



**ASX / Quarterly Report**  
**29 January 2009**

## **DECEMBER 2008 QUARTERLY ACTIVITIES REPORT**

Western Metals (ASX: WMT) is a diversified uranium and base metals resource company with \$20.1m in the bank and no debt.

The Company is well funded and well resourced and is **focussed on acquiring an advanced gold or base metals project**. The primary geographical focus for this project is Africa and Australia.

During the quarter, the Company's exploration activities focussed on Tanzania where regional reconnaissance investigations continued to centre on generative work and on the follow up of existing prospects and anomalies.

In conjunction with this, a detailed technical review has been conducted on its uranium properties in Tanzania. This will include the finalisation of the work plan for 2009.

In line with its strategy of consolidation and focus Western Metals has completed its withdrawal from the Lukkacha Project in Peru and has made significant progress with respect to the exit of its interest in the Glade Uranium Project in Colorado, USA.

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## UPDATE ON ACTIVITIES DECEMBER QUARTER 2008

Western Metals is pleased to provide an update on activities undertaken during the December quarter 2008. Progress has been made on the majority of projects with details on each project found on the WMT website ([www.westernmetals.com.au](http://www.westernmetals.com.au)) and in the relevant announcements made to the ASX.

### TANZANIA - SW TANZANIA: URANIUM

#### *Mtonya Corridor Prospects*

As reported in the September 2008 Quarterly Report a total of 152 RC holes were drilled for an aggregate of 9,288m into prospects along the Mtonya Corridor during 2008. All the assay results from this drilling have now been received. Previously unreported significant anomalous intercepts from the drilling are included in the Table 1 below.

Table 1: Previously unreported significant assay results

Hole Id	Easting	Northing	Depth from metres	Interval metres	U3O8 ppm
MRC260	229023	8831897	24	2	125
MRC261	228967	8832033	31	1	180
MRC261	228967	8832033	40	1	180
MRC264	228907	8831822	30	1	130

Notes on Table: All drilling vertical. Samples have been collected by riffle splitting dry intervals and representative tube sampling of wet intervals. Samples have been analysed by ICP using laboratory method ME-ICP61s by ALS Chemex laboratory Perth Australia. Certified reference standards and blanks have been included by Western Metals in addition to laboratory control standards. All results are in U<sub>3</sub>O<sub>8</sub> ppm with analysis method accuracy quoted at  $\pm$  10 ppm U<sub>3</sub>O<sub>8</sub>. Co-ordinates are WGS84 and have been measured by hand held GPS. All intersection lengths are estimated to be true width of mineralisation based on local geological observation.

#### *Foxy Prospect*

As reported in the September Quarterly a total of 19 RC holes were drilled for a total of 1,382m into the Foxy Prospect during 2008. While including a number of anomalous intercepts, the drilling at Foxy did not, in general meet expectations. Holes intersected shallow, low-moderate grade uranium mineralisation with the best results from hole FRC014 which returned 6m at 213ppm U<sub>3</sub>O<sub>8</sub> from 27m.

Anomalous intercepts are included in Table 2 below

Hole Id	Easting	Northing	Depth from Metres	Interval metres	U <sub>3</sub> O <sub>8</sub> ppm
FRC002	261819	8785966	44	1	170
FRC006	261803	8785873	0	1	110
FRC006	261803	8785873	3	1	110
FRC006	261803	8785873	134	1	170
FRC007	261770	8785905	23	1	170
FRC008	261730	8785933	29	1	110
FRC010	261523	8785871	11	1	120
FRC010	261523	8785871	29	1	210
FRC012	261481	8785898	5	1	110
FRC013	261402	8785850	5	1	170
FRC014	261362	8785791	27	6	213
FRC016	261443	8785828	13	1	230
FRC016	261443	8785828	34	1	200
FRC017	261481	8785794	42	2	235

Notes on Table: All drilling vertical. Samples have been collected by riffle splitting dry intervals and representative tube sampling of wet intervals. Samples have been analysed by ICP using laboratory method ME-ICP61s by ALS Chemex laboratory Perth Australia. Certified reference standards and blanks have been included by Western Metals in addition to laboratory control standards. All results are in U<sub>3</sub>O<sub>8</sub> ppm with analysis method accuracy quoted at  $\pm$  10 ppm U<sub>3</sub>O<sub>8</sub>. Co-ordinates are WGS84 and have been measured by hand held GPS. All intersection lengths are estimated to be true width of mineralisation based on local geological observation.

## **Technical Review**

The Mtonya Prospect has been the focus of exploration through 2007-2008 with the drilling of 265 holes for an aggregate of 16,271 metres. In addition to this a total of 19 holes for an aggregate of 1,382 metres have been drilled at the Foxy Prospect.

Mineralisation at the Mtonya and Foxy Prospects (sandstone hosted, redox controlled) has been found to be located within a sand-dominated, fluviially derived sequence of very coarse sands to silts. Locally, mineralisation is controlled at the redox front boundaries between pale green coloured sands (reduced) and red, brown or off-white coloured sands (oxidized). Uranium mineralisation predominantly in the form of secondary uranium minerals such as meta-uranocircite and autonite, although primary minerals have tentatively been identified as coffinite or pitchblende and possibly uranium polymerized organics 'thucolite'. The mineralisation at the Mtonya Prospect itself is confined within a 4.5km wide, NE trending corridor (the Mtonya Trend). The length of the prospective corridor as defined by airborne and surface radiometrics is approximately 7km.

Drilling results have shown that uranium mineralisation is hosted within flat lying lenses, is widespread and in places is of economic grade and thicknesses. The best zones of mineralisation drilled to date are located at the Henri and Grandfather Prospects, where at least three mineralised levels have been identified between 760mRL and 810mRL.

While current drilling has not yet defined a mineral resource at the Mtonya or Foxy prospects there are still a large number of anomalies and prospects that remain to be tested. In addition to these a number of conceptual targets have been generated and remain to be evaluated.

It is also still believed that there is potential to find new mineralisation to the south-west of the Mtonya Trend under cover of unmineralised sediments of similar age and composition. This view is supported by a re-emergence of surface mineralisation some 25km further south along trend at Madfish.

A number of other sandstone hosted anomalies have been defined and are currently the subject of investigation including Pedro and Carlos in the Ruhuhu Project area.

Uranium associated with nepheline syenite gneiss was discovered at Eland in the southernmost part of the Njuga Tenement Ruvuma Project area. The mineralisation is associated with pyrochlore and appears to be contained wholly within the syenite intrusion and may have a secondary control within the metamorphic banding. The prospect has potential to be a large tonnage, moderate to low grade deposit with niobium and tantalum credits.

## **AUSTRALIA - WEST GEORGETOWN: SILVER-ZINC-LEAD-COPPER-GOLD**

The West Georgetown project comprises the northern Fog Creek Tenement and the southern Norman River Tenement. Under the Company's agreement with BHP Billiton, the top seven targets for priority drill testing have been identified on the southern Norman River tenement. During the quarter community and stakeholder consultations have been undertaken and site specific heritage surveys completed on the three western Falcon™ targets on the southern Norman River Tenement.

## **CANADA - SNOWBIRD: NICKEL-BASE METALS-GOLD**

During the quarter work has focused on logistical and permitting issues associated with drilling in the North West Territories, Canada. An application for a Land Use Permit has been made to the McKenzie Land and Water Board and negotiations have begun with stakeholders including First Nation Groups.

## **UNITED STATES OF AMERICA - MID CONTINENT: NICKEL**

No field work was conducted during the quarter.

## **DIVESTMENTS**

Western Metals' withdrawal from the Lukkacha Project in Peru is complete.

Work on the withdrawal of Western Metals' interest in the Glade Uranium Project in Colorado, USA has progressed but has not yet been finalised.

## PROPOSED MARCH '09 QUARTER PROGRAMME

During the March quarter, the focus of work will be:

- a) to conduct a detailed and critical review of all current projects in lights of recent exploration results and in the context of the current economic climate; and
- b) continued project generation and business development activities aimed at acquiring an advanced base metals or gold project.

## CORPORATE

During the December Quarter, a number of key changes have occurred within the organisation.

- Chris Greig (Non-Executive Chairman) and Marc Cardaci (Non Executive Director) have stepped down from the board effective from the AGM, held on the 28<sup>th</sup> November 2008.
- Effective 30 January 2009, Peter Smith will step down as an Executive Director of the Company and take up the position of Non-Executive Director.

The Board Composition from the 30<sup>th</sup> January 2009 will be:

George Bauk	Managing Director
Geoff Chapman	Technical Director
Peter Smith	Non Executive Director
Morgan Ball	Company Secretary / CFO

The AGM was held on the 28<sup>th</sup> November 2008 at which time all resolutions were passed on a show of hands.

Western Metals has a cash position of \$20.1m with no debt.

Western Metals also holds 5.56m shares (7.14%) of Stellar Resources shares valued at \$0.36m. These shares were acquired through the divestment of the Zeehan Tin Project in Tasmania, Australia.

## BACKGROUND TO WESTERN METALS

An emerging resource company developing a portfolio of world class Uranium and Base Metals Projects. The company has immediate plans, and the capability, to underpin value and accelerate growth through acquisition and exploration success.

### COMPANY PROJECTS

#### URANIUM

A joint venture with Uranium Resources plc to explore in Tanzania. Western Metals has a 60% interest in the Mtonya JV, a 42.5% interest in an additional 10,413 km<sup>2</sup> of tenements and a further 211 km<sup>2</sup> under a 45% JV. The total licence area under Western Metals' management is 14,062 km<sup>2</sup>.

#### BASE METALS

An agreement with BHP Billiton Limited ("BHPB") to explore for base metals in the West Georgetown region of northern Queensland. The agreement provides for Western Metals to achieve 100% ownership with BHPB retaining a claw back provision over the southern tenement (EL14722).

An option to purchase 100% interest in the Snowbird Nickel-Base Metals project in the Northwest Territories of Canada by drilling one exploration drill hole and making a US\$1,250,000 cash payment before 31 December 2009. BHP Billiton Limited retains a 60% back-in right.

WMT has purchased from BHP Billiton Limited a 100% interest in all exploration data relating to the Mid-Continent Nickel project in Minnesota including all regional geophysical, drill hole and analytical data.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and/or assessed by Glen Edwards who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Edwards is employed by Western Metals Ltd. Mr. Edwards 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Edwards consents to the inclusion in the report of the matters based on his assessment of the available information in the form and context in which it appears.*

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