



For Immediate Release

Western Goldfields Announces 2007 Year-End Results

- ✓ Measured and Indicated resources (inclusive of reserves) increased by 400,000 ounces to 4.3 million ounces of gold
- ✓ Initial gold production achieved and startup capital expenditures on budget
- ✓ Year end cash balance of \$51.4 million

Toronto, Canada, March 10, 2008 – Western Goldfields Inc. (TSX:WGI, AMEX:WGW) today announced financial results for the year ended December 31, 2007. The Company's financial statements were prepared in accordance with accounting principles generally accepted in the United States (US GAAP). Dollar amounts are expressed in US dollars unless otherwise stated.

"In 2007 we completed the first phase of Western Goldfields' strategic plan," said Mr. Randall Oliphant, Chairman, Western Goldfields. "We brought the Mesquite Mine into production three months ahead of schedule and on budget. The Company will now focus on the next phase of our strategic plan, which is to use the Mesquite Mine as a platform for growth as we identify other opportunities in North America."

During the year ended December 31, 2007, the Company:

- Reactivated mining operations and commenced gold production from new ore at Mesquite three months ahead of the Feasibility Study schedule
- Completed two equity financings for net proceeds of \$92.6 million
- Arranged a term loan facility for \$105.0 million to finance the project
- Executed a major capital expenditure and construction program
- Built a strong management team and hired and trained personnel for resumed mining operations
- Increased the Proven and Probable reserves at Mesquite by 10%

"The strength of our management team in financing and development is our key asset," said Mr. Oliphant. "We intend to build on our record of value creation for our shareholders in 2008 and beyond."

Financial Results

The Company's net loss to common shareholders for the year ended December 31, 2007, was \$50.3 million, or \$0.43 per share, compared with \$11.6 million, or \$0.18 per share, for the year ended December 31, 2006. The net loss for 2007 includes a non-cash after-tax loss of \$35.9 million arising from the mark-to-market of contracts for the forward sale of gold which were taken out as a requirement of our term loan facility. Results for 2007, as compared with 2006, were impacted by the reduction in gold ounces sold from 13,210 ounces to 6,889 ounces as less residual gold was extracted from the leach pads. This lower production was partially offset by a 14% increase in the average selling price per ounce from \$595 to \$677, reflecting the continuation of strong gold market prices.

Liquidity and Capital Resources

At December 31, 2007 the Company's cash balance was \$51.4 million, of which restricted cash was \$7.5 million, and working capital was \$46.2 million. In addition, unutilized credit facilities were \$28.6 million, of which \$10.9 million is available for the Mesquite expansion project and \$17.7 million is available for general corporate purposes. On February 7, 2008 an additional \$2.7 million was drawn under the credit facility, leaving \$8.2 million available for the Mesquite expansion and \$17.7 for general corporate purposes. This represents a significant improvement in the Company's financial position since December 31, 2006 when it reported cash of \$5.5 million and working capital of \$4.6 million. During 2007 liquidity was also improved through the conversion of warrants and the exercise of stock options, for proceeds of \$5.6 million.

Current Mineral Resources and Reserves

Proven and Probable reserves at December 31, 2007 are estimated to be 2.76 million ounces (March 2007 - 2.77 million ounces). The reserves were calculated using an assumed gold price of \$500 per ounce. The modest decrease in reserves since March 2007 is a result of mining depletion as the Company commenced mining and stacking of new ore on the leach pad during the fourth quarter of 2007.

Measured and Indicated resources (inclusive of mineral reserves) at December 31, 2007 increased to 4.3 million ounces of gold from 3.9 million ounces (March 2007). Approximately half of the increase is attributable to additional diamond drill results which have been added to the resource model and the balance is due to an increase in the gold price assumption used in computing the resource estimates. The gold price assumption increased from \$600 per ounce to \$650 per ounce.

2008 Outlook

During 2008, the Mesquite Mine will ramp up production as the operation continues with waste rock mining, exposing the ore zones and mining of the oxide reserves. Based on the mining schedule, the leaching curve and solution inventory, Mesquite is expected to produce between 10,000 - 13,000 ounces of gold in the first quarter at cost of sales exceeding \$1,000 per ounce⁽¹⁾. Second quarter production will increase to between

40,000 - 50,000 ounces of gold at cost of sales less than \$300 per ounce⁽¹⁾, and full year's production for 2008 is expected to be between 155,000 - 165,000 ounces of gold.

Forecasted cost of sales per ounce for the full year 2008 will rise to between \$410 - \$430 compared to previous estimates of \$355 - \$365⁽¹⁾. The increase to forecasted cost of sales per ounce is due to additional labour and fuel costs associated with adding a fourth crew of truck operators. The additional crew will ensure adequate waste removal to offset the effect of lower than modeled truck speeds for waste and ore hauls. The reduced speeds are a result of the type of tires currently available in the marketplace. The Company expects to procure better performing radial tires for 2009 which will result in increased truck speeds for its haul trucks, allowing Mesquite to return to originally anticipated production rates and cost of sales. Production for 2009 is forecast between 150,000 – 160,000 ounces of gold at a cost of sales of \$360 - \$370 per ounce⁽¹⁾, in line with original forecasts.

Cost of sales for 2008 is also impacted by an increase in inventory adjustment compared to 2007. The Company's year-end gold inventory in the leach pad was computed at net realizable value less the estimated cost to process and sell the gold ounces. The effect of the charge on 2008 cost of sales per ounce⁽¹⁾, which will diminish in the future as steady state production is achieved, is approximately \$25 - \$30.

⁽¹⁾ Cost of sales per ounce is a non-GAAP measure and is defined as cost of sales as per the Company's financial statements (mine operating costs plus royalties) divided by the number of ounces sold.

Western Goldfields Inc.

Western Goldfields Inc. is a gold producer and exploration company with a focus on precious metal mining opportunities in North America. The Mesquite Mine, currently the Company's sole asset, was brought into production in January 2008, and the Company's focus is now on achieving the anticipated rate of production and completing planned improvements to the property. Western Goldfields common shares trade on the Toronto Stock Exchange under the symbol WGI, and on the American Stock Exchange under the symbol WGW. For further details, please visit www.westerngoldfields.com.

Forward-Looking Information

Certain statements contained in this news release and subsequent oral statements made by and on behalf of the Company may contain forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation. Such forward-looking statements are identified by words such as "intends", "anticipates", "believes", "expects", "plans" and "hopes" and include, without limitation, statements regarding the Company's plan of business operations, timing and costs to recommence commercial production, economic viability of the Mesquite Mine, production and cost estimates, financing options, including entering into a debt financing arrangement, and the consequences thereof, potential contractual arrangements, receipt of working capital, anticipated revenues, exercise of outstanding warrants, and capital and operating expenditures. These forward-looking statements

are based on the best estimates of management at the time such statements are made. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include, among others, those set forth in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006 filed with the U.S. Securities and Exchange Commission, under the caption, "Risk Factors". Most of these factors are outside the control of the Company. Investors are cautioned not to put undue reliance on forward-looking statements. Except as otherwise required by applicable securities statutes or regulation, the Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Note to U.S. Investors Concerning Estimates of Measured, Indicated and Inferred Resources

This press release uses the terms "measured", "indicated" and/or "inferred" mineral resources. United States investors are advised that while such terms are recognized by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. United States investors are cautioned not to assume that all or any part of mineral resources will ever be converted into mineral reserves. Inferred mineral resources have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

The technical information contained in this press release has been prepared under the supervision of Wes Hanson P. Geo, a qualified person under NI 43-101. Mr. Hanson is an officer of Western Goldfields.

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WESTERN GOLDFIELDS INC.
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars)

| | December 31, 2007 | December 31, 2006 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalent | \$ 43,870,426 | \$ 5,502,535 |
| Restricted Cash | 7,500,000 | - |
| Receivables | 298,036 | 223,507 |
| Inventories | 11,200,789 | 511,663 |
| Prepaid expenses | 887,485 | 841,636 |
| TOTAL CURRENT ASSETS | 63,756,736 | 7,079,341 |
| Property, plant, and equipment, net of accumulated amortization | 77,951,155 | 4,328,512 |
| Construction in progress | 21,863,561 | 2,880,775 |
| Investments - reclamation and remediation | 8,660,584 | 6,337,006 |
| Long-term deposits | 347,543 | 329,146 |
| Long-term prepaid expenses | 1,554,941 | 1,009,555 |
| Deferred debt issuance costs | 3,227,410 | 250,000 |
| Deferred income tax assets | 37,133,460 | - |
| TOTAL OTHER ASSETS | 150,738,654 | 15,134,994 |
| TOTAL ASSETS | \$ 214,495,390 | \$ 22,214,335 |
| LIABILITIES & STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 5,318,738 | \$ 1,694,245 |
| Accrued expenses | 1,540,711 | 835,740 |
| Accrued payroll | 1,561,848 | - |
| Current portion of mark-to-market loss on gold hedging contracts | 1,935,306 | - |
| Accrued interest | 359,698 | - |
| Current portion of loan payable | 6,881,612 | - |
| TOTAL CURRENT LIABILITIES | 17,597,913 | 2,529,985 |
| LONG-TERM LIABILITIES | | |
| Mark-to-market loss on gold hedging contracts | 56,965,940 | - |
| Loan payable | 69,580,745 | - |
| Reclamation and remediation liabilities | 5,061,143 | 4,805,473 |
| TOTAL LIABILITIES | 149,205,741 | 7,335,458 |
| COMMITMENTS AND CONTINGENCIES | | |
| | - | - |
| STOCKHOLDERS' EQUITY | | |
| Common stock, of no par value, unlimited shares authorized; 135,049,685 and 78,452,876 shares issued and outstanding, respectively | 133,725,314 | 32,884,798 |
| Stock options and warrants | 7,551,031 | 7,674,270 |
| Accumulated deficit | (75,986,696) | (25,678,233) |
| Accumulated other comprehensive income | - | (1,958) |
| TOTAL STOCKHOLDERS' EQUITY | 65,289,649 | 14,878,877 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 214,495,390 | \$ 22,214,335 |

WESTERN GOLDFIELDS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS
(In U.S. dollars)

| | Year Ended December 31, | | |
|---|-------------------------|------------------------|-----------------------|
| | 2007 | 2006 | 2005 |
| REVENUES | | | |
| Revenues from gold sales | \$ 4,665,890 | \$ 7,859,214 | \$ 9,798,150 |
| COST OF GOODS SOLD | | | |
| Mine operating costs | 19,099,461 | 9,265,699 | 8,784,115 |
| Amortization and accretion | 4,241,789 | 1,352,034 | 1,599,098 |
| Royalties | 192,116 | 302,693 | 774,065 |
| Reclamation cost recovery | (21,940) | (1,459,859) | (543,964) |
| | <u>23,511,426</u> | <u>9,460,567</u> | <u>10,613,314</u> |
| GROSS LOSS | <u>(18,845,536)</u> | <u>(1,601,353)</u> | <u>(815,164)</u> |
| EXPENSES | | | |
| General and administrative | 5,809,160 | 4,261,067 | 1,653,268 |
| Stock based compensation | 2,561,050 | 3,209,285 | 518,316 |
| Severance costs payable in common shares | - | 547,200 | - |
| Exploration | 794,770 | 1,220,892 | 220,755 |
| | <u>9,164,980</u> | <u>9,238,444</u> | <u>2,392,339</u> |
| OPERATING LOSS | <u>(28,010,516)</u> | <u>(10,839,797)</u> | <u>(3,207,503)</u> |
| OTHER INCOME (EXPENSE) | | | |
| Interest income | 1,975,588 | 391,824 | 173,479 |
| Interest expense | (1,101,931) | (20,434) | (348,959) |
| Agency and commitment fees | (760,883) | - | - |
| Amortization of deferred debt issuance costs | (342,402) | - | - |
| Unrealized loss on mark-to-market of gold forward sales contracts | (58,901,246) | - | - |
| Gain on extinguishment of debt | - | 142,949 | - |
| Loss on foreign currency exchange | (342,973) | (13,970) | - |
| Gain (Loss) on sale of assets | 42,440 | (18,837) | 42,734 |
| Expenses of Romarco merger termination | - | (1,225,000) | - |
| | <u>(59,431,407)</u> | <u>(743,468)</u> | <u>(132,746)</u> |
| LOSS BEFORE INCOME TAXES | (87,441,923) | (11,583,265) | (3,340,249) |
| INCOME TAX RECOVERY | 37,133,460 | - | - |
| NET LOSS | (50,308,463) | (11,583,265) | (3,340,249) |
| PREFERRED STOCK DIVIDENDS | - | (16,979) | (1,734,375) |
| NET LOSS TO COMMON STOCKHOLDERS | (50,308,463) | (11,600,244) | (5,074,624) |
| OTHER COMPREHENSIVE INCOME | | | |
| Foreign currency translation adjustment | - | (1,958) | - |
| Change in market value of securities | - | - | 8,600 |
| Forward sales derivative mark-to-market | - | - | 678,867 |
| NET COMPREHENSIVE LOSS | <u>\$ (50,308,463)</u> | <u>\$ (11,585,223)</u> | <u>\$ (2,652,782)</u> |
| BASIC AND DILUTED NET LOSS PER SHARE | <u>\$ (0.43)</u> | <u>\$ (0.18)</u> | <u>\$ (0.13)</u> |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | <u>116,903,752</u> | <u>63,664,614</u> | <u>38,942,158</u> |

WESTERN GOLDFIELDS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars)

| | Year Ended December 31, | | |
|--|-------------------------|---------------------|-------------------|
| | 2007 | 2006 | 2005 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | \$ (50,308,463) | \$ (11,583,265) | \$ (3,340,249) |
| Adjustments to reconcile net loss to net cash provided (used) by operating activities: | | | |
| Items not affecting cash: | | | |
| Amortization | 3,925,395 | 1,087,517 | 1,021,909 |
| Amortization of deferred debt issuance costs | 342,402 | - | 208,501 |
| Accretion expense | 337,176 | 269,574 | 381,540 |
| Deferred income taxes | (37,133,460) | - | - |
| Reclamation cost recovery | (21,940) | (1,459,860) | (543,964) |
| Reclamation costs incurred | (148,416) | (200,811) | - |
| Gain on sale of assets and investments | (42,440) | 18,836 | (42,734) |
| Interest net of reimbursed costs - reclamation and remediation | (233,484) | (88,786) | (158,648) |
| Common stock issued for exploration assets and services | - | 136,500 | 166,462 |
| Common stock issued in respect of severance agreements | - | 547,200 | - |
| Stock based compensation | 2,561,050 | 3,209,285 | 518,315 |
| Mark-to-market loss on gold hedging contracts | 58,901,246 | - | - |
| Warrants issued for services of consultant | - | 233,000 | - |
| Cost of extending expiry date of warrants | - | - | 39,204 |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in: | | | |
| Accounts receivable | (74,529) | (213,327) | 2,777 |
| Inventories | (10,689,126) | 393,684 | 668,902 |
| Prepaid expenses and deposits | (609,632) | (391,484) | 241,824 |
| Increase (decrease) in: | | | |
| Accounts payable | 2,155,809 | 885,280 | 147,922 |
| Accrued expenses | 2,101,164 | (110,166) | (45,548) |
| Accrued interest expense | 359,698 | (48,695) | 8,695 |
| Net cash provided (used) by operating activities | <u>(28,577,550)</u> | <u>(7,315,518)</u> | <u>(725,092)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property & equipment, including construction in progress | (94,610,737) | (3,444,353) | (10,853) |
| Increase in reclamation and remediation investment | (2,090,094) | - | - |
| Proceeds from sale of investments | - | - | 47,734 |
| Purchase of assets | - | - | (24,366) |
| Proceeds from sale of assets | 97,500 | - | 25,000 |
| Restricted cash | (7,500,000) | - | - |
| Net cash provided (used) by investing activities | <u>(104,103,331)</u> | <u>(3,444,353)</u> | <u>37,515</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loan payable - Romarco | - | - | 705,186 |
| Term loan advances (repayments) | 76,462,357 | (2,205,186) | (1,500,000) |
| Deferred debt issuance costs | (3,569,812) | - | - |
| Common stock issued for cash | 92,607,665 | 4,012,000 | - |
| Warrants issued for cash | - | 1,988,000 | - |
| Exercise of options to purchase common stock | 1,040,509 | 632,750 | - |
| Exercise of warrants to purchase common stock | 4,508,053 | 11,833,809 | - |
| Preferred stock dividends | - | (51,354) | - |
| Net cash provided (used) by financing activities | <u>171,048,772</u> | <u>16,210,019</u> | <u>(794,815)</u> |
| Change in cash | 38,367,891 | 5,450,148 | (1,482,392) |
| Cash, beginning of period | <u>5,502,535</u> | <u>52,387</u> | <u>1,534,778</u> |
| Cash, end of period | <u>\$ 43,870,426</u> | <u>\$ 5,502,535</u> | <u>\$ 52,387</u> |
| SUPPLEMENTAL CASH FLOW DISCLOSURES: | | | |
| Interest paid (received), net | <u>\$ (873,657)</u> | <u>\$ 69,130</u> | <u>\$ 162,419</u> |
| NON-CASH FINANCING AND INVESTING ACTIVITIES: | | | |
| Stock, options and warrants issued for services | \$ 2,575,417 | \$ 4,125,985 | \$ 684,777 |
| Equipment purchases included in accounts payable | \$ 1,886,297 | \$ - | \$ - |

MESQUITE MINE – MINERAL RESOURCES AND RESERVES
December 31, 2007

| Mineral Resources Inclusive of Reserves | | | | |
|--|-----------------|---------------------------|------------------------------|-------------------------------|
| Class | Category | Tons (x 1,000) | Grade (Au oz / T) | Contained (Au ozs) |
| Measured | Oxide | 97,513 | 0.016 | 1,533,449 |
| | Non oxide | 21,136 | 0.024 | 503,000 |
| Measured | Subtotal | 118,649 | 0.017 | 2,036,449 |
| Indicated | Oxide | 101,626 | 0.014 | 1,380,551 |
| | Non oxide | 40,258 | 0.021 | 865,000 |
| Indicated | Subtotal | 141,884 | 0.016 | 2,245,551 |
| Measured & Indicated | Total | 260,532 | 0.016 | 4,282,000 |
| Inferred | Oxide | 4,958 | 0.013 | |
| | Non oxide | 4,798 | 0.022 | |
| Inferred | Subtotal | 9,756 | 0.018 | |
| Mineral Reserves | | | | |
| Proven | Oxide | 97,513 | 0.016 | 1,533,449 |
| | Non oxide | 16,429 | 0.023 | 386,000 |
| Proven | Subtotal | 113,942 | 0.017 | 1,919,449 |
| Probable | Oxide | 38,000 | 0.017 | 660,000 |
| | Non oxide | 7,914 | 0.022 | 176,000 |
| Probable | Subtotal | 45,914 | 0.018 | 836,000 |
| Proven & Probable | Total | 159,856 | 0.017 | 2,755,449 |
| Inferred | Oxide | 4,958 | 0.013 | |
| | Non oxide | 1,000 | 0.020 | |
| Inferred | Subtotal | 5,958 | 0.015 | |
| Mineral Resources Exclusive of Reserves | | | | |
| Measured | Oxide | 0 | 0.000 | 0 |
| | Non oxide | 4,707 | 0.025 | 117,000 |
| Measured | Subtotal | 4,707 | 0.025 | 117,000 |
| Indicated | Oxide | 63,626 | 0.011 | 720,551 |
| | Non oxide | 32,344 | 0.021 | 689,000 |
| Indicated | Subtotal | 95,970 | 0.015 | 1,409,551 |
| Measured & Indicated | Total | 100,676 | 0.015 | 1,526,551 |
| Inferred | Oxide | 0 | 0.000 | |
| | Non oxide | 3,798 | 0.023 | |
| Inferred | Subtotal | 3,798 | 0.023 | |

1. The Company's mineral reserves are estimated using appropriate cut-off grades at an assumed gold price of US\$500 per ounce and projected process recoveries, operating costs and life of mine plans which include allowances for dilution and mining recovery.
2. The Company's mineral reserves are consistent with the definitions established by Industry Guide 7, administered by the U.S. Securities and Exchange Commission.
3. The Company's mineral resources are estimated using appropriate cut off grades at an assumed gold price of US\$650 per ounce and projected process recoveries, operating costs and life of mine plans which include allowances for dilution and mining recovery.
4. The Company's mineral resources and mineral reserves are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) "Standards on Mineral Resources and Reserves, Definitions and Guidelines".
5. **Cautionary note to U.S. investors concerning Measured, Indicated and Inferred mineral resources:** These terms are required by the CIM's "Standards on Mineral Resources and Reserves, Definitions and Guidelines". **U.S. Investors are cautioned not to assume that all or any part of the stated mineral resources will be converted into reserves.**
6. The Company's mineral resource and reserve estimates were prepared under the supervision of Mr. W. Hanson, P.Geo., Vice-President of Mine Development, Western Goldfields Inc.