ST BARBARA MINES LIMITED

ACN 009 165 066

SHAREHOLDERS' UPDATE

This shareholders' update reports the following:

- high grade mineralisation was intersected in recent drilling at Vivians-Consols including 1 metre at 24 g/t from 476 metres;
- resources at Vivians-Consols doubled to 234,000 ounces prior to the recent commencement of drilling;
- the return of Reedys tenements to 100% ownership of the Company;
- an increase in 100% owned resources to 1,130,000 ounces from 825,900 ounces;
- Annean JV drilling intersected 10 metres of high grade mineralisation at 7.7 g/t at 332 metres depth beneath the Bluebird Pit;
- corporate activity resulted in a current cash balance of $5 million with a further $7.2 million of readily realisable assets; and
- the objective of the drilling program which will recommence early in 2005 is to increase resources and re-establish reserves.

Vivians-Consols, Paddys Flat – Drilling

High grade gold mineralisation has been intersected in drilling of the depth extensions of the Vivians-Consols porphyry hosted mineralisation, at Paddys Flat near Meekatharra.

The results include:

- 4 metres at 7.2 g/t including 1 metre at 24.4 g/t from 476 metres in hole 6 (see Figure 1);
- 2 metres at 8.6 g/t including 1 metre at 16.0 g/t from 318 metres in hole 4;
- 1 metre at 11.6 g/t from 405 metres in hole 5 (see Figure 2); and
- 3 metres at 4.1 g/t including 1 metre at 6.0 g/t from 455 metres in hole 8 (visible gold was observed).

These results are encouraging and have extended the mineralisation at least 100 metres at depth and were drilled over a strike length of 200 metres.

Other gold mineralisation was intersected in the pre-collars of the Vivians-Consols holes in the hanging wall and to the east of the high grade Vivians-Consols porphyry mineralisation.

The results included to date:

- 18 metres at 1.0 g/t from 132 metres and 6 metres at 2.89 g/t from 204 metres in hole 12;
- 12 metres at 1.1 g/t from 330 metres in hole 8; and
- 6 metres at 1.1 g/t from 42 metres in hole 13.

These results are also encouraging and will be followed up with further drilling in early 2005.

ASX ANNOUNCEMENT

Enquiries regarding this report may be directed to:

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Eduard Eshuys
Managing Director & CEO

22 December 2004

Resources Upgrade at Vivians-Consols

A resource estimate at Vivians-Consols has been upgraded to 985,000 tonnes at 7.4 g/t for 234,000 ounces of gold from the 30th September 2004 resource statement of an inferred resource of 543,000 tonnes at 6.8 g/t for 118,800 ounces of gold. Cube Consulting Pty Ltd were requested to conduct the review which led to the upgrade.

The upgraded resources estimate generally extends only to a vertical depth of 300 metres below the surface, and was based only on drill holes completed prior to the drilling program which commenced in October 2004.

The total mineral resource estimate for Paddys Flat incorporating the upgrade of Vivians-Consols is now 9.0mt at 3.1 g/t gold for 853,000 ounces (see Appendix 1).

The recent drilling results are encouraging and clearly have the potential to further increase the resources and re-establish reserves at Meekatharra.

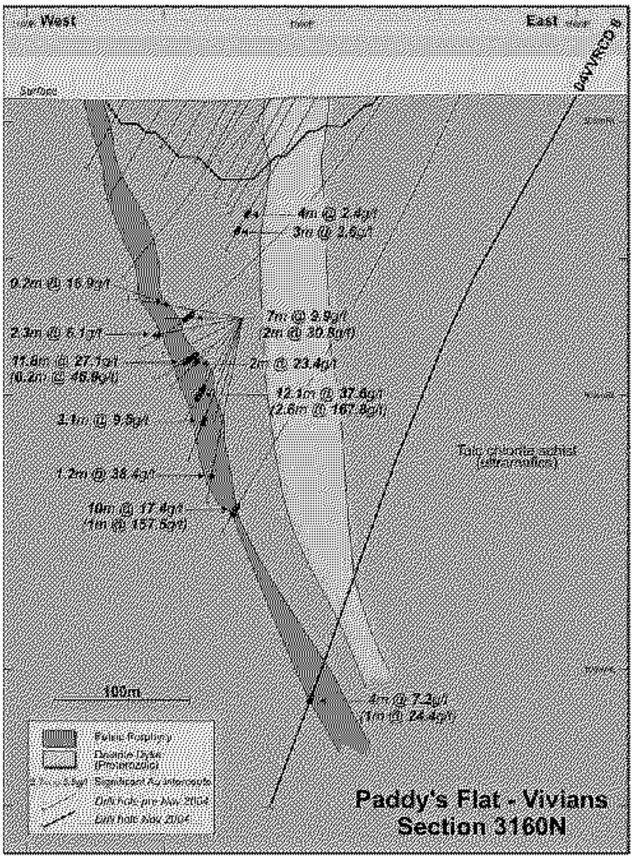


Figure 1

The Return of Reedys

Agreement has been reached whereby Elara Mining Limited ("Elara") has withdrawn from the Reedys Joint Venture on account of limited financial resources thus returning Reedys entirely to the Company. Elara's withdrawal will enable it to continue with the Polelle Joint Venture. Refer to Appendix 2 for an updated map of the Meekatharra tenements.

Reedys has historically produced more than 2.92m tonnes at a grade of 5.4 g/t for 505,000 ounces to date. The current resource estimate is 264,000 ounces to a depth of approximately 100 metres (see Appendix 1).

A number of shallow (approximate depth of 150 metres) high grade targets have been identified and will be followed up with drilling in January/February next year in conjunction with a comprehensive review of past mining and exploration data.

Elara will assume management of the Polelle Joint Venture and is now required to sole fund a total expenditure of $3 million, of which $1.2m has already been spent, to earn 51% by November 2006. Elara can earn a further 14% by sole funding an additional $2 million, by November 2008.

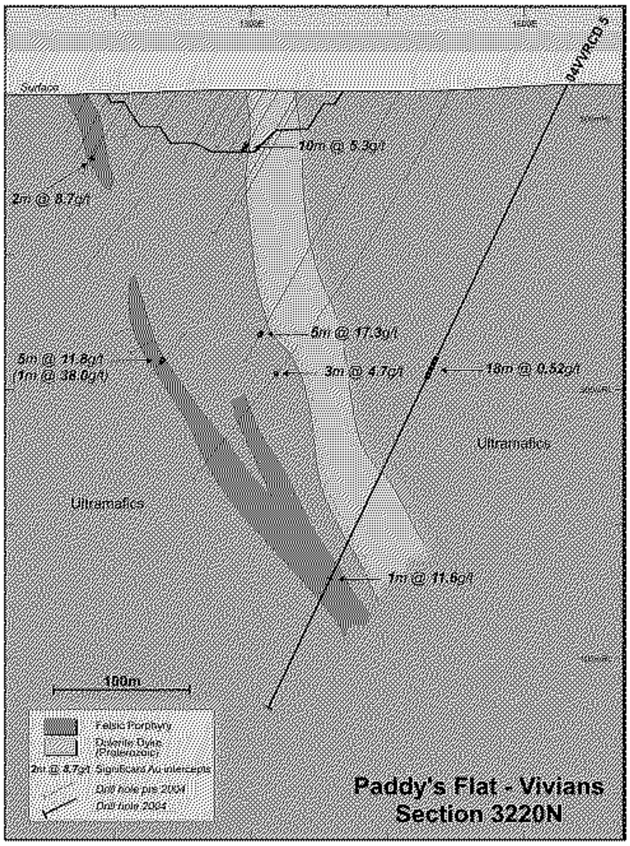


Figure 2

Mineral Resources Update

The consequence of the resource upgrade at Vivians-Consols; and the withdrawal of Elara from Reedys has resulted in the Company's 100% mineral resource estimate now totalling 11,056,000 tonnes at 3.2 g/t for 1,132,000 ounces, excluding those resources where joint venture participants have the opportunity to earn an interest.

A complete statement is attached as Appendix 1.

Annean Joint Venture Drilling

Mercator Gold plc, the operator of the Annean Joint Venture, has reported intersecting high grade gold mineralisation in drilling beneath the Bluebird Open Pit.

The drilling intersections included 9 metres at 4.9 g/t from 287 metres in hole BBRCDD002 and 10 metres at 7.7 g/t from 332 metres in an extension of hole RCB201. The drilling is within 500m of the Company's Bluebird 3 million tonne per annum plant which is currently on care and maintenance. Mercator is encouraged by the results.

Mercator has the right to earn a 70% interest in the Annean Joint Venture by sole funding $8 million on exploration.

The Annean Joint Venture drilling is scheduled to recommence in January 2005.

Corporate Activity

The Company's shareholders approved the surrender of the Paulsens Royalty at $5.1 million in favour of NuStar Mining Corporation Limited ("NuStar") (in which the Company currently holds a 38.3% interest) at the AGM on 29th November 2004. At the same meeting shareholders also approved the buy-back of up to 192 million shares of the Company, in exchange for up to 240 million NuStar shares.

The sale of the royalty at $5.1m and the sale by the Company of 60.5 million NuStar shares for $3.9 million into the market has resulted in the Company having a cash balance of $5 million after payment of creditors and other debts.

The Company still holds 382.3 million shares in NuStar, of which 100 million are optioned with an exercise price of 5 cents with a value of $5 million and 42.3 million which have a current market value of $2.5 million.

Corporate Activity cont'd

The balance of the Company's holding in NuStar, 240 million shares, has been set aside for the swap and buy-back of up to 192 million Company shares.

The shareholder approved buy-back is providing an exit mechanism for shareholders of the Company that supported the previous management at the 20th July 2004 shareholders meeting. Those shareholders in particular have agreed to accept NuStar shares in the ratio of 1.25:1 as payment for their shareholding in the Company.

Should shareholders with shareholdings exceeding 192 million shares participate then a scale back will occur as outlined in the Buy-back Booklet, which has been sent to shareholders.

The buy-back and cancellation of up to 192 million shares will reduce the issued capital of the Company to 545 million shares.

The buy-back offer closes on 14th January 2005.

As a consequence of the Company's strategy to divest NuStar Mr E Lee Boyd has retired as Company Secretary with effect from 21st December 2004. The Company acknowledges its appreciation for Mr Boyd's contribution over the past 12 months.

Toll Milling at Bluebird Plant

The previously announced toll milling of another company's ore is now not proceeding due to that party withdrawing its proposal. As a consequence, all toll milling obligations have been rescinded, thus clearing the way for more efficient processing of the Company's ore when reserves are re-established.

Strategy and Objectives

The Company's drilling will recommence in early January 2005 with two rigs to:

- follow up the results to date at Vivians-Consols
- complete a further 20 holes which have already been pre-collared elsewhere at Paddys Flat including those at Mickey Doolan; and
- test the high grade targets already identified at Reedys.

The objective of the drilling is to increase the resources from the current base of 11.1mt at 3.2 g/t for 1.132 million ounces and re-establish reserves of approximately 10 million tonnes at 2.5 to 3.0 g/t (800,000 to 1,000,000 ounces). Such reserves could then support a mine life of 5 years with production of 150,000 to 200,000 ounces per annum; and utilise the Bluebird plant at Meekatharra which is currently on care and maintenance.

Appendix 1

Reserves and Resources

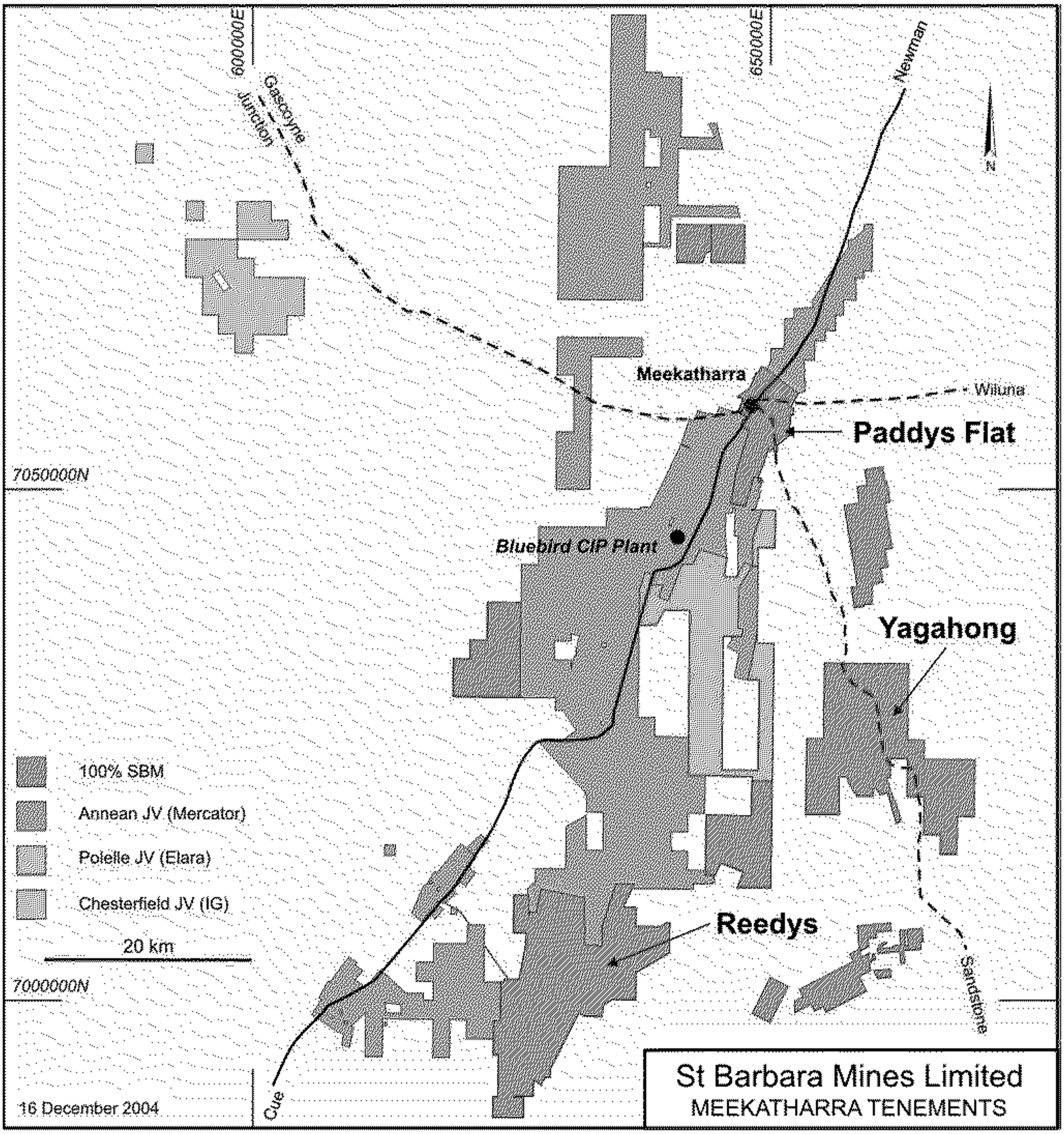
As at 20 December 2004

Project Name	Measured			Indicated			Measured + Indicated			Inferred			Total		
	Tonnes ('000)	Grade g/t	oz	Tonnes ('000)	Grade g/t	oz	Tonnes ('000)	Grade g/t	oz	Tonnes ('000)	Grade g/t	oz	Tonnes ('000)	Grade g/t	oz
Paddys Flat	**(100% SBM)**														
Prohibition				1,230	4.6	182,000	1,230	4.6	182,000	840	3.1	84,000	2,070	4.0	266,000
Vivians Consols				848	7.3	199,000	848	7.3	199,000	137	7.9	35,000	985	7.4	234,000
Mickey Doolan										3,305	1.4	153,000	3,305	1.4	153,000
Macquarie				339	2.9	31,900	339	2.9	31,900	148	2.8	13,200	487	2.9	45,100
Ingleston				723	1.7	39,500	723	1.7	39,500	250	1.8	14,500	973	1.7	54,000
Five Mile Well	****									339	1.8	18,200	339	1.7	18,200
Alberts East				335	2.9	31,200	335	2.9	31,200	357	3.8	43,600	692	3.4	74,800
Mudlode				109	2.2	7,700	109	2.2	7,700				109	2.2	7,700
Paddys Flat subtotal				**3,584**	**4.4**	**491,300**	**3,584**	**4.4**	**491,300**	**5,376**	**2.1**	**361,500**	**8,960**	**3.2**	**852,800**
Reedys	**(100% SBM)**														
North Rand				98	1.9	6,000	98	1.9	6,000	1	1.7	100	99	1.9	6,100
Triton Deeps				78	8.5	21,300	78	8.5	21,300				78	8.5	21,300
Triton North Deeps				217	5.7	39,800	217	5.7	39,800				217	5.7	39,800
South Emu				315	5.3	53,700	315	5.3	53,700				315	5.3	53,700
Boomerang Deeps				93	6.7	20,000	93	6.7	20,000	174	5.1	28,500	267	5.6	48,500
Rand Deeps										130	5.0	20,900	130	5.0	20,900
Jack Ryan	839	2.7	73,600				839	2.7	73,600				839	2.7	73,600
Reedys subtotal	**839**	**2.7**	**73,600**	**801**	**5.5**	**140,800**	**1,640**	**4.1**	**214,400**	**305**	**5.0**	**49,500**	**1,945**	**4.2**	**263,900**
Meekatharra Regional	**(100% SBM)**														
Batavia	**151**	**3.1**	**15,000**				**151**	**3.1**	**15,000**				**151**	**3.1**	**15,000**
SBM 100% Total	**990**	**2.7**	**88,600**	**4,385**	**4.5**	**632,100**	**5,375**	**4.2**	**720,700**	**5,681**	**2.2**	**411,000**	**11,056**	**3.2**	**1,131,700**
Annean JV	**(SBM reducing to 30%; Mercator Gold earning 70%)**														
Bluebird East				2,117	1.2	81,700	2,117	1.2	81,700	38	1.6	2,000	2,155	1.2	83,700
Bluebird Deeps										135	7.3	31,700	135	7.3	31,700
Bluebird Extension				1,656	1.8	96,600	1,656	1.8	96,600	885	1.6	45,500	2,541	1.7	142,100
South Gibraltar - Mystery				465	1.4	20,600	465	1.4	20,600	21	1.8	1,200	486	1.4	21,800
Ironbar				290	1.7	6,800	290	1.7	6,800	140	1.5	6,800	430	1.6	21,600
Luke's Junction				201	1.8	11,500	201	1.8	11,500	61	1.8	3,500	262	1.8	15,200
Nannine Reef										267	2.1	18,000	267	2.1	18,000
Kohinoor Deeps				33	9.3	9,900	33	9.3	9,900	7	10.2	2,300	40	9.5	12,200
Annean JV subtotal				**4,762**	**1.5**	**235,300**	**4,762**	**1.5**	**235,300**	**1,554**	**2.2**	**111,000**	**6,316**	**1.7**	**346,300**
Polelle JV	**(SBM reducing to 35%; Elara earning 65%)**														
Mulla Mulla										**1,123**	**1.6**	**60,700**	**1,123**	**1.6**	**60,700**
Category Totals															
SBM 100%	990	2.7	88,600	4,385	4.5	632,100	**5,375**	**4.2**	**720,700**	5,681	2.2	411,000	**11,056**	**3.2**	**1,131,700**
Annean JV				4,762	1.5	235,300	**4,762**	**1.5**	**235,300**	1,554	2.2	111,000	**6,316**	**1.7**	**346,300**
Polelle JV										1,123	1.6	60,700	**1,123**	**1.6**	**60,700**
Meekatharra Total	**990**	**2.7**	**88,600**	**9,147**	**2.9**	**867,400**	**10,137**	**2.9**	**956,000**	**8,358**	**2.2**	**582,700**	**18,495**	**2.6**	**1,538,700**

Note *** means only listed resource at Five Mile Well is 100% St Barbara, any additional resources discovered come under terms of Annean JV.

This resource estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared in 1999 by the Joint Ore Reserves Committee (JORC). It was prepared by Mr Graham Miller, a full time employee of St Barbara and a Competent Person as defined by the Code. It is included in this report with Mr Graham Miller and Cube Consulting Pty Ltd's consent.

Appendix 2


600000E
650000E
Gascoyne Junction
Newman
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Meekatharra
Wiluna
Paddys Flat
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Bluebird CIP Plant
Yagahong
100% SBM
Annean JV (Mercator)
Polelle JV (Elara)
Chesterfield JV (IG)
20 km
Reedys
7000000N
Sandstone
Cue
16 December 2004
St Barbara Mines Limited
MEEKATHARRA TENEMENTS