



## Western Metals to acquire advanced UK Copper-Zinc development opportunity

Western Metals Ltd (ASX:WMT, WMTO) is pleased to announce that it has signed a Term Sheet to acquire 100% of the advanced Parys Mountain copper-zinc Project on the island of Anglesey in North Wales from Anglesey Mining plc (LSE:AYM), a UK based mining company listed on the London Stock Exchange (<http://www.angleseymining.co.uk>).

The transaction is subject to a maximum 120 day due diligence and on successful completion Western Metals will sign a formal sale agreement and pay Anglesey Mining AUD\$7.6m in a combination of cash and shares. On the completion of a successful bankable feasibility study or 3 years whichever is earliest, Western Metals will make a final payment of AUD\$21.5m in a combination of cash and shares. Further details of the agreement are set out below.

The proposed Parys Mountain acquisition reflects the Company's stated objective of securing an advanced exploration and development opportunity with early cash flow potential.

The Parys Mountain region has been one of Britain's biggest producers of copper, reportedly yielding in excess of 300,000 tonnes of metal before mining ceased in the early 20<sup>th</sup> Century.

The Project has had significant modern exploration, definition and infrastructure established. The key aspects of this work include:

Activity	Amount
Surface Drilling	60,400 metres
Underground Drilling	10,800 metres
Shaft Sunk	300 metres
Underground Development	900 metres
Pilot Processing Plant	800 tonnes
Exploration / Development Expenditure	~ AUD\$29 million

The Project has current planning approvals for a 1,000 tonne per day operation and enjoys strong community and government support.

Western Metals' Managing Director George Bauk said Parys Mountain offers an outstanding opportunity for Western Metals to achieve its aim of becoming a significant metals producer.

"We have consistently stated our intention to acquire a high quality asset with near-term production potential that will complement our portfolio of world-class exploration assets" he said. "We believe Parys Mountain represents just such an opportunity."

---

### Western Metals Limited

ABN 69 009 150 618

Unit 7, 100 Railway Road, Subiaco WA 6008 – PO Box 1674 Subiaco WA 6904

Tel: +61 8 6380 3600 Fax: +61 8 9382 8022 Em: [info@westernmetals.com.au](mailto:info@westernmetals.com.au) Web: [www.westernmetals.com.au](http://www.westernmetals.com.au)  
ASX: WMT/WMTO

Western Metals intends to fast-track work programmes including drilling to establish JORC compliant resources and concurrently proceed with a formal feasibility study. Current project schedules estimate completion within 2 years at a cost of AUD\$12 - \$15m.

Mr Bauk said Western Metals' management team possessed the extensive project development and operating expertise needed to quickly and successfully advance the Parys Mountain Project whilst also maintaining an aggressive exploration strategy in the Company's other projects in Tanzania, Queensland and the Americas.

"We have the team and the cash to take this Project on immediately," he said.

Further details on the Project and Term Sheet are attached.

For further information contact:

George Bauk  
Managing Director  
Western Metals  
(08) 6380 3600

Paul Downie  
Porter Novelli (Perth)  
(08) 9386 1233  
0414 947 129

For personal use only

## Parys Mountain Project Overview

### Location

The Parys Mountain base metal deposit is located on the island of Anglesey in northwest Wales 3 kilometres south of the town of Amlwch. The Project is located approximately 32 kilometres from the port of Holyhead. Anglesey is accessed and traversed by sealed roads and is serviced by rail. The major cities of Liverpool and Manchester are approximately 2.5 hours drive to the east. The Wylfa nuclear power station at Cemaes Bay is 10 kilometres to the northwest of the Project.



The island of Anglesey has a population of 68,000. The main industries are the Rio Tinto managed Anglesey aluminium smelter located at Holyhead, the Wylfa power plant, agriculture and seasonal tourism. Holyhead, the largest town, is the principle port for shipping between the UK and Ireland and also handles deliveries of feed for the aluminium smelter.

The mining property covers an area measuring approximately 2 kilometres by 3 kilometres. Approximately half the property is owned freehold and the balance is leasehold with the mining rights held for the entire property.

### Project History

Copper mining on the site dates to Bronze Age times however large scale mining did not commence until the late 18th century when open pit mining was used to mine lodes of chalcopryite, pyrite and quartz. In the 19th century, underground mining followed north-dipping lodes over a strike length of 1km and to a maximum depth of 250 metres. Mining ceased in the late 1800's as the known mineralisation was exhausted. Estimates of historical production indicate that approximately 300,000 tonnes of copper were mined from the open pit and underground workings making Parys Mountain reportedly the world's largest copper producer at one time.

Exploration recommenced on the deposit in the 1950's with about 26,000 metres of drilling testing areas below and along strike of the 19th century workings up to 1978. In the late 1970's a series of widely scattered polymetallic zinc, lead, copper, silver and gold sulphide intersections within shales at the base of the volcanics at the Engine Zone horizon were recognised as indicative of a volcanogenic system (VMS). Drilling was focussed on the Engine Zone area during the early and mid 1980's in an area approximately 1km west of the main historic workings.

Between 1988 and 1990 Anglesey Mining plc sank the Morris Shaft to a depth of 300 metres at the western end of Parys Mountain and completed 900 metres of level development as an underground drilling platform for further exploring and defining the Engine Zone sulphide (Cu/Pb/Zn/Ag/Au) and White Rock sulphide (Zn/Pb/Ag/Au) mineralised zones. Approximately 10,000 metres of drilling was completed and a 2,000 tonne trial parcel mined of which 800 tonnes were treated at an on site pilot treatment plant.

---

### Western Metals Limited

ABN 69 009 150 618

Unit 7, 100 Railway Road, Subiaco WA 6008 – PO Box 1674 Subiaco WA 6904

Tel: +61 8 6380 3600 Fax: +61 8 9382 8022 Em: [info@westernmetals.com.au](mailto:info@westernmetals.com.au) Web: [www.westernmetals.com.au](http://www.westernmetals.com.au)  
ASX: WMT/WMTO

Planning permission for the Project was granted in 1988 and extended in 2006. In 1990/92 detailed mine and plant designs were completed as part of a development study and further detailed planning approvals were granted. Low commodity prices and the market downturn in 1991/92 resulted in the Project development being suspended.

## Commercial Terms

The key commercial terms in relation to the transaction are as follows:

- Western Metals to pay Anglesey Mining a deposit of AUD\$270,000 on the execution of the agreed Term Sheet.
- Western Metals to conduct up to a 120 day due diligence process on the Project.
- Upon completion of the due diligence to Western Metals' satisfaction, Western Metals and Anglesey Mining to execute a formal sale agreement in relation to the Project subject to necessary shareholder approvals.
- Upon execution of the formal sale agreement, Western Metals to make an initial payment to Anglesey Mining and acquire 100% of the Project. The initial payment will consist of:
  - AUD\$2,675,000 in cash; plus
  - AUD\$4,690,000 in Western Metals shares valued on a 10 day VWAP up to the date falling 3 days prior to the Initial Payment (Western Metals has retained the option to make this payment in shares, cash or a combination).
- Western Metals to conduct a bankable feasibility study on the Project which will involve minimum expenditure of AUD\$3,250,000 during the first 15 months of the feasibility study with a further minimum spend of AUD\$3,250,000 required such that AUD\$6,500,000 is expended within 24 months.
- Upon the completion of a successful bankable feasibility study and a decision to commence commercial mining operations or 3 years from the date of the sale agreement, whichever is the earlier, Western Metals will make a deferred payment to Anglesey Mining of:
  - AUD\$4,360,000 in cash; plus
  - AUD\$17,141,000 in Western Metals shares valued on a 10 day VWAP up to the date falling 3 days prior to the Deferred Payment (Western Metals has retained the option to make this payment in shares, cash or a combination).
- If Western Metals does not elect to complete the transaction, 100% of the Project will be returned to Anglesey Mining.

The total consideration for the acquisition of 100% of the Parys Mountain Project is AUD\$29,136,000.

As noted above, this transaction is subject to:

1. A due diligence process over a period of 120 days being completed to Western Metals' satisfaction; and
2. Any approvals required by either party.

---

### Western Metals Limited

ABN 69 009 150 618

Unit 7, 100 Railway Road, Subiaco WA 6008 – PO Box 1674 Subiaco WA 6904

Tel: +61 8 6380 3600 Fax: +61 8 9382 8022 Em: [info@westernmetals.com.au](mailto:info@westernmetals.com.au) Web: [www.westernmetals.com.au](http://www.westernmetals.com.au)

ASX: WMT/WMTO

## Proposed Work Programme

Following the completion of the purchase of Parys Mountain, the company intends to immediately commence a full feasibility study into the potential development of the Project. The scope of the study is to achieve a bankable outcome as soon as possible, with the initial project schedule indicating that this can be achieved within two years and at an overall estimated cost of AUD\$12- \$15m.

Previous owners have conducted a broad range of studies and infrastructure developments aimed at bringing the Project up to operational status. This work will serve as the foundation of all programs going forward. The Project is already equipped with a 4.75m diameter production shaft down to 300m depth and 900m of underground development. Servicing this development is a head frame and production winder. Most importantly, the Project has regulatory approvals to commence mining operations immediately subject to final design of supporting infrastructure.

The cornerstone element of the work program underpinning the feasibility study will be a comprehensive resource definition program combined with mining and processing optimisation studies.

Immediately upon completion of the acquisition the Company aims to commence a 15,000m surface drilling program to be followed by 10,000m of underground based drilling. This will be complimented by a re-commissioning of the shaft and underground workings to gain early access for additional development necessary for further drilling.

Executive Director, Peter Smith will assume the role of Project Director and will commence on the recruitment of key staff for the feasibility study including a UK based Project Manager.

---

### Western Metals Limited

ABN 69 009 150 618

Unit 7, 100 Railway Road, Subiaco WA 6008 – PO Box 1674 Subiaco WA 6904

Tel: +61 8 6380 3600 Fax: +61 8 9382 8022 Em: [info@westernmetals.com.au](mailto:info@westernmetals.com.au) Web: [www.westernmetals.com.au](http://www.westernmetals.com.au)

ASX: WMT/WMTO

## BACKGROUND TO WESTERN METALS

An emerging resource company developing a portfolio of world class Uranium and Base Metals/Gold Projects. We have immediate plans, and the capability, to underpin value and accelerate growth through acquisition.

### STRATEGY

The corporate strategy is to underpin value and accelerate growth through:

- Continued aggressive exploration and development of current world class Projects through to resource and beyond;
- Addition of new greenfields exploration targets in high value commodities; and
- Acquisition of substantial advanced development Projects and / or cash producing assets.

### COMPANY PROJECTS

#### URANIUM

- An agreement with Uranium Resources plc including the Mtonya Project in Tanzania wherein Western Metals has a 40% interest with the ability to earn 60% by spending up to \$4m. Western Metals also has a 42.5% interest in an additional 10,413 km<sup>2</sup> of tenements in Tanzania bringing the license area to 13,851 km<sup>2</sup> with a further 211 km<sup>2</sup> under a 45% joint venture. 2007 drilling results have identified sub surface uranium mineralisation including 7m @ 1,233ppm U<sub>3</sub>O<sub>8</sub>.
- A uranium Project joint venture with Lynx1 LLC from the United States. The JV holds exploration and mining rights over prospective lands in Colorado and is currently undertaking exploration activities. Western Metals currently holds a 68% interest, with an ability to earn up to 85% by spending up to US\$1.6 million.

#### BASE METALS

- An option to acquire 100% of the advanced Parys Mountain copper-zinc Project on the island of Anglesey in North Wales from Anglesey Mining plc (LSE:AYM), a UK based mining company listed on the London Stock Exchange (<http://www.angleseymining.co.uk>). The total consideration for the project is AUD\$29m including a 120 day due diligence. On signing the formal sale agreement, Western Metals will commence a full feasibility study estimated for completion in 2 years at a cost of \$12 - \$15m.
- An agreement with a major mining house to explore for base metals in the West Georgetown region of northern Queensland. The agreement provides for Western Metals to achieve 100% ownership at the completion of an airborne geophysical survey whilst our partner has a claw back provision.
- A joint venture in Peru with a private Peruvian entity, to target a large tonnage Cu-Mo-Au porphyry deposit similar to other giant deposits in the region. Western Metals can own 100% through payments of US\$2.5 million over a four year period.
- An option to purchase 100% interest in the Snowbird Project in the Northwest Territories of Canada by paying a non-refundable US\$250,000 cash payment following a due diligence period, drilling one exploration drill hole, and paying a further US\$1,250,000 cash payment in 2009. A major mining house retains a 60% back-in right.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and/or assessed by Geoff Chapman who is a Member of The Australasian Institute of Mining and Metallurgy. Mr. Chapman is employed by Western Metals Ltd. Mr. Chapman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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'. Mr. Chapman consents to the inclusion in the report of the matters based on his assessment of the available information in the form and context in which it appears.*

---

#### Western Metals Limited

ABN 69 009 150 618

Unit 7, 100 Railway Road, Subiaco WA 6008 – PO Box 1674 Subiaco WA 6904

Tel: +61 8 6380 3600 Fax: +61 8 9382 8022 Em: [info@westernmetals.com.au](mailto:info@westernmetals.com.au) Web: [www.westernmetals.com.au](http://www.westernmetals.com.au)

ASX: WMT/WMTO