



ASX / Announcement
17 March 2009

Western Metals Announces Gold Development Focus

- **Gold focused growth strategy**
- Nyanzaga Gold Project identified as the priority development opportunity
- Change of name to **Indago Resources**
- 1-for-10 share consolidation

Western Metals Limited (ASX: WMT) is pleased to announce a strategic focus on building a significant gold business following its landmark acquisition of advanced gold assets in Tanzania.

This acquisition¹ follows 18 months of systematic work to identify a high quality asset with near term development potential, in line with the Company's stated growth strategy.

The Board of WMT believes that focusing on advanced gold development opportunities, particularly in a known gold province such as the Lake Victoria goldfields in Tanzania, will deliver optimum returns to shareholders by making the best use of the Company's established infrastructure, African expertise and significant financial and technical resources.

The acquired assets include a 49% (earning up to 68%) managing interest in the Nyanzaga Gold Project in Tanzania's Lake Victoria goldfields where a resource of **4.5 million ounces** has been estimated in accordance with JORC guidelines for the Tusker gold deposit.

To better reflect the Company's future direction, the Board proposes to change WMT's name to **Indago Resources**. Indago comes from the Latin meaning "to investigate or explore".

The Company also proposes to simplify its capital structure by way of a share consolidation, on a 1 for 10 basis.

The name change and share consolidation are both subject to shareholder approval. A meeting of shareholders will be held on 24 April 2009 to consider both these initiatives.

WMT Managing Director George Bauk said the proposed changes heralded an exciting phase in the Company's planned transition from junior explorer to producer.

"This year is shaping as a watershed for Western Metals shareholders during which we expect to fully capitalise on the significant progress we have achieved since taking charge of the Company in June 2006 by establishing the foundations of a successful African gold mining business," he said.

"Western Metals has strengthened its business to include over 2.25 Moz in attributable gold resources, an exciting gold exploration portfolio in the Lake Victoria goldfields, **cash reserves in excess of \$18m** with no debt and a dedicated and passionate workforce with the expertise and regional knowledge to advance the Company."

"We have long viewed the gold sector as an attractive path to production and believe we have identified an attractive potential development opportunity at Nyanzaga. With the invaluable

¹ See WMT ASX releases, 17 February 2009 and 2 March 2009

experience we have built up in Tanzania since 2006, our strong financial position and excellent technical capabilities, we look to the future with a growing sense of excitement.”

Gold focus

WMT has consistently stated its intention to acquire an advanced project with strong development potential in the gold or base metals sector.

This objective was achieved on 2 March 2009, when the Company finalised its acquisition of high quality gold assets in Tanzania from Sub-Sahara Resources NL, including a managing interest in the Nyanzaga Joint Venture with Barrick Exploration Africa Ltd (BEAL). WMT may earn up to 68% in the project by completing a bankable feasibility study.

The Nyanzaga project covers more than 350 km² in the Lake Victoria goldfields and hosts the Tusker gold deposit, for which a resource of 4.5 million ounces estimated in accordance with JORC guidelines was reported in September 2006 (refer Table 1).

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

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



Diagram 1: Nyanzaga Project Location, Lake Victoria Goldfields Tanzania.

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Tusker is Tanzania's largest undeveloped gold deposit by contained ounces, and is located just 36km from Barrick's multi-million ounce Bulyanhulu mine. Diagram 1 above shows the location of the Nyanzaga project in relation to other major deposits (> 1 million ounces) in the Lake Victoria Goldfields.

To date, Barrick has spent in the order of US\$13 million on evaluation of the deposit, primarily on definition drilling. The cross section shown in Diagram 2 shows the broad geometry of the deposit and the consistent thick intersections of gold mineralisation defined by Barrick.

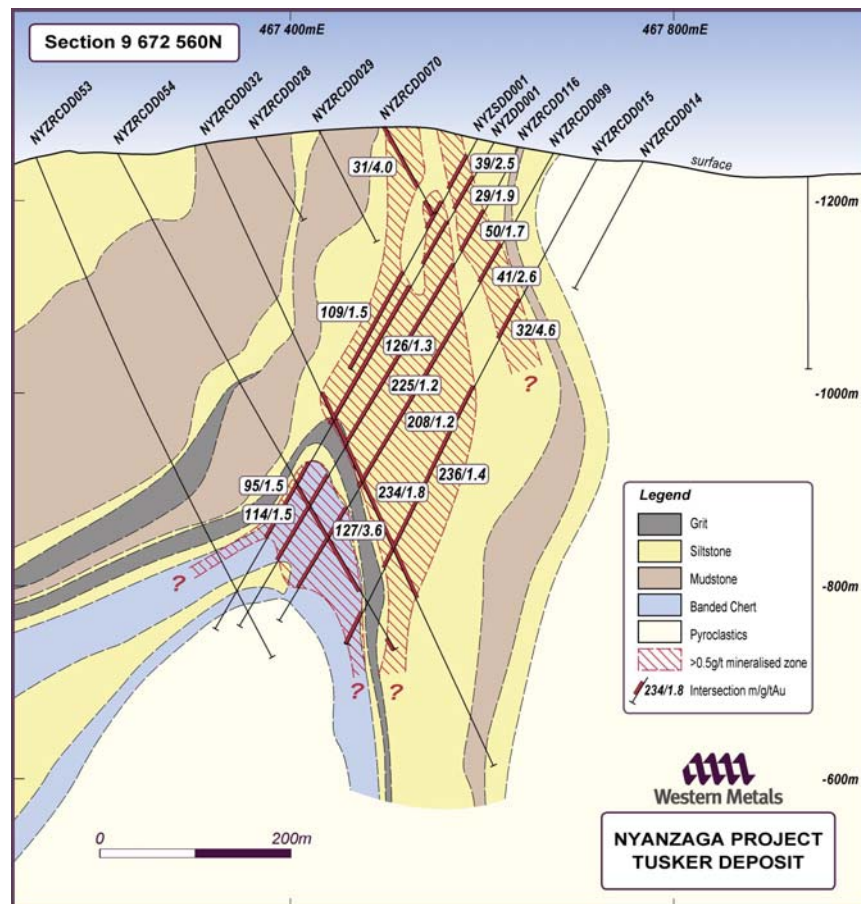


Diagram 2: Tusker Cross Section 9 672 560N

WMT believes Nyanzaga represents an opportunity to become the foundation of a significant gold business.

Consequently, WMT will commence a scoping study for the Tusker deposit later this month, which it expects to complete by the end of June 2009. Subject to the findings of the study, WMT expects to commence feasibility studies into development of the Tusker resource immediately thereafter.

WMT is also confident of identifying additional opportunities within the 520 km² of highly prospective gold tenements it has acquired from Sub-Sahara Resources in the Lake Victoria goldfields region of Tanzania.

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These include up to 60% interests in both the Nyakafuru JV and Kahama JV with Resolute Mining Ltd and the 100% held Kahama Project. A detailed targeting program has commenced using existing geochemical, geophysics and geological data to establish priority targets in the sparsely explored licence holdings.

The Company will continue to evaluate additional opportunities to grow its gold portfolio as appropriate, particularly in the Lake Victorian Goldfields in Tanzania.

Share Consolidation

WMT currently has 621.55 million ordinary shares on issue. In order to simplify the Company's capital structure, WMT proposes to consolidate its shares on a 1-for-10 basis.

Every ten shares currently on issue will be consolidated into one ordinary share, thereby reducing the company's total issued capital to approximately 62.16 million shares.

It is important to note that this **initiative will not dilute the interests of any shareholder**, as all shareholders interests will be consolidated on the same pro-rata basis.

WMT believes this consolidation will not only simplify its capital base but also make its securities a more attractive investment instrument, particularly to long term institutional and sophisticated investors.

The share consolidation and proposed name change are subject to approval by shareholders at a meeting scheduled for 24 April 2009. Full details are contained in the Notice of Meeting, which will be issued shortly.

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BACKGROUND TO WESTERN METALS

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

COMPANY PROJECTS

GOLD

Western Metals has a 49% interest in an advanced gold project at the Tusker deposit in the rich Lake Victoria Goldfields of Tanzania in a joint venture with Barrick. This interest can be increased to 68% on the finalisation of a positive bankable feasibility study. The deposit contains an estimated resource of 4.5 million ounces.

In addition, Western Metals has exposure to total gold exploration holdings of approximately 870km² in joint ventures with both Barrick and Resolute Mining as well as some 100% owned properties.

URANIUM

A joint venture with Uranium Resources plc to explore in Tanzania. Western Metals has a 60% interest in the 2,938km² Mtonya JV, a 42.5% interest in an additional 9,589km² of tenements and a further 211km² under a 45% JV. The total licence area under Western Metals' management is 12,738km².

Western Metals also holds a 15% interest in the Mdaba-Mkuju exploration project in the southern Tanzania which covers 15,915km². The joint venture is with Sterling Resources who are managers the project.

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).

WMT has purchased from BHP Billiton a 100% interest in the Snowbird Nickel-Base Metals project in the Northwest Territories of Canada.

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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