ASX SHAREHOLDERS REPORT

Enquiries regarding
this report may be directed to:

Brett Lambert
Chief Executive Officer

Telephone (08) 9346 0000
Overseas +61 8 9346 0000

Hedging restructured

The Company has converted zero premium options held over 58,000 ounces of gold into flat forward hedges and in the process has secured a higher minimum price for Paulsens gold production.

NuStar elected to effect the conversion to maintain financial reporting clarity as uncertainty remains in relation to the treatment of options under International Financial Reporting Standards (IFRS) which take effect on 1 July 2005. Flat forward contracts are considered an effective hedge under IFRS.

The new flat forward contracts were provided by Westpac and are set at a price of A$622.90 per ounce, compared to a minimum price of A$609.00 under the options they replace. Delivery, scheduled from July 2005 through to December 2008, remains unchanged.

There has been no change in the total number of ounces hedged, which represents 45 percent of currently planned production, or to the original flat forward contracts which secure a price of A$628.50 per ounce for 115,000 ounces.

Operations at Paulsens continue to deliver excellent results. Mine production, mill throughput, metallurgical recovery and recovered ounces are expected to modestly exceed budget for the month of June. To date the reconciliation of mill grade to mine assigned grade is positive.

A strong operational performance at Paulsens has secured NuStar's place amongst the ranks of significant Australian gold producers.

Brett Lambert
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

www.nustarmining.com.au