



7 July 2004

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

(2 pages by email)

Dear Madam

**RE: PALMAREJO GOLD-SILVER PROJECT
RESOURCE ESTIMATE**

The Directors are pleased to advise that an initial resource estimate has been completed for the Palmarejo Gold-Silver Project in the Temoris District, Chihuahua, Mexico.

The inferred category resource totals **6.1 million tonnes @ 5.2 g/t AuEq for 1.0 million ounces AuEq** as detailed in the table below.

The following points are significant in understanding the resource estimate:

- The resource estimate is based on reverse circulation (RC) drilling results from the commencement of drilling in November 2003 up to hole PMDH060 completed in May 2004, for 10,920 metres.
- The resource estimate is based on drilling which covers only 500 metres strike length of the La Prieta structure which is currently known to extend to over 2,000 metres and 300 metres of the La Blanca structure which is currently known to extend to over 1,000 metres.
- Most of these resources should be elevated from the inferred category to the indicated category by the completion of underground survey control (in progress), specific gravity determinations (in progress - core drilling commenced in June), further surface mapping and drill definition (in progress) and further geostatistical work (in progress).

**Inferred Resource Table for La Prieta Oxide, Hanging Wall and Footwall Stockworks and
La Blanca Oxide as at June 2004.**

| Inferred Resource | Tonnes | Au (g/t) | Ag (g/t) | AuEq (g/t) | Au (Oz) | Ag (Oz) | AuEq (Oz) |
|--------------------------|--------------------|-----------------|-----------------|-------------------|----------------|---------------------|--------------------|
| La Prieta Oxide | 3,158,175 | 1.6 | 211 | 4.8 | 158,416 | 21,437,000 | 487,435 |
| La Prieta Hanging Wall | 181,688 | 0.7 | 168 | 3.3 | 4,206 | 984,970 | 19,278 |
| La Prieta Footwall | 432,863 | 0.8 | 110 | 2.5 | 11,274 | 1,537,985 | 34,796 |
| La Blanca Oxide | 2,372,138 | 2.1 | 271 | 6.3 | 161,702 | 20,731,418 | 472,902 |
| | | | | | | | |
| Totals | 6.1 million | 1.7 | 226 | 5.2 | 336,000 | 44.7 million | 1.0 million |
| | | | | | | | |

Notes:

- A 1.0 g/t AuEq cut off (using a gold to silver price ratio of 1:65) is applied with only blocks above this interpolated grade being reported. Individual grades cannot be summed between domains.
- A top cut was defined using a rudimentary first pass method. A more rigorous definition is in progress. Graphical top cuts applied for La Prieta are 8.13 g/t Au, 1,034 g/t Ag and 27.9 g/t AuEq at 1:65 and for La Blanca are 8.48 g/t Au, 1,279 g/t Ag and 30.12 g/t AuEq. These top cuts are applied separately to the two different vein sets.
- Volumes have been estimated by correcting in section and plan the interpretation of the La Prieta and La Blanca mineralised structures in oxide, hanging wall and footwall domains. Continued detailed geological interpretation aided by underground and surface mapping and surveying will increase confidence in estimates to indicated level.
- Quality control on sampling has been at a high standard from drill program commencement in November 2003. Additional specific gravity, statistical and audit work is in progress.
- Grade interpolation was by the Inverse Distance Squared method into wireframe constrained blockmodels. Ordinary and Indicator kriging will be utilised in current work.
- A void model from previous mining has been completed but is not considered accurate enough to be completed at this stage due to lack of accurate underground survey data (in progress). It is considered that when completed this void model will not affect the above resource by more than 10%.

In accordance with the Australian Stock Exchange Limited Listing Rules 5.10, 5.12 and 5.13, technical information contained in this report has been compiled by competent persons who are corporate members of the Australasian Institute of Mining and Metallurgy and who have consented in writing to the inclusion of such technical information in the form in which it appears in this report. The competent persons are Jason Beckton, geologist, a consultant to Bolnisi Gold NL and Kenneth M. Phillips, geologist of VOP Mining Services Pty Ltd who is also a director of Bolnisi Gold NL.

For further information, contact Norman Seckold or Peter Nightingale on (61-2) 92475300.

Yours sincerely



Peter J. Nightingale
Director

pjn2605