

**ASX / Announcement**  
**16 February 2009**

## **WESTERN METALS TO ACQUIRE TANZANIAN GOLD ASSETS**

Western Metals Limited (**ASX:WMT**) has signed a legally binding Heads of Agreement (“HOA”) with Sub Sahara Resources NL (**ASX:SBS**) to acquire SBS’ interests in its advanced gold exploration projects in Tanzania (“Projects”) through the acquisition of a number of Australian and Tanzanian subsidiaries of SBS (“the Target Companies”).

The agreement represents a low-cost, low risk opportunity to secure advanced high quality gold assets with multi-million ounce potential.

The key commercial terms of the acquisition include:

- WMT will pay a refundable deposit of A\$100,000 to SBS on signing of the HOA and a further deposit of A\$150,000 on signing of the formal sale agreement.
- WMT will pay SBS A\$750,000 on completion of the transaction.
- Finalisation of the transaction may see WMT pay SBS a further A\$250,000 by the end of 2009 subject to the final liabilities of the Target Companies being determined.
- WMT will pay SBS A\$5.0m on the commencement of commercial production at the Nyanzaga Gold Project in Tanzania.

The key asset in the Target Companies is the Nyanzaga Gold Project in which SBS currently holds a 49% interest with Barrick Exploration Africa Ltd (“BEAL”). In August 2008, SBS was appointed Manager of the Nyanzaga Project Joint Venture and is now entitled to increase its JV interest to 68% by completing a positive bankable feasibility study.

In September 2006, SBS reported a resource estimate of **4.5 million ounces** for the Tusker deposit (100%), located within the Nyanzaga Gold Project. The resource estimate, summarised below in Table 1, was completed by Cube Consulting Pty Ltd in accordance with the JORC guidelines and was derived from extensive resource definition drilling completed by BEAL.

<b>Category</b>	<b>Tonnes</b>	<b>Gold g/t</b>	<b>Metal (oz)</b>
Indicated	89,560,000	1.20	3,455,000
Inferred	33,710,000	1.00	1,080,000
<b>TOTAL</b>	<b>123,270,000</b>	<b>1.15</b>	<b>4,540,000</b>

Table 1: Tusker Global Resource above 0.4 g/t Gold

Tusker will now be subjected to detailed economic evaluation by WMT to determine the feasibility for either a large-scale low grade gold operation or higher grade, lower volume project.

The Nyanzaga Gold Project also contains approximately 500km<sup>2</sup> of prospective gold exploration ground within the highly endowed Lake Victoria goldfields.

Other interests acquired in the transaction include:

**Nyakafuru JV (Gold)**

(60% Sub Sahara Resources (Tanzania) Limited / 40% Mabangu Mining Limited - a subsidiary of Resolute Mining Limited)

Nyakafuru is a gold exploration project located approximately 150km southwest of Mwanza in the Lake Victoria goldfields. The project area is located in the vicinity of Resolute's 100% owned, 1.1 million ounce Nyakafuru resource.

**Kahama JV (Gold)**

(60% Sub Sahara Resources (Tanzania) Limited / 40% Resolute (Tanzania) Limited (a subsidiary of Resolute Mining Limited)

The Kahama gold exploration project is located approximately 30 kilometres west of Resolute's Golden Pride gold operations.

**Madaba-Mkuju JV (Uranium)**

(85% Sterling Resources Limited / 15% Sub Sahara Resources (Tanzania) Limited)

The Madaba-Mkuju uranium project is located in the Karroo basin of southern Tanzania in a similar geological setting to WMT's current uranium exploration assets. The project area covers 9,689km<sup>2</sup>.

Over the past six months, WMT has been targeting its business development efforts on acquiring an advanced gold or base metals project in Africa. WMT will now focus on evaluating the Nyanzaga Gold Project and continue building a gold portfolio.

WMT expects to complete this transaction by the end of March 2009 and is currently finalising its work program for these new projects over the next month. WMT will present these to the market when planning is complete. The company will also review its current portfolio of projects in light of this transaction with the aim of ensuring a focussed approach for its financial and technical resources.

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ASX: WMT/WMTO

## 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 2,938km<sup>2</sup> Mtonya JV, a 42.5% interest in an additional 9,589km<sup>2</sup> of tenements and a further 211km<sup>2</sup> under a 45% JV. The total licence area under Western Metals' management is 12,738km<sup>2</sup>.

#### BASE METALS

An agreement with BHP Billiton to explore for base metals in the West Georgetown region of northern Queensland. The agreement provides for Western Metals to achieve 100% ownership with BHP Billiton 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 retains a 60% back-in right.

WMT has purchased from BHP Billiton 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 following Competent Persons statement relates to the 2006 Tusker resource estimate reported by Sub Sahara. Western Metals is not aware of any further resource estimation released since this work.*

*The information in this report that relates to Mineral Resources is based on a resource estimate compiled by Ms Jillian Irvin, who is a Member of Australian Institute Geoscientists. The work was completed under the supervision of Mr Patrick (Rick) Adams who is a Member of the Australian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Adams is a Director of Cube Consulting. Ms Irvin is a full-time employee of Cube Consulting Pty Ltd. Ms Irvin has sufficient experience which is relevant to gold mineralisation and resource estimation 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'. Ms Irvin consents to the inclusion in this report of the information, in the form and context in which it appears.*

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