QUARTERLY REPORT
FOR THREE MONTHS ENDED
31 DECEMBER 2006

HIGHLIGHTS

- **Successful rights issue raises $6.1 million**
- **Disassembly of Big Bell plant has commenced**
- **Exploration returns more encouraging results**

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EQUITY RAISING

Westonia Mines is pleased to advise that its recent renounceable rights issue to raise $6.1 million to disassemble and relocate the Big Bell plant to Westonia closed significantly over-subscribed due to the high level of entitlement participation, as well as a high level of shareholders applying for additional shares. Major shareholder, Lion Selection Group took up its full entitlement.

The Directors were pleased with the support from shareholders which they see as a strong vote of confidence in the Company's projects. The net funds raised enable Westonia to dismantle and relocate the Big Bell plant to Westonia and this process has already commenced.

The Company's cash position at 31 December 2006 was $8.5 million (excluding $1.5 million Big Bell performance bond).

PROJECT DEVELOPMENT

During the past quarter, the Company has taken deliberate steps to minimise inflationary cost pressures currently being experienced in the market. The various components of the Big Bell plant disassembly, relocation and re-erection have been separated into a series of smaller tasks and the Company has invited several parties to tender on smaller scopes of work, thereby ensuring competitive pricing and efficient cost management.

This new strategy resulted in the award of a $5.2 million fixed, lump sum price contract to Interquip Pty Ltd to disassemble and relocate the Big Bell plant to Westonia and clean up and rehabilitate the original plant site, thereby achieving a 15-20% saving on the previously tendered price.

The Company is currently in the process of receiving tenders for the EPCM component of the Big Bell plant re-assembly. A recent review of the owner infrastructure capital costs concluded that the July 2006 estimate of $24 million remains valid.

Commencement of Big plant disassembly

Westonia is pleased to report that the disassembly of the Big Bell plant commenced on 11 January and that significant progress has already been made.

Laydown pad preparation at Westonia

The Company has also prepared a compacted laydown area at Westonia adjacent to the proposed mill site. The first items of plant are due to arrive at Westonia from Big Bell prior to the end of January.

Westonia continues to pursue a number of value-add initiatives, which it intends to complete by the end of February 2007 in order to include them in funding discussions with its financiers.

EXPLORATION

The Company's exploration effort continued to gain momentum and provide increasing levels of encouragement during the December quarter.

Management presented an 18 month exploration budget to the Board in December. Whilst aspects of this are still being refined, the scope includes exploration for both gold and nickel.

The Company has already committed to the early initiatives, including a detailed aeromagnetic survey and the completion of the entire Westonia Greenstone Belt (WGB) information database compilation.

Following the initial success in identifying new drill targets from the 2006 aeromagnetic survey, the Company has decided to complete the survey coverage over the remainder of Westonia's prospective tenements and then prioritise the expected new targets in conjunction with the potential Edna May repeats. The new airborne survey is scheduled to commence in mid-February 2007 and it is expected that drill testing of the priority targets will then commence in the June 2007 quarter.

NEAR-MINE EXPLORATION

Resource infill drilling at **Greenfinch** was completed in early December. Delays have been experienced with assay turnaround over the Christmas/New Year period, with assays from the last three RC drill holes expected by 25 January 2007. The Company expects to release an indicated, JORC compliant resource and reserve for Greenfinch in February 2007.

The tenor of assay grades from the resource infill drilling at Greenfinch has supported those previously reported, including the following intercept from the latest batch.

Hole	From	To	Length	Au g/t
GFRC-059	106	110	4	57.4

Assays from the last four RC drill holes at **Golden Point** are expected by 25 January.

REGIONAL EXPLORATION

Westonia previously advised that it has identified six potential Edna May repeat targets. These targets have been assessed and prioritised and are ready for follow up drilling. The Company will however complete the aeromagnetic survey scheduled for February 2007 before committing to drill testing in order to assess the whole area and complete the prioritisation of all targets.

A tenement at the Northern end of the WGB 25 kilometres North West of Westonia, called **Dick's Reward**, was considered prospective for base metal mineralisation due to anomalous values returned from shallow RC holes drilled sixteen years ago. The Company used the RC drill rig prior to its demobilisation to test several locations within the 2km (E-W) by 1km (N-S) anomaly. The programme was less than half completed due to time constraints, however three holes drilled in one location supported and validated the previous order-of-magnitude zinc, lead, gold and silver values.

The fourth hole drilled approximately one kilometre away intersected a zone six metres wide showing elevated base and precious metal values significantly higher than seen before. This six metre intercept from 62 metres downhole averaged:

- 1.0% zinc
- 0.5% lead
- 12 g/t silver
- 0.5 g/t gold

Follow up work is planned to identify whether a coherent trend of sulphide mineralisation exists. If the proposed IP survey indicates the presence of sulphide mineralisation, an RC drill programme will follow.

NEW TARGET

Ongoing database research has resulted in the identification of a strong, near surface gold anomaly at a location six kilometres North-West of Westonia adjacent to a series of old workings. RAB hole intercepts at this location, which were drilled eighteen years ago include;

9 metres @ 2.99 g/t from 11 metres
7 metres @ 5.73 g/t from 7 metres
4 metres @ 9.63 g/t from 9 metres

This newly identified prospect will be included in the portfolio of potential targets and prioritised for further work.

For further information, please contact:
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23 January 2007

Competent Person Statement

The exploration data have been supplied according to the JORC Code for the reporting of Mineral Resources and Ore Reserves by Nick Winnall (Exploration Manager), a full-time employee of Westonia Mines Limited. Mr. Winnall is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr. Winnall consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.