



WESTONIA MINES LIMITED

QUARTERLY REPORT FOR THREE MONTHS ENDED 31 MARCH 2004

HIGHLIGHTS

- ♦ Bankable feasibility study on open cut mining and CIP processing has been completed.
- ♦ Project financing will now be sought.
- ♦ Considerable upside potential is demonstrable.
- ♦ The Project is strongly leveraged to any future Australian gold price rise.
- ♦ Mid 2005 production commencement is planned.
- ♦ Now to turn to appraisal of the underground potential.
- ♦ Nickel targets generated at Jilbadjie prospect.
- ♦ Potential for other base metal deposits recognised.

Enquiries:
Andrew Drummond, Managing Director



BANKABLE FEASIBILITY STUDY

During the Quarter emphasis was on completion of the Feasibility Study. An announcement to that effect was made to the ASX on 14 April and is reproduced verbatim as follows:

Westonia Mines Limited is pleased to announce completion of its Bankable Feasibility Study (BFS) into resumption of gold mining and processing at its wholly owned Westonia Project, Western Australia. Final documents will be delivered by 30 April 2004 for assessment by the Board.

The Company intends immediately to initiate negotiations to secure Project finance. These will be subject to Board and shareholder approval, as required.

1. Base Case Operation

For project financing purposes, the Company has designed an interim pit based only on Indicated Resources and on a realized gold price of \$575.

The BFS has been completed for the following Base Case:

- Ore Reserve 12.8 Mt @ 1.3 g/t (mining diluted)
- Recovered gold 520,000 ounces (including 40,000 ozs from 2.4 Mt of oxide stockpiles)
- Hardrock throughput 2.2 Mtpa
- Waste to Ore Ratio 2.2:1
- Mine life 6.3 years
- Average gold production approximately 90,000 ozs/yr
- Cash cost \$420/oz
- Maximum pit depth 205 metres

It will be recalled that subsequent flooding of the previous operator's open pit has precluded WEZ drill access to the zone immediately below that pit. This results in estimation of resources at the Inferred category in much of that interval. The Base Case Pit contains a further 1.1 Mt @ 1.3 g/t in the Inferred category. Full conversion of this to ore during the mining operation would:

- recover a further 45,000 ounces
- decrease waste to ore ratio to 1.9:1
- lower cash costs by about \$15/oz
- increase mine life by 6 months.

2. Capital Costs

The Big Bell processing plant has already been purchased for \$2.5M and will be relocated to site.

Capital costs for construction and 10% contingency total \$34.5M.

Current plans for pre-production mining and for prudent working capital total \$9.0M.



BANKABLE FEASIBILITY STUDY

3. Project Financing

The Company is now seeking Project financing via a mix of debt and equity. Prime Corporate Finance Pty Ltd (PCF) has been engaged to manage the debt finance component. WEZ and PCF are currently and jointly finalizing a Debt Information Memorandum which will be made available to lending institutions next week.

4. Hedging Policy

The relatively low estimated grade of Westonia ore makes Project economics particularly sensitive to gold price. The Company intends to optimize the balance between appropriate hedging protection against a fall in the gold price, while maintaining a exposure to any future increases.

5. Potential Upsides

The Westonia mineralized system is large, continuous to at least 700 m depth and can be open pit mined with a low waste to ore ratio. Indicated and Inferred resources to a depth of 300 m have been revised upwards to 24.5 Mt @ 1.4 g/t for a contained 1,070,000 ozs.

Increases in any of grade, gold price, operating margins or convertability of Inferred to Indicated status resources would lead to improved Project economics, mine life and margins. Some illustrative examples follow:

(a) Grade Increase

The resources have been estimated by independent consultants. The approach to grade estimation has been conservative, and the Company considers that there is reasonable potential for it to increase by up to 10%.

(b) Conversion of Inferred Resources

At current (over AUD550/ounce) spot gold price and allowing for a reasonable hedging performance to give an average hedged price of approximately \$600/oz, a larger pit designed to capture Indicated and Inferred resources would recover 610,000 ozs at only marginally increased operating costs compared to the Base Case Pit.

(c) Price Increase

Should gold regain its maximum Australian price of the last 12 months, and allowing for a reasonable hedging programme, a yield of \$750/oz would result. A pit based on Indicated and Inferred resources would allow recovery of 840,000 ozs (including from the oxide stockpiles) again at about the same operating cost as the Base Case, and with a waste to ore ratio of 1.85:1.



BANKABLE FEASIBILITY STUDY

6. Start up

Allowing for the time to obtain Project finance and for a 10 month construction period, the Company is aiming for first gold pour in mid 2005.

7. Underground Mining

The key to longevity of the Westonia operations is a resumption of underground mining of its large mineralized system. During 2003, the Company was heartened by:

- Results from the Big Pit Initiative drilling – numerous strong gold intersections (as previously reported) are not captured by current pit designs.
- Results from its Deeps Initiative drilling, e.g.:

WDD096	632.7 – 652 m	19.3 m @ 5.5 g/t
Including	632.7 – 633.6 m	0.9 m @ 51.4 g/t
	649.5 – 652 m	2.5 m @ 21.1 g/t
WDD097	608.4 – 614.2 m	5.8 m @ 20.6 g/t

The Company is looking to recommence deep drilling later in the year. The aim will be to test for the continuity of the mineralized host system to a depth of about 1000 m. It also intends to establish an underground resource that could be accessed using the existing decline, which is currently at a depth of 264 m.

NICKEL

At the mine site the recent Big Pit Initiative drilling did not locate further instances of sulphide nickel.

Regionally the potential of the Bodallin area has been highlighted (Figure 1) by:

- Regional soil sampling copper anomalism over a large area.
- A historical report of an intersection of over 1.0% nickel.
- Recording of ultramafic rocks and interpretation of extensive occurrences of them on geophysical grounds.

At Jilbadjie, programmes of infill MAGLAG soil samples have defined three ultramafic areas with coherent anomalies defined by nickel, base metals, platinoid group metals and gold geochemistry.



REGIONAL GOLD EXPLORATION

Work has continued on the generation of new prospects by appraisal of the regional database. The potential for Bounty-style deposits hosted by banded iron formations in the Bodallin area has been highlighted.

E77/898 (Dick's Reward, Figure 1) has recently been granted and has several targets to follow-up.

BASE METALS

The potential of the Westonia Greenstone Belt to host base metal mineralization as well as gold and nickel has been recognized.

At the mine site, drill hole WDD100 returned:

293.4 – 298.0 3.7 m @ 3.7% Zn, 0.5% Pb, 45.7 g/t Ag, 1.1 g/t Au.

At Dick's Reward, an historic hole to only 26 m depth intersected:

4 m 1.0% Pb, 0.14% Zn and 24 g/t Ag.

SHARE PURCHASE PLAN

In January, the Company raised \$2.0M by a Share Purchase Plan which involved the issue of 5,012,000 Ordinary Shares.

Andrew Drummond
Managing Director

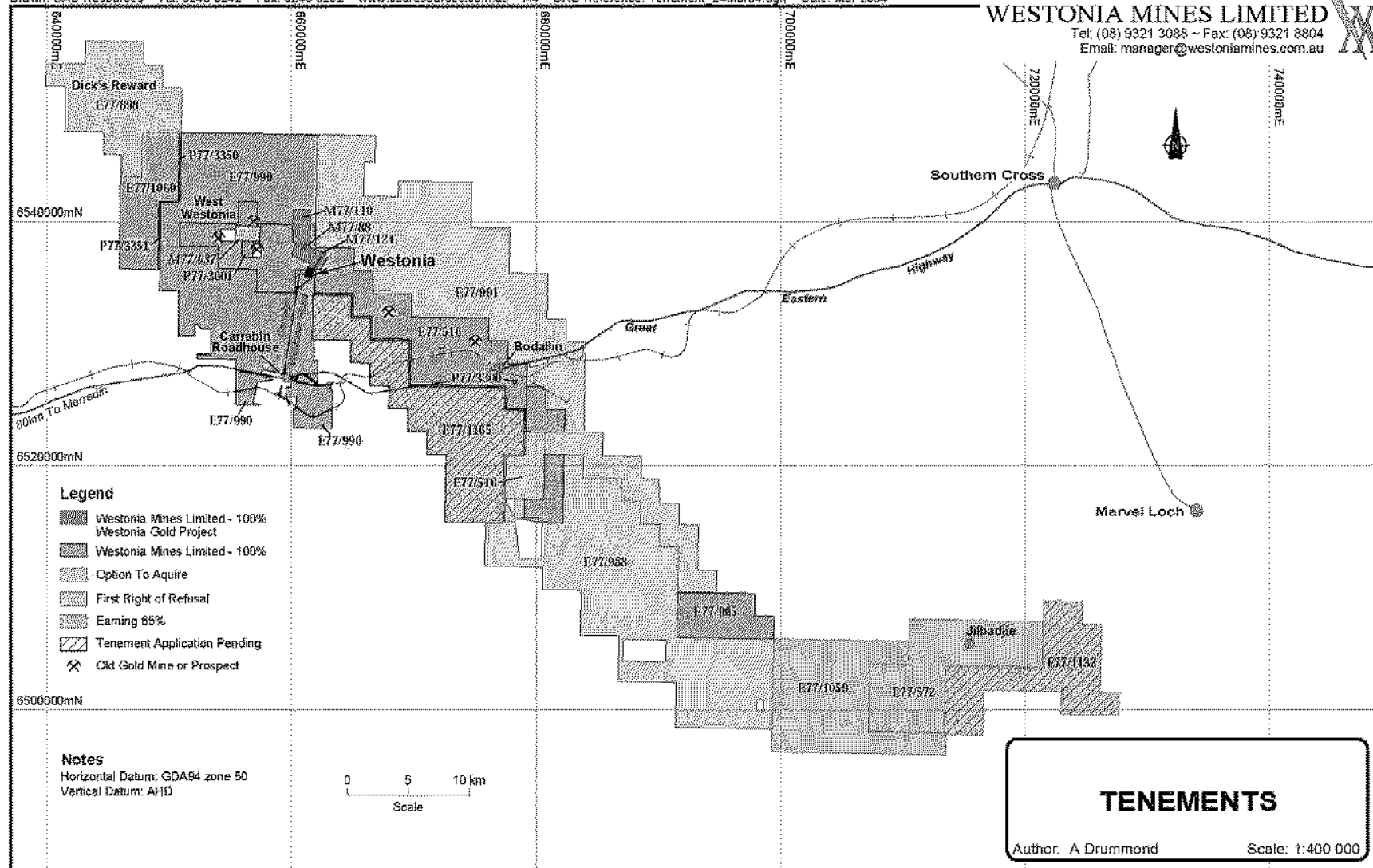
Competent Person Declaration

The information on mineralization in this report accurately reflects information prepared by competent persons (as defined by the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves). It is compiled by A.J. Drummond, an employee of the Company who is a Fellow of The Australasian Institute of Mining and Metallurgy with more than requisite experience in the fields of activity in which he is reporting.

Drawn: CAD Resources ~ Tel: 9246 3242 ~ Fax: 9246 3202 ~ www.cadresources.com.au ~ A4 ~ CAD Reference: Tenement_24Mar04.dgn ~ Date: Mar 2004

WESTONIA MINES LIMITED

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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

WESTONIA MINES LIMITED

ABN

74 084 669 036

Quarter ended ("current quarter")

31 MARCH 2003

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000 (9 months)
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(447)	(2,743)
	(b) development	-	-
	(c) production	(284)	(632)
	(d) administration	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	133
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(724)	(3,242)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(69)	(2,870)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Deposits	(303)	(304)
Net investing cash flows		(234)	(3,174)
1.13	Total operating and investing cash flows (carried forward)	(958)	(6,416)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(958)	(6,416)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,009	2,075
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of capital raisings	(100)	(100)
	Net financing cash flows	1,909	1,975
	Net increase (decrease) in cash held	951	(4,441)
1.20	Cash at beginning of quarter/year to date	1,257	6,649
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,208	2,208

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	58
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries and payments to director controlled entities for the provision of consultancy services and directors fees. All payments on commercial terms.

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

None

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

None.

+ See chapter 19 for defined terms.

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	100
4.2 Development	200
Total	300

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	890	436
5.2 Deposits at call	323	323
5.3 Bank overdraft	-	-
5.4 Other (provide details) Commercial Bills	995	498
Total: cash at end of quarter (item 1.22)	2,208	1,257

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	None			
6.2 Interests in mining tenements acquired or increased	E77/1069	Direct	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	101,193,852	101,193,852		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,012,500	5,012,500	40 cents	40 cents
7.5 Convertible debt securities	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	800,000 700,000 500,000 27,448,001 120,000 120,000 120,000	- - - 27,448,001 - - -	<i>Exercise price</i> \$0.30 \$0.40 \$0.30 \$0.20 \$0.36 \$0.43 \$0.50	<i>Expiry date</i> 31/6/05 31/5/06 30/9/04 20/8/06 17/7/06 17/7/06 17/7/06
7.8 Issued during quarter	120,000 120,000 120,000	- - -	\$0.36 \$0.43 \$0.50	17/7/06 17/7/06 17/7/06
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

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 ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: **"John Hannaford"**
 Company Secretary

Date: 23 April 2004

Print name: JOHN HANNAFORD

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.

+ See chapter 19 for defined terms.