

ASX SHAREHOLDERS REPORT

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Regional drilling underway

NuStar has just commenced a 24,000 metre reconnaissance drilling programme on the Ashburton regional properties.

The broadly spaced auger drilling programme is being used to assess geologically prospective areas within the Paulsens region that remain largely untested due to alluvial cover.

A major component of the programme is directed at the contact between the Mt McGrath Formation and the Duck Creek Dolomite. Sediment hosted micron gold (SHMG) style deposits are the primary target in these areas.

Selected sections of the Fortescue Group with a structural setting conducive to Paulsens style mineralization are also being tested.

The drilling is estimated to take six weeks to complete. Following assay return and interpretation, target areas will be prioritized for more intensive follow up work.

At Paulsens, the recently commissioned treatment plant has operated at above design capacity throughout the September quarter. Mine output was initially constrained early in the period due to delivery delays with stope production equipment. Upgrading of the equipment fleet was completed in August and ore production levels have subsequently been on target. Gold production for the quarter is forecast at 18,000 ounces.

The current drilling represents the most substantial exploration programme undertaken by NuStar since the Paulsens resource drill-out and is a fundamental component of the Company's strategy to grow its resource base within trucking distance of Paulsens.



Brett Lambert
Chief Executive Officer

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