

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

WESTERN METALS LIMITED

ABN

69 009 150 618

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	256
1.2 Payments for (a) exploration and evaluation	(1,422)	(2,227)
(b) development	-	-
(c) production	-	-
(d) administration	(1,344)	(2,572)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	494	1,023
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other – GST (Paid) / Refunded	88	(14)
Net Operating Cash Flows	(2,186)	(3,536)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(603)	(712)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(603)	(712)
1.13 Total operating and investing cash flows (carried forward)	(2,789)	(4,248)

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1.13	Total operating and investing cash flows (brought forward)	(2,789)	(4,248)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	137
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(23)	59
	Net financing cash flows	(23)	196
	Net increase (decrease) in cash held	(2,812)	(4,052)
1.20	Cash at beginning of quarter/year to date	32,689	34,090
1.21	Exchange rate adjustments to item 1.20	66	(95)
1.22	Cash at end of quarter	29,943	29,943

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	276
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salary plus superannuation paid to Directors = \$276k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,476
4.2 Development	-
Total	1,476

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,375	7,736
5.2 Deposits at call	25,568	24,953
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	29,943	32,689

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			

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6.2	Interests in mining tenements acquired or increased	LB-1 to LB-161		60%	68%
		LC-1 to LC-176		60%	68%
		LC-179 to LC-193		60%	68%
		LC-196 to LC-210		60%	68%
		LD-1 to LD-54		60%	68%
		HQ-P15912	40% interest in tenements in Tanzania assigned from JV partner URA plc after spending A\$2m as part of earn-in agreement.	0%	40%
		HQ-P15073		0%	40%
		HQ-P15913		0%	40%
		HQ-P15237		0%	40%
		HQ-P15236		0%	40%
		HQ-P15235		0%	40%
		HQ-P15234		0%	40%
		PL4860/2007		0%	40%
		PL4859/2007		0%	40%
		PL4858/2007		0%	40%

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			<i>Exercise price</i>	<i>Expiry date</i>	
7.7	Options <i>(description and conversion factor)</i>	4,250,000	4,250,000	\$0.025	30/04/2011
		23,000,000	23,000,000	\$0.05	30/04/2011
		3,406,848	3,406,848	\$0.15	07/12/2008
		70,833,333	70,833,333	\$0.35	30/04/2010
		15,000,000	15,000,000	\$0.35	30/04/2010
		3,000,000	3,000,000	\$0.15	30/06/2011
		3,000,000	3,000,000	\$0.25	30/06/2011
		6,000,000	6,000,000	\$0.30	30/06/2011
		6,000,000	6,000,000	\$0.45	30/06/2011
		2,000,000	2,000,000	\$0.45	30/06/2011
		2,000,000	2,000,000	\$0.65	30/06/2011
		2,000,000	2,000,000	\$0.60	30/04/2011
		2,000,000	2,000,000	\$0.80	30/04/2011
		6,000,000	6,000,000	\$0.26	30/06/2011
		12,000,000	12,000,000	\$0.35	30/06/2011
		6,000,000	6,000,000	\$0.20	30/06/2010
7.8	Issued during quarter	6,000,000	6,000,000	\$0.26	30/06/2011
		12,000,000	12,000,000	\$0.35	30/06/2011
		6,000,000	6,000,000	\$0.20	30/06/2010
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	50,000	50,000	\$5.00	30/11/2007
		50,000	50,000	\$7.00	30/11/2007
		50,000	50,000	\$9.00	30/11/2007
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 January 2008
 Company Secretary

Print name: Morgan Ball

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Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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