

ASX / Quarterly Report  
28 April 2009

## MARCH 2009 QUARTERLY ACTIVITIES REPORT

Western Metals Ltd completed a number of significant achievements during the quarter:

- On 16 February, the Company announced that it had signed a Heads of Agreement with Sub-Sahara Resources NL to **acquire its interests in a number of advanced gold projects in Tanzania**. The key asset in this suite of projects is the Nyanzaga Gold Project.
- Western Metals is Manager and holds a 49% interest in the Nyanzaga Gold Project with its JV partner Barrick Exploration Africa Limited. Further, Western Metals may increase its interest to 68% on completing a positive bankable feasibility study. In September 2006, Sub-Sahara reported a resource estimate of **4.5 million ounces** (100%) for the Tusker deposit located within the Nyanzaga Gold Project.
- This transaction was completed by Western Metals on 2 March and the Nyanzaga Gold Project is currently the subject of a comprehensive concept study to determine the development plan for this asset.
- On 24 April 2009, shareholders at the Company's General Meeting passed all the resolutions presented. These included:
  - the **change in company name from Western Metals Ltd to Indago Resources Ltd** (*pronounced In-dar-go*) which is expected to occur in the first week of May;
  - a share reconstruction on a 1 for 10 basis
    - trading in the reorganised securities (ASX:WMTDA) commenced on 28 April; and
  - the appointment of John Fitzgerald as a non executive director and the approval of his proposed unlisted options package.

Indago Resources will be focussed on building a significant gold business following its landmark acquisition of these advanced gold assets in Tanzania. This acquisition 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 Western Metals believes that focusing on advanced gold development opportunities, particularly in a known gold province such as the Lake Victoria Goldfields in Tanzania (> 50m oz in gold resources), 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 company will have 62.15 million shares on issue post the share reconstruction and all shares and options will be adjusted to reflect this change in capital structure. This capital structure will provide the company with far more flexibility in relation to capital markets as we develop the Nyanzaga Project.

This acquisition combined with the changes approved at the recent General Meeting mark an exciting phase in the company's planned transition from junior explorer to producer.

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ASX: WMT/WMTO

## UPDATE ON ACTIVITIES MARCH QUARTER 2009

Western Metals ("WMT") is pleased to provide an update on activities undertaken during the March quarter 2009. Further details on all activities and each project can be found on the WMT website ([www.westernmetals.com.au](http://www.westernmetals.com.au)) and in the relevant announcements made to the ASX.

### TANZANIA – LAKE VICTORIA GOLDFIELDS

On 2 March, Western Metals completed the acquisition of all the Tanzanian gold assets of Sub-Sahara Resources NL ("SBS"). The key asset is the Nyanzaga Gold Project in which SBS held a 49% interest with Barrick Exploration Africa Ltd ("BEAL"). Under the terms of the Nyanzaga Project Joint Venture, WMT is the Project Manager and is entitled to increase its JV interest to 68% by completing a positive bankable feasibility study.

The key commercial terms of the acquisition were as follows:

- WMT paid a total of A\$900,000 to SBS following the 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 acquired being determined.
- WMT will pay SBS A\$5.0m on the commencement of commercial production at the Nyanzaga Gold Project in Tanzania.

WMT will commence the integration of the Projects acquired immediately and will have a work plan finalised before the end of during the second quarter.

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.

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
<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 subject to detailed economic evaluation by WMT to determine the feasibility for either a large-scale bulk tonnage gold operation or higher grade, lower volume project. A concept study is anticipated to commence in March and be completed by June 2009. This study will provide an initial base case for the development opportunity at Tusker.

The Nyanzaga Gold Project also contains approximately 350km<sup>2</sup> of prospective gold exploration ground within the highly endowed Lake Victoria Goldfields. The location of the Nyanzaga Project is shown in Figure 1 below.

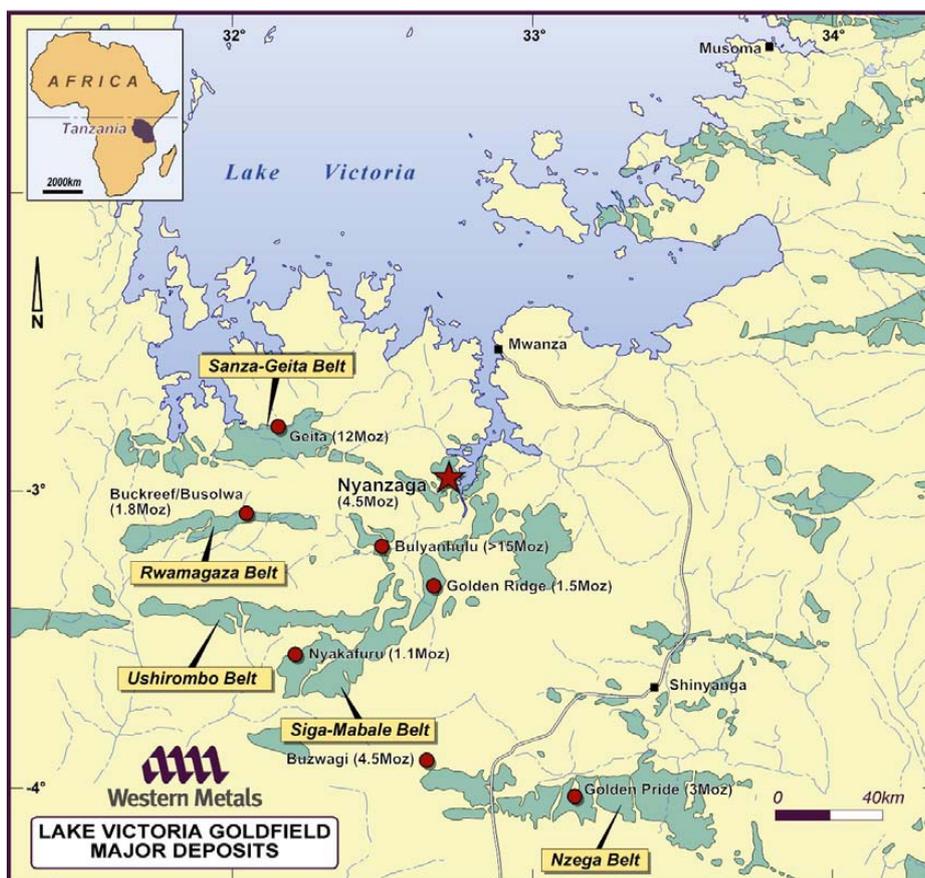


Figure1: Nyanzaga Project Location

Other interests acquired in the transaction include a further 522km<sup>2</sup> of exploration licences in the Lake Victoria Goldfields comprised of:

#### **Nyakafuru JV (Gold)**

(51% WMT / 49% 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, which totals approximately 165km<sup>2</sup>, is located in the vicinity of Resolute's 100% owned, 1.1 million ounce Nyakafuru resource.

#### **Kahama JV and Kahama Project (Gold)**

Kahama JV (51% WMT / 49% Resolute (Tanzania) Limited - a subsidiary of Resolute Mining Limited) and the Kahama Project (100% WMT)

- The Kahama gold exploration area covering 356 km<sup>2</sup> is located approximately 50 kilometres west of Resolute's Golden Pride gold operations and 30 kms south east of Barrick's Buzwagi gold operations.

In addition WMT has acquired a 15% interest in uranium exploration leases as follows:

#### **Madaba-Mkuju JV (Uranium)**

(85% Sterling Resources Limited / 15% WMT)

- 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 15,915km<sup>2</sup>.
- In accordance with WMT's existing JV agreement with URA plc, 50% of the WMT interest in this uranium project (ie: 7.5%) has been offered for purchase to URA plc. The project is managed by Sterling Resources.

## **TANZANIA - SW TANZANIA: URANIUM**

The onset of the rainy season has limited field work. Rehabilitation of the majority of the Mtonya drill and sample disposal sites has been completed. Detailed technical reviews of all prospects and anomalies have been completed and recommendations made for further work.

Joint Venture meetings were held to discuss the 2009 Budget and Work Programmes. Further to this, the planned 2009 Work Programme is currently being finalised prior to the end of the wet season in southern Tanzania.

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

No field work was conducted during the Quarter.

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

During the March Quarter, modifications to the original deal structure with BHP Billiton have been agreed in principle. Under an executed term sheet, WMT will pay US\$120,000 for 100% ownership of the Project and the previously negotiated claw back and marketing rights on the Project have been removed. BHP Billiton will retain a 2% NSR royalty on the Project.

Work this Quarter has focused on logistical and permitting issues associated with potential drilling programs in the North West Territories, Canada.

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

No field work was conducted during the Quarter. Annual payments were made to land holders to maintain WMT's land position over the identified targets.

## **DIVESTMENTS**

Western Metals has withdrawn from the Glade Uranium Project and handed the project back to its JV partner effective 31 March 2009.

## **PROPOSED JUNE '09 QUARTER PROGRAMME**

### ***Tanzania - Lake Victoria Goldfields***

#### *Nyanzaga*

- Continue Concept Studies
- Resource review including remodelling, geological and metallurgical domaining on Tusker
- Drill planning for resource definition
- Drilling and assay supplier contracts to be finalised
- Exploration work programme to be developed and presented to the Board during June
- Metallurgical test work commenced

#### *Kahama JV and Kahama Project*

- Complete technical review

#### *Nyakafuru JV*

- Complete technical review

### ***Tanzania – SW Uranium***

- Complete detailed mapping project at Mtonya
- Develop Mtonya Corridor Targets
- Complete rehabilitation of drill sites at Mtonya

## Corporate

Finalise corporate activities including:

- Rebranding / Name Change;
- Share reconstruction; and
- Completion of the Non-marketable Parcel process

## CORPORATE

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

Effective 9 March 2009, John Fitzgerald has taken on the role of non-executive director replacing Peter Smith who stepped down due to other commitments. Mr Fitzgerald has over 20 years investment banking experience and has provided project finance, commodity risk management and advisory services to a large number of companies in the resource sector. He is a Chartered Accountant, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.

Mr Fitzgerald is currently Managing Director of Optimum Capital Pty Ltd - an advisory business focused on providing corporate, strategic, financial and project advisory services to the resources industry. He has previously held senior positions as Head of Investec's Western Australian office, Head of Institutional and Corporate Banking, WA for the Commonwealth Bank, Executive Director of HSBC Precious Metals and Director responsible for NM Rothschild & Sons (Australia) Pty Ltd's resource financing business.

Mr Fitzgerald succeeds Peter Smith, who has resigned as a Non Executive Director of Western Metals to pursue other business ventures. The Board and Management of Western Metals would like to thank Peter for his outstanding contribution to the Company and wish him and his family all the best in their new ventures.

On 27 March, WMT initiated a proposed Sale of Non-marketable Parcel process. This is part of the Company's on-going capital management process and focus on reducing administrative costs.

An Extraordinary General Meeting was held on the 24<sup>th</sup> of April 2009 at which all resolutions were passed on a show of hands. As a result of the meeting, the company's new name (effective ~ 5 May) will be Indago Resources Limited (*pronounced In-dar-go*) with a modified capital structure of 62.15m shares on issue.

Following approval of the Share Reconstruction:

- Trading in the reorganised securities on a deferred settlement basis will commence on 28 April (ASX:WMTDA).
- 5 May will be the first day for the Company to register securities on a post reorganisation basis and Holding Statements will be despatched on 6 May.
- Normal T+3 trading will commence on 7 May.

Following approval of the Name Change:

- Name change documentation was submitted to ASIC on 24 April.
- The Change of Name Certificate is expected from ASIC around 29 April and will then be forwarded to the ASX.
- The Company will endeavour to arrange the timing of the name change on the ASX to Indago (ASX:IDG & IDGO) to meet the same timetable as the above Share Reconstruction.
- This will ensure that only one set of updated Holding Statements need be issued on 6 May which will cover both the Share Reconstruction and the Change of Name.

Western Metals has a cash position of \$17.5m with no debt.

Western Metals also holds 5.56m shares (5.86%) of Stellar Resources shares valued at \$0.28m. 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 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 Exploration Africa Ltd. 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 870km<sup>2</sup> in joint ventures with both Barrick and Resolute Mining Ltd 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 2,938km<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>.

Western Metals also holds a 15% interest in the Mdaba-Mkuju exploration project in the southern Tanzania which covers 15,915km<sup>2</sup>. The joint venture is with Sterling Resources who are the Manager of 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 and BHP Billiton have entered into a term sheet that covers the sale of the Snowbird Nickel-Base Metals Project in the Northwest Territories of Canada to WMT and the cancellation of the existing option agreement. It is expected that a binding sale agreement will be concluded shortly.

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 and has established land positions over the identified targets.

*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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