NUSTAR
MINING CORPORATION LIMITED

ASX SHAREHOLDERS REPORT

Enquiries regarding this report may be directed to:

Colin G. Jackson
Chairman

Telephone 0417 929 107

or

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Acting Chief Executive Officer

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NuStar Mining Corporation Limited
ABN 11 060 156 452
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Enquiries regarding the takeover offer by Sedimentary Holdings should be directed to:

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

www.nustarmining.com.au

Chairman's letter

Attached is a copy of a letter from the Chairman of NuStar Mining Corporation Limited dated 14 February 2005.

Derek Humphry
Company Secretary

14 February 2005

NUSTAR
MINING CORPORATION LIMITED

Dear fellow shareholder,

Sedimentary Holdings Limited extended the Offer period for your NuStar shares for the second time despite acceptances of less than one percent since the release on 24 January 2005 of the Sedimentary Supplementary Bidder's Statement.

The Offer is due to close on 17 February 2005. If you accept you will receive shares in Sedimentary – a company whose only significant asset is a minority interest in the Cracow Project.

As stated in the Supplementary Target's Statement, the NuStar analysis of the recently announced increase to inferred resources at the Cracow Project (estimated by Sedimentary) is that they appear to be smaller, lower grade, narrower structures with the likelihood of higher production costs.

It should also be noted that despite substantial exploration expenditure over a significant period at Cracow, the resources contained in the principal structures, Royal and Crown, have not increased since the initial estimates in July 2000 and November 2001 respectively.

NuStar has made repeated attempts to confirm the life-of-mine operating cash cost per ounce estimate for the Cracow Project. The publicly quoted figure has not changed since first announced in August 2002.

More recently, NuStar requested details of the current Cracow Project life-of-mine plan and budget. Sedimentary has subsequently advised it is unable to provide the requested information.

Since the release of the NuStar Supplementary Target's Statement on 31 January 2005 to the date of this letter, the Sedimentary Offer of two shares for every nine NuStar shares has traded at a weighted average 6.4 percent discount to the underlying NuStar share price. The aggregate dollar value of NuStar trades on the market has exceeded the aggregate dollar value of Sedimentary trades seven out of the last ten days.

Your Directors continue to unanimously recommend you REJECT the Offer for your NuStar shares. To REJECT the Sedimentary Offer, simply DISREGARD all documents and communications from Sedimentary.

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

Your Board remains committed to delivering sustainable value from the 100 percent owned Paulsens Project and the surrounding tenement package.

Colin G. Jackson
Chairman

14 February 2005

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