are also required to comply with the Australian Federal Government's Clean Energy Act 2011, effective from 1 July 2012.

DIRECTORS' REPORT

Papua New Guinea

The primary Papua New Guinea mining legislation is the Mining Act 1992, which governs the granting and cessation of mining rights. Under the Mining Act, all minerals existing on, in or below the surface of any land in Papua New Guinea, are the property of the State. The Mining Act establishes a regulatory regime for the exploration for, and development and production of, minerals and is administered by the Minerals Resources Authority. Environmental impact is governed by the Environment Act 2000, administered by the Department of Environment and Conservation.

Information on Directors

S J Colin Wise, LL.B, FAICD, FAusIMM *Non-Executive Chairman*
Appointed as Non-Executive Chairman 20 July 2004
Resigned as Non-Executive Chairman and Director 30 June 2015

Mr Wise is an experienced corporate lawyer, consultant and company director with significant expertise in the mining and exploration industry and resources, energy and corporate sectors. He has extensive practical experience in Australia and internationally with a wide range of corporate, operational and legal matters.

He was Chairman of St Barbara from July 2004 to 30 June 2015, and is a Fellow of both the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy. He has been a member of the Advisory Board to the Dean of Medicine, Nursing and Health Sciences at Monash University and was a Non-Executive Director for 5 years of Southern Health, the largest health care service in Victoria, Chair of its Quality Committee, and a member of the Audit Committee.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
Straits Resources Limited

Special responsibilities
Chairman of the Board
Member of the Audit, Remuneration and Health, Safety, Environment and Community Committees

Mr Wise is considered by the Board to have been an independent Director.

Robert S (Bob) Vassie, B. Mineral Technology Hons (Mining), GAICD, MAUSIMM *Managing Director and Chief Executive Officer*
Appointed as Managing Director & CEO 1 July 2014

Mr Vassie joined St Barbara as Managing Director and Chief Executive Officer on 1 July 2014. He is a mining engineer with 30 years international mining industry experience. Prior to joining St Barbara, Mr Vassie was the Managing Director and CEO at Inova Resources Limited (formerly Ivanhoe Australia Limited) and has 18 years' experience in a range of senior management roles with Rio Tinto. He has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Other listed public company directorships
Nil

Former listed company directorships in last 3 years
Inova Resources Limited (formerly Ivanhoe Australia Limited)

Special responsibilities
Member of the Health, Safety, Environment and Community Committee

DIRECTORS' REPORT

Douglas W Bailey, BBus (Acc), CPA, ACIS *Non-Executive Director*
Appointed as a Director January 2006
Resigned as a Director 30 June 2015

Mr Bailey was the Chief Financial Officer of Woodside Petroleum Ltd between 2002 and 2004 and previously, was an Executive Director of Ashton Mining Limited from 1990 to 2000, including the last 3 years as Chief Executive Officer. He was also a Non-Executive Director of Aurora Gold Ltd for the period 1993-2000.

Other current listed company directorships
Tap Oil Limited

Former listed company directorships in last 3 years
Nil

Special responsibilities
Chairman of the Audit & Risk Committee
Member of the Health, Safety, Environment and Community and Remuneration Committees

Mr Bailey is considered by the Board to have been an independent Director.

Tim Netscher, BSc (Eng) (Chemical), BCom, MBA, FIChE, CEng, MAICD *Non-Executive Director*
Appointed as a Director 17 February 2014, appointed as Chairman 1 July 2015

Mr Netscher was the Managing Director of Gindalbie Metals Limited from 2011 to 2013, and is currently the Non-Executive Chairman of Deep Yellow Limited, a Non-Executive Director of Gold Road Resources Limited, a Non-Executive Director of Aquila Resources Limited, and a Non-Executive Director of Western Areas Limited. A chemical engineer, he is an experienced international mining executive with extensive operational, project development, and transactional experience and expertise in senior executive management roles.

Other current listed company directorships
Deep Yellow Limited
Gold Road Resources Limited
Western Areas Limited

Former listed company directorships in last 3 years
Gindalbie Metals Limited
Bullabulling Gold Limited

Special responsibilities
Chair of the Health, Safety, Environment and Community Committee
Member of the Audit and Risk and Remuneration Committees

Mr Netscher is considered by the Board to be an independent Director.

DIRECTORS' REPORT

Ines L Scotland B.Sc *Non-Executive Director*
Appointed as a Director 30 September 2013
Resigned as a Director 26 January 2015

Ms Scotland is an experienced director and senior executive in the resources sector, with particular expertise in building successful projects in developing countries. She was co-founder in 2007 of Citadel Resource Group Limited. As Managing Director & CEO, she listed the Company on the ASX through an IPO and managed the successful development of the Jabel Sayid copper project in Saudi Arabia before the company was acquired by Equinox Minerals in late 2010.

Other current listed company directorships
Chair of MetalBank Limited

Former listed company directorships in last 3 years
Ivanhoe Australia Limited (most recently as interim Managing Director, previously Non-Executive Director)
Citadel Resource Group Limited

Special responsibilities
Chair of the Remuneration Committee
Member of the Health, Safety, Environment and Community Committee

Ms Scotland is considered by the Board to have been an independent Director.

Kerry J Gleeson LLB (Hons), FAICD *Non-Executive Director*
Appointed as a Director 18 May 2015

Ms Gleeson has over 20 years extensive boardroom and senior management experience across Australia, UK and the US, in a variety of industries including mining, agriculture, chemicals, logistics and manufacturing. Ms Gleeson was admitted to practice as a lawyer of the Supreme Court of England and Wales in 1991 and in Victoria in 2001. She has significant expertise in major corporate finance and transactional matters, and in disciplined governance in Australian and international businesses. She was a member of the Group Executive at Incitec Pivot Limited for 10 years until late 2013, including as Company Secretary and General Counsel. Previously, she was a corporate finance and transactional partner in an English law firm, and also practiced as a senior lawyer at the Australian law firm, Ashurst.

Ms Gleeson is currently a Non-Executive Director of ASX listed McAleese Limited, and a member of its Audit, Business Risk and Compliance Committee. She is a Fellow of the Australian Institute of Company Directors.

Other current listed company directorships
McAleese Limited

Former listed company directorships in last 3 years
Nil

Special responsibilities
Chair of Remuneration Committee (from 1 July 2015)
Member of the Audit & Risk and Health, Safety, Environment & Community Committees

Ms Gleeson is considered by the Board to be an independent Director.

DIRECTORS' REPORT

David E J Moroney, BCom, FCA, FCPA, GAICD *Non-Executive Director*
Appointed as a Director 16 March 2015

Mr Moroney has strong skills in finance, strategic planning, governance, risk management and leadership, with more than 20 years' experience in senior corporate finance roles, including 15 years in the mining industry, and extensive international work experience.

Since 2013 he has been an independent non-executive director of Geraldton Fishermen's Co-operative Ltd, (the southern hemisphere's largest exporter of lobster) and chair of its Audit & Risk Management Committee, and since 2014, of WA Super, Western Australia's largest public offer superannuation fund (and a member of the Compliance & Risk Management, and Investment Committees).

In his executive career, Mr Moroney was the Chief Financial Officer of Australia's largest grain exporter Co-operative Bulk Handling Ltd (2009-2014); TSX and LSE listed copper and base metals miner First Quantum Minerals Ltd (2007-2009); chemicals and fertiliser producer Wesfarmers CSBP Ltd (2002-2003); and Indonesian gold and silver miner Aurora Gold Ltd (1993-1999).

He was Executive General Manager/Deputy CFO of Australia's then-largest gold miner Newmont Australia Ltd (previously Normandy Mining Ltd) (1999-2002), and a member of the Executive Management Team of conglomerate Wesfarmers Ltd (2003-2006) in its corporate office. A commerce graduate from the University of Melbourne, he is a Fellow of the Chartered Accountants Australia & New Zealand, a Fellow of CPA Australia, and a Graduate of the Australian Institute of Company Directors.

Other current listed company directorships
Nil

Former listed company directorships in last 3 years
Nil

Special responsibilities
Chair of the Audit & Risk Committee
Member of the Health, Safety, Environment & Community and Remuneration Committees

Mr Moroney is considered by the Board to be an independent Director.

Qualifications and experience of the Company secretary

Rowan Cole, B.Comm, CA, CIA, MBA, Grad. Dip AGC, Dip Inv Rel *Company Secretary*

Mr Cole joined St Barbara in 2010 as General Manager Corporate Services and was appointed as Deputy Company Secretary in 2012 and as Company Secretary in 2014.

He has over 25 years' experience across chartered accounting, retail banking, private and public companies. Mr Cole's experience includes external, internal and IT audit, risk management, customer service delivery, marketing, strategy formulation, execution and measurement, process and business improvement, financial and business reporting in senior roles including general manager, head of risk and compliance, chief audit executive and most recently prior to joining St Barbara as chief financial and risk officer of an ASX 300 company.

DIRECTORS' REPORT

Information on Executives

Robert S (Bob) Vassie, B. Mineral Technology Hons (Mining), GAICD, MAUSIMM *Managing Director and Chief Executive Officer*
Appointed as a Director 1 July 2014

Mr Vassie joined St Barbara as Managing Director and Chief Executive Officer in July 2014. He is a mining engineer with 30 years international mining industry experience. Prior to joining St Barbara, Mr Vassie was the Managing Director and CEO at Inova Resources Limited (formerly Ivanhoe Australia Limited) and has 18 years' experience in a range of senior management roles with Rio Tinto. He has particular experience in operations management, resource development strategy, mine planning, feasibility studies, business improvement, corporate restructuring and strategic procurement.

Garth Campbell-Cowan, B.Comm, Dip-Applied Finance & Investments, FCA *Chief Financial Officer*

Mr Campbell-Cowan is a Chartered Accountant with 30 years of experience in senior management and finance positions across a number of different industries. He was appointed to the position of Chief Financial Officer in September 2006 and is responsible for the Group's Finance function, covering financial reporting and accounting, treasury, taxation, business analysis, internal audit, capital management, procurement and information technology. Prior to joining St Barbara, he was Director of Corporate Accounting at Telstra and has held senior leadership roles with WMC, Newcrest Mining and ANZ.

Meetings of Directors

The number of meetings of Directors (including meetings of Committees of Directors), and the numbers of meetings attended by each of the Directors of the Company during the financial year was:

	Board (Scheduled)		Board (Supplementary)		Audit & Risk Committee		Remuneration Committee		Health, Safety, Environment & Community Committee	
	A	H	A	H	A	H	A	H	A	H
D Bailey	10	10	5	6	4	4	5	5	3	3
K Gleeson	2	2	1	1	1	1	2	2	1	1
D Moroney	4	4	2	2	1	1	2	2	1	1
T Netscher	10	10	6	6	4	4	3	3	3	3
I Scotland	2	5	3	6	-	-	1	2	1	1
B Vassie	10	10	5	6	-	-	-	-	3	3
C Wise	10	10	6	6	4	4	5	5	3	3

A = Number of meetings attended
H = Number of meetings held during the time the Director held office or was a member of the committee during the year

Directors' Interests

The relevant interest of each Director in the shares and rights over such instruments issued by the companies within the Group and other related bodies corporate as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, as the date of this report is as follows:

	Ordinary shares	Rights over ordinary shares
K Gleeson	-	-
D Moroney	100,000	-
T Netscher	-	-
R Vassie	1,769,053	4,062,500

No Directors have an interest in options over shares issued by companies within the Group.

DIRECTORS' REPORT

Remuneration report (Audited)

Introduction

This Remuneration Report describes the remuneration structure that applied for the 2015 financial year. The Report provides details of remuneration paid for the 2015 financial year to Directors and the senior executives named in this report with the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, collectively referred to as Key Management Personnel.

Overview of contents

1. Remuneration strategy
2. Key changes since 2014 Remuneration Report
3. Decision making authorities for remuneration
4. Remuneration structure
5. Group performance
6. Remuneration paid 2015

1. Remuneration Strategy

The Group's remuneration strategy recognises that it needs to attract, reward and retain high calibre, high performing, and team orientated individuals capable of delivering the Group strategy. The remuneration policy and related employment policies and practices are aligned with this strategy.

The objectives of the Remuneration strategy for the 2015 financial year, consistent with the Group strategy, were to ensure that:

- total remuneration for senior executives and each level of the workforce was market competitive
- key employees were retained
- total remuneration for senior executives and managers comprised an appropriate proportion of fixed remuneration and performance linked at risk remuneration
- performance linked at risk remuneration encouraged and rewarded high performance aligned with value creation for shareholders, through an appropriate mix of short and long term incentives
- the integrity of the remuneration review processes delivered fair and equitable outcomes
- remuneration for Non-Executive Directors preserved their independence by being in the form of fixed fees.

The remuneration strategy, policy and structure are directly linked to the development of strategies and budgets in the Group's annual planning cycle shown in the timetable below.

Annual Planning Timetable

Month	Strategy & Reporting	Remuneration
October	Annual strategy update	
January		Review STI & LTI design framework
February	Half Year Financial Report	
April	Budget setting framework	Set Remuneration review framework
July		Measure STI outcomes and determine award Measure LTI outcomes and action any vested entitlements
August	Annual Financial Report	Set STI targets for following financial year
October	Annual Report	
November	Annual General Meeting	Shareholder approval of LTI to be issued to MD&CEO

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

2. *Key changes since 2014 Remuneration Report*

Non-Executive Director Remuneration

Director fees were last increased on 1 July 2012 and were reduced by 10% from 1 March 2014. The quantum of Directors fees has been constant since 1 March 2014, and the Board has resolved not to change Director fees for FY16.

The number of Non-Executive Directors as at the time of release of the Remuneration Report has reduced as follows:

- 2013 Remuneration Report 5
- 2014 Remuneration Report 4
- 2015 Remuneration Report 3

Significant Board renewal has occurred in the last year. Of the five Directors in office at 27 August 2014 when the 2014 Remuneration Report was released, only two remain in office at the date of this report.

Directors in office at date of 2014 Remuneration Report		Directors in office at date of 2015 Remuneration Report	
S J C Wise	Non-Executive Chairman	T C Netscher	Non-Executive Chairman
R S Vassie	Managing Director & CEO	R S Vassie	Managing Director & CEO
D W Bailey	Non-Executive Director	K J Gleeson	Non-Executive Director
T C Netscher	Non-Executive Director	D E J Moroney	Non-Executive Director
I L Scotland	Non-Executive Director		

Senior Executive Remuneration

The Managing Director and CEO, Mr Bob Vassie, commenced with the Company on 1 July 2014 on a fixed remuneration of approximately 20% less than his predecessor. The quantum of the allocation of performance rights to the Managing Director and CEO under the FY15 LTI was reduced by 25% from the prior year.

In addition, there was no increase to senior executive remuneration during the 2015 financial year.

The number of senior executives as at the time of release of the Remuneration Report has reduced as follows:

- 2013 Remuneration Report 6 (MD & CEO, CFO, 4 Executive General Managers)
- 2014 Remuneration Report 3 (MD & CEO, CFO, 1 Executive General Manager)
- 2015 Remuneration Report 2 (MD & CEO, CFO)

3. *Decision making authorities for remuneration*

Remuneration strategy and policies are approved by the Board. They are aligned with, and underpin, the Group strategy. On behalf of the Board, the Remuneration Committee oversees and reviews the effectiveness of the remuneration strategy, policies and practices to ensure that the interests of the Group, shareholders and employees are properly taken into account. The charter for the Remuneration Committee is approved by the Board and is available on the Group's website at www.stbarbara.com.au.

The Remuneration Committee is responsible for making recommendations to the Board on all aspects of remuneration arrangements for Non-Executive Directors, the Managing Director and CEO, and the senior executives named in this report with the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, collectively referred to as Key Management Personnel.

In addition, the Remuneration Committee oversees and reviews proposed levels of annual organisation remuneration increases and key employee related policies for the Group. It also receives reports on organisation capability and effectiveness, skills, training and development and succession planning for key roles.

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

The members of the Remuneration Committee are all independent, Non-Executive Directors and as at the date of this report comprised:

K Gleeson - Chair of Committee, Non-Executive Director

D Moroney - Non-Executive Director

T Netscher - Non-Executive Chairman

During the 2015 financial year, Ms Ines Scotland was Chair of the Remuneration Committee until her resignation as a Director on 26 January 2015. Mr Colin Wise was then Chair of the Remuneration Committee until 23 February 2015 and Mr Tim Netscher was then Chair of the Remuneration Committee until his appointment as Non-Executive Chairman on 1 July 2015. Mr Moroney was appointed to the Remuneration Committee on 16 March 2015. Ms Kerry Gleeson was appointed to the Remuneration Committee on 18 May 2015, and appointed as Chair of the Remuneration Committee on 1 July 2015.

In forming remuneration recommendations, the Remuneration Committee obtains and considers each year industry specific independent data and professional advice as appropriate. All reports and professional advice relating to the Managing Director and CEO's remuneration are commissioned and received directly by the Committee. The Committee reviews all other contracts with remuneration consultants and directly receives the reports of those consultants.

The Remuneration Committee has delegated authority to the Managing Director and CEO for approving remuneration recommendations for employees other than Key Management Personnel, within the parameters of approved Group wide remuneration levels and structures.

4. *Remuneration structure*

(a) Non-Executive Directors

Non-Executive Directors' fees are reviewed annually by the Board to ensure fees are appropriate to reflect the responsibilities and time commitments required of Non-Executive Directors and to ensure that the Group continues to attract and retain Non-Executive Directors of a high calibre. The Board seeks the advice of, and is guided by, specialist independent remuneration consultants in this process. Currently Non-Executive Directors' fees are compared with those of comparatively sized companies.

In order to maintain their independence and impartiality, the fees paid to Non-Executive Directors are not linked to the performance of the Group. Non-Executive Directors are not directly involved in the day to day management of the Group.

Superannuation contributions, in accordance with legislation, are included as part of each Director's total remuneration. Directors may elect to increase the proportion of their remuneration taken as superannuation subject to legislative limits. Non-Executive Directors are not entitled to retirement benefits, bonuses or equity based incentives.

The maximum aggregate amount payable to all Non-Executive Directors is approved by shareholders. This is currently $1,200,000 per annum in aggregate, approved by shareholders at the Annual General Meeting in November 2012. Within that amount, the basis and level of fees paid to Non-Executive Directors is set by the Board, and reported to shareholders each year, as detailed in Section 6 of this report.

(b) Senior Executive Remuneration

The Group operates a performance based remuneration system through which the remuneration of senior executives is linked to the financial and non-financial performance of the Group, including its share price.

Under the remuneration system the amount of performance linked at risk remuneration relative to an employee's total remuneration increases in line with the seniority of the role of that employee. This reinforces the linkage between personal and Group performance and achievement of the Group's business strategy and creation of shareholder wealth.

The reward structures for the Group's senior executives are strongly aligned with shareholders' interests by:

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

- recognising the contribution of each senior executive to the achievement of the Group's strategy and business objectives
- rewarding high individual performance
- being market competitive to attract and retain high calibre individuals
- ensuring that equity based remuneration through the long term incentive plan is based on a number of outperformance measures over a three year period.

To achieve these objectives, remuneration for senior executives is comprised of fixed remuneration and performance linked at risk remuneration. The at risk component is comprised of separate short term and long term incentives in which the former are linked to specific personal and corporate or business unit objectives and the latter are linked to long term strategic corporate objectives. Both provide a direct connection between achievement of targets which drive Group performance and shareholder wealth, with personal remuneration. The mix of fixed and at risk remuneration varies according to the role of each senior executive, with the highest level of at risk remuneration applied to those roles that have the greatest potential to influence and deliver Group outcomes and drive shareholder wealth.

The mix of fixed and at risk remuneration for senior executives for 2015 is as follows:

Seniority	Fixed remuneration	At risk remuneration		Total remuneration
		STI (1)	LTI (2)	
Level 6 (CEO)	45%	22%	33%	100%
Level 5 (Exec GM)	50%	20%	30%	100%

(1) The STI value shown is at "target" performance. Target is the mid-point in a range of 0-200% for the rated performance of each individual. Less than target performance will result in less than the target allocation, potentially down to zero, and significant outperformance can theoretically lead to two times the target allocation.

(2) The LTI allocation is fixed at grant, but the proportion of the grant that vests, if any, is subject to performance measurement under the relevant LTI plan. See details in Section 6.

(i) Fixed Remuneration = Base salary + superannuation + benefits

Fixed remuneration for each senior executive role is reflected against prevailing comparable market rates, to ensure that the Group is able to attract and retain a talented and capable workforce appropriate to meet its current and anticipated needs.

For senior executives, fixed remuneration = base salary + superannuation + benefits.

The base salary for each senior executive is influenced by the nature and responsibilities of the role, the knowledge, skills and experience required for the position, and the Group's need to compete in the market place to attract and retain the right person for the role.

Each senior executive undergoes an annual performance appraisal as part of the Group's work performance system, in which individual and Group performance is assessed in detail against pre-determined measures. The performance appraisal for each senior executive is assessed by the Managing Director and CEO and reported to the Remuneration Committee and subsequently to the Board for review, including recommended remuneration outcomes that flow from that appraisal. The performance appraisal for the Managing Director and CEO is undertaken by the Chairman, reported to the Remuneration Committee and subsequently to the Board, for review.

In addition to statutory superannuation contributions, senior executives may elect to contribute additional amounts, subject to legislative limits.

Senior executives may receive benefits, including car parking and payment for certain professional memberships.

(ii) Performance Linked Remuneration - Short term incentives (STI)

The STI is an annual "at risk" component of remuneration for senior executives. It is payable based on performance against key performance indicators (KPIs) set at the beginning of the financial year. STIs are structured to remunerate senior executives for achieving annual Group targets as well as their own individual performance targets designed to favourably impact the business, which are weighted on an equal (50:50) basis at target. The proportion of the STI earned is calculated by multiplying the average result of the Group targets with the average result of an individual's performance targets, where target performance equals one. Group and individual targets are established by reference to the Group Strategy. The net amount of any STI after allowing for applicable taxation, is payable in cash.

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

For 2015, the calculation of STI earned can be summarised as follows:

STI earned = STI value at risk x (average result of Group STI targets x average result of Individual STI targets), where target performance = 1.

For each KPI there are defined "threshold", "target" and "stretch" measures which are capable of objective assessment.

Threshold performance typically requires achievement of the full year budget for quantifiable measures such as safety, profitability, cash generation, as well as the achievement of criteria set as near term goals linked to the annual strategy review.

Target performance represents challenging but achievable levels of performance beyond achievement of budget measures. For example, the 2015 financial year STI target for gold production for Leonora was set at 104% of the corresponding midpoint of guidance.

Stretch performance requires significant performance above and beyond normal expectations and if achieved is anticipated to result in a substantial improvement in key strategic outcomes, operational or financial results, and/or the business performance of the Group.

The Remuneration Committee is responsible for recommending to the Board senior executive STIs and then later assessing the extent to which the Group STI measures and the individual KPIs of the senior executives have been achieved, and the amount to be paid to each senior executive. To assist in making this assessment, the Committee receives detailed reports and presentations on the performance of the business from the Managing Director & CEO and independent remuneration consultants as required. The Board retains overall discretion on whether an STI should be paid in any given year.

Details of the FY15 STI are set out in Section 6 of this report.

(iii) Performance Linked Remuneration - Long term incentives (LTI)

LTIs are structured to reward senior executives for the long term performance of the Group relative to its peers. For 2015, LTIs were granted in the form of Performance Rights according to the St Barbara Performance Rights Plan which was approved at the 2010 Annual General Meeting.

In considering the LTI awards for the 2015 financial year ("FY15 Performance Rights"), the Board considered the trend towards deferring a portion of the award. Unlike other industries where matching revenues and expenses may have long lead times, the gold industry is such that gold produced is sold at arm's length within a matter of days from production. Revenue and expenses are then recorded. The industry characteristics supporting a look back testing of prior year performance awards do not carry, in the opinion of the Board, the same weight in our industry.

Vesting conditions of each tranche of Performance Rights issued are approved by the Board and set out in the relevant Notice of Annual General Meeting. The vesting conditions of the FY15 Performance Rights comprised measures for:

- total shareholder return
- return on capital employed in excess of the weighted average cost of capital, as a measure of capital efficiency and generation of shareholder value.

Performance rights expire on the earliest of their expiry date, immediately upon the effective resignation date of the relevant senior executive or twelve months from the date of retirement or retrenchment.

Performance rights granted under the plan carry no dividend or voting rights. On vesting each performance right is convertible into one ordinary share.

Details of the FY15 Performance Rights are set out in Section 6 of this report.

(iv) Summaries of service agreements for senior executives

Remuneration and other terms of employment for the Managing Director and CEO and the senior executives are formalised in service agreements. These agreements provide, where applicable, for the provision of performance related cash payments, other benefits including allowances, and participation in the St Barbara Limited Performance Rights Plan. Other major provisions of the agreements relating to remuneration are set out below.

All contracts with senior executives may be terminated early by either party giving the required notice and subject to termination payments as detailed below.

All service agreements with senior executives, including with the Managing Director and CEO comply with the provisions of Part 2 D.2, Division 2 of the Corporations Act.

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

R S Vassie – Managing Director and CEO (from 1 July 2014)

1. Term of agreement – permanent employee, commenced 1 July 2014.
2. Other than for serious misconduct or serious breach of duty, the Company or Mr Vassie may terminate employment at any time with 6 months' notice.

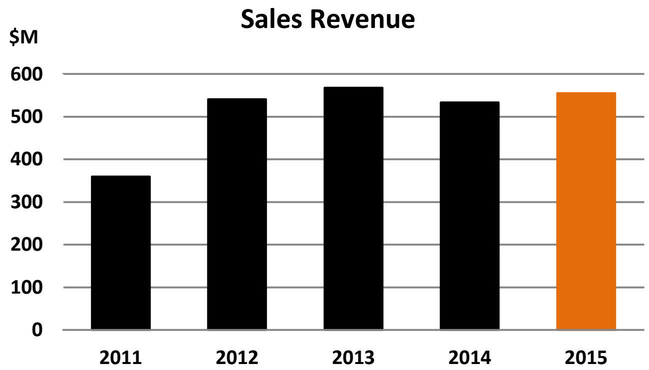
The other senior executive is a permanent employee, entitled to payment of a termination benefit on early termination by the Company, other than for gross misconduct or for poor performance as judged by the Company in its absolute discretion, equal to 6 months total fixed remuneration. Each senior executive may terminate employment at any time with 6 weeks' notice.

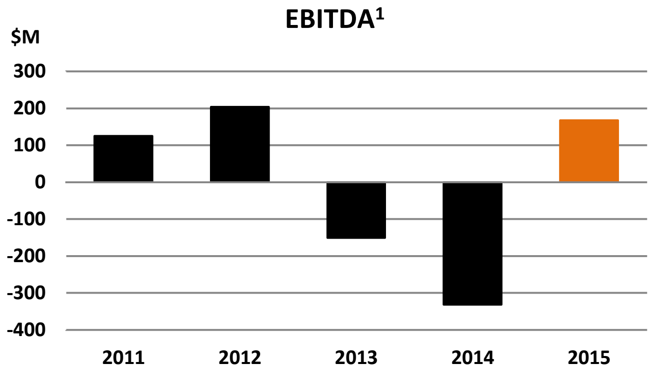
5. Group Performance

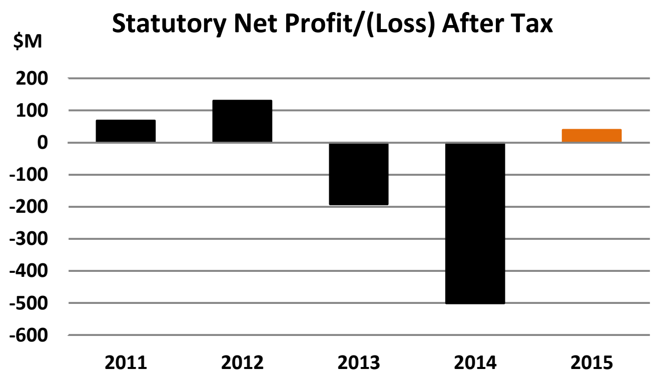
The Board has regard to the overall performance of the Company over a number of years in assessing and ensuring proper alignment of the performance linked "at risk" remuneration framework to deliver fair and proper outcomes consistent with the Company's performance.

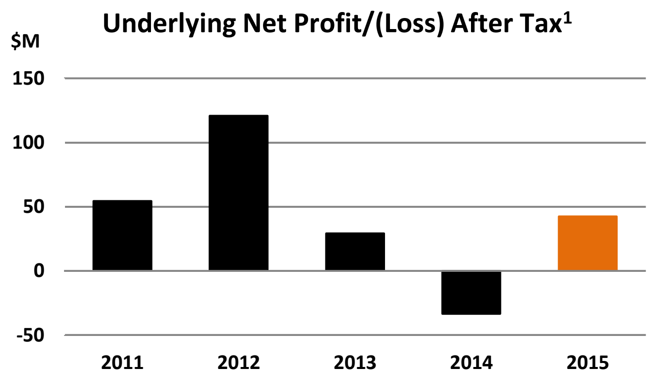
In assessing the Company's performance and improvement in shareholder wealth, consideration is given to the following measures in respect of the current financial year and the previous four financial years.

Earnings	2011 $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000
Sales revenue	359,575	541,189	568,443	533,828	552,581
EBITDA	125,538	204,034	(150,628)	(331,634)	167,557
Statutory net profit/(loss) after tax	68,629	130,230	(191,854)	(500,831)	39,682
Underlying net profit/(loss) after tax*	54,431	120,920	29,285	(33,526)*	42,402
* restated to exclude discontinued operations.					





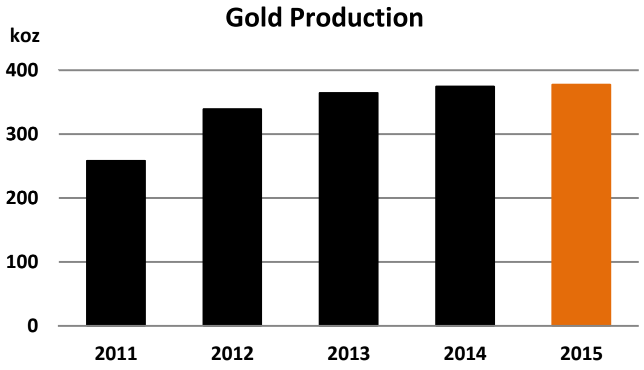




1 Underlying net profit after tax is statutory net profit after tax less significant items. EBITDA is earnings before interest revenue, finance costs, depreciation and amortisation and income tax expense, and includes revenues and expenses associated with discontinued operations. These are non-IFRS financial measures 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.

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

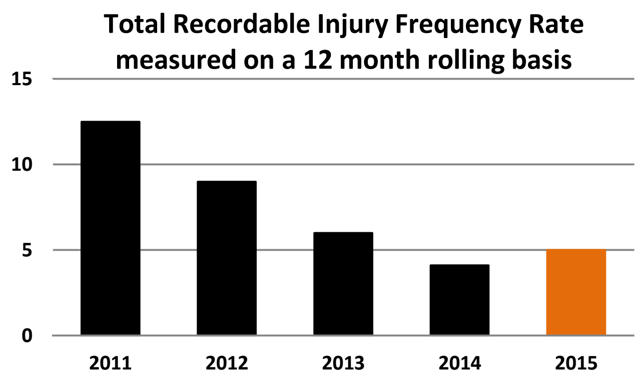


The table below provides the share price performance of the Company's shares in the 2015 financial year and the previous four financial years.

Share price history	2011	2012	2013	2014	2015
Period end share price ($ per share)	1.96	1.77	0.45	0.115	0.57
Average share price for the year ($ per share)	2.16	2.12	1.35	0.38	0.21

During the 2015 financial year, the Company's daily closing share price ranged between $0.072 to $0.585 per share (2014: $0.115 to $0.93 per share).

The Company's primary measure of safety performance is the rolling 12-month average of the Total Recordable Injury Frequency Rate. The FY15 result compares favourably with published mining industry TRIFR information.



6. Remuneration paid 2015

Details of the remuneration of Key Management Personnel of the Company during the year ended 30 June 2015 are set out in the following tables.

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

2015	Short-term benefits				Post- employment benefits	Long-term benefits					
Name	Cash salary & fees $	STI payment $	Non-monetary benefits[3] $	Other $	Super-annuation $	Leave[1] $	Share-based payments[2] $	Termination payments $	Total $	Proportion of total performance related	Value of share based payments as % of total
Non-Executive Directors											
S J C Wise (Chairman)[9]	204,417	-	24,946[4]	-	18,783	-	-	-	248,146	-	-
D W Bailey[8]	106,348	-	-	-	10,103	-	-	-	116,451	-	-
K J Gleeson [5]	12,478	-	-	-	1,185	-	-	-	13,663	-	-
D E J Moroney [6]	28,177	-	-	-	2,677	-	-	-	30,854	-	-
T C Netscher [10]	109,298	-	-	-	10,383	-	-	-	119,681	-	-
I L Scotland [7]	60,411	-	-	-	5,739	-	-	-	66,150	-	-
Total Non-Executive Directors	**521,129**	**-**	**24,946**	**-**	**48,870**	**-**	**-**	**-**	**594,945**		
Executive Director											
R S Vassie [13]	631,217	447,200	64,303	100,000[14]	18,783	52,558	41,717	-	1,355,778	33.0%	10.5%
Senior Executives											
G Campbell-Cowan	468,922	234,879	5,417	-	18,783	43,493	41,908	-	813,402	28.9%	5.2%
R Kennedy[11]	92,081	-	-	-	4,696	11,079[15]	-	236,052	343,908	-	-
K Romeyn[12]	144,035	-	-	-	9,392	7,083[15]	-	220,175	380,685	-	-
Total Senior Executives	**1,336,255**	**682,079**	**69,720**	**100,000**	**51,654**	**114,213**	**83,625**	**456,227**	**2,893,773**		

(1) For current employees, the amount represents long service leave and annual leave entitlements.
(2) The value of performance rights disclosed as remuneration is the portion of the fair value of the performance rights recognised in the reporting period
(3) For executive Key Management Personnel, non-monetary benefits comprise car parking, professional memberships and living away from home travel expenses.
(4) Represents car parking, mobile phone, and other administrative benefits
(5) Mrs Gleeson appointed as a Director on 18 May 2015
(6) Mr Moroney appointed as a Director on 16 March 2015
(7) Ms Scotland resigned as a Director 26 January 2015. Ms Scotland has directed for her fees to be paid to nominated charities
(8) Mr Bailey resigned as a Director on 30 June 2015
(9) Mr Wise resigned as Non-Executive Chairman on 30 June 2015
(10) Mr Netscher appointed as Non-Executive Chairman 1 July 2015
(11) Mr Kennedy's role was made redundant on 28 March 2014 and he ceased employment 30 September 2014.
(12) Ms Romeyn's role as Executive General Manager People and Business Services was made redundant on 28 November 2014.
(13) Mr Vassie appointed as MD & CEO on 1 July 2014
(14) 833,333 shares issued to the Managing Director and CEO on 8 December 2014 (AGM resolution 4)
(15) In addition to the leave expense accrued in the year, R.Kennedy and K.Romeyns' outstanding leave balances of $134,164 and $97,712 respectively were paid on termination

DIRECTORS' REPORT

Remuneration report (Audited) - Continued

2014	Short-term benefits				Post- employment benefits	Long-term benefits					
Name	Cash salary & fees $	STI payment $	Non-monetary benefits[4] $	Other $	Super-annuation $	Leave[1] $	Share-based payments[2] $	Termination payments $	Total $	Proportion of total performance related	Value of share based payments as % of total
Non-Executive Directors											
S J C Wise (Chairman)	221,958	-	12,733[3]	-	17,775	-	-	-	252,466	-	-
D W Bailey	111,508	-	-	-	10,314	-	-	-	121,822	-	-
P C Lockyer [5]	85,559	-	-	-	7,914	-	-	-	93,473	-	-
R K Rae [6]	76,909	-	-	-	7,114	-	-	-	84,023	-	-
E A Donaghey [7]	103,524	-	-	-	9,576	-	-	-	113,100	-	-
I L Scotland [8]	80,163	-	-	-	7,415	-	-	-	87,578	-	-
T C Netscher [9]	38,444	-	-	-	3,556	-	-	-	42,000	-	-
Total Non-Executive Directors	**718,065**	**-**	**12,733**	**-**	**63,664**	**-**	**-**	**-**	**794,462**		
Executive Director											
T J Lehany [10]	869,465	-	1,933	-	17,775	13,836	158,940	-	1,061,949	-	15.0%
Senior Executives											
G Campbell-Cowan	469,930	-	1,933	-	17,775	10,573	101,199	-	601,410	-	16.8%
A Croll [11]	307,812	-	1,620	-	11,850	44,794	55,554	199,827	621,457	-	8.9%
R Kennedy	276,997	-	2,101	-	13,331	69,890	41,493	-	403,812	-	10.3%
K Romeyn	343,530	-	-	-	17,775	9,847	60,796	-	431,948	-	14.1%
P Uttley [12]	238,754	-	1,769	-	11,850	93,327	44,388	252,722	642,810	-	6.9%
Total Senior Executives	**2,506,488**	**-**	**9,356**	**-**	**90,356**	**242,267**	**462,370**	**452,549**	**3,763,386**		

(1) For current employees, the amount represents long service leave and annual leave entitlements.
(2) The value of performance rights disclosed as remuneration is the portion of the fair value of the performance rights recognised in the reporting period
(3) Represents car parking, mobile phone, and other administrative benefits
(4) For executive Key Management Personnel, non-monetary benefits comprise car parking, professional memberships
(5) Mr Lockyer resigned as a Director on 31 March 2014
(6) Mr Rae resigned as a Director on 28 February 2014
(7) Ms Donaghey resigned as a Director on 30 June 2014
(8) Ms Scotland appointed as a Director on 30 September 2013. Ms Scotland has directed for her fees to be paid to nominated charities
(9) Mr Netscher appointed as a Director on 17 February 2014
(10) Mr Lehany resigned as a Director and ceased as MD & CEO on 30 June 2014 and , subject to certain conditions, is entitled to a termination settlement amount of $275,132 (plus statutory accrued leave entitlements) payable upon completion on 31 August 2014.
(11) Mr Croll ceased as Chief Operation Officer on 29 January 2014
(12) Mr Uttley's role was made redundant on 7 February 2014

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

(a) Non-Executive Directors Fees

Director fees were last increased effective 1 July 2012. Non-Executive Director fees for the 2015 financial year were determined, both as to their composition (for base fees and committee work) and overall level, based on information from Aon Hewitt McDonald.

As part of Group wide cash management measures, Non-Executive Directors fees were reduced by 10% effective from 1 March 2014. The increase in statutory superannuation from 1 July 2014 was absorbed within the existing level of Directors fees.

Directors resolved not to increase individual Director fees for financial year 2016. Director fees comprise:

- Director fees of $90,000
- an allowance for chairing a Board Committee of $15,750
- a fee for serving as a member of a Board Committee of $7,650
- Chairman's fee of $223,200 (inclusive of all Board Committee commitments). The Chairman's fee was determined independently, based on roles and responsibilities in the external market for companies comparable with St Barbara Limited. The Chairman was not present at any discussions relating to the determination of his own remuneration.

(b) Senior Executive Remuneration

(i) Fixed Remuneration - Base salary

In considering remuneration for senior executives for the 2015 financial year, the Remuneration Committee considered reports from Aon Hewitt McDonald, as well as industry trend data and other relevant remuneration information. There was no increase in fixed remuneration for senior executives in the 2015 financial year.

(ii) Performance Linked Remuneration Five Year History

Performance Linked Remuneration	2011	2012	2013	2014	2015
% of maximum potential STI earned	14%	92%	40%	0%	66%
% of maximum potential LTI earned	0%	0%	0%	0%	0%

(ii) Performance Linked Remuneration - Short term incentives (STI)

The Board has discretion whether to pay an STI in any given year, irrespective of whether Company and Individual STI targets have been achieved. In FY14 the Board applied its discretion not to award an STI to senior executives.

The Company STI target measures for the 2015 financial year were equally weighted and comprised:

	STI Target	Weighting	Result	% of Target achieved
(a)	Achieve Total Recordable Injury Frequency Rate of 4.5	33%	TRIFR of 5.0 achieved, within target range	83%
(b)	Achieve gold production from Leonora of 266,000 ounces	33%	297,814 ounces produced, above upper threshold of target range	125%
(c)	Achieve gold production from Simberi of 91,000 ounces	33%	79,568 ounces produced, at lower threshold of target range	50%
(d)	Discretionary factor determined by the Board, designed to take into account unexpected events and achievements during the year	-	Discretion not applied	n/a
	Overall Company Performance			86%

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

Individual performance measures varied according to the individual senior executive's responsibilities, and for the 2015 financial year reflected a range of achievements aligned with the Company strategy. These included measures relating to improving safety, specific integration activities, increasing production volumes and lowering production costs, achieving exploration discoveries and implementing business improvement systems. There was also provision for a discretionary factor for individual performance designed to take into account unexpected events and achievements during the year.

The table below describes the Short Term Incentives available to, and achieved by, executive Key Management Personnel during the year. Amounts shown as "Actual STI" represent the amounts accrued in relation to the 2015 financial year, based on achievement of the specified performance criteria. No additional amounts vest in future years in respect of the STI scheme for the 2015 financial year.

2015	Maximum potential STI		Actual STI included in remuneration	% of maximum 'Target' STI earned	% of maximum potential total STI earned	% of maximum potential total STI foregone
	Target $	Stretch[1] $	$			
R S Vassie	325,000	650,000	447,200	138%	69%	31%
G Campbell-Cowan	195,082	390,164	234,879	120%	60%	40%

(1) Inclusive of STI "Target"

- *Performance Linked Remuneration - Long term incentives (LTI)*

FY 13 Performance Rights ended 30 June 2015

The vesting period for the FY13 Performance Rights ended on 30 June 2015. The criteria for the FY13 Performance Rights were published in the Notice of 2012 Annual General Meeting, and comprised of three equally weighted performance measures over the 3 year period from 1 July 2012 to 30 June 2015 being:

- Relative Total Shareholder Return
- Increase in Ore Reserves
- Return on Capital Employed.

The comparator group of companies for the FY13 Performance Rights comprises:

Company	
Kingsgate Consolidated Limited	Kingsrose Mining Limited
Ramelius Resources Limited	Medusa Mining Limited
CGA Mining Limited	Evolution Mining Limited
Saracen Mineral Holdings Limited	Regis Resources Limited
Silver Lake Resources Limited	OceanaGold Corporation
Northern Star Resources Ltd	Tanami Gold NL
Focus Minerals Ltd	

The result of the Relative TSR of the FY13 Performance Rights for the period 1 July 2012 to 30 June 2015 was:

Relative TSR Performance	Percentage of Performance Rights to vest	Result
Below 50th percentile	0%	St Barbara ranked at the 46th percentile for the period, below the 50th percentile RTSR threshold
50th percentile	50%	
Between 50th & 75th percentiles	Pro-rata between 50% & 100%	
75th percentile and above	100%	

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

Increase in Ore Reserves (net of production)	Percentage of Performance Rights to vest	Result
Negative growth	0%	St Barbara reported negative growth in Ore Reserves for the period, below the 'depletion replaced' threshold
Depletion replaced	50%	
20% increase	100%	

ROCE	Percentage of Performance Rights to vest	Result
Less than or equal to the average annual weighted average cost of capital (**WACC**) over the three year period commencing on 30 June 2012	0%	St Barbara achieved negative ROCE for the period, below the 'WACC +5%' threshold
WACC (calculated as above) + 5%	50%	
WACC (calculated as above) + 10%	100%	

None of the remaining FY13 Performance Rights granted in respect of the FY13 year vested as at 30 June 2015, as they did not meet the minimum performance criteria.

<u>Performance Rights granted as compensation in 2015.</u>

FY15 Performance Rights

Performance rights issued in 2015 ('FY15 Performance Rights') were granted under the St Barbara Limited Performance Rights Plan approved at the 2010 Annual General Meeting, and details of the performance conditions were set out in the Notice of 2014 Annual General Meeting. Performance rights issued to Mr Vassie, Managing Director & CEO, were also approved by shareholders at the 2014 Annual General Meeting.

Key Features of FY15 Performance Rights

Vesting conditions	Performance conditions for the three year period commencing 1 July 2014 to 30 June 2017 as set out below, relating to: • Relative Total Shareholder Returns (67% weighting); and • Return on capital employed in excess of the weighted average cost of capital (33% weighting).
Other conditions	Include continuing employment
Issue price	10 day VWAP at start, 30 June 2014, $0.12
Vesting date	30 June 2017

Details of FY15 Performance Rights

The vesting of performance rights granted in respect of the FY15 Performance Rights is subject to continuing employment as at the vesting date of 30 June 2017, and satisfying performance conditions measured over a three year vesting period from 1 July 2014 to 30 June 2017 as set out below.

(i) *Performance rights pricing*

The issue price of the performance rights is based on the 10 day volume weighted average price (VWAP) on the ASX of the Company's share price up to, and including, the last business day of the financial period immediately preceding the period that the performance rights relate to.

FY15 Performance Rights are priced at $0.12 per right, based on the 10 day VWAP up to and including 30 June 2014.

(ii) *Performance conditions*

The performance conditions for FY14 Performance Rights will be measured over a three year vesting period ending on 30 June 2017. Vesting conditions include continuing employment as at the vesting date of 30 June 2017 and satisfying conditions relating to:

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

- Relative Total Shareholder Returns (67% weighting); and
- Return on Capital Employed in excess of the weighted average cost of capital (33% weighting).

(iii) Percentage of relevant total fixed remuneration offered as LTIs for the 2015 financial year

Managing Director and Chief Executive Officer	75%
Executive General Managers	60%
General Managers	45%

The Board has the discretion to vary the relevant percentage each year, having regard to external advice and / or relevant market benchmarks.

(iv) An example of how performance rights are calculated for the 2015 financial year (assuming the maximum award level) is set out below:

Executive Level 5 Total Fixed Remuneration (TFR)	$400,000 (for illustration only)
LTI award value 60% of TFR	$240,000 (i.e. 60% of TFR)
Performance rights issue price (10 day VWAP)	$0.12
Performance rights to be granted ($240,000 ÷ $0.12)	2,000,000

(v) Relative TSR

The Relative Total Shareholder Return (Relative TSR) is measured against a defined peer group of companies which the Board considers compete with the Company for the same investment capital, both in Australia and overseas, and which by the nature of their business are influenced by commodity prices and other external factors similar to those that impact on the TSR performance of the Company.

The comparator group of companies for FY15 Performance Rights comprises:

Company	
Kingsgate Consolidated Limited	Kingsrose Mining Limited
Ramelius Resources Limited	Medusa Mining Limited
CGA Mining Limited	Evolution Mining Limited
Saracen Mineral Holdings Limited	Regis Resources Limited
Silver Lake Resources Limited	OceanaGold Corporation
Northern Star Resources Ltd	Tanami Gold NL
Focus Minerals Ltd	

At the discretion of the Board, the composition of the comparator group may change from time to time.

TSR measures the growth for a financial year in the price of shares plus cash distributions notionally reinvested in shares. Company and comparator TSR performances are measured using the 10 day VWAP calculation up to, and including, the last business day of the financial period immediately preceding the period that the performance rights relate to, and in determining the closing TSR performances at the end of the three year period. Relative TSR performance is calculated at a single point in time and is not subject to re-testing. Where a comparator company ceases to be listed on the ASX during the vesting period, the corresponding TSR is adjusted, taking into account the period the ceasing company was listed and the average TSR of the remaining comparator companies.

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

The proportion of the FY15 Performance Rights that vest will be influenced by the Company's TSR relative to the comparator group over the three year vesting period commencing 1 July 2014 and ending 30 June 2017 as outlined below:

Relative TSR Performance	% Contribution to the Number of Performance Rights to Vest
Below 50th percentile	0%
50th percentile	50%
Between 50th & 75th percentiles	Pro-rata from 50% to 100%
75th percentile and above	100%

(vi) Return on Capital Employed (ROCE)

The proportion of the FY 15 Performance Rights that vest will be influenced by the ROCE achieved by the Company over the three year vesting period commencing 1 July 2014 and ending 30 June 2017 as outlined below:

Return on Capital Employed (ROCE)	% Contribution to the Number of Performance Rights to Vest
Less than or equal to the average annual weighted average cost of capital (WACC) over the three year period ending on 30 June 2017	0%
WACC (calculated as above) + 3%	50%
WACC (calculated as above) + 7%	100%

(vii) Example of calculation of the number of FY15 Performance Rights to vest

Assuming the following measures over the three year vesting period ending 30 June 2017:

- Relative TSR: 70%
- ROCE WACC + 4%

then the following proportion of performance rights will vest:

(a) *Relative TSR*
Weighting: 67%
Actual score: 70th percentile
Calculation: 50% (for achieving the 50th percentile)
+ ((70% - 50%) ÷ (75% - 50%)) x (100% - 50%)
= 90%

(b) *Return on Capital Employed (ROCE)*
Weighting: 33%
Actual ROCE: WACC + 4%
Calculation: 50% (for achieving the 50th percentile)
+ ((4% - 3%) ÷ (7% - 3%)) x (100% - 50%)
= 62.5%

(c) *Combined score*
(90% + 67%) + (62.5% x 33%) = 80.9%

Using the above example of an senior executive being issued with 2,000,000 performance rights based on the above 80.9% combined score, 1,618,000 (=80.9% x 2,000,000) performance rights would vest.

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

Performance Rights granted in 2015

Details on performance rights over ordinary shares in the Company that were granted as remuneration to each key management person and details of performance rights that vested in the 2015 financial year are as follows:

2015	Number of performance rights granted during 2015	Issue price per performance right	Grant date	Expiry date	Fair value per performance right at grant date ($ per share)[(1)]	Number of performance rights vested during FY2015
R S Vassie	4,062,500	$0.12	9 Dec 2014	30 Jun 2017	$0.05	-
G Campbell-Cowan	2,438,525	$0.12	5 Dec 2014	30 Jun 2017	$0.05	-

(1) The fair value of performance rights at grant date was determined using a Black-Scholes valuation to which a Monte Carlo simulation was applied to determine the probability of the market conditions associated with the rights being met. This methodology complied with the requirements of Australian Accounting standard AASB 2 *Share Based Payments*.

Performance Rights On Issue

The number of rights over ordinary shares in the Company held directly, indirectly or beneficially during the financial year by each key management person, including their related parties, are set out below:

2015	Held at 1 July 2014	Granted as compensation	Exercised during the year	Other changes during the year	Held at 30 June 2015 [(1)]
R S Vassie	-	4,062,500	-	-	4,062,500
G Campbell-Cowan	736,826	2,438,525	-	(139,636)	3,035,715
K Romeyn	543,763	-	-	(543,763)	n/a

(1) The vesting of performance rights held at 30 June 2015 is subject to future performance conditions.

(2) Ms Romeyn's role as EGM People and Business Services was made redundant on 28 November 2014

Valuation of Performance Rights

The assessed fair value at the grant date of performance rights is allocated equally over the period from grant date to vesting date. Fair values at grant date are based on the prevailing market price on the date the performance right is granted.

A Monte Carlo simulation is performed to determine the probability of the market conditions associated with the performance rights being met. The probability estimated by the Monte Carlo simulation is then applied to the fair value. For performance rights issued during the year ended 30 June 2015 (FY15 Performance Rights), taking into account the impact of the market condition (as discussed above), the estimated fair value was, for accounting purposes, $0.05.

Further information on performance rights is set out in Note 34 to the Financial Statements.

DIRECTORS' REPORT

Remuneration Report (Audited) - Continued

Share holdings

The numbers of shares in the Company held directly, indirectly or beneficially during the year by each key management person, including their related parties, are set out below. Other than 833,333 shares issued to the Manager Director and CEO (as approved at the 2014 AGM), there were no shares granted during the year as compensation.

Name	Note	Balance at the start of the year	Performance rights vested	Purchased	Sold	Other changes	Balance at the end of the year
Non-Executive Directors							
S J C Wise	(1)	1,139,389	-	-	-	(1,139,389)	n/a
D W Bailey	(2)	130,247	-	-	-	(130,247)	n/a
T C Netscher		-	-	-	-	-	-
I L Scotland	(3)	16,000	-	-	-	(16,000)	n/a
D Moroney		n/a	-	100,000	-	-	100,000
K Gleeson		n/a	-	-	-	-	-
Executive Director							
R S Vassie		n/a	-	935,720	-	833,333	1,769,053
Senior Executives							
G Campbell-Cowan		15,000	-	-	-	-	15,000
K Romeyn	(4)	-	-	-	-	-	n/a

(1) Resigned as a Director 30 June 2015
(2) Resigned as a Director 30 June 2015
(3) Resigned as a Director 26 January 2015
(4) Role as EGM People & Business Services made redundant on 28 November 2014.

Loans to Directors and senior executives

There were no loans to Directors or senior executives during the financial year 2015.

END OF REMUNERATION REPORT

Indemnification and insurance of officers

The Company indemnifies all Directors of the Company named in this report, and a number of former Directors (including Mr Eduard Eshuys, Ms Barbara Gibson, Mr Richard Knight, Mr Hank Tuten, and Mr Mark Wheatley) and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or executive officer, unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the year the Company paid an insurance premium for Directors' and Officers' Liability and Statutory Liability policies. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Environmental management

St Barbara regards compliance with environmental legislation, regulations and regulatory instruments as the minimum performance standard for its operations. The Group's operations in Western Australia are subject to environmental regulation under both Commonwealth and State legislation. Within the Pacific Operations, the Group ensures compliance with the relevant National and Provincial legislation for each sovereignty and where appropriate standards or legislation are not available, the Group reverts to the standard of environmental performance as stipulated in the Western Australian legislation.

With the sale of Gold Ridge Mining Limited in the Solomon Islands in May 2015 and ongoing rehabilitation work undertaken at Leonora Operations, the rehabilitation liability of the Group has been substantially reduced in the year ended 30 June 2015. Mining operations at the King of the Hills mine ceased in April 2015, and it is anticipated that further rehabilitation of this site will occur during the coming months. The Group is committed to the rehabilitation of areas at closed sites previously disturbed by mining and exploration within its tenements in Western Australia.

A Group-wide Environmental Management System (EMS) has been implemented to facilitate the effective and responsible management of environmental issues to the same high standard across all sites in both Australia and Papua New Guinea. Adoption of the EMS at all operations has contributed to further reductions in the number of minor environmental incidents, and an improvement in internal compliance rates for environmental audits and inspections. There were no externally reportable environmental incidents during the year ended 30 June 2015 at any of the Group's Australian and Pacific sites

Non-audit services

During the year and prior year the Company did not employ the auditor on any assignments in addition to their statutory audit duties. Details of the amounts paid or payable to the auditor, KPMG, for non-audit services provided during the 2015 financial year are set out in Note 25 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 25 to the financial statements, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- No non-audit services were performed in the 2015 and 2014 financial years; and

DIRECTORS' REPORT

- The Audit Committee annually informs the Board of the detail, nature and amount of any non-audit services rendered by KPMG during the most recent financial year, giving an explanation of why the provision of these services is compatible with auditor independence. If applicable, the Audit Committee recommends that the Board take appropriate action in response to the Audit Committee's report to satisfy itself of the independence of KPMG.

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 39 and forms part of this Director's Report.

Events occurring after the end of the financial year

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 that on 20 August 2015, the Group announced the sale of its King of the Hills mine and Kailis resource to Saracen Metals Pty Ltd (a wholly owned subsidiary of Saracen Mineral Holdings Ltd) subject to various third party consents and Australian government approvals. Consideration for the sale is $3 million, with $0.3 million payable on completion and the balance due on the earlier of commercial production of ore from Kailis or four years from completion of the sale. The present value of the deferred settlement of $2.7 million is $2.3 million. Completion of the sale is expected to occur by the end of October 2015. On completion of the sale the rehabilitation provision of $13.9 million relating to King of the Hills and Kailis will be reversed to the Income Statement.

Rounding of amounts

St Barbara Limited is a Company of the kind referred to in Class Order 98/100 approved by the Australian Securities and Investments Commission and issued pursuant to section 341(1) of the Corporations Act 2001. As a result, amounts in this Directors' Report and the accompanying Financial Report have been rounded to the nearest thousand dollars, except where otherwise indicated.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board
Dated at Melbourne this 25th day of August 2015

Bob Vassie
Managing Director and CEO

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 audit for the financial year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Romeo
Partner

Melbourne

25 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

Financial Report Table of Contents

This financial report covers the St Barbara Group (the Group) consisting of St Barbara Limited and its subsidiaries. The financial report is presented in the Australian dollar currency.

St Barbara Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office is:

St Barbara Limited
Level 10, 432 St Kilda Rd
Melbourne VIC 3004

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the Directors on 25 August 2015. The Company has the power to amend and reissue the financial report.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2015

	Notes	Consolidated 2015 $'000	2014* $'000
Continuing operations			
Revenue	6	548,206	462,770
Mine operating costs		(311,701)	(297,864)
Gross profit		236,505	164,906
Other revenue	6	1,782	1,904
Other income	7	1,503	3,169
Exploration expensed		(7,691)	(16,112)
Corporate and support costs		(20,284)	(26,809) (1)
Royalties		(20,231)	(17,267)
Depreciation and amortisation	8	(85,071)	(95,620)
Net loss on disposal of assets		-	(791)
Other expenditure		(9,705)	(1,261) (1)
Rehabilitation provision	9	(5,896)	-
Impairment losses and asset write-downs	4,9	(11,425)	(215,290)
Operating profit/(loss)		79,487	(203,171)
Finance costs	8	(43,300)	(43,296)
Foreign exchange(loss)/gain		(15,350)	3,218
Net realised gain on derivatives		1,407	2,832
Profit/(loss) before income tax		22,244	(240,417)
Income tax (expense)/benefit	10	(1,090)	(12,484)
Profit/(loss) from continuing operations (net of tax)		21,154	(252,901)
Profit/(loss) from discontinued operations (net of tax)	35	18,528	(247,930)
Profit/(loss) attributable to equity holders of the Company		39,682	(500,831)
Earnings per share for continuing and discontinued operations:			
Basic earnings per share (cents per share)	33	8.05	(102.61)
Diluted earnings per share (cents per share)	33	7.83	(102.61)
Earnings per share for continuing operations:			
Basic earnings per share (cents per share)	33	4.29	(51.82)
Diluted earnings per share (cents per share)	33	4.18	(51.82)

*restated to account for discontinued operations in the period.

(1)During the year the Group reclassified expenditure for certain costs from other expenditure to corporate and support costs. This classification better reflects the nature of the expenditure. Prior year expenditure of $7,148,000 was changed for comparative purposes.

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Notes	Consolidated 2015 $'000	2014 $'000
Profit/(loss) for the year		**39,682**	**(500,831)**
Other comprehensive income			
Items that may be reclassified subsequently to profit/(loss):			
Changes in fair value of available for sale financial assets	23(a)	(6)	18
Changes in fair value of cash flow hedges taken to reserves	23(a)	-	(4,771)
Gain/(loss) on closure of cash flow hedge	23(a)	(1,407)	1,407
Income tax on other comprehensive income		9,386	722
Foreign currency translation differences - foreign operations		(40,151)	11,342
Other comprehensive income/(loss) net of tax(1)		(32,178)	8,718
Total comprehensive income/(loss) attributable to equity holders of the Company		7,504	(492,113)

(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 consolidated Income Statement in accordance with the requirements of the relevant accounting standards. Total comprehensive (loss)/ profit comprises the result for the year adjusted for the other comprehensive income.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	Consolidated 2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	11	76,871	79,407
Trade and other receivables	12	9,924	7,878
Inventories	13	52,272	37,416
Available for sale financial assets		66	105
Deferred mining costs	14	12,829	27,745
Total current assets		151,962	152,551
Non-current assets			
Property, plant and equipment	16	170,045	153,893
Deferred mining costs	14	4,525	4,235
Mine properties	17	211,989	257,402
Exploration and evaluation	18	16,969	15,036
Mineral rights	17	23,407	25,370
Deferred tax asset	10	13,985	5,859
Total non-current assets		440,920	461,795
Total assets		**592,882**	**614,346**
Liabilities			
Current liabilities			
Trade and other payables	19	42,895	58,951
Interest bearing borrowings	20	52,428	24,226
Provisions	21	17,013	15,138
Total current liabilities		112,336	98,315
Non-current liabilities			
Interest bearing borrowings	20	294,533	315,350
Provisions	21	45,584	68,869
Total non-current liabilities		340,117	384,219
Total liabilities		**452,453**	**482,534**
Net Assets		**140,429**	**131,812**
Equity			
Contributed equity	22	887,216	886,242
Reserves	23(a)	(49,436)	(16,988)
Accumulated losses	23(b)	(697,351)	(737,442)
Total equity		**140,429**	**131,812**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Contributed Equity 000's	Share Based Payments Reserve 000's	Gold Cash Flow Hedge Reserve 000's	Investment Fair Value Reserve 000's	Foreign Currency Translation Reserve 000's	Retained Earnings 000's	Total 000's
Balance at 1 July 2013		**886,242**	**1,141**	**3,627**	**(156)**	**(29,614)**	**(238,013)**	**623,227**
Transactions with owners' of the Company recognised directly in equity:								
Share-based payments expense	23(a)	-	698	-	-	-	-	698
Unlisted options expired	23(a)	-	(1,402)	-	-	-	1,402	-
Total comprehensive income for the year								
Loss attributable to equity holders of the Company		-	-	-	-	-	(500,831)	(500,831)
Other comprehensive income/loss		-	-	(2,642)	18	11,342	-	8,718
Balance at 30 June 2014		**886,242**	**437**	**985**	**(138)**	**(18,272)**	**(737,442)**	**131,812**
Balance at 1 July 2014		**886,242**	**437**	**985**	**(138)**	**(18,272)**	**(737,442)**	**131,812**
Transactions with owners' of the Company recognised directly in equity:								
Share-based payments expense	23(a)	-	139	-	-	-	-	139
Unlisted options expired	23(a)	-	(409)	-	-	-	409	-
Equity Issue (net of transaction costs)		974	-	-	-	-	-	974
Total comprehensive income for the year								
Gain attributable to equity holders of the Company		-	-	-	-	-	39,682	39,682
Other comprehensive income/(loss)		-	-	(985)	(6)	(31,187)	-	(32,178)
Balance at 30 June 2015		**887,216**	**167**	**-**	**(144)**	**(49,459)**	**(697,351)**	**140,429**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		555,823	540,050
Payments to suppliers and employees (inclusive of GST)		(407,508)	(472,501)
Payments for exploration and evaluation		(7,383)	(21,297)
Interest received		1,571	1,720
Interest paid		(28,682)	(26,565)
Finance charges – finance leases		(471)	(741)
Borrowing costs paid		(149)	(406)
Net cash inflow from operating activities	31	113,201	20,260
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment		106	1,340
Payments for property, plant and equipment		(23,762)	(49,225)
Payments for development of mining properties		(24,705)	(39,971)
Payments for exploration and evaluation		(2,241)	-
Proceeds from sale of discontinued operations		-	1,444
Net cash outflow from investing activities		(50,602)	(86,412)
Cash Flows From Financing Activities:			
Proceeds from close out of gold options		-	8,500
Movement in restricted cash		(507)	10,378
Gold prepayment facility repayments		-	(32,399)
Gold prepayment facility repayment/settlement		-	(36,132)
Loans from other entities - drawdown		-	83,452
Loans from other entities – transaction and borrowing costs		-	(5,841)
Secured notes repayments		(66,831)	-
Principal repayments - finance leases		(4,003)	(4,706)
- insurance premium funding		-	(4,573)
Net cash (outflow)/inflow from financing activities		(71,341)	18,679
Net decrease in cash and cash equivalents		(8,742)	(47,473)
Cash and cash equivalents at the beginning of the year		79,407	117,383
Net movement in foreign exchange rates		6,206	9,497
Cash and cash equivalents at the end of the year	11	**76,871**	**79,407**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 Summary of significant accounting policies

St Barbara Limited (the “Company” or “Parent Entity”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the “Group”), and the Group’s interest in associates and jointly controlled entities. The Group is a for-profit entity primarily involved in the exploration for, and mining of, gold.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

1.1 Basis of preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation in the current year. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board.

The Board of Directors approved the financial statements on 25 August 2015.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items:

- Derivative financial instruments are measured at fair value;
- Share based payment arrangements are measured at fair value;
- Available for sale assets are measured at fair value;
- Rehabilitation provision is measured at net present value;
- Long service leave provision is measured at net present value; and

Critical accounting estimates

The preparation of financial statements in conformity with AASB and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

1.2 Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of St Barbara Limited as at 30 June 2015 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, and as a result has an exposure or rights to variable returns, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control commences until the date control ceases. A list of controlled entities is presented in Note 29.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less any impairment charges within the Parent Entity disclosures at Note 24.

Non-controlling interests in the results and equity of the entity that is controlled by the Group is shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity respectively.

(ii) Associates and jointly controlled entities

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. An interest in an associate is accounted for in the consolidated financial statements using the equity method and is carried at cost by the Parent Entity.

For joint arrangements in which the Group has rights to the assets, and obligations for the liabilities relating to the arrangements (joint operations), the proportionate interest in assets, liabilities and expenses are incorporated in the consolidated financial statements under the appropriate headings.

For those joint arrangements in which the Group has rights to the net assets of the arrangement (joint ventures), the Group accounts for the investment within the consolidated financial statements using the equity method. Within the separate financial statements of the parent the investment is carried at cost.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest, until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

1.3 Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree.

Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced as part of the business combination. Transaction costs that the Group incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU) that are expected to benefit from the synergies of the combination. Refer to Note 4(iv) on Impairment.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement periods or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.4 Segment reporting

A reportable segment is a component of the Group that engages in business activities from which it may earn revenues or incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all reportable segments are regularly reviewed by the Group's Executive Leadership Team ("ELT") to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available.

Segment results that are reported to the ELT include items directly attributable to a segment and those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and related depreciation, and corporate expenses.

Segment capital expenditure represents the total cost incurred during the year for mine development and acquisitions of property, plant and equipment.

1.5 Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of St Barbara Limited and its Australian controlled entities is Australian dollars (AUD). The functional currency of the Group's foreign operations is US dollars (USD).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

(iii) Translation of foreign operations

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of St Barbara Limited (Australian dollars) at the year-end exchange rate and the income statements are translated at the rates applicable at the transaction date. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of net investments in foreign operations and of the borrowings designated as hedges of the net investment are taken to the foreign currency translation reserve. If the foreign operation is sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the income statement.

1.6 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties. The Group recognises revenue when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be reliably measured and the associated costs can be estimated reliably, and it is probable that future economic benefits will flow to the Group.

Revenue is recognised for the major business activities as follows:

(i) Product sales

Amounts are recognised as sales revenue when there has been a transfer of risk and rewards to a customer and selling prices are known or can be reasonably estimated.

Gains and losses, including premiums paid or received, in respect of forward sales, options and other deferred delivery arrangements, which hedge anticipated revenues from future production, are deferred and included in sales revenue when the hedged proceeds are received.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(iii) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(iv) Gains on disposal of available-for-sale financial assets and property, plant and equipment

Revenue is recognised when the risks and rewards of ownership have been transferred, which is usually considered to occur on settlement.

1.7 Exploration and evaluation/mine properties

(i) Exploration, evaluation and feasibility expenditure

All exploration and evaluation expenditure incurred up to establishment of reserves is expensed as incurred. From the point in time when reserves are established, exploration and evaluation expenditure is capitalised and carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. Capitalised costs are deferred until commercial production commences from the relevant area of interest, at which time they are amortised on a unit of production basis.

Exploration and evaluation expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an allocation of directly related overhead expenditure.

Feasibility expenditure represents costs related to the preparation and completion of a feasibility study to enable a development decision to be made in relation to that area of interest. Feasibility expenditures are expensed as incurred until a decision has been made to develop the area of interest.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment policy, Note 1.10). For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

When an area of interest is abandoned, or the Directors determine it is not commercially viable to pursue, accumulated costs in respect of that area are written off in the period the decision is made.

(ii) Mines under construction

Mine development expenditure is accumulated separately for each area of interest in which economically recoverable reserves have been identified. This expenditure includes direct costs of construction, an appropriate allocation of overheads and borrowing costs capitalised during construction. Once a development decision has been taken, all capitalised exploration, evaluation and feasibility expenditure in respect of the area of interest is aggregated with the costs of construction and classified under non-current assets as mine development.

(iii) Mine development

Mine development expenditure represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine, after the commencement of production, such expenditure is carried forward as part of the mine development only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of production and expensed as incurred.

Mine development costs are deferred until commercial production commences, at which time they are amortised on a unit-of-production basis over mineable reserves. The calculation of amortisation takes into account future costs which will be incurred to develop all the mineable reserves. Changes to mineable reserves are applied from the beginning of the reporting period and the amortisation charge is adjusted prospectively from the beginning of the period.

1.8 Deferred mining expenditure

Certain mining costs, principally those that relate to the stripping of waste and operating development in underground operations, which provide access so that future economically recoverable ore can be mined, are deferred in the statement of financial position as deferred mining costs.

(i) Underground operations

In underground operations mining occurs progressively on a level-by-level basis. In these operations an estimate is made of the life of level average underground mining cost per recoverable ounce to expense underground costs in the income statement. Underground mining costs in the period are deferred based on the metres developed for a particular level. Previously deferred underground mining costs are released to the income statement based on the recoverable ounces produced in a level multiplied by the life of level cost per recoverable ounce rate.

Grade control drilling is deferred to the statement of financial position on a level-by-level basis. These amounts are released to the income statement as ounces are produced from the related mining levels.

(ii) Open pit operations

Overburden and other mine waste materials are often removed during the initial development of a mine site in order to access the mineral deposit. This activity is referred to as Deferred Stripping. Capitalisation of development stripping costs ceases and the depreciation of costs commences, at the time that saleable materials begin to be extracted from the mine.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences at the time that saleable materials begin to be extracted from the mine.

The amount of mining costs deferred is based on the ratio obtained by dividing the waste tonnes mined by the quantity of gold ounces contained in the ore. Mining costs incurred in the period are deferred to the extent that the current period waste to contained gold ounce ratio exceeds the life of mine waste to ore ratio.

Deferred mining costs are then charged against reported earnings to the extent that, in subsequent periods, the ratio falls below the life of mine ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

The life of mine ratio is a function of an individual mine’s design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters may impact reserves, which will then impact the life of mine ratio. Changes to the life of mine ratio are accounted for prospectively.

In the production stage of some operations further development of the mine requires a phase of unusually high overburden removal activity that is similar in nature to pre-production mine development. The costs of such unusually high overburden removal are deferred and charged against earnings in subsequent periods on a unit-of-production basis.

1.9 Taxes

(i) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

(iii) Tax exposure

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the taxation authority are classified as part of operating cash flows.

1.10 Impairment of assets

All asset values are reviewed at each reporting date to determine whether there is objective evidence that there have been events or changes in circumstances that indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement. Refer to Note 4 (iv).

1.11 Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are usually due for settlement no more than 30 days from the date of recognition. Cash placed on deposit with a financial institution to secure bank guarantee facilities and restricted from use within the business is disclosed as trade and other receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.13 Inventories

Raw materials and stores, ore stockpiles, work-in-progress and finished gold stocks are valued at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.14 Investments and other financial assets

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Investments and other financial assets are recognised initially at fair value plus, for assets not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, investments and other financial assets are measured as described below.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, which were acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading, unless they are designated as hedges. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in the income statement. Attributable transaction costs are recognised in the income statement when incurred.

(ii) Available-for-sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to and can dispose of the investment within 12 months of the balance sheet date.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity net of attributable tax. When an asset is derecognised the cumulative gain or loss in equity is transferred to the income statement.

1.15 Derivative financial instruments

Derivative financial instruments may be held to protect against the Group's Australian dollar gold price risk exposures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the gold cash flow hedge reserve in shareholders' equity are shown in Note 23.

(i) Cash flow hedge

The fair value of gold option contracts comprises intrinsic value, that is, the extent to which the components of an option are in the money due to a gold forward price falling below or rising above the option strike prices, and time value.

The effective portion of changes in the intrinsic value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the gold cash flow hedge reserve. The gain or loss relating to the ineffective portion and time value is recognised immediately in the income statement.

Amounts accumulated in equity are recycled through the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast gold sale that is hedged takes place). The gain or loss relating to the effective portion of the financial instrument hedging Australian dollar gold sales is recognised in the income statement within 'net realised gains on derivatives'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(iii) Hedges of Net Investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity in the Foreign Currency Translation Reserve, while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any gains or losses recognised directly in equity is transferred to the income statement.

1.16 Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using generally accepted valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1.17 Property, plant and equipment

Buildings, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate the cost or revalued amounts, net of residual values, over their estimated useful lives, as follows:

- Buildings	10 – 15 years
- Plant and equipment	3 – 10 years
- Fixtures and fittings	10 – 15 years

Where the carrying value of an asset is less than its estimated residual value, no depreciation is charged. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.10).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These gains and losses are included in the income statement when realised.

1.18 Mineral rights

Mineral rights comprise identifiable exploration and evaluation assets, mineral resources and ore reserves, which are acquired as part of a business combination or a joint venture acquisition, and are recognised at fair value at date of acquisition. Mineral rights are attributable to specific areas of interest and are amortised when commercial production commences on a unit of production basis over the estimated economic reserve of the mine to which the rights relate.

1.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid as at reporting date. The amounts are unsecured and are usually paid within 30 days from the end of the month of recognition.

1.20 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost except for the gold prepayment facility which is subsequently measured at fair value as its amortisation profile changes as a result of the embedded derivative. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.21 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as expenses in the period in which they are incurred.

1.22 Provisions

Provisions, including those for legal claims and rehabilitation and restoration costs, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has commenced or has been announced publicly. Future operating costs are not provided for.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1.23 Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be paid within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, including expected on-costs, when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made, plus expected on-costs, in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted with reference to market yields on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees through the Performance Rights Plan. Information relating to this plan is set out in Note 34.

The fair value of rights granted under the Performance Rights Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. The amount recognised on issue date is adjusted to reflect the actual number of performance rights not expected to vest, based on expectations of performance related conditions. Adjustments to the amount recognised at each reporting date are taken through the income statement.

The fair value of performance rights at grant date is determined using the market price of the Company's shares on the date of grant and taking into account the vesting and performance criteria and probability of market conditions being met using a Monte Carlo Simulation methodology.

Upon expiry of rights, the balance of the share-based payments reserve is either transferred directly to retained earnings, where the expiry is due to market conditions not being met, or through the income statement.

Upon the exercise of rights, the balance of the share-based payments reserve relating to those rights is transferred to share capital.

(iv) Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they are due and become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group has no obligations in respect of defined benefit funds.

(v) Executive incentives

Senior executives may be eligible for Short Term Incentive payments ("STI") subject to achievement of Key Performance Indicators, as recommended by the Remuneration Committee and approved by the Board of Directors. The Group recognises a liability and an expense for STIs in the reporting period during which the service is provided by the employee.

(vi) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment.

1.24 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and performance rights are recognised as a deduction from equity, net of any tax effects.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the income statement and the consideration paid, including any directly attributable incremental costs, is recognised directly in equity.

1.25 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the reporting period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1.26 Rehabilitation and mine closure

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas of disturbance during mining operations.

Under AASB 116 *Property, Plant and Equipment*, the cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life.

AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* requires a provision to be made for the estimated cost of rehabilitation and restoration of areas disturbed during mining operations up to reporting date but not yet rehabilitated. Management judgments and estimates in relation to the rehabilitation provision are provided at Note 4(vi). Provision has been made in full for all the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of contouring, topsoiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

There is some uncertainty as to the amount of rehabilitation obligations that will be incurred due to the impact of changes in environmental legislation and many other factors, including future developments, changes in technology and price increases.

At each reporting date the rehabilitation liability is remeasured in line with changes in the timing and /or amounts of the costs to be incurred and discount rates. The liability is adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgments and estimates involved.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost. A large proportion of the outflows are expected to occur at the time the respective mines are closed.

1.27 Assets classified as held for sale

Individual non-current assets or disposal groups comprising assets and liabilities are classified as "held for sale" if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. On initial recognition, assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell and are no longer depreciated (or amortised).

1.28 Government royalties

Royalties under existing regimes are payable on sales revenue, or gold ounces produced and sold, and are therefore recognised as the sale occurs.

1.29 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

1.30 Leases

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the leased property and the present value of the minimum future lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the asset's useful life, or the lease term if shorter where there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.31 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are available for early adoption for annual reporting periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. Those new standards, amendments to standards and interpretations which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early and is in the process of considering the impact of the changes.

I. *AASB 9 Financial Instruments (December 2014)* is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurements, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.
AASB 9 is effective for annual periods beginning on or after 1 January 2018.

II. AASB 2014-3 Amendments to Australian Accounting Standards-Accounting for Acquisitions of interest in Joint Operations [AASB 1 &AASB 11].
Amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interest in joint operations in which the activity constitutes a business.
AASB 2014-3 is effective for annual periods beginning on or after 1 January 2018.

1.31 New accounting standards and interpretations not yet adopted (continued)

III. *AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138).*
Clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate, and is an inappropriate method for measuring the consumption of economic benefits embodied in an intangible asset. The clarification is effective for annual periods beginning on or after 1 January 2016.

IV. *AASB 15 Revenue from Contracts with Customers which supersedes AASB 111 Construction contracts, AASB 118 Revenue, interpretation 12 Customer loyalty programmes, Interpretation 15 Agreements for the construction of Real Estate, Interpretation 18 Transfer of Assets from Customers, interpretation 131 Revenue-Barter transactions involving Advertising services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry.*
The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.
AASB 15 is effective for annual periods beginning on or after 1 January 2017.

V. AASB 2014-10 Amendments to Australian Accounting Standards-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
Amends AASB 10 Consolidated Financial Statements and AASB 1287 to address inconsistency between the requirements in AASB 10 an those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
AASB 2014-10 is effective for annual periods beginning on or after 1 January 2016.

VI. AASB 2015-1 Amendments to Australian Accounting Standards-Annual improvements to Australian Accounting Standards 2012-2014 Cycle.
Amends AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifying changes in the method of disposal; AASB 7 *Financial Instruments: Disclosures,* clarifying the classification of service contracts, and disclosure requirements for condensed interim financial statements.
Amends AASB 19 *Employee Benefits by* clarifying the currency of the corporate bonds used in arriving at the discount rate and AASB 134 *Interim Financial Reporting,* by clarifying the meaning of disclosure if information 'elsewhere in the interim financial report' and requires the inclusion of a cross-reference from the interim financial statements to the location of this information.
AASB 2015-1 is effective for annual periods on or after 1 January 2016.

VII. AASB 2015-2 Amendments to Australian Accounting Standards-Disclosure Initiative: Amendments to AASB 101.
The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. The amendment will be applicable for annual periods on or after 1 January 2016.

VIII. AASB 2015-3 *Amendments to Australian Accounting Standard arising from the Withdrawal of AASB 1031 Materiality.* The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. This amendment will be applicable for annual periods on or after 1 July 2015.

Note 2 New Standards adopted

The Company has adopted the following new and/or revised Standards, Amendments and Interpretations from 1 July 2014:

AASB 2012-3	*Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities.* AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.
AASB 2013-3	*Amendments to AASB 136-Recoverable Amount Disclosures for Non-Financial Assets* AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets.* The amendments include the requirement to disclose additional information about the fair value measurements when the recoverable amount of impaired assets is based on fair value less cost of disposal.
AASB 2013-4	*Amendments to Australian Accounting Standards-Novation of Derivatives and Continuation of Hedge Accounting [AASB 139].* AASB 2013-4 amends AASB 139 to permit continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.
AASB 1031	*Materiality.* The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contains guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.
Interpretation 21	*Levies.* The interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs.
AASB 2013-9	*Amendments to Australian Accounting Standards-Conceptual Framework, Materiality and Financial Instruments..* The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into *AASB 9 Financial Instruments*.

AASB 2014-1 Part A Annual Improvements 2010-2012 Cycle.	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to *IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: • AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of performance condition' and 'service condition'. • AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. • AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets. • AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. • AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 Related Party Disclosures for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

The Adopted standards have no material impact on the recognition, measurement and disclosure of the year end financial report.

Note 3 Financial risk management

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to withstand significant changes in cash flow at risk scenarios and still meet all financial commitments as and when they fall due. The Group continually monitors and tests its forecast financial position and has a detailed planning process that forms the basis of all cash flow forecasting.

This note presents information about each of the financial risks that the Group is exposed to, the policies and processes for measuring and managing financial risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Group's normal business activities expose it to a variety of financial risk, being: market risk (especially gold price and foreign exchange risk), credit risk and liquidity risk. The Group may use derivative instruments as appropriate to manage certain risk exposures.

Risk management in relation to financial risk is carried out by a centralised Group Treasury function in accordance with Board approved directives that underpin Group Treasury policies and processes. The Treasury Risk Management Committee assists and advises the Group Treasury function, Executive Leadership Team, Audit and Risk Committee and Board in discharging their responsibilities in relation to forecasted risk profiles, risk issues, risk mitigation strategies and compliances with Treasury policy. Group Treasury regularly reports the findings to the Treasury Risk Management Committee and the Board.

(a) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments, cash flows and financial position. The Group may enter into derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within directives and policies approved by the Board.

(i) Commodity price risk

The Group's revenue is exposed to spot gold price risk. Based upon sensitivity analysis, a movement in the average spot price of gold during the year of +AUD$100 per ounce/(-AUD$100 per ounce), and all other factors remaining constant, would have increased/(decreased) post tax profit by $13,856,000/($13,856,000) respectively.

The Group has managed commodity price risk from time to time by using a combination of AUD denominated gold put options and gold call options to create zero-cost option collar structures and gold forward contracts as described in (b) below.

(ii) Currency risk

The Group is exposed to currency risk on gold sales and transactions where the AUD spot rate is quoted as a function of USD and Papua New Guinea Kina (PGK) at the prevailing exchange rate. The USD currency exposure in relation to gold sales is not hedged and the USD exposure on transactions is managed by selling gold in USD therefore creating a natural hedge. Currently the PGK is not hedged.

Note 3 Financial risk management (continued)

(iii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group Treasury will manage the interest rate exposures according to the Board approved Treasury policy. Any decision to hedge interest rate risk will be assessed in relation to the overall Group exposure, the prevailing interest rate market, and any funding counterparty requirements. As at 30 June 2015, interest rates on interest bearing liabilities were predominantly fixed as set out in note 15(b).

(b) Cash flow hedges

The Group may from time to time be party to derivative financial instruments in the normal course of business to protect future revenue from gold operations from a significant fall in the price of gold, in accordance with the Group's financial risk management policies.

(i) Leonora

In November 2013, the Company entered into a gold forward contract for 240,000 ounces of gold over a twelve-month period to manage Australian dollar gold price risk associated with the estimated production from the Leonora mine at a strike price of A$1,390 per ounce.

In July 2014, the Company entered into another gold forward contract for 153,000 ounces of gold over the nine-month period to June 2015 to manage Australian dollar gold price risk associated with the estimated production from the Leonora mine at a strike price of A$1,415 per ounce.

During financial year 2015, 218,456 ounces of gold were delivered to the gold forward contracts with no further amounts outstanding.

As physical delivery of gold is used to close out forward contracts, the standard provides an own use exemption under which the Group is not subject to the requirements of AASB 139 for these contracts.

(ii) Simberi

In April 2015, the Company entered into a gold forward contract for 100,200 ounces of gold over a twelve-month period to June 2016 to manage Australian dollar gold price risk associated with the estimated production from the Simberi mine at a strike price of A$1,600 per ounce.

As physical delivery of gold is used to close out forward contracts, the standard provides an own use exemption under which the Group is not subject to the requirements of AASB 139 for these contracts.

The maturity profile of the gold forward contracts remaining as at 30 June 2015 is provided in the table below.

Strike Price	Total ounces	6 months or less ounces	6 – 12 months ounces	1 – 2 years ounces	2 – 5 years ounces
Simberi					
A$1,600/oz	100,200	50,100	50,100	-	-

Note 3 Financial risk management (continued)

(iii) Cash flow hedge sensitivity

The relationship between currencies, spot gold price and volatilities is complex and changes in the spot gold price can influence volatility, and vice versa.

At 30 June 2015, the Group did not hold any gold options to hedge against movements in the gold price, however this is reviewed by the Board as part of the risk management framework.

(c) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, with a maximum exposure equal to the carrying amount of the financial assets as recorded in the financial statements. The Group is exposed to credit risk from its operating activities (primarily customer receivables) and from its financing activities, including deposits with banks and financial institutions and derivatives.

Credit risks related to receivables

The Group’s most significant customer accounts for $3,342,000 of the trade receivables carrying amount at 30 June 2015 (2014: $nil), representing receivables owing from gold sales. Based on historic rates of default, the Group believes that no impairment has occurred with respect to trade receivables, and none of the trade receivables at 30 June 2015 were past due.

Credit risks related to cash deposits and derivatives

Credit risk from balances with banks and financial institutions derivative counterparties is managed by the centralised Group Treasury function in accordance with Board approved policy. Investments of surplus funds are only made with approved counterparties (minimum Standard & Poor’s credit rating of “AA-”) and there is a financial limit on funds placed with any single counterparty.

Derivative transactions are only made with approved counterparties as per the Board approved Treasury Policy. Derivative transactions cover a major proportion of total Group production with maturities occurring over a period of time (refer Note 3(b)).

(d) Currency Risk

The Group is exposed to currency risk on gold sales, purchases and borrowings that are denominated in a currency other than the Company’s functional currency of the AUD. The currencies in which transactions primarily are denominated are Australian Dollars (AUD), US Dollars (USD) and Papua New Guinea Kina (PGK).

Currency risk relating to the net investment in the foreign operations is hedged against the Group's USD borrowings.. Exchange gains and losses upon subsequent revaluation of the designated USD denominated borrowings from the historical draw down rate to the reporting period end spot exchange rate are deferred in equity in the Foreign Currency Translation Reserve, and will be released to the income statement if the foreign operation is disposed of.

Note 3 Financial risk management (continued)

As at 30 June 2015, a portion of the total USD borrowings of US$270,980,000 (2014: US$325,000,000) translated at the year end USD:AUD foreign exchange rate to $351,326,000 (2014: $344,630,000), excluding capitalised transaction costs of $9,624,000, were designated as a hedging instrument against the Group's net investment in foreign operations. Prior to the impairment write down at 30 June 2014, the total USD borrowings were designated as a hedging instrument.

Interest on borrowings is denominated in the currency of the borrowing. The Group's USD interest exposure is mitigated through USD cash flows realised through gold sales, providing a natural currency hedge. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group buys and sells foreign currencies at spot rates when necessary.

Exposure to Currency

2015	**USD $'000**	**PGK $'000**	**SBD $'000**
Cash and cash equivalents	887	-	-
Trade Receivables	2,205	1,179	-
Trade payables	(4,650)	(6,025)	-
Interest bearing liabilities	(270,980)	-	-
Net Exposure	(272,358)	(4,846)	-

Exposure to Currency

2014	**USD $'000**	**PGK $'000**	**SBD $'000**
Cash and cash equivalents	25,236	736	335
Trade Receivables	653	1,054	34
Trade payables	(4,673)	(8,827)	(7,576)
Interest bearing liabilities	(325,000)	-	-
Net Exposure	(303,784)	(7,037)	(7,207)

The exchange rates at the close of the period were as follows:

Closing rate as at	**AUD/USD**	**AUD/PGK**	**AUD/SBD**
30 June 2015	0.771	2.065	6.042
30 June 2014	0.943	2.243	6.843

Note 3 Financial risk management (continued)

Sensitivity Analysis:

The following table details the Group's sensitivity to a 10% movement (i.e. increase or decrease) in the Australian dollar against the US dollar and PNG Kina at the reporting date, with all other variables held constant. The 10% sensitivity is based on reasonably possible changes, over a financial year, using the observed range of actual historical rates for the preceding five year period:

	Impact on Profit(1) After Tax (Increase profit)/decrease profit	
	2015	2014
	000's	000's
AUD/USD +10%	27,253	(30,377)
AUD/USD -10%	(27,254)	30,378
AUD/PGK +10%	484	(704)
AUD/PGK -10%	(485)	705
AUD/SBD +10%	-	(722)
AUD/SBD -10%	-	719

Note (1): There is no impact on equity as the foreign currency denominated assets and liabilities represent cash, receivables, payables and borrowings. There are no derivatives.

Significant assumptions used in the foreign currency exposure sensitivity analysis above include:

- Reasonably possible movements in foreign exchange rates.
- The translation of the net assets in subsidiaries with a functional currency other than the Australian dollar has not been included in the sensitivity analysis as part of the equity movement.
- The net exposure at the reporting date is representative of what the Group is expected to be exposed to in the next 12 months.
- The sensitivity analysis only includes the impact on the balance of financial assets and financial liabilities at the reporting date.

(e) Capital management

The Group's total capital is defined as total shareholders' funds plus net debt. The Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. The Group has a capital management plan that is reviewed by the Board on a regular basis.

Consolidated capital	**2015 $'000**	**2014 $'000**
Total shareholders' funds	140,429	131,812
Borrowings	346,961	339,576
Cash and cash equivalents	(76,871)	(79,407)
Total capital	**410,519**	**391,981**

The Group does not have a target debt/equity ratio. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements other than normal banking requirements.

Cash and cash equivalents does not include cash held on deposit with financial institutions as security for bank guarantee facilities totalling $2,084,000 (2014: $1,577,000) at the reporting date.

Note 3 Financial risk management (continued)

Performance bonds with National Australia Bank Limited (NAB) and Commonwealth Bank of Australia (CBA) are respectively $1,386,000 and $98,000 to provide security for performance obligations incurred in the ordinary course of business, with security given through cash backing the facility. The Company has also provided cash as security for $600,000 credit card facility with NAB.

(f) Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and matching maturity profiles of financial assets and liabilities. The Group undertakes sensitivity analysis to stress test the operational cash flows, which are matched with capital commitments to assess liquidity requirements. The capital management plan provides the analysis and actions required in detail for the next twelve months and longer term. The maturity of non-current liabilities is monitored within the cash management plan.

Surplus funds are invested in instruments that are tradeable in highly liquid markets.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows, which includes interest obligations over the term of the facilities.

	Maturity of financial liabilities - 2015					
$'000	**Less than 6 months**	**6 – 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
Senior Secured Notes[(1)]	11,275	11,275	299,189	-	321,739	248,621
Loans from other entities[(1)]	28,650	27,458	51,496	-	107,604	93,081
Finance lease liabilities	2,983	1,356	1,444	-	5,783	5,259
Trade and other payables	42,895	-	-	-	42,895	42,895
	85,803	**40,089**	**352,129**	**-**	**478,021**	**389,856**

(1) Excluding amortisation of capitalised transaction costs and discount.

	Maturity of financial liabilities - 2014					
$'000	**Less than 6 months**	**6 – 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount**
Senior Secured Notes[(1)]	11,764	11,764	335,697	-	359,225	256,048
Loans from other entities[(1)]	3,787	23,374	64,602	-	91,763	73,689
Finance lease liabilities	2,519	2,356	5,492	-	10,367	9,839
Trade and other payables	58,951	-	-	-	58,951	58,951
	77,021	**37,494**	**405,791**	**-**	**520,306**	**398,527**

(1) Excluding amortisation of capitalised transaction costs and discount.

Note 3 Financial risk management (continued)

(g) Fair value estimation

On-Balance Sheet

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying value. The fair value of other monetary financial assets and financial liabilities is based upon market prices.

Fair values

The carrying amounts and the fair values of financial assets and liabilities of the Group at balance date are set out in the table below:

	2015		2014	
	Carrying Amount $'000	**Fair Value $'000**	**Carrying Amount $'000**	**Fair Value $'000**
Financial assets				
- Cash and cash equivalents	76,871	76,871	79,407	79,407
- Restricted cash	2,084	2,084	1,577	1,577
- Receivables	5,900	5,900	3,733	3,733
- Available for sale financial assets	66	66	105	105
	84,921	**84,921**	**84,822**	**84,822**
Financial liabilities				
- Trade and Other Payables	42,895	42,895	58,951	58,951
- Senior Secured Notes(1)	254,088	252,620	265,100	219,420
- Loans from other entities(2)	97,238	94,593	79,530	77,573
- Lease liabilities	5,259	5,259	9,839	9,839
	399,480	**395,367**	**413,420**	**365,783**

(1) The senior secured note amount excludes $4,920,000 of capitalised transaction costs and $547,000 discount on notes.
(2) Loans from other entities exclude $4,157,000 of capitalised transaction costs.

Note 4 Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions. Estimates and judgements are continually evaluated and are based on historical experience and on various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in any future periods affected.

The Group has identified the following critical accounting policies under which significant judgements, estimates and assumptions are made, and where actual results may differ from these estimates under different assumptions and conditions that could materially affect financial results or financial position reported in future periods.

i. Ore reserve estimates

Reserves are estimates of the amount of gold product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

Note 4 Critical Accounting Estimates and Judgements (continued)

The Group determines and reports ore reserves under the 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period.

Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated future cash flows.
- Depreciation and amortisation charged in the income statement may change where such charges are calculated using the units of production basis.
- Underground capital development and waste stripping costs deferred in the balance sheet or charged in the income statement may change due to a revision in the development amortisation rates and stripping ratios.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

ii. Units of production method of amortisation

The Group applies the units of production method for amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. These calculations require the use of estimates and assumptions in relation to reserves and resources, metallurgy and the complexity of future capital development requirements; changes to these estimates and assumptions will impact the amortisation charge in the income statement and asset carrying values.

iii. Amortisation of underground operating development

The Group applies the units of production method for amortisation of underground operating development. The amortisation rates are determined on a level-by-level basis. In underground operations an estimate is made of the life of level average underground mining cost per recoverable ounce to expense underground costs in the income statement. Underground mining costs in the period are deferred based on the metres developed for a particular level.

Grade control drilling is deferred to the statement of financial position on a level-by-level basis. These amounts are released to the income statement as ounces are produced from the related mining levels.

iv. 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 CGU is determined as the higher of value-in-use or fair value less costs to sell ("Fair Value"), in accordance with significant accounting policy 1.10. These calculations require the use of estimates, which have been outlined in significant accounting policy 1.10.

The identified CGUs of the Group are: Leonora and Simberi. The carrying value of the Leonora CGU is assessed using value-in-use, while the Simberi CGU is valued using Fair Value.

For Simberi fair value less cost to sell was determined to be higher than the value in use based upon internal valuations, and as mandated by the accounting standards, the basis of measurement has been amended. The cost to dispose in respect of the updated measurement basis has been estimated based upon prevailing market conditions. The change in basis has no impact on impairment in current or prior periods.

Value-in-use and Fair Value are 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.

Significant judgements and assumptions are required in making estimates of value-in-use and 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, operating costs and future capital expenditure. An adverse change in one or more of the assumptions used to estimate value-in-use and fair value could result in a reduction in a CGU's recoverable value. This could lead to the recognition of impairment losses in the future. The inter-relationship of the significant accounting assumptions upon which estimated future cash flows are based, however, are such that it is impractical to disclose the extent of the possible effects of a change in a key assumption in isolation.

Note 4 Critical Accounting Estimates and Judgements (continued)

The table below summarises the key assumptions used in the 30 June 2015 reporting date carrying value assessments:

(a) Impairment testing

	2016-2020	Long term 2021+
Gold (Real US$ per ounce)	$1,139/oz - $1,204/oz	$1,150/oz
Gold (Real A$ per ounce)	$1,531/oz - $1,584/oz	$1,475/oz
AUD:USD exchange rate	0.76 to 0.71	0.78
Post-tax real discount rate (%) – Australia	9.3	9.3
Post-tax real discount rate (%) – Pacific Operations	11.3	11.3

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 the value-in-use or Fair Value of CGUs, the future cash flows are discounted using rates based on the Group's estimated real post-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 our determination of value in use, there are no unmined resources and exploration estimates included within our valuation.

Impairment booked

At 30 June 2015, the Group booked an impairment of $11,425,000 in relation to the King of the Hills mine which ceased operations during the year. The impairment booked relates to capitalised mine development which remained unamortised at the date the decision was made to cease operations. As there was no plan generated which would generate future cash flows to support the carrying value of the unamortised capitalised development, the entire amount was considered impaired.

v. Exploration and evaluation expenditure

As set out in Note 1.7 exploration and evaluation expenditure is capitalised where reserves have been established for an area of interest and it is considered likely to be recoverable from future exploitation or sale. The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

Note 4 Critical Accounting Estimates and Judgements (continued)

vi. Rehabilitation and mine closure provisions

As set out in Note 1.26, the value of these provisions represents the discounted value of the present obligation to restore, dismantle and rehabilitate each site. Significant judgement is required in determining the provisions for mine rehabilitation and closure as there are many transactions and other factors that will affect the ultimate costs necessary to rehabilitate the mine sites. The discounted value reflects a combination of management's best estimate of the cost of performing the work required, the timing of the cash flows and the discount rate.

A change in any, or a combination of, the key assumptions used to determine the provisions could have a material impact on the carrying value of the provisions (refer to Note 21). The provision recognised for each site is reviewed at each reporting date and updated based on the facts and circumstances available at the time. Changes to the estimated future

costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision.

In estimating the rehabilitation provision at 30 June 2015, the following assumptions were made:

- Timing of rehabilitation outflows was based on the life of mine plan of each operation, with the rehabilitation of legacy areas of disturbance scheduled accordingly.
- Mine demolition costs are estimated on the basis of the expected mine life of each operation. Costs are adjusted for potential receipts through the sale of scrap metal.
- Inflation is not applied to cost estimates.
- A pre-tax real discount rate of 5% based on the risks specific to the liability.

vii. Taxes

Estimates of future taxable profits are based on forecast cash flows from operations. At 30 June 2015 losses not recognised amounted to $79,574,000 (tax effected) relating to Pacific Operations entities in PNG and Australia. These have not been recognised as it is not probable that the existence of future taxable profits will be available against which they can be utilised.

viii. Derivative financial instruments

In prior periods, fair value of gold options bought and sold, have been determined using a 'Level 2' valuation method involving the use of a generally accepted option valuation model: inputs were based on market observable data for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), at the reporting date and compared with valuations provided by the counterparties to the collar structure. These calculations required the use of estimates and assumptions. Any changes in assumptions in relation to gold prices and volatilities could have had a material impact on the fair valuation attributable to the gold collar structure in prior periods. When these assumptions change in the future the differences will impact the gold cash flow hedge reserve and/or income statement in the period in which the change occurs.

ix. Onerous provision

Following cost and headcount reductions in 2014 the Group no longer required leased premises in Brisbane and half of the floor space in Melbourne. An onerous provision totalling $1,729,000 was booked in June 2015 as a result which will be amortised over the outstanding lease period.

x. Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the assumptions detailed in Note 34.

Where the vesting of share based payments contain market conditions, in estimating the fair value of the equity instruments issued, the Group assesses the probability of the market conditions being met, and therefore the probability of fair value vesting, by undertaking a Monte-Carlo simulation. The simulation performs sensitivity analysis on key assumptions in order to determine potential compliance with the market performance conditions. The simulation specifically performs sensitivity analysis on share price volatility based on the historical volatility for St Barbara Limited and the peer group companies. The results of the Monte-Carlo simulation are not intended to represent actual results, but are used as an estimation tool by management to assist in arriving at the judgment of probability.

Note 5 Segment Information

The Group had 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.

Gold Ridge Operations was disposed of during the year and therefore was separately disclosed as a discontinued operation.

The Group's Executive Leadership Team reviews the results of all operations regularly, in particular production, cost per ounce and capital expenditures.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment profit before income tax, 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)

	Leonora		Simberi		Total from continuing operations		Total from discontinued operations	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014* $'000
Revenue	435,685	401,820	112,521	60,950	548,206	462,770	4,375	71,058
Mine operating costs	(209,230)	(206,809)	(102,471)	(91,055)	(311,701)	(297,864)	(19,584)	(97,818)
Gross profit	**226,455**	**195,011**	**10,050**	**(30,105)**	**236,505**	**164,906**	**(15,209)**	**(26,760)**
Royalties [1]	(17,656)	(15,903)	(2,575)	(1,364)	(20,231)	(17,267)	(278)	(2,932)
Impairment losses	(11,425)	-	-	(215,290)	(11,425)	(215,290)	-	(195,266)
Depreciation and amortisation	(69,837)	(80,938)	(10,038)	(11,554)	(79,875)	(92,492)	-	(13,071)
Other income and expenses discontinued ops	-	-	-	-	-	-	3,694	(4,861)
Rehabilitation expenses	(5,896)	-	-	-	(5,896)	-	-	-
Reportable segment profit/(loss) before income tax	**121,641**	**98,170**	**(2,563)**	**(258,313)**	**119,078**	**(160,143)**	**(11,793)**	**(242,890)**
Capital expenditure	(38,974)	(45,541)	(9,111)	(32,254)	(48,085)	(77,795)	-	(8,203)
Reportable segment - assets[2]	356,675	402,486	129,274	102,263	485,949	504,749	-	6,952
Reportable segment - non-current assets[2]	334,556	355,736	99,122	87,575	433,678	443,311	-	-
Reportable segment - liabilities[2]	37,689	36,661	20,424	40,508	58,113	77,169	-	31,918

*restated to account for discontinued operations in the period.

(1) Royalties include state and government royalties and corporate royalties
(2) Represents the reportable segment balances after the asset impairment and write down charges.

Note 5 Segment Information (continued)

Major Customer

Major customers to whom the Group provides goods that are more than 10% of external revenue are as follows:

	Revenue		% of external revenue	
	2015 $'000	2014 $'000	2015 %	2014 %
Customer A	-	60,460	-	11.3
Customer B	-	35,279	-	6.6
Customer C	-	49,857	-	9.3
Customer D	306,990	264,043	56.0	49.5
Customer E	207,478	67,665	37.8	12.7

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

	Consolidated	
	2015 $'000	2014* $'000
Continuing operations		
Revenues and other income		
Total revenue for reportable segments	548,206	462,770
Other revenue	1,782	1,904
Other income	1,503	3,169
Consolidated revenue and other income – continuing operations	**551,491**	**467,843**

	Consolidated	
	2015 $'000	2014* $'000
Continuing operations		
Total profit/(loss) for reportable segments	119,078	(160,143)
Other income and revenue	3,285	5,073
Exploration expensed	(7,691)	(16,112)
Unallocated depreciation and amortisation	(5,196)	(3,128)
Finance costs	(43,300)	(43,296)
Amortisation of realised gain on settled hedges	1,407	2,832
Corporate and support costs	(20,284)	(26,809)
Foreign exchange(loss)/gain	(15,350)	3,218
Loss on disposal of assets	-	(791)
Other expenses	(9,705)	(1,261)
Consolidated profit/(loss) before income tax – continuing operations	**22,244**	**(240,417)**

*restated to account for discontinued operations in the period.

Note 5 Segment Information (continued)

	Consolidated 2015 $'000	Consolidated 2014 $'000
Assets		
Total assets for reportable segments	485,949	511,701
Cash and cash equivalents	76,871	76,888
Trade and other receivables	9,924	7,167
Available for sale financial assets	66	105
Inventories	-	3
Property, plant & equipment	6,087	6,857
Net deferred tax assets	13,985	5,859
Other assets	-	5,766
Consolidated total assets	**592,882**	**614,346**

	Consolidated 2015 $'000	Consolidated 2014 $'000
Liabilities		
Total liabilities for reportable segments	58,113	109,087
Trade and other payables	28,328	29,220
Interest bearing liabilities (current)	52,428	24,226
Provisions (current)	13,132	4,106
Interest bearing liabilities (non-current)	294,533	315,350
Provisions (non-current)	5,919	545
Consolidated total liabilities	**452,453**	**482,534**

Note 5 Segment Information (continued)

	Year ended 30 June 2015		
	Reportable segment totals $'000	**Unallocated $'000**	**Consolidated totals $'000**
Other material items – continuing operations			
Depreciation and amortisation	(79,875)	(5,196)	(85,071)
Capital Expenditure	(48,085)	(1,616)	(49,701)

	Year ended 30 June 2014*		
	Reportable segment totals $'000	**Unallocated $'000**	**Consolidated totals $'000**
Other material items			
Depreciation and amortisation	(92,492)	(3,128)	(95,620)
Capital Expenditure	(77,795)	(3,160)	(80,955)

Note 6 Revenue

	Consolidated	
	2015	**2014***
	$'000	**$'000**
Sales revenue-continuing operations		
Sale of gold	546,404	460,322
Sale of silver	1,802	2,448
	548,206	**462,770**
Other revenue		
Interest revenue	1,586	1,718
Sub-lease rental	196	186
	1,782	1,904
Revenue from continuing operations	**549,988**	**464,674**
Revenue from discontinued operations (note 35)	**4,375**	**71,058**

Note 7 Other income

	Consolidated	
	2015	**2014***
	$'000	**$'000**
Profit on sale of assets	106	49
Royalties	1,053	1,565
Contingent consideration received on sale of Southern Cross (Note 9)	-	1,444
Other income	344	111
Other income from continuing operations	**1,503**	**3,169**
Other income from discontinued operations (note 35)	**3,694**	**7,109**

*restated to account for discontinued operations in the period.

Note 8 Expenses

	Consolidated 2015 $'000	2014* $'000
(Loss)/Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	1,829	2,340
Plant and equipment	20,160	16,505
	21,989	**18,845**
Amortisation		
Mine properties and mine development costs	59,167	70,783
Deferred waste stripping	-	33
Other mineral assets	1,963	3,535
Capitalised borrowing costs	1,952	233
Plant/equipment finance leases	-	2,191
	63,082	**76,775**
Total depreciation & amortisation – continuing operations	**85,071**	**95,620**
Finance Costs		
Interest paid/payable	36,708	26,551
Borrowing costs	4,246	3,575
Finance lease interest	471	741
Fair value movement in gold prepayment facility	-	10,800
Provisions: unwinding of discount	1,875	1,629
	43,300	**43,296**
Employee related expenses		
Wages and salaries	59,291	66,493
Contributions to defined contribution superannuation funds	2,067	4,967
Equity settled share-based payments (note 23(a))	139	698
	61,497	**72,158**
Rental expense relating to operating leases		
Lease payments	**3,830**	**2,074**
Expenses from discontinued operations	**6,018**	**39,425**

*restated to account for discontinued operations in the period.

Note 9 Significant items

Significant items are those items where their nature or amount is considered material to the financial report. Such items included within the consolidated results for the year are detailed below.

	Consolidated 2015 $'000	2014* $'000
Continuing operations		
Impairment losses(1)	(11,425)	(215,290)
Increase in rehabilitation provision related to King of the Hills(2)	(5,896)	-
Included within borrowing costs		
Gain on the US notes buy back	1,626	-
Redundancy costs		
Within Mine operating costs	(21)	(755)
Within Exploration expenses	-	(842)
Within Corporate and support costs	(501)	(2,752)
	(522)	(4,349)
Included within other expenditure		
Onerous provisions	(1,729)	-
Included within net foreign exchange (loss)/gain		
Effect of unhedged borrowings(3)	(47,470)	-
Unrealised foreign exchange gain(4)	42,805	-
Foreign exchange loss on the US Notes buy back(5)	(13,066)	-
	(17,731)	-
Included within other income		
Contingent consideration received on sale of Southern Cross	-	1,444
Total significant items for continuing operations – pre tax	**(35,677)**	**(218,195)**
Total significant items for continuing operations – post tax	**(21,248)**	**(219,375)**
Discontinued operations		
Profit on sale of Gold Ridge(6)	29,554	-
Foreign exchange gains	767	-
Results from Gold Ridge Mining operations	(11,793)	(242,890)
Total significant items for discontinued operations – pre tax	**18,528**	**(242,890)**
Total significant items for discontinued operations – post tax	**18,528**	**(247,930)**
Total significant items – pre tax	**(17,149)**	**(461,085)**
Total significant items – post tax	**(2,720)**	**(467,305)**

*restated to account for discontinued operations in the period.

(1) Impairment losses

During the year, mining ceased at King of the Hills. The impairment amount for the year ended 30 June 2015 represents the impairment of capitalised mine development assets which remained on the balance sheet at the date the decision to cease mining was made.

(2) King of the Hills rehabilitation

During the year, a review was performed on the rehabilitation provision related to the King of the Hills operations. This resulted in an increased cost of $5,896,000.

Note 9 Significant items (continued)

(3) Effect of unhedged borrowings

The group hedges the foreign exchange exposure of its US dollar functional currency Pacific assets against its US dollar denominated borrowings. Per AASB 121 the ineffective component must be recognised in the Consolidated Income Statement. Additionally, the unrealised foreign exchange movement on the US dollar denominated borrowings not in a hedging relationship is recognised in the Consolidated Income Statement.

(4) Unrealised foreign exchange gains.

The movement represent the unrealised gains on Australian and US denominated intercompany loans and third party balances reflected within the Consolidated Income Statement per AASB 121.

(5) Foreign exchange loss on the US notes buy back

Represents the foreign exchange loss on the bonds buy back in June 2015 (USD $54,020,000/AUD $70,348,000), previously translated at June 14 year end (AUD $57,282,000) reflecting the devaluation of the AUD against the US Dollar in the year.

(6) Discontinued operations.

The profit on sale of Gold Ridge includes the reversal of the rehabilitation provision previously held (income: $35M), offset by the reversal of balances held within the Foreign Currency Translation Reserve (FCTR) (Expense: $2.7M), and ongoing costs of disposal in the year ($2.7M).

Note 10 Income tax

(a) Income tax expense/ (benefit)

	Consolidated	
	2015	**2014***
	$'000	**$'000**
Current tax (benefit)/expense	(1,356)	(4,923)
Under/(Over) provision in respect of the prior year	(623)	705
Deferred income tax expense/(benefit)	3,069	21,742
Total income tax expense/(benefit) for continued and discontinued operations	**1,090**	**17,524**
Comprising of:		
Income tax expense/(benefit) for continued operations	1,090	12,484
Income tax expense for discontinued operations	-	5,040

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Profit/(Loss) before income tax benefit	40,772	(483,307)
Tax at the Australian tax rate of 30%	12,232	(144,992)
Tax effect of amounts not deductible/(taxable) in calculating taxable income:		
Legal and other non-deductible expenditure	77	270
Equity settled share based payments	42	209
Sundry items	1,987	(2,116)
Recognition of previously unbooked deferred tax assets	(1,321)	-
Permanent differences on taxable income	882	-
Research and development incentive (current year)	(2,999)	(9,183)
Non-recognition of deferred tax assets relating to impairments	-	126,644
Reversal of deferred tax assets relating to Gold Ridge disposal	(9,810)	-
Current year losses not recognised and prior year deferred tax assets	-	46,692
Income tax expense/(benefit)	**1,090**	**17,524**

Note 10 Income tax (continued)

(c) Deferred tax balance	Consolidated 2015 $'000	2014 $'000
Deferred tax assets		
Tax losses	117,988	159,518
Provisions and accruals	54,490	39,284
Cash flow reserve	-	1,407
Investments at fair value	257	249
Tax assets without a carrying amount	-	835
Unrealised foreign exchange losses	66,503	-
Property plant and equipment	9,304	7,625
Total	**248,542**	**208,918**
Tax effect @ 30%	**74,563**	**62,675**
Deferred tax liabilities		
Accrued income	295	346
Mine properties – exploration	22,113	21,187
Mine properties – development	108,528	139,800
Consumables	38,804	21,721
Capitalised convertible notes costs	4,060	6,296
Investments at fair value	-	37
Unrealised foreign exchange gains	28,126	-
Total	**201,926**	**189,387**
Tax effect @ 30%	**60,578**	**56,816**
Net deferred tax balance	**13,985**	**5,859**

	Consolidated 2015 $'000	2014 $'000
Comprising of:		
Australia – net deferred tax assets/(liabilities)	13,985	5,859
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses – Pacific Operations	265,246	502,410
Provisions and accruals	-	33,348
Investments at fair value	6,293	5,147
Tax assets without a carrying amount	3,709	6,780
Property, plant and equipment	227,300	315,650
Consumables	-	21,537
Other	-	2,765
Total	**502,548**	**887,637**
Tax effect @ 30%	**150,764**	**266,291**

Note 11 Cash and cash equivalents

	Consolidated 2015 $'000	2014 $'000
Cash at bank and on hand	18,871	68,985
Term deposits	58,000	10,422
	76,871	**79,407**

(a) Cash at bank and on hand

Cash at bank at 30 June 2015 invested “at call” was earning interest at an average rate of 2.2% per annum (2014: 2.7% per annum).

(b) Term Deposits

The deposits at 30 June 2015 were earning interest at rates of between 2.35% and 2.97% per annum (2014: rates of between 3.5% and 3.6% per annum). While term deposits are invested for defined periods, all deposits can be immediately accessed at minimal or no penalty cost. At 30 June 2015, the average time to maturity was 50 days (2014: 69 days), with $nil maturing between 90 to 180 days (2014: $nil) from balance date.

Note 12 Trade and other receivables

	Consolidated 2013 $'000	2014 $'000
Current assets		
Trade receivables	3,683	661
Other receivables	2,217	3,072
Restricted cash[(1)]	2,084	1,577
Prepayments	1,940	2,568
	9,924	**7,878**

(1) Cash held on deposit with the Commonwealth Bank of Australia secures $98,000 for bank guarantees as at 30 June 2015 (2014: $98,000) and the remaining $1,986,000 (2014: $1,479,000) represents security provided to the National Australia Bank for bank guarantees in favour of various government authorities and service providers.

Information concerning the effective interest rate and credit risk of receivables is set out in Note 3 and Note 15.

Note 13 Inventories

	Consolidated 2015 $'000	2014 $'000
Consumables	31,952	17,716
Ore stockpiles	8,369	1,241
Gold in circuit	8,517	11,141
Bullion on hand	3,434	7,318
	52,272	**37,416**

(a) Lower of cost and net realisable value

Bullion on hand of $3,434,000 was valued at cost (2014: $7,318,000).

Note 14 Deferred mining costs

	Consolidated 2015 $'000	2014 $'000
Current		
Deferred operating mine development	12,829	27,745
Non-current		
Deferred operating mine development	4,525	4,235

Note 15 Financial instruments

(a) Credit Risk Exposures

Refer Note 3 for the Group's exposure to credit risk.

(b) Interest Rate Risk Exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables. Exposures arise predominantly from assets and liabilities applying variable interest rates, as the Group intends to hold fixed rate assets and liabilities to maturity.

2015		**Fixed Interest Maturing in**			
Financial assets	**Floating Interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
Cash and cash equivalents	18,871	58,000	-	-	76,871
Restricted cash and cash equivalents	-	2,084	-	-	2,084
Receivables	-	-	-	5,900	5,900
Available for sale financial assets	-	-	-	66	66
	18,871	**60,084**	**-**	**5,966**	**84,921**
Weighted average interest rate	2.39%	2.84%	n/a	n/a	
Financial liabilities					
Trade and other payables	-	-	-	42,895	42,895
Finance lease liabilities	-	3,809	1,450	-	5,259
Loans from other entities	93,081	-	-	-	93,081
Senior secured notes	-	-	248,621	-	248,621
	93,081	**3,809**	**250,071**	**42,895**	**389,856**
Weighted average interest rate	8.50%	6.63%	8.86%	n/a	
Net financial assets/(liabilities)	**(74,210)**	**56,275**	**(250,071)**	**(36,929)**	**(304,935)**

Note 15 Financial instruments (continued)

(b) Interest Rate Risk Exposures (continued)

2014		Fixed Interest Maturing in			
Financial assets	**Floating Interest rate $’000**	**1 year or less $’000**	**Over 1 to 5 years $’000**	**Non-interest bearing $’000**	**Total $’000**
Cash and cash equivalents	68,985	10,422	-	-	79,407
Restricted cash and cash equivalents	-	1,577	-	-	1,577
Receivables	-	-	-	3,733	3,733
Available for sale financial assets	-	-	-	105	105
	68,985	**11,999**	**-**	**3,838**	**84,822**
Weighted average interest rate	1.51%	3.55%	n/a	n/a	
Financial liabilities					
Trade and other payables	-	-	-	58,951	58,951
Finance lease liabilities	-	4,301	5,359	179	9,839
Loans from other entities	73,689	-	-	-	73,689
Senior secured notes	-	-	256,048	-	256,048
	73,689	**4,301**	**261,407**	**59,130**	**398,527**
Weighted average interest rate	8.50%	6.71%	8.83%	n/a	
Net financial assets/(liabilities)	**(4,704)**	**7,698**	**(261,407)**	**(55,292)**	**(313,705)**

The Group determines fair values of various financial assets and financial liabilities as listed below.

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 assets and liabilities 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 30/06/15**	**Fair value as at 30/06/14**	**Fair Value hierarchy**	**Valuation technique and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
Available for sale financial assets (shares)	$66,000	$105,000	Level 1	Quoted bid price in an active market	N/A	N/A

The Group has senior secured notes and other loans valued at amortised cost, the fair values of which would be determined using models based upon market observable data; a level 2 fair valuation methodology under AASB 13.

Note 16 Property, plant and equipment

	Consolidated 2015 $'000	2014 $'000
Non-current – net written down value		
Land and buildings	18,100	19,124
Plant and equipment	151,945	134,769
	170,045	**153,893**

Reconciliation of the carrying amounts for each class of property, plant and equipment is set out below:

	Consolidated 2015 $'000	2014 $'000
Land and buildings		
At the beginning of the year	19,124	33,137
Additions	140	241
Depreciation	(1,829)	(2,632)
Asset impairments and write downs	-	(11,450)
Effects of movement in foreign exchange rates	665	(172)
At the end of the year	**18,100**	**19,124**
Plant and equipment		
At the beginning of the year	134,769	306,724
Additions	24,179	50,465
Disposals	(617)	(2,082)
Depreciation	(20,160)	(27,003)
Amortisation of leased assets	-	(2,286)
Asset impairments and write downs	-	(191,830)
Effects of movement in foreign exchange rates	13,774	781
At the end of the year	**151,945**	**134,769**
Total	**170,045**	**153,893**

(a) Security

As at 30 June 2015, plant and equipment with a carrying value of $2,701,000 (2014: $3,141,000) was pledged as security for finance leases (Note 20). In accordance with the security arrangements the senior secured notes and loans from RK Mine Finance are secured by the assets of St Barbara Limited; the security does not include the assets of the Pacific operations.

Note 17 Mine properties

	Consolidated 2015 $'000	2014 $'000
Non-current		
Mine Properties - development		
At beginning of the year	257,402	288,936
Direct expenditure	24,706	39,971
Amortisation for the year	(61,119)	(71,505)
Impairment losses and write downs	(9,000)	-
At end of the year	**211,989**	**257,402**
Mineral rights		
At the beginning of the year	25,370	209,957
Reallocation of purchase price on business combination	-	547
Amortisation	(1,963)	(5,232)
Impairment losses and write downs	-	(179,902)
At the end of the year	**23,407**	**25,370**

Note 18 Exploration and evaluation

	Consolidated 2015 $'000	2014 $'000
Non-current		
Exploration and evaluation		
At beginning of the year	15,036	15,036
Additions	2,241	-
Disposals	(308)	-
At end of the year	**16,969**	**15,036**

Note 19 Trade and other payables

	Consolidated 2015 $'000	2014 $'000
Current		
Trade payables	41,157	56,597
Other payables	1,738	2,354
	42,895	**58,951**

Note 20 Interest bearing borrowings

	Consolidated 2015 $'000	2014 $'000
Current		
Secured		
Lease liabilities (Note 27)	3,809	4,343
Loans from other entities	48,619	19,883
Total current	**52,428**	**24,226**
Non-current		
Secured		
Lease liabilities (Note 27)	1,450	5,496
Senior secured notes (net of transaction costs)	248,621	256,048
Loans from other entities	44,462	53,806
Total non-current	**294,533**	**315,350**
Total interest bearing liabilities	**346,961**	**339,576**

Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in Note 3 and Note 15.

Set-off of assets and liabilities

The parent entity has established a legal right of set-off with a financial institution over cash on deposit to secure the issue of bank guarantees for the purpose of performance bonds. At 30 June 2015, restricted cash for this purpose amounted to $2,084,000 (2014: $1,577,000).

Senior secured notes

On 27 March 2013, the Group settled an offering of US$250 million senior secured notes issued in the United States Rule 144A bond market and to certain persons outside the United States. The senior secured notes are due 15 April 2018 with a coupon rate of 8.875% p.a. payable bi-annually. The notes were issued by St Barbara Limited and are secured by the Group's Australian assets; the security does not include the assets of the Pacific Operations. In June 2015, Notes with a face value of USD 54,020,000 were bought back. The USD value of the notes outstanding at reporting date is converted to AUD at the AUD/USD exchange rate as at 30 June 2015. The related transaction costs capitalised against the borrowings amounted to $5,467,059 and are being amortised over the period to 15 April 2018.

AUD/USD exchange rate as at 30 June 2015 was 0.7713 (2014: 0.9430).

Loans from other entities

In March 2014, SBM executed a US$75 million loan facility with RK Mine Finance. The first tranche of US$52,775,000 was drawn down on 7 March 2014 to settle the Gold Prepayment Facility of US$31,490,000 and to increase the cash position of the Group. The second tranche of US$22,225,000 was drawn down on 30 May 2014. The facility is to be repaid quarterly starting in September 2015. The agreed interest rate for the facility is the 3 month London Interbank Offered Rate ("LIBOR") plus 7.5% p.a. The LIBOR has a floor of 1%p.a. The facility is secured by the Group's Australian assets under the existing senior secured notes security trust structure and has priority payment status. The related transaction costs capitalised against the loan amounted to $4,156,718 and are being amortised over the period to 30 June 2017.

Note 21 Provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000
Current		
Employee benefits – annual leave	3,144	4,153
Employee benefits – long service leave	2,232	2,446
Provision for redundancy payments	194	1,340
Provision for rehabilitation	2,424	1,015
Other provisions	9,019	6,184
	17,013	**15,138**

	Consolidated 2015 $'000	Consolidated 2014 $'000
Non-current		
Provision for rehabilitation	39,663	62,857
Employee benefits - long service leave	1,452	2,010
Other provisions	4,469	4,002
	45,584	**68,869**

Movements in Provisions	Consolidated 2015 $'000	Consolidated 2014 $'000
Rehabilitation		
Balance at start of year	63,872	61,096
Unwinding of discount	1,875	3,021
Reduction in net provisions made during the year (1)	(23,584)	-
Provisions used during the year	(92)	(50)
Effects of movements in the foreign exchange rate	16	(195)
Balance at end of year	**42,087**	**63,872**

(1) Represents the elimination of the Gold ridge opening rehabilitation provision ($29.5M), offset by the increase in relation to the King of the Hills underground mine ($5.9M).

Note 22 Contributed equity

(a) Share capital

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid(1)	495,102,525	488,074,077	887,216	886,242

(2) The Company does not have par value in respect of its issued shares. All issued shares are fully paid.

(b) Movements in ordinary share capital:

Date	Details	Number of shares	$'000
1 July 2014	Opening balance	488,074,077	886,242
29 Oct 2014	Issue of shares (as part of the 2014 Short Term Incentives scheme)	6,195,115	874
8 Dec 2014	Issue of shares (to the Managing Director and CEO on 8 December 2014 (AGM resolution 4)	833,333	100
30 Jun 2015	Closing balance	495,102,525	887,216

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Performance Rights

Information relating to the St Barbara Performance Rights Plan, including details of rights issued, exercised and lapsed during the financial year and outstanding at the end of the financial year, is set out in Note 34.

Note 23 Reserves and accumulated losses

(a) Reserves

	Consolidated 2015 $'000	Consolidated 2014 $'000
Reserves		
Share based payment reserve	167	437
Investment fair value reserve	(144)	(138)
Gold hedge and other cash flow reserves	-	985
Foreign currency translation reserve	(49,459)	(18,272)
	(49,436)	**(16,988)**

	Consolidated 2015 $'000	Consolidated 2014 $'000
Share based payments reserve		
Balance at start of year	437	1,141
Option/performance rights expense	139	698
Option/performance rights expired and transferred to retained earnings	(409)	(1,402)
Balance at end of year	**167**	**437**
Investments fair value reserve		
Balance at start of year	(138)	(156)
Fair value adjustment	(6)	18
Balance at end of year	**(144)**	**(138)**
Gold cash flow hedge reserve		
Balance at start of year	985	3,627
Options exercised/expired	-	(4,771)
Gain/(loss) on settlement of the hedge	(1,407)	1,407
Tax effect of fair value and other movements	422	722
Balance at end of year	-	**985**
Foreign currency translation reserve		
Balance at start of year	(18,272)	(29,614)
Movement during the year	(31,187)	11,342
Balance at end of year	**(49,459)**	**(18,272)**

(b) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated 2015 $'000	Consolidated 2014 $'000
Balance at start of year	(737,442)	(238,013)
Profit/(loss) attributable to members of the Company	39,682	(500,831)
Transferred from share based payment reserve	409	1,402
Balance at end of year	**(697,351)**	**(737,442)**

Note 23 Reserves and accumulated losses (continued)

(c) Share based payments reserve

The share based payments reserve is used to recognise the fair value rights issued to executives and employees but not exercised. During the year, $409,000 previously recognised in the share based payment reserve for 461,678 performance rights which expired during the year were transferred as a gain to accumulated losses (2014: gain of $1,402,000 for expired options). Accounting standards preclude the reversal through the income statement of amounts which have been booked in the share based payments reserve for options and rights which expire due to not having met a market based vesting condition.

(d) Gold cash flow hedge reserves

In the prior year, a mark-to-market valuation of the Group's gold bought put options and sold call options (the "collar structure") was performed. Where the hedge was effective, changes in fair value relating to the intrinsic portion of the valuation were recognised in the gold cash flow hedge reserve. The cashflow reserve balance as at June 2014 represents the amount of the gain from the close out of the gold option collar unamortised during the year. The collar was closed out resulting in a gain, which was deferred to an equity reserve and was fully amortised in FY2015 accordance with the original maturity profile of the collar.

(e) Investment fair value reserve

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses, are recognised as a separate component of equity net of attributable tax. When an asset is derecognised the cumulative gain or loss in equity is transferred to the income statement.

(f) Foreign currency translation reserve

The assets and liabilities of controlled entities incorporated overseas with functional currencies other than Australian dollars are translated into the presentation currency of St Barbara Limited (Australian dollars) at the year-end exchange rate and the revenue and expenses are translated at the rates applicable at the transaction date. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in equity.

Note 24 Parent Entity disclosures

As at, and throughout, the financial year ended 30 June 2015, the parent company of the Group was St Barbara Limited.

(a) Financial statements

	Parent Entity	
	2015	2014
	$'000	$'000
Results of the parent entity		
Loss after tax for the year	(40,650)	(489,261)
Other comprehensive income	(924)	(2,642)
Total comprehensive income for the year	**(41,574)**	**(491,903)**

Other comprehensive income is set out in the Consolidated Statement of Comprehensive Income.

	Parent Entity	
	2015	2014
	$'000	$'000
Financial position of the parent entity at year end		
Current assets	104,813	128,833
Total assets	537,272	657,655
Current liabilities	42,815	77,231
Total liabilities	437,199	515,729
Total equity of the parent entity comprising:		
Share capital	887,216	886,242
Share based payments reserve	167	435
Investment fair value reserve	(148)	(148)
Gold cash flow hedge reserve	-	985
Accumulated losses	(787,162)	(745,588)
Total equity	**100,073**	**141,926**

(b) Parent entity contingencies

Refer to Note 26 for contingent liabilities which may impact the parent entity.

(c) Parent entity guarantees

Refer Note 26 for details of bank guarantees issued by the parent entity.

Note 25 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	Consolidated	
	2015	2014
	$	$
(a) Assurance services		
Audit and audit related services		
KPMG		
Audit and review of financial reports	508,925	552,725
Total remuneration for audit and audit related services	**508,925**	**552,725**

There were no non-audit services provided by KPMG to the Group during the year.

Note 26 Contingencies

(a) Contingent liabilities

During July 2014, the Company announced that by operation of its internal reporting mechanisms, the provision of benefits to a foreign public official that may violate its Anti-Bribery and Anti-Corruption Policy or applicable laws in Australia or in foreign jurisdictions were identified. The amount of the benefits provided to the foreign public official was not material to the Company. The Company self-reported the matter to relevant authorities, including the Australian Federal Police, and the matter is being assessed and investigated. To date, there has been no action taken against the Company, consequently, the range of potential penalties, if any, cannot be reliably estimated. Should there be any prosecution, potential penalties are governed by laws in various jurisdictions including *Criminal Code 1995 (Cth)* in Australia and/or the UK *Bribery Act*.

(b) Bank guarantees

The Group has negotiated bank guarantees in favour of various government authorities and service providers. The total of these guarantees at 30 June 2015 was $2,084,000 (2014: $1,577,000). Security is provided to the National Australia Bank Limited (“NAB”) (refer to Note 12) for $1,986,000 of this amount in cash deposits. Cash held on deposit with the Commonwealth Bank of Australia secures the remaining $98,000 as at 30 June 2015 (refer to Note 12).

Note 27 Commitments for expenditure

	Consolidated	
	2015 $'000	2014 $'000
Exploration		
In order to maintain rights of tenure to mining tenements, the Group is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the relevant state government mining departments in Western Australia, New South Wales and South Australia. This requirement will continue for future years with the amount dependent upon tenement holdings.	4,984	5,675

	Consolidated	
	2015 $'000	2014 $'000
Finance Lease Commitments		
Payable not later than one year	4,476	5,054
Payable later than one year, not later than five years	1,444	5,492
Payable later than five years	-	-
	5,920	10,546
Future finance charges	(661)	(707)
Total lease liabilities	**5,259**	**9,839**
Current (Note 20)	3,809	4,343
Non-current (Note 20)	1,450	5,496
	5,259	**9,839**

These finance lease commitments relate to vehicles and plant and equipment, and are based on the cost of the assets and are payable over a period of up to 48 months at which point ownership of the assets transfers to the Group.

	Consolidated	
	2015 $'000	2014 $'000
Analysis of Non-Cancellable Operating Lease Commitments		
Payable not later than one year	837	1,651
Payable later than one year, not later than five years	1,094	4,472
Payable later than five years	-	203
	1,931	**6,326**

	Consolidated	
	2015 $'000	2014 $'000
Analysis of Non-Cancellable Operating Sub-lease receipts		
Receivable not later than one year	170	222
Receivable later than one year, not later than five years	-	171
	170	**393**

Note 28 Related party transactions

a) Directors and key management personnel

Disclosures relating to Directors and Key Management Personnel are now included within the Remuneration Report, with the exception of the table below.

	Consolidated 2015 $	Consolidated 2014 $
Short term employee benefits	2,188,054	2,515,844
Post-employment benefits	51,654	90,356
Leave	114,213	242,267
Share-based payments	83,625	462,370
Termination payments	456,227	452,549
	2,893,773	3,763,386

(b) Transactions with entities in the wholly-owned group

St Barbara Limited is the parent entity in the wholly-owned group comprising the Company and its wholly-owned subsidiaries. It is the Group's policy that transactions are at arm's length.

During the year the Company charged management fees of $8,095,000 (2014: $10,969,000), operating lease rents of $969,000 (2014: $1,464,000), and interest $15,921,000 (2014: $7,259,000) to entities in the wholly-owned group.

Net loans payable to the Company amount to a net receivable of $319,914,000 (2014: net receivable $321,282,000).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

(c) Guarantees

Subsidiary companies have guaranteed the parent entity's obligations under the bank guarantee facilities provided by the National Australia Bank Limited and Commonwealth Bank of Australia.

(d) Terms and conditions

Outstanding balances are unsecured and are repayable in cash on demand.

(e) Amounts receivable from Director related entities

At 30 June 2015, there were no amounts receivable from Director related entities (2014: $ nil).

(f) Other Transactions with Directors of the Company and their Director related entities

During the years ended 30 June 2015 and 30 June 2014, there were no other transactions with Directors of the Company and their Director related entities.

Note 29 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy in Note 1 Principles of Consolidation.

	Country of Incorporation	Ownership Interest		Carrying value of Company's investment	
		June 2015 %	June 2014 %	June 2015 $'000	June 2014 $'000
Parent entity					
St Barbara Limited	Australia				
Subsidiaries of St Barbara Limited	Australia				
Allied Gold Mining Ltd(2)	UK	100	100	78,238	78,238
Australian Eagle Oil Co Pty Ltd	Australia	-(3)	100	-	178
Capvern Pty Ltd	Australia	-(3)	100	-	-
Eagle Group Management Pty Ltd	Australia	-(3)	100	-	-
Murchison Gold Pty Ltd	Australia	-(3)	100	-	-
Kingkara Pty Ltd	Australia	-(3)	100	-	-
Oakjade Pty Ltd	Australia	-(3)	100	-	-
Regalkey Holdings Pty Ltd	Australia	-(3)	100	-	-
Silkwest Holdings Pty Ltd	Australia	-(3)	100	-	-
Sixteenth Ossa Pty Ltd	Australia	-(3)	100	-	-
Vafitu Pty Ltd	Australia	-(3)	100	-	-
Zygot Pty Ltd	Australia	-(3)	100	-	-
Subsidiaries of Allied Gold Mining Ltd	UK				
Allied Gold Pty Ltd(5)	Australia	100	100	-	-
Subsidiaries of Allied Gold Pty Ltd	Australia				
Advance R&D Pty Ltd(1)	Australia	100	100	-	-
AGL (ASG) Pty Ltd	Australia	100	100	-	-
AGL (SGC) Pty Ltd	Australia	100	100	-	-
Allied Gold Finance Pty Ltd	Australia	100	100	-	-
Allied Gold Services Pty Ltd	Australia	100	100	-	-
Allied Tabar Exploration Pty Ltd	Australia	100	100	-	-
Aretrend Pty Ltd(1)	Australia	100	100	-	-
Australian Solomons Gold Pty Ltd(6)	Australia	-(4)	100	-	-
Nord Pacific Limited	Canada	100	100	-	-

(1) Non operating.
(2) Converted from Allied Gold Mining Plc to Allied Gold Mining Limited on 30 August 2012.
(3) Deregistered 9 February 2015.
(4) Sold 6 May 2015.
(5) Converted from Allied Gold Ltd to Allied Gold Pty Ltd on 1 August 2014.
(6) Converted from Australian Solomons Gold Ltd to Australian Solomons Gold Pty Ltd on 1 August 2014.

Note 29 Controlled entities (continued)

	Country of Incorporation	Ownership Interest		Carrying value of company's investment	
		June 2015 %	June 2014 %	June 2015 $'000	June 2014 $'000
Subsidiaries of AGL (SGC) Pty Ltd	Australia				
Compania Minera Nord Pacific De Mexico, S.A. DE C.V.[4]	Mexico	100	100	-	-
	Australia				
Subsidiaries of Allied Tabar Exploration Pty Ltd					
Tabar Exploration Company Ltd	PNG	100	100	-	-
Subsidiaries of Australian Solomons Gold Pty Limited	Australia				
JV Mine (Australia) Pty Ltd	Australia	-[3]	100	-	-
Subsidiaries of Nord Pacific Limited	Canada				
Nord Australex Nominees (PNG) Ltd	PNG	100	100	-	-
Simberi Gold Company Limited	PNG	100	100	-	-
Subsidiaries of JV Mine (Australia) Pty Ltd	Australia				
Solomon Islands International Pty Ltd	Australia	-[3]	100	-	-
Subsidiaries of Solomon Islands International Pty Ltd	Australia				
ASG Solomon Islands Ltd	Solomon Islands	-[3]	100[1]	-	-
Subsidiaries of ASG Solomon Islands Ltd	Solomon Islands				
Gold Ridge Mining Ltd	Solomon Islands	-[3]	100[2]	-	-

(1) 175,762,501 shares held by Solomon Islands International Pty Ltd. 1 share held by JV Mine (Australia)Pty Ltd.
(2) 175,762,501 shares held by ASG Solomon Island Ltd. 74,443,511 shares held by Australian Solomons Gold Ltd. 1 share held by Solomon Islands International Pty Ltd.
(3) Sold 6 May 2015.
(4) 49,999 shares held by AGL (SGC) Pty Ltd. 1 share held by AGL (ASG) Pty Ltd. Liquidation pending.

Note 30 Events occurring after the balance sheet date

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 or the Group's operations, the results of those operations or the state of affairs, except as described in this note:

On 20 August 2015, the Group announced the sale of its King of the Hills mine and Kailis resource to Saracen Metals Pty Ltd (a wholly owned subsidiary of Saracen Mineral Holdings Ltd) subject to various third party consents and Australian government approvals. Consideration for the sale is $3 million, with $0.3 million payable on completion and the balance due on the earlier of commercial production of ore from Kailis or four years from completion of the sale. The present value of the deferred settlement of $2.7 million is $2.3 million. Completion of the sale is expected to occur by the end of October 2015. On completion of the sale the rehabilitation provision of $13.9 million relating to King of the Hills and Kailis will be reversed to the Income Statement.

Note 31 Reconciliation of loss after income tax to net cash flows from operating activities

	Consolidated	
	2015	2014
	$’000	$’000
Profit/(loss) after tax for the year	39,682	(500,831)
Depreciation and amortisation	85,071	108,691
Rehabilitation provision	5,896	-
Asset impairments and write downs	11,425	410,556
Income tax expense/(benefit)	1,090	17,524
Net loss on sale of property, plant and equipment	513	742
Discontinued operations non-cash expenses	(14,611)	-
Contingent consideration received on sale of Southern Cross	-	(1,444)
Fair value movement in gold prepayment facility	-	10,800
Net realised/unrealised gain on gold derivative fair value movements	(1,407)	(2,832)
Unwinding of rehabilitation provision	1,875	3,021
Onerous provision written back	-	(6,840)
Net finance costs amortised	6,915	3,169
Unrealised/realised foreign exchange gain	15,350	(1,810)
Equity settled share-based payments	139	698
Change in operating assets and liabilities		
Decrease/(increase) in receivables and prepayments	(1,539)	4,902
Decrease/(increase) in inventories	(14,856)	2,237
(Increase)/decrease in other assets	14,933	(1,405)
(Decrease)/increase in trade creditors and payables	(16,056)	(29,707)
Increase/(Decrease) in provisions	(21,219)	2,789
Net cash flows from operating activities	**113,201**	**20,260**

Note 32 Non-cash investing and financing activities

	Consolidated	
	2015	2014
	$'000	$'000
Acquisition of vehicles and equipment through finance leases	577	2,474

Note 33 Earnings per share

	Consolidated 2015 Cents	2014* Cents
(a) Basic earnings per share		
Continued operations	4.29	(51.82)
Discontinued operations	3.76	(50.79)
Continued and discontinued operations	8.05	(102.61)
(b) Diluted earnings per share		
Continued operations	4.18	(51.82)
Discontinued operations	3.65	(50.79)
Continued and discontinued operations	7.83	(102.61)

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated 2015 $'000	2014* $'000
Basic and diluted earnings per share:		
Profit/(loss) after tax for the year - continuing operations	21,154	(252,901)
Profit/(loss) after tax for the year – including discontinued operations	39,682	(500,831)

(d) Weighted average number of shares

	Consolidated 2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	492,700,478	488,074,077
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share[(i)]	506,563,634	488,074,077

(i) Performance rights

Performance rights granted to employees under the St Barbara Performance Rights Plan are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights are not included in the determination of basic earnings per share. Details relating to the rights are set out in Note 34.

*restated to account for discontinued operations in the period.

Note 34 Share-based payments

(a) Employee Option Plan

The establishment of the St Barbara Limited Employee Option Plan was approved by shareholders at the 2001 Annual General Meeting. Options were granted as part of an employee's total remuneration package. Options were granted for a three to five year period. Commencing with the 2011 financial year long term incentives were granted in the form of Performance rights.

During the year ended 30 June 2015 no options (2014: nil) were granted.

(b) Employee Performance Rights

During the year ended 30 June 2015, $409,000 (2014: $1,402,000) previously recognised in the share based payment reserve for 461,678 (2014: 1,437,646) performance rights, which expired during the year, were 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.

Set out below are summaries of performance rights granted to employees under the St Barbara Limited Performance Rights Plan approved by shareholders:

Consolidated and parent entity – 2015

Grant Date	Expiry Date	Price on issue date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number(1)	Balance at end of the year Number	Exercisable at end of the year Number
19 Dec 12	30 Jun 15	$2.09	858,798	-	-	(858,798)	-	-
29 Nov 13	30 Jun 16	$0.49	4,609,097	-	-	(1,700,628)	2,908,469	-
5 Dec 14	30 Jun 17	$0.12	-	18,186,232	-	(1,035,030)	17,151,202	-
Total			5,467,895	18,186,232	-	(3,594,456)	20,059,671	-
Weighted average exercise price			-	-	-	-	-	-

(1) Includes performance rights, which did not vest due to not meeting performance criteria, or through termination of employment.

Consolidated and parent entity – 2014

Grant Date	Expiry Date	Price on issue date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28 Oct 11	30 Jun 14	$2.23	734,529	-	-	734,529	-	-
23 Nov 11	30 Jun 14	$2.20	459,621	-	-	459,621(1)	-	-
15 Mar 12	30 Jun 14	$2.09	243,496	-	-	243,496(1)	-	-
19 Dec 12	30 Jun 15	$2.09	1,573,697	-	-	714,899(2)	858,798	-
29 Nov 13	30 Jun 16	$0.49	-	6,092,247	-	1,483,150(2)	4,609,097	-
4 Dec 13	30 Jun 16	$0.49	-	1,871,642	-	1,871,642(2)	-	-
Total			3,011,343	7,963,889	-	5,507,337	5,467,895	-
Weighted average exercise price			-	-	-	-	-	-

(1) Includes performance rights, which did not vest due to not meeting performance criteria, or through termination of employment.
(2) Expired due to termination of employment.

Note 34 Share based payments (continued)

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.9 years (2014: 1.9 years). The model inputs for rights granted during the year ended 30 June 2015 included:

i. Rights are granted for no consideration. The vesting of rights granted in 2015 is subject to a continuing service condition as at the vesting date, Return on Capital Employed over a three year period, and relative Total Shareholder Return over a three year period measured against a peer group.
ii. Performance rights do not have an exercise price.
iii. Any performance right which does not vest will lapse.
iv. Grant date varies with each issue.

The fair value of rights issued was adjusted according to estimates of the likelihood that the market conditions will be met. A Monte-Carlo simulation was performed using data at grant date to assist management in estimating the probability of the rights vesting. Refer Note 4 for further details.

As a result of the Monte-Carlo simulation results, the assessed fair value of rights issued during the year was $1,637,000. This outcome was based on the likelihood of the market condition being met as at the date the rights vest.

(c) Expenses arising from share based payment transactions

Total expenses arising from equity settled share based payment transactions recognised during the year as part of the employee benefit expenses were as follows:

	Consolidated	
	2015	2014
	$	$
Options/performance rights issued under employee option plan	139,000	698,000

Note 35 Discontinued Operations

On the 6 May the Group completed the sale of Australian Solomons Gold Limited and its subsidiary companies to a Solomon Islands company associated with local landowners for a nominal purchase price. Australian Solomons Gold Limited is the parent entity of Gold Ridge Mining Limited, which holds the Gold Ridge assets.

The parties also signed a Deed of Indemnity and Release as part of the sale in favour of the remaining St Barbara Group companies in respect of the Gold Ridge project.

Details of the assets and liabilities disposed of are included within Note 36 and the profit on disposal is incorporated with Note 35.

The results of the discontinued operations included in the prior year amounts in the consolidated income statement are set out below.

	2015 $'000	2014* $'000
Profit /(Loss) for the period from discontinued operations		
Revenue	4,375	71,058
Other income	3,694	7,109
Expenses	(19,862)	(321,057)
Operating loss before tax	(11,793)	(242,890)
Foreign exchange gains	767	-
Attributable income tax expense	-	(5,040)
Loss after tax and foreign exchange	**(11,026)**	**(247,930)**
Gain on disposal of operations	29,554	-
	29,554	**-**
Profit/(loss) for the year from discontinued operations (attributable to owners of the company)	**18,528**	**(247,930)**

	2015 $'000	2014* $'000
Cash flows from discontinued operations		
Net cash outflows from operating activities	(13,575)	(51,099)
Net cash outflows from investing activities	-	(9,697)
Net cash outflows	**(13,575)**	**(60,796)**

*restated to account for discontinued operations in the period.

Note 36 Disposal of subsidiary

	2015 $'000	2014 $'000
Consideration received		
Consideration received in cash	-	-
Foreign exchange	(2,724)	-
Costs of disposal	(2,796)	-
	(5,520)	**-**

During the year, the Company received a nominal amount from a Solomon Islands company associated with local landowners for the sale of the Australian Solomons Gold Limited and its subsidiary companies.

	2015 $'000	2014 $'000
Analysis of assets and liabilities over which control was lost		
Current assets		
Inventories	-	-
Other assets	-	-
Non-Current assets		
Property plant and equipment	-	-
Non-Current liabilities		
Provision for rehabilitation	(35,074)	-
Net liability disposed of	**(35,074)**	**-**

The gain on disposal of $29,554,000 is included in the profit from discontinued operations for the financial year ended 30 June 2015.

DIRECTORS' DECLARATION

1 In the opinion of the directors of St Barbara Limited (the Company):

(a) the consolidated financial statements and notes that are contained in pages 40 to 102 and the Remuneration report in the Directors' report, set out on pages 21 to 36, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; 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.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

3 The directors draw attention to Note 1.1 to the financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Bob Vassie

Managing Director and CEO

Melbourne
25 August 2015

Independent auditor's report to the members of St Barbara Limited

Report on the financial report

We have audited the accompanying financial report of St Barbara Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, notes 1 to 36 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 21 to 36 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of St Barbara Limited for the year ended 30 June 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Tony Romeo
Partner

Melbourne

25 August 2015

Corporate Directory

BOARD OF DIRECTORS

T C Netscher	Non-Executive Chairman
R S Vassie	Managing Director & CEO
K J Gleeson	Non-Executive Director
D E J Moroney	Non-Executive Director

SHARE REGISTRY
Computershare Investment Services Pty Ltd
GPO Box 2975
Melbourne Victoria 3001 Australia

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

COMPANY SECRETARY
R R Cole

AUDITOR
KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

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