



Summary of Key Points

Gold

- New high grade mineralisation was intersected, including 15m at 45g/t at a depth of 127m and in another drill hole 6m at 36g/t at a depth of 155m, beneath the Surprise open pit 2km north of the Company's Bluebird treatment plant, by joint venturer Mercator Gold plc ("Mercator").
- These high grade intersections and those achieved during the December 2004 quarter at 100% owned Paddys Flat reinforce the potential to increase mineral resources and re-establish reserves in the Meekatharra District. This confirms the strategy of drilling deeper below established mineral resources.
- Drilling has recommenced at Paddys Flat, with the focus on Vivian-Consols and Mickey Doolan, and by Mercator at Surprise.
- Drilling will also commence at the now 100% owned Reedys in early February 2005 to follow up earlier drill hole intersections, including 33m at 5.7g/t and 5m at 24.3g/t gold at depths of 100-200m.

Nickel Sulphide Exploration

- Three high ranking nickel sulphide target areas namely, Wallal, Scorpion and Scorpayle, in Western Australia have been applied for as exploration licences totalling 2,250km². Elevated nickel, copper and platinum occur in soils within Scorpion. The target areas were identified by a High Level Nickel Sulphide Study.
- Other high ranking target areas also with potential for nickel sulphide mineralisation were identified within the Yilgarn Block and adjacent regions and are being reviewed.

Corporate

- The share swap/buy-back offer closed on Friday 14th January and resulted in acceptances for 170,291,977 St Barbara shares and will result in a reduction of the issued capital of the Company from 736.8 million shares to 566.5 million shares.
- This outcome has met the Directors' objective of reducing the issued capital and stabilising the share register of the Company.
- The Company now retains 69.4 million shares in NuStar Mining Corporation Limited ("NuStar") in addition to the 91.9 million shares which have been optioned to Claymore Capital.
- Exploration expenditure during the quarter totalled \$987,000.
- Cash at quarter end was \$4.54 million and the Company is debt free.
- Reedys was returned to 100% ownership after Elara Mining Limited ("Elara") withdrew from the joint venture allowing Elara to focus on the Polelle joint venture.

Senior Management Changes

- Mr Peter Thompson, has been newly appointed General Manager Exploration. Mr Thompson has some 17 years experience in gold and nickel in Western Australia having previously worked with WMC Resources Limited for 7 years, Anaconda Nickel (now Minara Resources Limited) and Jubilee Mines Limited for the past 3 years.
- Mr Graham Miller, previous Manager Exploration, has been appointed General Manager - Special Projects.

Eduard Eshuys
Managing Director & CEO

18 January 2005

Meekatharra Exploration

▪ Paddys Flat

Drilling during the quarter totalled 7,000 metres of reverse circulation and 1,000 metres of core drilling in 37 holes. The high grade results including 4m at 12g/t from 476m and 2m at 8.6g/t from 318m were outlined in the Shareholder Update dated 22 December 2004.

Drilling at Paddys Flat has recommenced with the initial focus on Vivians-Consols and Mickey Doolan.

▪ Reedys

An initial review of drilling conducted by Homestake Pty Ltd and others up to the mid 1990's identified drill hole intersections of 33m at 5.7g/t and 5m at 24.3g/t from depths of 100-200m below surface which remain to be followed up (see Figure 1).

This high grade mineralisation is open at depth, the mineralised structure at Reedys having been mined by shallow open pits to a maximum depth of 115m and in one underground mine to a depth of 500m. Reedys covers the southernmost 3kms of the northerly trending, 14kms long Reedys - Boomerang mineralized corridor.

Historical production from Reedys of 425,000ozs in conjunction with the current resource estimate of 1.1 million tonnes at 5.4g/t for 190,000ozs (see current Resources & Reserves Statement at www.stbarbara.com.au), results in a total gold inventory of 615,000ozs at Reedys. It is the depth extension of this substantial inventory which is to be explored.

Drilling at Reedys will commence in early February 2005, to follow up the targets as shown in Figure 4.

Joint Venture Exploration

▪ Annean Joint Venture

Relatively shallow new high grade mineralisation including 15m at 45g/t gold from 127m at a vertical depth of 100m and 50m below the base of the existing pit and 60m to the south 48m at 5g/t gold which included 6m at 36g/t gold from 155m were intersected beneath the Surprise Pit which is 2kms north of the Company owned Bluebird treatment plant; by joint venturer Mercator. See Figures 2 and 3.

The high grade mineralisation is associated with a flat lying quartz veining within a porphyry similar in style to the mineralisation at the 100% owned Paddys Flat Vivians-Consols, 15kms to the north.

Mercator is following up these excellent results with deeper drilling.

Mercator have reported that the successful drilling at Surprise is the second resource extension target that has the potential to contain in excess of 500,000 ounces of high grade gold mineralisation in their view; the drilling results beneath the Bluebird pit reported in the December 2004 quarter being the first.

Mercator has satisfied its first year expenditure commitment of \$1 million (subject to audit) and has elected to continue, to earn a 45% interest. Mercator has the right to earn a 70% interest in the Annean joint venture by sole funding \$8 million on exploration.

▪ Poelle Joint Venture

The Poelle joint venture is now being managed by Elara Mining Limited ("Elara") which is in the process of raising capital to mount an active exploration program.

Elara can earn a 51% interest by sole funding expenditure of \$3 million by November 2006 and a further 14% by sole funding an additional \$2 million by November 2008. Elara has already spent \$1.2 million.

Figure 1

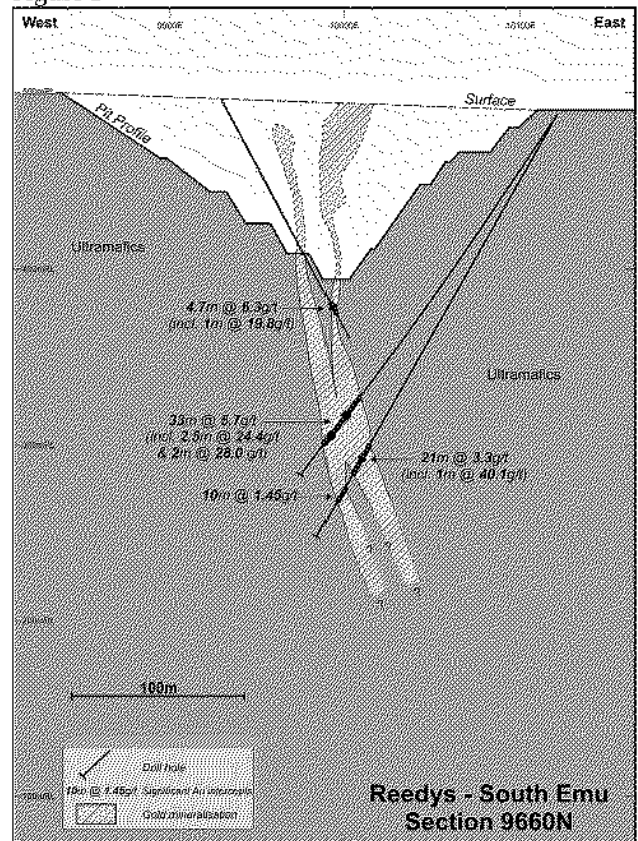


Figure 2

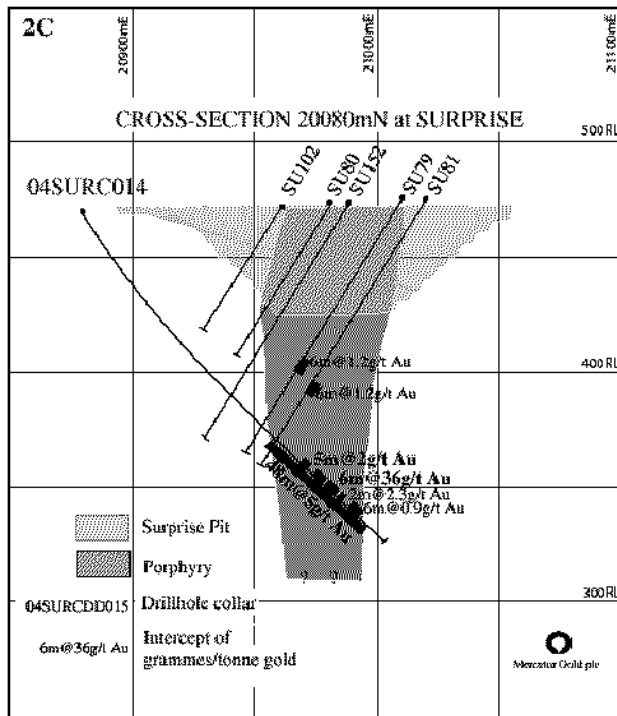


Figure 3

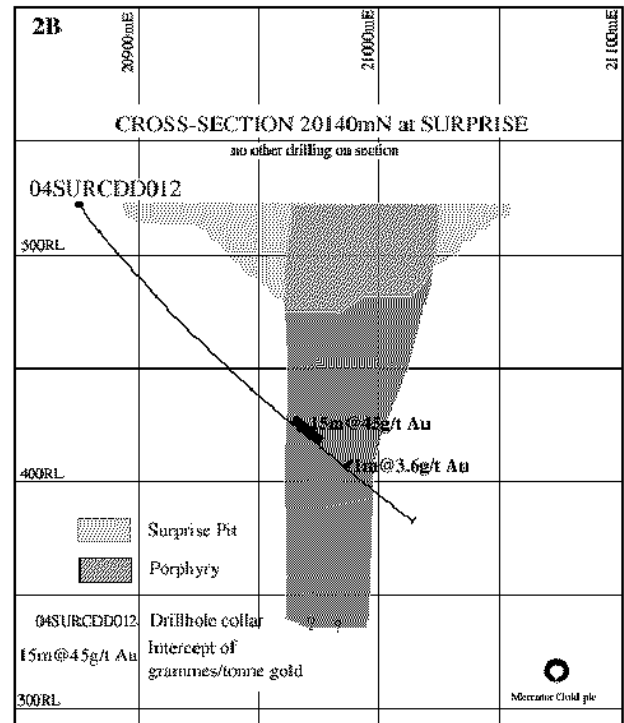
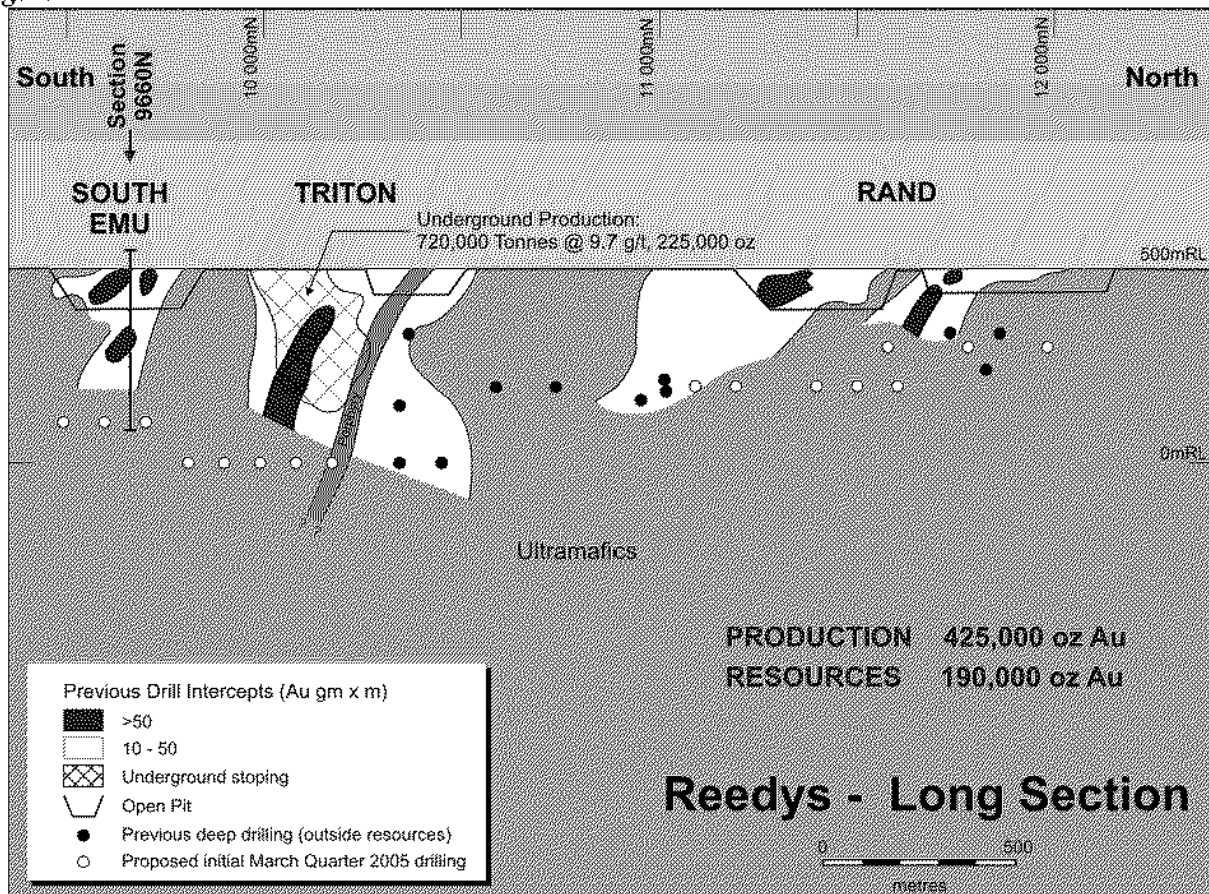


Figure 4



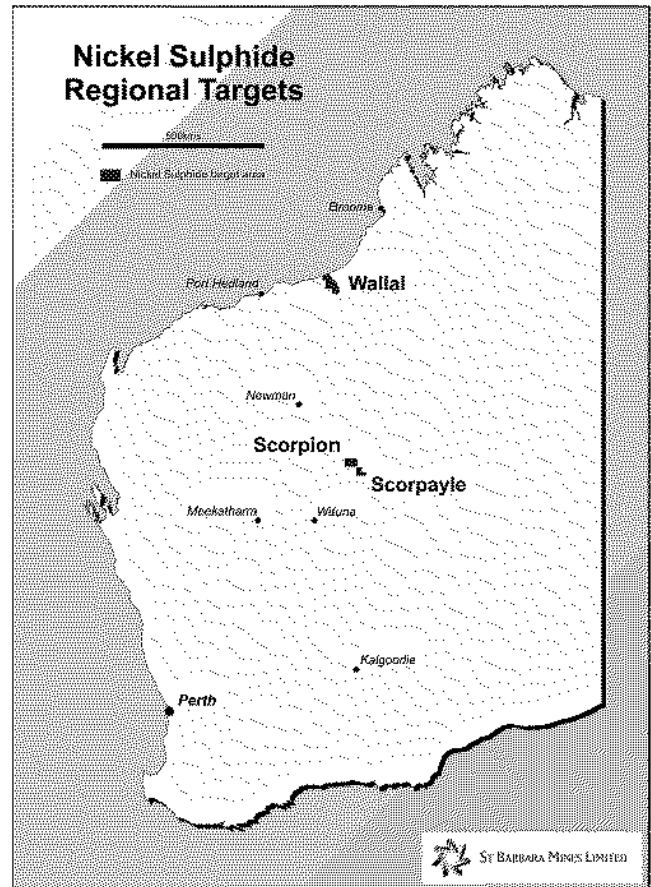
Nickel Sulphide Exploration

The Company recently applied for exploration licences over three high ranking target areas; Wallal, Scorpion and Scorpayle totalling 2,250km², as the outcome of the High Level Nickel Sulphide Study targeting areas in Western Australian which have potential for the discovery of significant nickel sulphide mineralisation. The Study assessed available geological, geophysical and other data. The interpreted prospective ultramafic/mafic rocks are in each of the target areas obscured by alluvial cover rocks. Wallal is located 200kms east of Port Hedland. Scorpion and Scorpayle are located 210kms north east of Wiluna. See Figure 5.

The Scorpion target includes a significant soil anomaly outlined by a regional geochemical survey on a 4km x 4km grid by the Geological Survey of Western Australia ("GSWA"). The soil anomaly has elevated nickel, copper and platinum values. No obvious nickel exploration has been carried out in the past. The GSWA sampling did not cover Scorpayle or Wallal targets.

The Study identified a number of other high ranking targets within the Yilgarn Block of Western Australia with the interpreted prospective ultramafic/mafic rocks also obscured and covered by alluvials. These targets will be further assessed by reviewing the effectiveness of past exploration. It is anticipated that a portfolio of 5 to 10 high ranking targets will be identified.

Figure 5



Corporate

Senior Management Change

Mr Peter Thompson, has been appointed to the new position of General Manager - Exploration. Mr Thompson has some 17 years experience in gold and nickel in Western Australia having previously worked with WMC Resources Limited for 7 years, Anaconda Nickel (now Minara Resources Limited) and Jubilee Mines Limited for the past 3 years.

Mr Graham Miller, previous Manager Exploration, has been appointed General Manager - Special Projects.

Other

The Company completed during the December quarter a number of previously announced transactions:

- the Annual General Meeting of shareholders convened on 29 November 2004 approved the surrender of the Paulsens Royalty in favour of NuStar for consideration of \$5.1 million.

- sale of approximately 8.1 million NuStar shares for \$405k pursuant to an option granted to Claymore Capital to purchase up to 100 million shares NuStar shares at 5 cents per share at any time up to 16 May 2005.
- the sale of an additional 60.8 million shares on-market at prices between 6.1 and 6.8 cents per share, raising net \$3.9 million.

The Share Swap and Buy-Back Offer

The share swap and buy-back offer closed on Friday 14th January with buy-back acceptances of 170.3 million St Barbara shares.

Shareholders, Ocean Resources Capital Holdings, Strata Mining Corporation Limited and Excalibur Mining Corporation Limited (UK) have participated in the share buy-back/swap for their entire holdings totaling approximately 153 million shares in St Barbara.

After cancellation of these buy-back shares the Company's issued capital will be reduced from 736.8 million ordinary shares to 566.5 million ordinary shares. This will occur within one week.



The Company will swap with shareholders 212.9 million NuStar shares on the basis of 1.25 NuStar shares for 1 St Barbara share.

The Company had set aside 240 million NuStar shares for the swap but as only 212.9 million were required this leaves a balance of 27.1 million which combined with the Company's other holding of 42.3 million shares results in the Company retaining 69.4 million NuStar shares which, at the current price of 6.4 cents per share has a value of \$4.44 million.

In addition, the Company still retains 91.9 million NuStar shares which are under option at 5 cents per share until 16 May 2005.

The level of acceptances of the share swap and resultant buy-back has facilitated a satisfactory reduction in the issued capital of the Company and stabilised the share register of the Company.

NuStar is currently the subject of a conditional scrip takeover offer from Sedimentary Holdings Limited; the progress of which is being monitored closely.

Financials

The Company's financial position has continued to strengthen following strategic asset sales and reduction in debt and costs. Secured debts have been repaid, overdue creditors paid in full and the cash position quarter on quarter has increased from \$1.556 million to \$4.54 million as at 31 December 2004.

Corporate Information

Directors and Executive Management

S J C Wise.....Chairman
E Eshuys.....Managing Director
M K Wheatley.....Non-Executive Director
H G Tuten.....Non-Executive Director
R J Kennedy.....Company Secretary

Registered Office

Level 2, 16 Ord Street
West Perth WA 6005
Telephone:+61 8 9476 5555
Facsimile:+61 8 9476 5500
Email:perth@stbarbara.com.au
Website:.....www.stbarbara.com.au

Stock Exchange Listings

Australian Stock Exchange
AIM Board of London Stock Exchange
Ticker Symbol: SBM

Issued Capital

As at the date of this report, and after the share buy-back, the issued capital is 566,533,352 shares.

There are 95,065,026 unlisted options exercisable at various prices between 4.7 cents and 40 cents up to 23 December 2011.

Substantial Shareholders

(following completion of the share swap and buy-back offer)
Resource Capital Fund II LP.....31.4%
RAB Europe Funds Ltd.....7.9%
St James's Place Recovery Trust.....7.1%

ADR Depository

The Bank of New York
ADR Division
101 Barclay Street
New York NY10286 USA
Telephone:.....+1 212 815 2218

Shareholder Enquiries

Matters related to shares held, change of address and tax file numbers should be directed to:

Advanced Share Registry Services
Level 7, 200 Adelaide Terrace
Perth WA 6000
Telephone:+61 8 9221 7288
Facsimile:+61 8 9221 7869
or
Computershare Investor Services PLC
The Pavilions, Bridgwater Road
Bristol BS99 7NH, England
Telephone:+44 870 703 6088
Facsimile:+44 870 703 6142

Dollar values in this report are Australian Dollars unless otherwise stated

- **Cashflows related to operating activities**
Receipts from debtors of \$360k, mainly reflects recoveries from joint ventures parties.
Administration and corporate payments of \$3.9 million include the one off costs of Independent Experts reports and legal fees relating to the restructuring of the Company, NuStar transactions and the share buy-back.
- **Cashflows related to investing activities**
Proceeds from the sale of NuStar shares comprised \$4 million from the sale of 100 million shares at 4 cents each, \$3.89 million from on-market sale of 60.8 million shares and \$405k from the exercise of 8.1 million options granted to Claymore at 5 cents each.
Following shareholder approval at the AGM, the Company also received \$3.585 million being the balance of the consideration for the surrender of the Paulsens royalty.
Proceeds from sub-letting the Annean Pastoral Station in the Meekatharra region and the sale of cattle, plant and equipment totalled \$553k.
- **Cashflows relating to financing activities**
From proceeds of the sale of NuStar shares, the Company repaid a secured loan of \$3.5 million.
- **Non cashflow financing activities**
Following shareholder approval at the AGM, an advance from Resource Capital Funds II LP of \$1.2 million was converted into 21,554,172 fully paid ordinary shares on 1 December 2004.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ST BARBARA MINES LIMITED

ABN

36 009 165 066

Quarter ended ("current quarter")

31 DECEMBER 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from debtors	360	445
1.2 Payments for:		
(a) exploration and evaluation	(987)	(1,330)
(b) development	-	(3,905)
(c) production	-	-
(d) administration and corporate payments	(3,901)	(6,421)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	84	250
1.5 Interest and other costs of finance paid	(31)	(428)
1.6 Income taxes paid	-	-
1.7 Other (payments of 30 June 2004 creditors)	(1,548)	(3,649)
Net Operating Cash Flows	(6,023)	(15,038)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(85)	(85)
(b) equity investments	(131)	(131)
(c) other fixed assets	-	(162)
1.9 Proceeds from sale of:		
(a) prospects	42	42
(b) equity investments	8,297	8,297
(c) other fixed assets	4,387	4,767
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	12,510	12,728
1.13 Total operating and investing cash flows (carried forward)	6,487	(2,310)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	6,487	(2,310)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	2,905
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	1,382
1.17 Repayment of borrowings	(3,500)	(3,500)
1.18 Dividends paid	-	-
1.19 Other (restricted cash)	-	(1,490)
Net financing cash flows	(3,500)	(703)
Net increase (decrease) in cash held	2,987	(3,013)
1.20 Cash at beginning of quarter/year to date	1,556	12,849
1.21 Deconsolidation adjustment (refer 2.1(b))	-	(5,293)
1.22 Cash at end of quarter	4,543	4,543

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	222
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Refer to attached commentary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- a) Conversion of debt into equity \$1,200,000.
- b) As at 30 September 2004, following the sale of 100 million NuStar Mining Corporation Limited ("NuStar") shares, the Company deconsolidated its interest in NuStar.
- c) As part of the settlement of the balance of consideration for the surrender of the Paulsens royalty, the final cash proceeds were reduced by \$215,000 to pay an intercompany balance due.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

No joint venture participant has increased its equity interest in projects owned by the Company. During the period, an agreement was entered into with Elara Mining Limited whereby it has relinquished its participation in the Reedys Joint Venture, with its expenditure on this project now agreed to be attributed to the Polelle Joint Venture.

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,400
4.2 Development	-
Total	1,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	123	1,556
5.2 Deposits at call	4,450	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,573	1,556

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		Nil		
6.2 Interests in mining tenements acquired or increased	E69/2040	Tenement applications: Scorpion	-	100%
	E69/2041	Scorpion	-	100%
	E69/2042	Scorpion	-	100%
	E69/2043	Scorpion	-	100%
	E69/2044	Scorpayle	-	100%
	E69/2045	Scorpayle	-	100%
	E45/2699	Wallal	-	100%
	E45/2700	Wallal	-	100%
	E45/2701	Wallal	-	100%
	E45/2702	Wallal	-	100%
	E45/2703	Wallal	-	100%
	E45/2704	Wallal	-	100%
	E45/2705	Wallal	-	100%
	E38/1754	Lake Wells	-	100%
	E38/1755	Lake Wells	-	100%
	E38/1756	Lake Wells	-	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

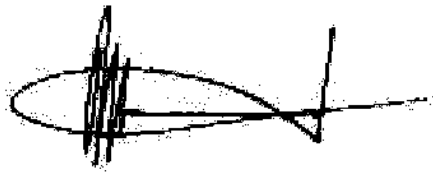
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference + securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 + Ordinary securities	566,533,352	566,533,352	Fully paid	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	21,554,172	21,554,172	Fully paid	Fully paid
	170,291,977	170,291,977	Fully paid	Fully paid
7.5 + Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	Employee options were issued to Mr Eduard Eshuys on terms and conditions as approved by shareholders at the 2004 AGM.		<i>Exercise price</i> Various	<i>Expiry date</i> Various
7.8 Issued during quarter	35,000,000	Nil	Various	Nil
7.9 Exercised during quarter				
7.10 Expired during quarter	18,000,000	Nil	Various	Nil
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 18 January

2005
Print name: Ross Kennedy,
Chief Financial Officer and Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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