

**December 20, 2006**

## **ASX RELEASE**

### **\$2.5 MILLION PLACEMENT AND PROPOSED SPIN-OUT OF WA GOLD URANIUM AND NICKEL ASSETS**

---

#### **Highlights**

- **The Company has placed 10 million shares at \$0.25 to a number of sophisticated investors to raise \$2.5 million to be used for working capital.**
- **As a result of the placement Metals Exploration Limited has increased its shareholding in the Company to 19.6% indicating its ongoing support of the Company's exploration, in particular at the Rover Project.**
- **The Company is evaluating the "spin out" by separate IPO of its Yandal and other WA gold, uranium and nickel assets into a new listed company.**

#### **Placement**

The Company is pleased to announce that it has completed a placement of 10 million shares at \$0.25 to a number of sophisticated investors to raise \$2.5 million of working capital.

The majority of funds will be applied to the further advancement of the Company's exploration asset portfolio within the Tennant Creek region and the rationalization of other exploration assets in line with the Company's new strategic direction.

Metals Exploration Limited ("Metals Ex") will increase its direct share holding from 14.9% to 19.6% by acquiring a further 6 million shares. The increase in shareholding by Metals Ex indicates its ongoing support for the Company's exploration, in particular at the Rover Project.

#### **Proposed Spin Out of WA Gold, Uranium and Nickel Assets**

The Company also wishes to advise that it is currently evaluating the "spin out" of its WA gold, uranium and nickel assets into a new listed entity which would initially remain controlled by Westgold.

The Board of Westgold believes its core focus and effort should be on its Tennant Creek portfolio of assets where a significant Lead-Zinc-Silver discovery at Explorer 108 is under evaluation. In addition, within the Rover Field of its Tennant Creek project significant Iron Oxide-Copper- Gold ("IOCG") mineralization occurs at Rover 1 and Explorer 142 which is also under evaluation.

In addition to its Rover project, Westgold owns a substantial portfolio of highly prospective exploration tenure in Western Australia. The Board of Westgold believes that this portfolio of assets is deserving of more dedicated exploration effort and funding. Consequently, the Board is reviewing its options to spin-out these assets into a separately listed exploration company.

The primary assets of the proposed spin-out company would be;

**Yandal Gold** – The Company has a large land holding in the highly prospective Yandal Belt in WA. The Yandal Belt has been one of the more productive greenstone belts in WA in the past 20 years and in addition to the large tenure the Company acquired a significant data base from AngloGold Ashanti Australia Limited. Drilling during 2005-2006 produced significant results at the Mission Prospect in the Darlot region including **8m at 9.0g/t Au, 3m at 14.1g/t Au, 4m at 9.5g/t Au and 2m at 9.5g/t Au**. A number of other significant anomalies requiring further drilling have been identified elsewhere in the project.

**Yandal Uranium** – Recent processing of radiometric data from the Yandal Project has highlighted two areas prospective for uranium mineralisation associated with lake systems and palaeochannels. These prospects occur near some of the more prospective areas of WA which include delineated deposits such as Lake Way, Yeelirrie and Lake Maitland. At Lake Darlot the Company has a number of tenements which have significant uranium channel radiometric anomalies that have had no previous exploration. In the northern part of the Yandal Belt the Company has tenure over a large, partly buried palaeochannel east of Lake Way. Radiometric data over the palaeochannel indicates areas of significant uranium anomalism.

**Kimberley Gold** – The Company has tenements prospective for epithermal gold northwest of Halls Creek. Numerous epithermal veins have been identified over an area of 10 by 15 kilometres and preliminary limited rock chip sampling completed to date has identified anomalous gold (up to 0.4g/t) and other indicator elements.

**Kalgoorlie Gold and Nickel** – The Company holds tenure over a number of tenements prospective for gold and nickel between Kalgoorlie and Kambalda.

Under the proposed spin off Westgold would initially retain a major stake in the new company and Westgold would offer its shareholders a priority offer to take up shares in the new company.

Further details of the proposed IPO structure and board and management team will be announced in due course.

Accordingly the Company requests the lifting of the trading halt on its securities.



**Tony Martin**  
**Executive Director**  
**Westgold Resources NL**

For further enquiries please phone 08 9326 5700

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Messers Anthony Martin BSc (Hons) and Andrew Beckwith BAppSc (Geol) who are full time employees of Westgold Resources NL, are Members of the AusIMM and are competent persons as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Martin and Mr Beckwith consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.