

## **ASX SHAREHOLDERS REPORT**

*Enquiries regarding this report  
or Company business may  
be directed to:*

**Colin G. Jackson**  
*Non-executive Chairman  
Telephone 0417 929 107*

*or*

**Brett Lambert**  
*Acting Chief Executive Officer  
Telephone (08) 9476 5599  
Overseas +61 8 9476 5599*

*NuStar Mining Corporation  
Level 2, 16 Ord Street  
West Perth  
Western Australia 6005  
Telephone (08) 9476 5599  
Overseas +61 8 9476 5599*

*Dollar values in this report are  
Australian dollars unless  
otherwise stated.*

### **Paulsens Royalty to be Acquired**

**Agreement has been reached in principle to acquire a royalty over the Paulsens Gold Project and an interest in the Wyloo Joint Venture - both held by St Barbara Mines Limited.**

The royalty, originally held by CRA, entitles the holder to 5 percent of the proceeds from gold sales in excess of 6,000 ounces from the Paulsens mining lease (M08/99). Nustar proposes to acquire the royalty for \$5.1 million.

St Barbara has also agreed to assign its rights in the Wyloo Joint Venture with Pelican Resources Limited on E08/853 and E08/854 (which are in close proximity to Paulsens). The initial consideration is \$50,000 with a subsequent payment of \$400,000 dependent on the establishment of a mining reserve.

Both transactions are subject to the completion of formal documentation and the approval of NuStar and St Barbara shareholders, with the Wyloo assignment also subject to the consent of Pelican.

Two banks short-listed to provide project finance have submitted final terms sheets following completion of technical due diligence. Funding includes provision for the royalty acquisition. The mandate is anticipated to be awarded by month end.

Development of the Paulsens gold mine continues on schedule with the decline face at 325 metres.

**Mine development and funding remain on target for the production of first gold in May 2005.**

**Project economics are enhanced by the acquisition and cancellation of the royalty.**

**Colin G Jackson**  
Non-executive Chairman

20 September 2004