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## **Reclaiming Parys Mountain**

*By Michael Quinn, 28 April 2008*

Mine headframe at Parys Mountain.

GAGGED by due diligence, regulatory considerations and possibly market and commercial sensitivities, Western Metals managing director George Bauk isn't yet able to reveal much of value about the potential seen for an advanced zinc-copper project being acquired in northern Wales. However, Bauk does claim the deal to be an absolute bargain.

Parys Mountain contains the White Rock deposit of 1.75 million tonnes grading 4.27% zinc plus copper, lead, silver and gold (making for a zinc equivalent grade of 7% zinc), as well as other resources totalling over 5.6Mt grading over 12.2% zinc equivalent (underpinned by much better copper grades).

Those resources have been previously released by the vendor, Anglesey Mining plc, with Western Metals understood not to be able to publish the numbers in its own market releases to the ASX (to date) because they don't qualify as being JORC compliant.

Subject to completion of deal, Western Metals will undertake significant surface and underground drilling, seeking it seems (given indications from Bauk), to outline sufficient resources to support a 1000 tonnes per day operation – for which regulatory approvals are reportedly already in place. Bauk told **HighGrade** that on a zinc-in-the-ground basis (zinc equivalent tonnage), the price paid for Parys Mountain was “grossly” under the average value accorded other projects in the zinc space. Companies such as Angus & Ross, Terramin, Zeehan Zinc, Tennant Creek, Kagara Zinc, Jabiru and Prairie Downs were cited by Bauk.

Parys Mountain, which features infrastructure such as a shaft to 300m depth and 1000m of underground development, is costing a total of \$A29 million in cash and shares – with Western Metals retaining the flexibility to use cash or shares for the bulk of the consideration. Western Metals believes it will cost \$A12-15 million and take up to two years for the work needed to define a mining operation.

Queried as to how good Parys Mountain could realistically be considered given the competition for assets and the advanced stage of the current cycle, Bauk argued the project would have been under the radars of a lot of companies given its location. He also claimed that Western Metals was a good fit for the project given the company's operational expertise. (Western Metals is primarily comprised of ex-Western Mining personnel).

Western Metals has cash reserves of \$A27 million and a portfolio of uranium and base metal prospects around the globe. The company's shares enjoyed a stunning run on the back of the uranium bubble in 2007, though they've fallen on hard times since – less than one-fifth of their value at their peak – and at recent levels of 7.6c/share Western Metals was capitalised at \$A47 million. A \$A25 million raising this time last year

(primarily through Tricom Equities) has proved especially fortuitous for the company's ongoing endeavours.

*Disclosure: The reporter holds shares in Western Metals*