



## **Announcement to the Australian Stock Exchange 8 May 2006**

- *Firm commitments for share placement at 8 cents per share to raise approximately \$760,000.*
- *Funds will be used to explore the Paron Gold project which has historic drill exploration results that includes 37.5 metres @ 5.5 g/t and 31.5 metres @ 4.6 g/t from the surface.*
- *Westmag consider that Paron has excellent exploration upside and the potential, with exploration success, to be a company making gold project.*

Westmag Limited is pleased to advise that it has agreed to place 9.98 million ordinary shares at 8 cents per share to raise approximately \$760,000 after costs ("Placement") with the following brokers and financial institutions:

- Bell Potter Securities
- ASANDAS Limited
- Delta Securities
- Macquarie Bank Limited
- DJ Carmichael & Co
- Taylor Collison Limited
- Tricom Equities

The offer, which is conditional on the Company issuing a short form prospectus, utilises the Company's capacity under the Australian Stock Exchange's Listing Rule 7.1 to place 15% of its issued ordinary shares.

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The Company proposes to use the funds raised from the Placement to:

- (a) Provide funds for the option payments and the exploration of the Paron Gold Project; and
- (b) Provide funds for general working capital.

Further information regarding the placement will be set out in the short form prospectus which will be released shortly.

### **Paron Gold Project**

Westmag has entered into an option to purchase 100% equity in the Paron gold project, located 470 kilometres north of Lima in Peru. It is located 40 km to the north of Barrick Gold's ("Barrick") Pierina gold project (210 Mt @ 1.1 g/t for 7.5 million ounces) and 120 km south of Barrick's Alto Chicama/Lagunas Norte gold mine (227 Mt @ 1.1 g/t for 8 million ounces).

The project, which sits at 3,500m has access available all year. It contains gold workings dating back to the 17<sup>th</sup> century and includes over 100 pits and adits.

Modern exploration commenced in the early 1990's with a drill programme comprising 62 diamond and percussion holes completed during 1994 and 1995.

Westmag have begun the process of reviewing all of the available data and have commenced their exploration programme which will involve initial mapping, surface channel sampling, re-logging of the core from previous drilling as well as re-opening and sampling from as many of the 100 pits and adits on site as possible.

In addition to this, we have begun the process to obtain the necessary permits to undertake a verification drilling programme as soon as possible. Part of this programme will be used to test the mineralised envelope at depth as well as to re-test parts of zone where poor drill recovery from the 1994-1996 programmes could have adversely affected the results.

A number of drill holes will be also sited distal to the main zone to test at depth for a possible feeder zone to the porphyry system.

### ***Background***

*Westmag has been operating in Latin America since 2002, exploring for gold, copper and other base and precious metals. Our Peruvian operations are overseen by Executive Director, Simon Titchener who resides in Lima. The Exploration programme is in-house as well as consultant led field teams, both of which are led by experienced, local geologists with many years of Andean gold/base metal exploration experience.*

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**ENDS**