

# ASX SHAREHOLDERS REPORT

Enquiries regarding  
this report may be directed to:

**Colin G. Jackson**  
*Chairman*

Telephone 0417 929 107

or

**Brett Lambert**  
*Acting Chief Executive Officer*

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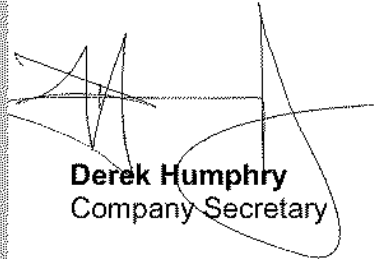
**NuStar Mining Corporation Limited**  
ABN 11 060 156 452  
Level 2, 34 Colin Street  
West Perth  
Western Australia 6005  
Telephone (08) 9346 0000  
Overseas +61 8 9346 0000

Enquiries regarding the takeover offer  
by Sedimentary Holdings should  
be directed to:

**Colin G. Jackson**  
*Chairman*  
Telephone 1800 811 109 (toll free)

## Chairman's letter to shareholders

Attached is a copy of the Company's letter dated  
25 January 2005 to be dispatched to shareholders.



**Derek Humphry**  
Company Secretary

25 January 2005

Dear fellow shareholder,

**Your Board's unanimous recommendation that you REJECT the takeover offer by Sedimentary Holdings Limited for your NuStar shares has not changed.**

You will shortly receive a Supplementary Bidder's Statement from Sedimentary. What has changed? On 21 January 2005, the Sedimentary Offer was declared unconditional. However Sedimentary has not increased the Offer.

Sedimentary suggests, amongst other things, the increase in gold resources at Cracow (30 percent minority interest) and the acceptance by two shareholders should be considered material facts in your deliberations.

At Cracow, the Sedimentary gold inventory has increased to 365,400 ounces (attributable) with 47 percent in the Inferred category – the lowest level of confidence under the Joint Ore Reserves Committee standard. In comparison NuStar, at the 100 percent owned and operated Paulsens Gold Mine, has 541,000 ounces in resources with only 11 percent in the Inferred category.

Since launching the bid, Sedimentary has received acceptances for 13.0 percent of NuStar (taking its relevant interest to 17.2 percent) however 95 percent of shares acquired were derived from just two out of the total of 2,239 NuStar shareholders.


Early next week you will receive a comprehensive NuStar Supplementary Target's Statement responding to the claims made in the Supplementary Bidder's Statement. Shareholders should await this advice before making any decision in relation to the Offer which remains open until 3 February 2005.

The Company today released the Activities Report for the three months to 31 December 2004. In summary, NuStar is on schedule to become an 80,000 ounce per annum producer, with the first gold pour scheduled for May 2005.

If you have any questions regarding the Offer, please call me on 1800 811 109 (toll free).

**To reject the Offer and remain a NuStar shareholder and enjoy the rewards from Paulsens Gold Mine and extensive Ashburton regional tenements, simply DISREGARD all documents and communications from Sedimentary.**

Yours faithfully,



**Colin G. Jackson**  
Chairman

25 January 2005