31 July 2007

Dear Sir

EXPLORATION LICENCES 9887 & 10405 – MT SOLITARY JV
FOURTH ANNUAL REPORT, EXPENDITURE FOR YEAR FOUR & BUDGET FOR YEAR FIVE

Exploration Licences 9887 and 10405 have been part of the Mt Solitary Joint Venture between Tanami Gold NL ("TNGL") and St Barbara Limited (purchased from the Administrators of Sons of Gwalla Limited on the 28 March 2005), with Tanami managing exploration within the licence areas. Tanami Gold NL withdrew from the JV on 21 February 2007.

The fourth anniversary of the Exploration Licences occurred on 8 July 2007. Please find attached expenditure for the fourth year of tenure for the Exploration Licences, together with the proposed program and budget for year five.

Within Tanami’s Central Australia landholdings a regional geological and prospectivity study was undertaken with the aim of reviewing prospectivity of existing landholdings, appraising prospectivity and assessing future exploration programs within the overall company strategy. EL’s 9887 and 10405 were incorporated within this study.

EL10405 was noted to contain potential remnants of Ledan Schist, the host rock to lode-style gold mineralisation at the Wapiti prospect located 15km northwest of the tenement. Further aeromagnetic interpretation suggested the Ledan Schist occurred mainly to the east of EL10405 and field reconnaissance in August 2006 verified that none of the basement outcropping on EL10405 is Ledan Schist (being granite and gneiss).

EL9887 contains an aeromagnetic target interpreted to be a magnetic aureole to an intrusive body. The target has been previously drilled by BHP in 1984, which intersected sulphides in weathered gneissic basement under 90+ metres of alluvial cover. Weakly elevated base metal assays were noted. In August 2006 Tanami geologists tried to locate drill spoil for possible geochemical or petrological appraisal of the target; however no trace of the drill hole was located.

In the fourth year of tenure the Central Land Council ("CLC") gave notice of meetings planned with Traditional Owners, at which TGNL’s proposed exploration program on EL10405 was to be presented. The meeting was twice postponed and the CLC never confirmed whether it was actually held. In August 2006 the CLC consented to Tanami visiting the area to undertake the field work described above.

Pursuant to Section 172 of the Mining Act, we seek a variation of covenant in respect of Exploration Licences 9887 and 10405 for the year ending 7 July 2007. Total expenditure for EL9887 in the amount of $3,666 did not meet the required covenant of $8,000. Total
expenditure for EL10405 in the amount of $7,029 did not meet the required covenant of $9,200. Please find enclosed our cheque in the amount of $100 being the requisite fees.

As Tanami withdrew from the JV in late February 2007, St Barbara has spent the remainder of the reporting year evaluating work done on the Licences. It is St Barbara's intention to complete the Year 5 Proposed Exploration Program.

Furthermore, as this was the only work of a field based nature within the last twelve month's we ask that this letter be accepted in lieu of the Fourth Annual Report for the year ending 7 July 2007.

Should you require any further information please contact me on (08) 9476 5507 or email kylie.price@stbarbara.com.au

Yours faithfully

Kylie Price
Land Officer
EXPLORATION EXPENDITURE YEAR ENDING 7 JULY 2007

In February 2007, about halfway through Year 4 of the tenements, Tanami Gold NL ("Tanami") dropped out of the joint venture it had been managing for the previous owners of the tenements, Sons of Gwalia Limited ("SGW"), transferring management to 100% owner St Barbara Limited ("SBM"), which acquired them from Sons of Gwalia in early 2005.

EL 9887

Tanami’s Year 4 work on EL9887 - covering a circular aeromagnetic target initially drill tested by a single BHP RC hole in 1984, which intersected sulphides with weak base metal anomalism in weathered Palaeoproterozoic gneissic basement concealed by +90 metres of alluvium - comprised an unsuccessful effort by Tanami geologists to locate drill spoil for possible further geochemical / petrological evaluation.

SBM’s work was limited to an evaluation of previous work and a GIS assessment of the tenement using new regional geophysical datasets

EL 10405

Though Tanami’s previous work had suggested EL 10405 to contain segments of the Palaeoproterozoic Ledan Schist, the host rock to lode-style gold mineralization 15km northwest of the tenement, further aeromagnetic interpretation during the year suggested that the Ledan Schist actually occurred mainly to the east of EL10405 and field reconnaissance in August 2006 found that outcropping basement through the tenement is granitoid and gneiss rather than Ledan Schist.

During the year the Central Land Council ("CLC") gave notice of meetings planned with Traditional Owners, at which a reconnaissance RAB / aircore drilling programme proposed by Tanami for EL10405 was to be presented. The meeting was twice postponed and the CLC never confirmed whether it was actually held. In August 2006 the CLC consented to Tanami visiting the area to undertake the (non-invasive) field reconnaissance described above.

As with EL 9887, SBM’s work was limited to an evaluation of previous work and a GIS assessment of the tenement using new regional geophysical datasets

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PROPOSED EXPLORATION PROGRAM YEAR 5

EL 9887

A detailed gravity survey is proposed as a way of further evaluating – prior to possible RC/Aircore drill hole testing - the circular aeromagnetic target in the south western part of the tenement. The one previous (1984) hole drilled into the target is not considered to represent a definitive drill testing of it. The estimated (all-up) cost of the gravity survey is $10,000.

EL 10405

Subject to acquiring clearance from the CLC / Traditional Owners, a program of reconnaissance RAB / aircore drilling is proposed as a way of further evaluating Palaeoproterozoic basement hidden beneath younger cover for copper-gold mineralization and also for evaluating the cover sequences for sedimentary copper and uranium. The program is estimated to cost around $15,000.