

ST BARBARA MINES LIMITED

ACN 009 165 066



ASX SHAREHOLDERS REPORT

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*Dollar values in this report are
Australian dollars unless
otherwise stated.*

Debt Retirement and Board Expansion

Resource Capital Funds II LP (Denver, Colorado, USA), a provider of credit and a supporter since January 2002, has agreed to convert its entire term facility (\$7.3 million) into equity, thereby extinguishing all secured debt from the St Barbara balance sheet.

The debt to equity swap will result in the issue to Resource Capital Funds of 92 million shares at 8 cents per share, taking its shareholding from a current 7.9 percent to approximately 23 percent of an enlarged capital base.

The transaction is subject to shareholder approval at the annual general meeting – the annual report and notice of meeting (including an explanatory statement on all resolutions) will be mailed out shortly. The transaction is also subject to Resource Capital Funds obtaining various approvals including the Foreign Investment Review Board.

The Board will also appoint two new directors, one of whom will be a non-executive Chairman, in recognition of best corporate governance practice, separating the Chairman and Managing Director roles. Mr Stephen Miller will continue as Group Managing Director to lead the recommencement of the gold production phase accelerated by the debt reduction.

The strengthened balance sheet will facilitate opportunities to progress the development of Paddys Flat high grade orebodies and the re-engineered Paulsens project through St Barbara's 88.3 percent owned subsidiary, Taipan Resources NL.

Stephen W. Miller
Executive Chairman

22 September 2003