ASX
SHAREHOLDERS
REPORT

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Stephen W. Miller
Executive Chairman
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Overseas   +61 8 9476 5555

or

Colin G. Jackson
Investor Relations
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September 2003 Quarterly Report

Attached is the Company’s Quarterly Report for the period ending 30 September 2003.

Stephen W. Miller
Executive Chairman

31 October 2003

St Barbara Mines Limited
Level 2, 16 Ord Street
West Perth
Western Australia   6005
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OVERVIEW

MEEKATHARRA OPERATIONS
♦ Gold production 15,721 ounces
  - sourced entirely from low grade stockpiles, predominantly Paddys Flat
♦ Net cash cost $475 per ounce

FINANCE
♦ Meekatharra Operations
  - cash operating surplus $2.0 million
♦ Share placement raises $0.96 million (net of fees)
♦ Short term debt reduced $5.0 million
♦ Debt-for-equity swap ($7.3 million) and partial loan-for-equity swap ($2.8 million) proposed, both subject to shareholder approval

PADDYS FLAT DEVELOPMENT
♦ Prohibition drill results confirm resource model
♦ Down plunge drilling commenced

PAULSENS PROJECT
♦ Parameters to develop Paulsens as a high grade shallow underground mine in place

CORPORATE
♦ Board expansion and separation of Chairman and Chief Executive roles foreshadowed
♦ Burnakura area farmed-out in $2 million development and exploration joint venture
CHAIRMAN’S REVIEW

The quarter has been notable for a number of key events benefiting both the balance sheet and the gold production profile.

Resource Capital Funds II LP (Denver, Colorado, USA), a provider of credit and a supporter since January 2002, has agreed to convert the balance of its entire term facility ($7.3 million) into equity, which together with the earlier repayment of $5.0 million (from the sale of Diore), will extinguish all secured debt from the St Barbara balance sheet.

The debt-to-equity swap will result in the issue of shares to Resource Capital Funds, taking their shareholding from a current 7.7 percent to approximately 24 percent of the enlarged capital base.

Ocean Resources will also convert $2.8 million of convertible loan into ordinary shares at 8 cents per share. Both the Resource Capital Funds and Ocean Resources conversions are subject to shareholder approval at the Annual General Meeting on 25 November 2003.

Post this event, interest bearing debt will be $4.4 million comprising the remainder of the Ocean Resources convertible loan – also convertible at 8 cents per share.

Subsidiary, Taipan Resources NL, will proceed with the development of Paulsens as a high grade shallow underground mine. The project has been re-engineered significantly reducing the capital associated with the previous high strip ratio open cut proposal. A decline, to an initial depth of 200 metres, is scheduled to deliver 675,000 tonnes at 12.2 g/t.

The catalyst for Paulsens proceeding is the acceptance by St Barbara of a debt-for-equity swap for the outstanding inter-company loan of $17.6 million. This facilitates a $21 million equity raise in Taipan of which $18 million is a share placement with the balance an underwritten Share Purchase Plan. St Barbara, as a consequence, will dilute from 88.3 percent to 54.9 percent in the expanded capital of Taipan.

The net outcome of the transaction is a Paulsens Project fully funded into production, reaching an annualised rate of 100,000 ounces within fifteen months of the January 2004 commitment.

At our other major development project, Paddys Flat at Meekatharra, recent mine design drilling has confirmed the mine model with modest positive reconciliation. A thirteen hole down plunge programme to extend the resource has commenced.

In recognition of best corporate governance practice, the Board will seek to appoint two new directors, one of whom will be a non-executive Chairman, thereby separating the roles of Chairman and Managing Director. Mr Stephen Miller continues as Group Managing Director to lead the re-establishment of growth in the gold production profile facilitated by the balance sheet recapitalisation.

Stephen W. Miller
Executive Chairman

31 October 2003
MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION

Gold production at 15,721 ounces was 16 percent lower than the previous quarter. Mill feed comprised low grade stockpiles, predominantly Paddys Flat No. 1, No. 2 and No. 3 stockpiles. Minor tonnages were treated from Alliance and Boomerang during periods of higher spot gold prices.

Lower production was a consequence of lower average mill grade (down 10 percent), consequent lower recovery and slightly lower throughput (down 5.5 percent – although still an annualised rate of 2.8 million tonnes).

Outlook

Three of the four nearby small surface oxide deposits have been assessed as marginal. Five Mile remains subject to a geotechnical review of a pit last worked ten years ago.

The production schedule for the balance of the year includes Paddys Flat and Bluebird low grade stockpiles and Batavia open pit.

Detailed evaluation of the higher grade underground Paddys Flat deposits continued. Four holes into Prohibition have confirmed the orebody model and a further 13 holes (7,500 metres) are planned to assess the potential for down plunge resource extension. A drill programme has also commenced on the lower grade open pit Mickey Doolan resource.

Production and Sales Statistics

<table>
<thead>
<tr>
<th>Period</th>
<th>3 Months to 30 Sept 2003</th>
<th>12 Months to 30 June 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore mined (tonnes) ..........</td>
<td>nil</td>
<td>483,041</td>
</tr>
<tr>
<td>Ore milled (tonnes) ..........</td>
<td>700,658</td>
<td>2,264,599</td>
</tr>
<tr>
<td>Grade milled (g/t) ..........</td>
<td>0.85</td>
<td>1.47</td>
</tr>
<tr>
<td>Recovery (%) ..................</td>
<td>82.0</td>
<td>89.7</td>
</tr>
<tr>
<td>Gold produced (ounces) ......</td>
<td>15,721</td>
<td>96,611</td>
</tr>
<tr>
<td>Gold sold (ounces) ..........</td>
<td>17,819</td>
<td>98,080</td>
</tr>
</tbody>
</table>

Production Cost Statement ($/oz)

<table>
<thead>
<tr>
<th>Period</th>
<th>3 Months to 30 Sept 2003</th>
<th>12 Months to 30 June 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mine site cash costs ..........</td>
<td>448</td>
<td>448</td>
</tr>
<tr>
<td>State royalties ..............</td>
<td>27</td>
<td>17</td>
</tr>
<tr>
<td>Net Cash Cost .................</td>
<td>475</td>
<td>465</td>
</tr>
<tr>
<td>Mine development capital cost amortisation</td>
<td>68</td>
<td>103</td>
</tr>
<tr>
<td>Inventory movements ...</td>
<td>67</td>
<td>7</td>
</tr>
<tr>
<td>Net Operating Cost ............</td>
<td>609</td>
<td>575</td>
</tr>
</tbody>
</table>

Realised Gold Price | 548 | 572

St Barbara calculates cost of production using a modified Gold Institute Standard. The modification is designed to clearly identify the actual cash cost incurred, which is then normalised depending upon over or under development against the life-of-mine plan. The resultant 'net operating cost' per ounce is equivalent to the GI 'total cash cost' per ounce.

FINANCE

Realised Gold Price

A total of 17,819 ounces was sold at a net realised gold price of $548 per ounce (against an average spot price of $554 per ounce).

The Company delivered all production into spot. The Company has no hedge positions.

Financial Performance

Meekatharra Operations generated a $2.0 million cash surplus for the quarter.

Financial Position

As at 30 September 2003, cash and bullion totaled $1.5 million (plus $3.3 million in rehabilitation bonds).

Major cash movements during the period included convertible note proceeds ($1.3 million), asset sales ($1.2 million), investment sale (Dioro $5.0 million) and Defiance debtor repayments ($1.0 million), Paddys Flat acquisition ($1.5 million) and repayment of debt finance (RCF $5.0 million).
MANAGEMENT DISCUSSION AND ANALYSIS

BURNAKURA JOINT VENTURE

A 70 percent interest in the 7 kilometre long Alliance line of gold mineralisation, 35 kilometres south of the treatment plant, has been farmed out subject to a $2 million commitment over 30 months, and payment of a royalty to a third party.

The joint venture partner proposes the immediate development of the 53,000 ounce NOA2 underground resource with milling of mined ore through the St Barbara treatment plant commencing May 2004.

PAULSENS

Paulsens has been significantly re-engineered as a high grade shallow underground mine. The net result is a reduction in capital cost to first gold pour from $40 million to $13 million.

A project risk mitigation programme comprising positional drilling (20 holes) into the orebody 100-125 metres below surface, resource extension drilling (39 holes) between 200-400 metres below surface and extraction of a 50,000 tonne sample to confirm mining and processing parameters is proposed.

Gold recovered from the major sample will partially offset site establishment, decline and level development costs.

CORPORATE INFORMATION

Board of Directors and Executive Management

S. W. Miller............... Executive Chairman
K. A. Dando .......... Non-Executive Director
G. B. Speechley ...... Non-Executive Director
H. G. Taten .......... Non-Executive Director
A. D. Rule .......... Chief Financial Officer
........................................ Company Secretary

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Website: www.stbarbara.com.au

Stock Exchange Listings
Australian Stock Exchange
AIM Board of London Stock Exchange
Ticker Symbol: SBM

Issued Capital
As at the date of this report, issued capital is 443,646,225 shares.
There were 44,359,772 listed options, exercisable at 30 cents up until 29 February 2004 and 71,882,563 unlisted options exercisable at various prices between 11 cents and 40 cents up to 17 January 2006.

Major Shareholders
Westpac Custodians.............................................. 15.75%
National Nominees.............................................. 10.16%
Resource Capital Fund II LP................................. 7.68%
Strata Mining Corporation Ltd............................... 7.26%
Tutu Capital Inc................................................ 3.15%

Substantial Shareholders
RAB Europe Fund Ltd........................................... 10.15%
St James's Place Recovery
Unit Trust.......................................................... 9.12%
Resource Capital Fund II LP................................. 7.68%
Strata Mining Corporation Ltd............................... 7.26%

Shareholder Enquiries
Matters related to shares held, change of address and tax file numbers should be directed to:
Australia:
Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
Perth WA 6000
Telephone: +61 8 9221 7288
Facsimile: +61 8 9221 7889

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The Pavilions, Bridgewater Road
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Information in this report relating to mineral resources conforms to the reporting requirements of the Australian Code for Reporting of Identified Mineral Resources and Ore Reserves (The JORC Code).
It is based on information compiled by Mr Graham Miller,
FAusIMM, a Competent Person as defined by the Code.
It is included in this report with his consent.

Activities Report for the three months to 30 September 2003