PRESTON RESOURCES LIMITED

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The following information summarises the current activities and financial position of Preston Resources Limited ("Preston").

2003 Annual General Meeting

At the Company's Annual General Meeting conducted on Monday 22 December 2003 all resolutions were passed on a show of hands. In particular members passed the resolution approving a placement of the company shares to raise up to $1,500,000. The Company is now in a position to proceed with the share placement, subject to the completion of minor conditions.

The proceeds from the placement will enable the Company to have working capital of more than $1,000,000 and meet the one of the main requirements for re-quotation of the Company's shares on ASX.

Following the re-quotation of it's shares, the Company also plans to implement a share purchase plan whereby shareholders will be offered shares in the Company at a predetermined price.

2003 Annual Report Released

The Company released it's Annual Report for the year ended 30 June 2003. The consolidated profit of the consolidated entity for the financial year after providing for income tax amounted to $679,964,957 (2002: loss $9,836,802).

The consolidated profit of the consolidated entity for the financial year was largely attributable to the gain on divestment of the Bulong Companies ($651,975,541) and certain payables being forgiven by Resolute Limited ($64,855,822) pursuant to the Resolute Deed of Release. Consequently the net deficiency of equity improved from $687,601,364 (30 June 2002) to $7,544,050 (30 June 2003). The disposal of Marlborough Nickel Pty Ltd (see below) will further improve the Company's balance sheet and net equity position.

Disposal of Marlborough Nickel Pty Ltd

In May 2003 the Company executed agreements that provided the option for Pearce Matheson Group Pty Ltd to acquire the shares and inter-company debts of Marlborough Nickel Pty Ltd.

In December 2003 Pearce Matheson Group Pty Ltd provided a written request to the Company's wholly owned subsidiary, Preston Nickel Holdings Pty Ltd, to transfer the Marlborough Nickel Pty Ltd shares to Pearce Matheson Group Pty Ltd. Barclays Bank Plc provided their consent to the sale of the shares.

On 29 December 2003 the relevant documents were executed to complete the sale of the Marlborough Nickel Pty Ltd shares and assignment of the inter-company debt to Pearce Matheson Group Pty Ltd.

Following the sale the Company no longer has an interest in Marlborough Nickel Pty Ltd and has been released from all obligations in relation to the Marlborough Nickel Project.

Consequently the Company will cease to consolidate the debt of Marlborough Nickel Pty Ltd which will significantly improve the Company's balance sheet.

Bau Project History and Status

On 26 April 2002 the Company entered into a heads of agreement with a Malaysian company, Oriental Peninsular Gold SDN BHD (OPG), to acquire all of the issued capital of OPG (OPG Heads of Agreement). One of the conditions precedent to the operation of the OPG Heads of Agreement is that OPG enters into a further heads of agreement with the owners of the Bau Project (the Bau Project is a gold project in Sarawak, Malaysia) that gives OPG the right to earn an economic interest of 55% in the Bau Project. Another condition precedent to the operation of the OPG Heads of Agreement is that the shareholders of OPG enter into a binding share sale agreement with the Company.

The OPG Heads of Agreement was superseded by a share sale agreement ("OPG Share Sale Agreement") which sets out in detail the terms on which Preston will acquire all of the issued share capital in OPG from Thanthong Mining Company Limited ("Thanthong"), a company incorporated in Thailand. Thanthong is the registered holder of the entire share capital of OPG.

Under the OPG Share sale Agreement, the Company must issue 3,216,767 fully-paid ordinary shares in the Company to the shareholders of OPG as the consideration price for the acquisition of the share capital of OPG. The Company has today issued the 3,216,767 shares to the shareholders of OPG. Under the terms of the Agreement, the Company has now acquired all of the issued share capital of OPG.

On 13 July 2002, OPG entered into a heads of agreement (Gladioli Heads of Agreement) with Gladioli Enterprises SDN BHD (Gladioli). Gladioli is the legal and beneficial owner of the Bau Project. The Gladioli Heads of Agreement contemplates that OPG will acquire a 55% economic interest in the Bau Project by the acquisition of shares in BYG Services SDN BHD (BYG). BYG is a wholly-owned subsidiary of Gladioli. The Gladioli Heads of Agreement also contemplates that OPG will manage the Bau Project and undertake a feasibility study, over a period of three and a half years. During that period, OPG will earn an economic interest in the Bau Project by satisfying certain expenditure commitments set out in the table below. The Gladioli Heads of Agreement also contemplates that OPG, BYG and Gladioli will enter into a formal agreement setting out in detail the rights and obligations of the parties in relation to the Bau Project.

The expenditure commitments for OPG to earn an economic interest in the Bau Project are summarised in the following table (the commitments are denominated in Malaysian Ringgit ("RM")):

Cash payments	Expenditure commitment	Period
RM 500,000		Paid October 2002.
RM 300,000		Within 15 months following completion
	RM 500,000	Within 15 months following completion
	RM 1,000,000 if OPG elects 1	Within 27 months following completion
	RM 2,500,000 if OPG elects 1	Within 39 months following completion

1. If OPG elects not to complete these expenditure obligations, it is obliged to retransfer its earned interest in the Bau Project back to Gladioli.

Under the terms of the Gladioli Heads of Agreement, OPG was obliged to make a cash payment of RM500,000 (as referred to in the table above) and to procure the Company to issue 3,216,767 fully-paid ordinary shares in then Company to Gladioli by 13 October 2002. The parties agreed to extend this date to 31 October 2002 subject to the Company continuing to use its best endeavours to finalise, execute and deliver a detailed, binding agreement in respect of the Bau Project and to have its shares re-quoted on the Australian Stock Exchange as soon as possible. The Company has issued 3,216,767 fully-paid ordinary shares to Gladioli and paid all of the first payment of RM 500,000 to Gladioli on behalf of OPG.

As at the date of this announcement OPG has not enter into a detailed, binding agreement with BYG and Gladioli in relation to the development of the Bau Project (as contemplated by the Gladioli Heads of Agreement).

In January 2004 the Company received correspondence between Gladioli and OPG in relation to the status of the Gladioli Heads of Agreement. The Company has advised Gladioli it is committed to proceeding with the Bau Project development and plans to complete the outstanding matters following the capital raising and re-quotation of the Company's shares on ASX.

Pro-forma Statement of Financial Position as at 31 December 2003

Included within the Prospectus dated 24 February 2004 and released to the market on 25 February 2004, is an unaudited Statement of Financial Position as at 31 December 2003 and an unaudited pro forma Statement of Financial Positions as at 31 December 2003 incorporating the effect of the issue of 308,000,000 Shares in respect of the Issue.

The principal effect of the Issue will be to:

(a) Increase cash reserves by approximately $1.42 million;
(b) Provide for a net working capital position of approximately $1.04 million; and
(c) Increase the number of Shares on issue from 53,112,259 as at the date of the Prospectus to 370,995,692 Shares.

Lodgement of Prospectus with the ASIC

The Company lodged a Prospectus dated 24 February 2004 with the ASIC in accordance with Section 720 of the Corporations Act 2001 on 24 February 2004. A copy of the Prospectus dated 24 February 2004 was released to the market on 25 February 2004.

This Prospectus invites investors who have received a personal offer from Kingswin Investments Pty Ltd ("Kingswin") on behalf of the Company to apply for a total of 300,000,000 Shares at an issue price of $0.005 per Share to raise $1.5 million before expenses of the Issue.

The Company entered into an agreement with Kingswin under which Kingswin will manage the capital raising and deal with any shortfall arising to ensure that the Company has a minimum $1 million in working capital after payment of existing creditors and costs of the capital raising ("Management Agreement"). Under the terms of the Management Agreement, Kingswin is to receive a management fee of $40,000 and 5% of the capital raised for the management of the capital raising and will be entitled to reimbursement of all reasonable out of pocket expenses incurred. The Company and Kingswin have agreed to satisfy the $40,000 management fee with the issue of 8,000,000 Shares at a deemed issue price of $0.005 per Share pursuant to this Prospectus to Kingswin or its nominees.

All Shares issued pursuant to the Prospectus will be issued as fully paid and will rank equally in all respects with the Shares already on issue.

The purpose of the Issue is to raise $1.5 million before expenses of the Issue to recapitalise the Company and to meet the financial requirements of ASX in order to re-quote the Shares of the Company on ASX. The proceeds from the Issue will be used to fund the Company's expenditure commitments in relation to the Bau Project, future working capital requirements and to meet anticipated costs of the Issue.

By the closing time for receipt of applications on 3 March 2004, the Company had received applications for the issue of 308,000,000 ordinary shares to successfully raise $1.5 million and satisfy the $40,000 fee to Kingswin. The Company has received the funds from the raising and has arranged for the allotment and issue of the 308,000,000 fully paid ordinary shares.

Share Capital

Attached is a report of the Company's share capital following the issue of shares from the completion of the placement of 308,000,000 fully paid shares and the issue of 3,216,767 fully paid shares to Thanthong Mining SDN BHD and 6,666,666 fully paid ordinary shares to Piranha Nominees Pty Ltd.

Appointment of New Directors

With the completion of the capital raising, the appointment of Ian Macpherson and Michael Fry as directors of the Company became effective today. Mal Smartt and David Tuit resigned from their positions as directors of the Company effective today.

On behalf of the Board and shareholders of the Company I thank Mal and David for their contribution to the re-capitalisation of the Company and it's re-quotation on the ASX.

Trevor Matthews
Managing Director

ATTACHMENT

Share Capital Report

The following information is current as at 4 March 2004.

a) Distribution of equity securities

The number of shareholders by size of holding are:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	PERCENTAGE OF TOTAL ISSUED CAPITAL
1 - 1,000	257	187,729	0.05%
1,001 - 5,000	759	2,343,729	0.63%
5,001 - 10,000	405	3,481,836	0.94%
10,001 - 100,000	464	12,747,246	3.44%
100,001 and over	81	352,235,153	94.94%
	1,966	370,995,693	

b) Substantial shareholders

The names of the substantial shareholders listed in the Company's register as at 4 March 2004 are:

	Number of shares
WSP Nominees Pty Ltd	72,800,000
FATS Pty Ltd	48,012,000
Piranha Nominees Pty Ltd	36,000,000
Celebrity Agent Limited	31,000,000
JCH Clarke and RK Clarke	20,000,000

c) Voting rights

All ordinary shares issued by the Company carry one vote per share without restriction.

d) Twenty largest shareholders

		Number of shares	Percentage of shares
1	WSP Nominees Pty Ltd	72,800,000	19.62%
2	FATS Pty Ltd	48,012,000	12.94%
3	Piranha Nominees Pty Ltd	36,000,000	9.70%
4	Celebrity Agent Limited	31,000,000	8.35%
5	JCH Clarke and RK Clarke	20,000,000	5.39%
6	Blackmort Nominees Pty Ltd	16,000,000	4.31%
7	Rimfire Finance Pty Ltd	14,000,000	3.77%
8	Kingswin Investments Pty Ltd	8,000,000	2.16%
9	Piranha Nominees Pty Ltd	6,666,666	1.80%
10	Ascent Capital Pty Ltd	6,000,000	1.62%
11	Woodrose Investments Ltd	6,000,000	1.62%
12	Corless Farms (WA) Pty Ltd	5,000,000	1.35%
13	Brookglen Holdings Pty Ltd	5,000,000	1.35%
14	Taipan Resources NL	4,906,484	1.32%
15	Central Exchange Ltd	4,014,052	1.08%
16	Mining Corporate Advisory Services Pty Ltd	4,000,000	1.08%
17	Tabland Pty Ltd	4,000,000	1.08%
18	ASEA Consulting & Capital Pty Ltd	4,000,000	1.08%
19	Europa Investment Services Ltd	4,000,000	1.08%
20	Robert W Parker Pty Ltd	4,000,000	1.08%
		303,399,202	81.77%

e) Share registry

The register of securities is held at Advance Share Registry, Level 7, 200 Adelaide Terrace, East Perth, Western Australia.