ALCASTON MINING N. L.

ABN 39 006 710 774

23 January 2004

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

By Fax: 1900 999 279
(6 Pages)

Dear Sir/Madam

CHAIRMAN'S LETTER TO SHAREHOLDERS AND SHARE PURCHASE PLAN

We refer to the Share Purchase Plan announcement made to the ASX on 19 January 2004 and attach herewith copies of the Chairman's letter to the shareholders and the Share Purchase Plan which were despatched to the shareholders. We apologise for omitting these documents inadvertently when the announcement was made.

Please do not hesitate to contact this office, if any further information is required.

Yours faithfully
ALCASTON MINING NL

GILBERT RODGERS
Company Secretary

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ALCASTON MINING N. L.

ABN 39 006 710 774

16 January 2004

Dear Alcaston Shareholder

OFFER OF NEW SHARES UNDER A SHARE PURCHASE PLAN

As you are no doubt aware, your Company has been very active in exploration over the past 12 months. The Company now requires further funds to continue exploration on Alcaston's various projects in Western Australia (the North Monger Project near Kalgoorlie), the South Pacific and the Canadian projects in Ontario.

Exploration will continue on the North Monger gold project where old workings and soil geochemical anomalies are first priority drill targets. In addition, the Company has in place drill programmes to test established targets at epithermal gold projects at Sabeto in Fiji, and Tafuse and Webe Creek in Vanuatu. Recent exploration at Blondin Lake in Ontario, Canada has produced encouraging results and further programmes are planned for the Archean greenstones which cover an area of 109 square kilometers.

The Directors of Alcaston Mining NL ("Alcaston") have resolved to adopt a Share Purchase Plan ("**Plan**") which enables the Company to invite each shareholder, irrespective of the size of his/her shareholding, to subscribe for a minimum of $1,000 and up to a maximum of $5,000 in new fully paid ordinary shares at a discount to market price, free of brokerage and commission.

The purpose of this letter is to invite you, as a shareholder, to apply for new shares in Alcaston, pursuant to the Plan.

The shares are offered at a price of 4 cents each, being a discount of 3.64% of the weighted average of the sale price on the ASX on the 5 days up to and including the day before the ASX announcement (15 January 2004). The Record Date has been set at 29 January 2004. (The discount works out at 14.14% on 4.659 cents, which was the average market price calculated over the last two months on which sales were recorded on the ASX).

The offer is non-renounceable (that is, you cannot sell your rights to apply for new shares). You do not have to apply for Alcaston shares under the Plan. It is entirely optional.

If you currently hold an unmarketable parcel of shares (being less than $500 worth of shares) this is a good means by which you can top up your shareholding, thus enabling you to trade your shares on the ASX.

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A summary of the terms and conditions of the Plan, and the application form accompany this letter.

In accordance with directions from the ASX, the total number of shares issued under the Plan must not exceed 30% of the current issued capital of the Company. If the total of all applications exceeds this 30% threshold, the Directors intend to issue shares on a pro-rata basis, to applicants, from the 30% capacity allowed by the ASX.

Full details of the terms and conditions of the Plan are available at Alcaston's share registry being Security Transfer Registrars Pty Ltd.

You are urged to participate in the scheme to help us further advance the exciting projects currently under exploration.

For further information, contact David Porter or Gilbert Rodgers on (08) 9481 5758 or by email: ppg@highway1.com.au.

Yours faithfully
ALCASTON MINING NL

RICK CRABB
Chairman

ALCASTON MINING NL - SHARE PURCHASE PLAN

OFFER CLOSES 5:00 PM (WST), 20 February 2004

Alcaston Mining NL ("**Alcaston**") wishes to offer to all Shareholders the opportunity to buy additional ordinary shares ("**Shares**") under a Share Purchase Plan ("**SPP**").

The terms and conditions of the offer under the SPP are set out in this letter and the enclosed Acceptance Form. If you accept the offer to purchase Shares under the SPP, you agree to be bound by these terms and conditions.

Offers

All registered holders of fully paid ordinary shares in the Company at the close of business (WST) on 19 January 2004, with a registered address in either Australia or in any other jurisdiction in which it is lawful for the Company to make the issue of shares under the SPP, are eligible to participate in the SPP. This offer is deemed not to be made in other jurisdictions.

Issue Price

The offer under the SPP is non-renounceable. This means that you cannot transfer your right to purchase Shares under the offer to anyone else. The offer price of 4 cents has been determined at a 3.64% discount to the average market price of 4.151 cents. The average market price of 4.151 cents was calculated over the last 5 days on which sales of shares were recorded on the ASX before the ASX announcement date of 16 January 2004.

If you are eligible to purchase Shares under the SPP, you may select one of the following five alternatives:

Alternatives	Number of Shares	Amount Payable
Offer A	125,000	A$5,000.00
Offer B	100,000	A$4,000.00
Offer C	75,000	A$3,000.00
Offer D	50,000	A$2,000.00
Offer E	25,000	A$1,000.00

The number of Shares under each alternative is based on the discounted share price of 4.0 cents. The number of Shares for each alternative has been rounded to the nearest Share. The maximum value of Shares for each Shareholder under the SPP shall be $5,000. This limit will apply even if you receive more than one offer from the Company (for example, because you are a joint holder of shares or because you hold more than one shareholding under separate share accounts).

You should note that the market price of the Company shares may rise or fall between the date of this offer and the date when Shares are issued. Accordingly, you should seek your own financial advice in relation to this offer and your participation under the SPP.

By accepting an offer under the SPP, you warrant that the aggregate of the application price for the Shares the subject of the application and any other shares and interests in the class applied for by you under the SPP or a similar arrangement in the 12 months prior to the proposed date for issue of the shares under the SPP does not exceed $5,000. The Company reserves the right to reject any application for Shares where it believes this rule has not been complied with or where your acceptance may breach any law.

Issue of shares

Alcaston will issue shares pursuant to an offer as soon as reasonably practicable after the closing date and will promptly apply for those shares to be quoted on the ASX. Alcaston, within the period required by the ASX Listing Rules, will send each participant a holding statement in respect of any shares issued under the SPP. Shares issued under the SPP will rank equally with all other ordinary shares in the Company and will therefore carry the same voting rights, dividend rights and other entitlements as those shares.

Maximum of Shares to be Issued

The Company plans to raise up to a maximum of approximately $700,000 pursuant to the SPP. The total number of shares under the SPP must not exceed 30% of the number of shares currently on issue in accordance with the waiver to Listing Rules 7.1 and 10.11 granted by ASX.

If demand for shares under the SPP is strong, Alcaston retains the right to either scale back the number of Shares issued to shareholders under the SPP equal to the value of approximately $700,000. Any scaling down will be pro-rata for all Shareholders on the basis of the amount paid. You therefore may be issued with fewer shares than as set out in the alternative you select from the table above.

Alternatively, Alcaston reserves the right to accept oversubscriptions for shares under the SPP over the maximum amount of $700,000. In the event that oversubscriptions are accepted, the total number of shares issued will not exceed 30% of the number of shares currently on issue. Any scaling down will be pro-rata for all Shareholders on the basis of the amount paid. You therefore may be issued with fewer shares than as set out in the alternative you select from the table above.

Costs of Participation

No brokerage, commission, stamp duty or other transaction cost will be payable by a shareholder in respect of an issue of shares under the SPP.

Acceptance of Offers

To purchase shares under the SPP, please complete and sign the Payment Acceptance Slip attached to the enclosed Acceptance Form and return it, together with your cheque payable to "Alcaston Mining NL Share Account ", in the enclosed reply paid envelope. Acceptances must be received by 5 pm (WST) on 20 February 2004. The Company may vary the date for closing the offer and will announce any such variation to the ASX.

Alcaston reserves the right to disregard your subscription and not allot any Shares to you if your Payment Acceptance Slip is not completed correctly or your cheque does not clear within 5 business days of presentation. The Company's decision shall be binding on all disputes with Shareholders in relation to the SPP. Participation in the SPP is entirely at your option. The Company may modify, suspend or terminate the SPP at any time, and may also conduct another SPP in the future, but it is not obliged to do so.

If you have any questions in respect of the SPP, please contact: Gilbert Rodgers, the Company Secretary.

Amendment of the SPP

The Directors may, in their discretion, amend the SPP at any time (including, without limitation, by extending the offer closing date). The Company will notify ASX of any amendment of the SPP, but failure to do so will not invalidate the amendment. The Company may issue to any person fewer shares than subscribed for under the SPP (or none at all) if the Company believes that the issue of those shares would contravene any law or the ASX Listing Rules.

Administration and dispute resolution

Alcaston's principal objective in administering the SPP is to facilitate maximum participation consistent with compliance with ASIC Class Order 02/831 and all applicable laws and efficient administrative practices.

Alcaston may adopt any administrative procedures it thinks appropriate in relation to the SPP. The Company may settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise under or in connection with the operation of the SPP, whether generally or in relation to any participant or class of participants, offer, acceptance or shares, and the decision of the Company will be conclusive and binding on all participants and other persons to whom the determination relates. The Company reserves the right to waive compliance with any provision of these terms and conditions.

Notices

Notices and statements to participating shareholders may be given in any manner determined by the Company.