Western Metals

WESTERN METALS LIMITED

ABN 69 009 150 618

ASX RELEASE

Western Metals Limited
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Directors/Officers

Peter Smith	Chairman
George Bauk	Managing Director
Geoff Chapman	Executive Director
Kim Massey	Co Secretary
Mark Bianchini	Co Secretary

Issued Capital
432 million shares

Share Price
15 cents

Market Capitalisation
$65 million

Cash at Bank
$5 million

Stock Exchange
Australian Stock Exchange
Symbol: WMT

ASX ANNOUNCEMENT

28 February 2007

Exploration Agreement signed for Queensland Base Metals/Uranium Project

HIGHLIGHTS

- Exploration agreement signed with BHP Billiton
- Highly prospective Ag-Pb-Zn opportunity in Georgetown Basin
- BHP Billiton Falcon™ geophysical technology to be utilised in targeting commencing March 2007
- Uranium potential – nearby deposits and occurrences
- Gold potential – region hosts significant Au mineralisation

TARGET

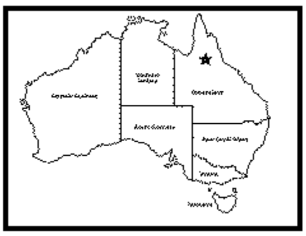
Broken Hill type base metals deposit.
Shear/unconformity uranium.
Volcanic breccia/epithermal vein hosted gold

PEOPLE

WMT team to operate project. BHP Billiton Orion Operations Group to perform geophysics, interpretation and targeting.

FORWARD PROGRAMME

- Falcon™ Survey – March 2007
- Radiometrics
- Drilling



Introduction

Western Metals is pleased to announce it has entered into an agreement with BHP Billiton to explore a large land position within the south-western portions of the Georgetown Province of Queensland. The area has potential for:

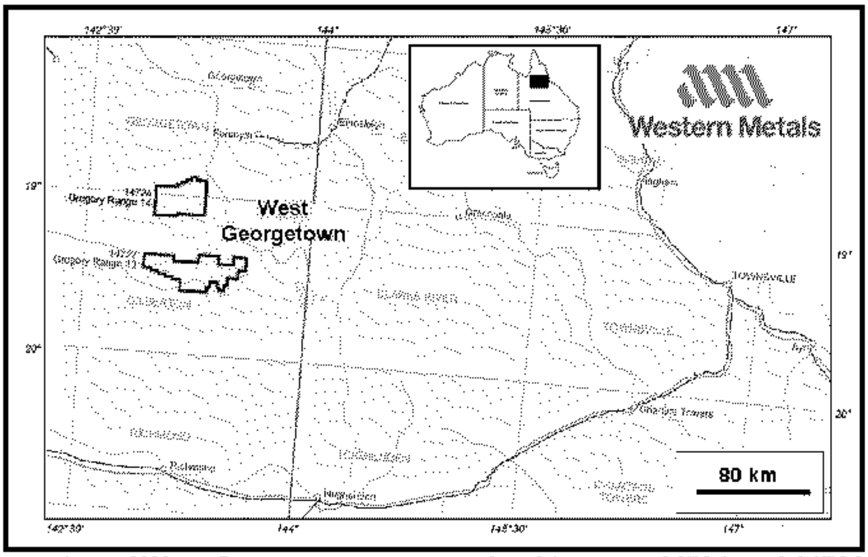
- Base Metals: Silver-lead-zinc deposits and Mt Isa style copper mineralisation,
- Gold: Kidston-Mt Leyshon and high grade epithermal Pajingo type gold mineralisation.
- Uranium: Unconformity and shear hosted style uranium mineralisation

The project will have the distinct advantage of the application of BHP Billiton's Falcon™ technology. The technology implements the world's first airborne gravity gradiometer that measures minute changes in the Earth's gravity and does so from a moving airborne platform in a fast and cost effective manner. The Falcon™ system was jointly developed by BHP Billiton and Lockheed Martin, and is available to Western Metals by virtue of its partnership with BHP Billiton.

Western Metals' Managing Director George Bauk said "This is an excellent opportunity to explore primarily for silver-lead-zinc bearing Broken Hill style deposits utilising BHP Billiton's Falcon™ Technology. It must also be noted that the area is prospective for gold and uranium mineralisation and we will be ensuring that we don't miss any of these opportunities."

Project Overview

The West Georgetown project is located 280 kilometres west of Townsville in North Queensland. The project is hosted by the Georgetown Basin



Location of West Georgetown prospecting Licenses 14724 and 14722

The project area is covered by 50-200m of resistive Jurassic sandstones and remains virtually un-explored. The other main positive features of the project are listed below:

- Known Broken Hill Type (BHT) and Sedimentary Exhalative (SEDEX) mineralisation within the outcropping portions of the belt to the north-east and north
- Favourable litho-stratigraphic sequence that is compositionally and temporally very similar to Broken Hill and the Mt Isa Eastern Succession
- Highly ranked global Ag, Pb, Zn terrane (after Broken Hill and Mt Isa)
- Excellent land-holding covering interpreted early syn-rift structures and permissive stratigraphy

- Potential for gold mineralisation of the Kidston-Mt Leyshon type and high grade epithermal systems of the Pajingo type.
- Historic uranium anomalism through area.
- Sandstone cover is non conductive (targeting can be achieved via Falcon™ or AEM)
- Good infrastructure, within 150km of existing railway. Port facilities at Townsville

<u>Western Metals' Interest – 100%</u>

Western Metals has secured 100% ownership in EL14724 and EL14722 (to be granted) upon the successful completion and payment of the Falcon™ Survey. BHP Billiton will have a 3% NSR Royalty, reducing to 2% NSR upon expenditure exceeding $1.5m. BHP Billiton has the ability to claw back up to 75% of the project up until 90 days after Western Metals has spent $2.5m. BHP Billiton must spend $2m to earn back 50% and a further $2m to earn up to 75%.

<u>Target</u>

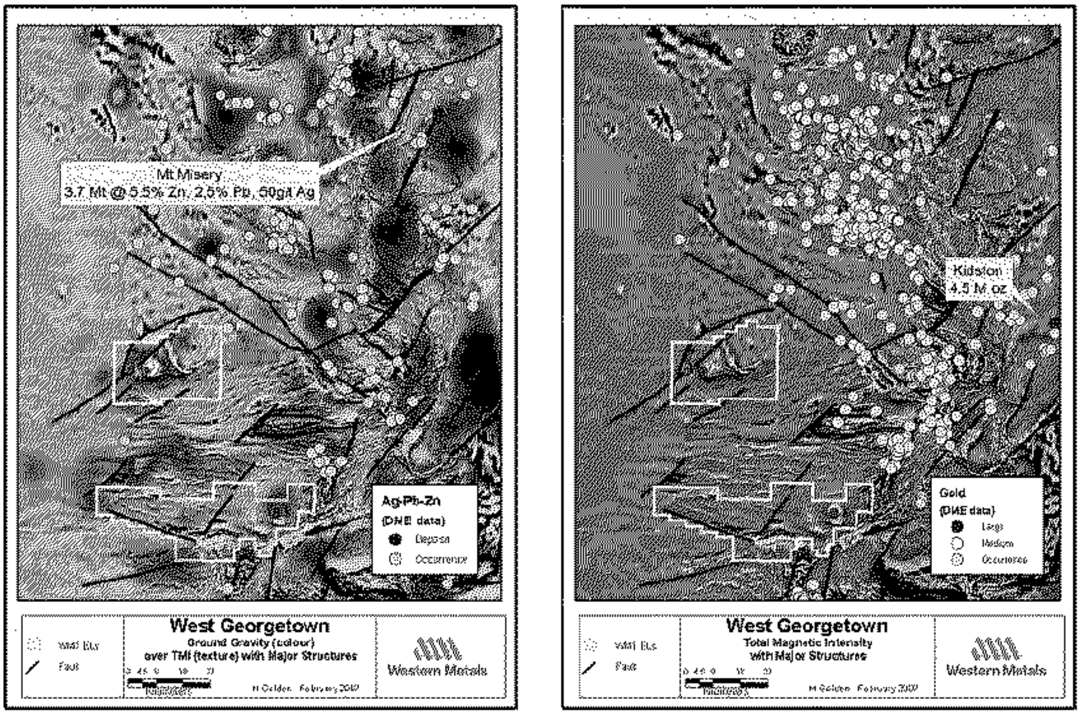
The West Georgetown project area presents three clear target opportunities.

<u>Base Metals</u>

West Georgetown Province is interpreted to have been linked through geological history with the Broken Hill Province and the Mt Isa Eastern Succession, two terranes that contain world-class silver-lead-zinc deposits. Although thin cover has impeded exploration in the past, new airborne geophysical technology allows Western Metals and partner BHP Billiton to launch a new round of effective exploration in a district that hosts a number of significant base metals deposits such as Mt Misery.

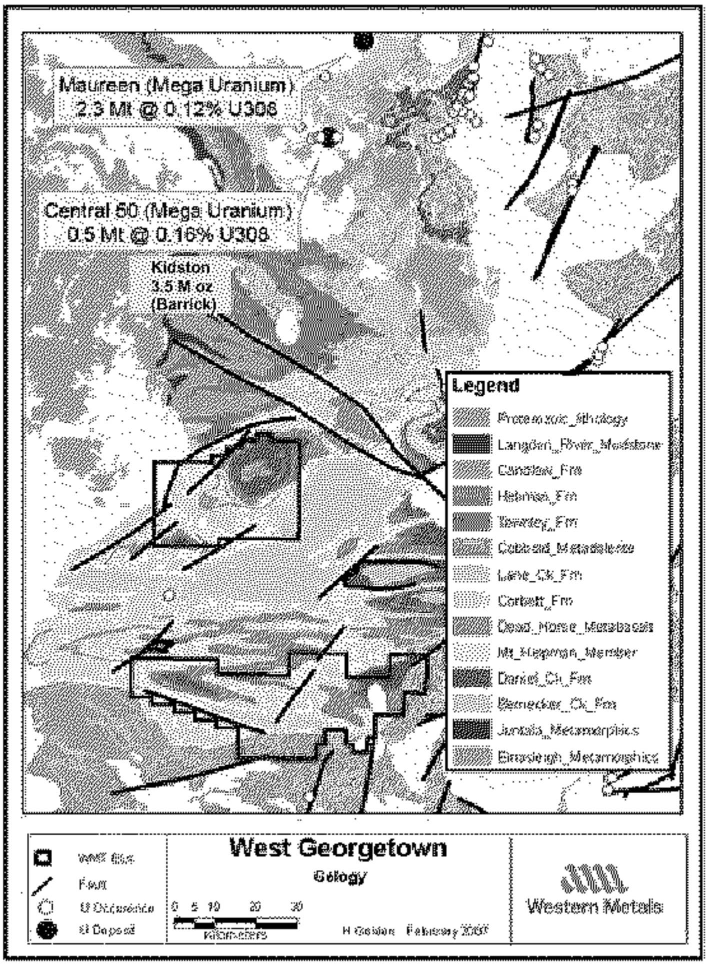
<u>Gold</u>

The Georgetown province contains significant historical gold production, including from the large low grade Kidston mine (3.5 million oz). The gold deposits can be similar to Kidston or as Pajingo style high grade epithermal vein deposits, both in basement rock types that are present at the West Georgetown project under thin cover. No gold exploration has been conducted on Western Metals' tenement position.



Regional geophysical data showing locations of base metal and gold occurrences

Uranium
Work will be focused on discovery of a shear hosted and unconformity style uranium deposit. The region hosts uranium resources at Maureen and Central 50 deposits (Mega Uranium). A myriad of other uranium occurrences occur throughout the region, however no uranium exploration has been undertaken to date on Western Metals' licenses. A modern high resolution radiometric survey will be completed in an effort to assess the uranium potential of West Georgetown.



Regional geophysical data showing locations of base metal and gold deposits

Geology
The West Georgetown project targets the Robertson River Subgroup calc-silicate and biotite gneiss units. The main host to Ag-Pb-Zn mineralisation within the Robertson River Subgroup is the Daniel Creek Formation where low grade mineralisation has been identified. Low grade Zn-Pb mineralisation has also been seen within the Lane Creek Formation and within the basal Townley Formation.

The Einasleigh Metamorphics and Robertson River Subgroup have been deposited within a shallow-water evaporative extensional rift-basin. Thereafter, up to 1km of tholeiitic basalts were extruded followed by a series of gabbroic sills. No mafic activity occurs above the Lane Creek Formation which suggests a transition from an extensional to a sag-phase. A similar situation is seen within the Broken Hill Province where amphibolites (interpreted as mafic sills) intrude up to the level of the Broken Hill Group (host to the giant Ag-Pb-Zn ore body) but not above. In fact, the major portion of the amphibolites sit stratigraphically just below the Broken Hill mineralisation. Dating of amphibolites at Broken Hill indicates an emplacement age of around 1684 Ma which is virtually identical to the age of the mineralisation based on detailed Pb isotope data.

People

The first stage work at West Georgetown will be conducted by BHP Billiton's Orion Operations Group, taking advantage of their expertise in airborne gravity, magnetic and radiometric data acquisition and interpretation. Following cooperative target definition by Orion Operations Group and Western Metals, work on the ground will be overseen by Western Metals incorporating the resources of BM Geological Services of Kalgoorlie. Western Metals' aggressive approach, proven exploration personnel and quick decision capability will be combined with BHP Billiton's state-of-the-art gravity gradiometry technology to apply the most effective possible exploration approach at West Georgetown.

2007 Programme

The 2007 work plan includes an airborne geophysical survey to commence in March 2007. The survey will comprise gravity gradiometry using BHP Billiton's proprietary Falcon™ technology aimed at the Ag-Pb-Zn targets. The airborne platform will also carry a magnetometer aimed at defining gold bearing structures and a radiometric sensor for detection of anomalous uranium concentrations. The second half of 2007 will see follow-up work that will include ground geophysics followed by planning and permitting for drilling of at least five targets in 2008.

For further information

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BACKGROUND TO WESTERN METALS

Western Metals is a Perth based exploration company with interests in Australia, Tanzania, the USA and Peru.

STRATEGY

The corporate strategy is focused on a portfolio of high-quality, high value assets supported by a base of people, knowledge and networks. Projects in the Western Metals portfolio are selected for their prospectivity, low sovereign risk and high value commodity exposure.

PROJECTS

♦ The company has an agreement with Uranium Resources plc including the Mtonya Project in Tanzania wherein Western Metals can earn 60% by spending $4m. Western Metals also has a 42.5% interest in an additional 3,744 km^2 of tenements in Tanzania bringing the license area to 7,640 km2 with a further 6,225 km^2 under application. Results indicate strong uranium mineralisation up to 6.6% U3O8 to be tested by drilling in May/June 2007.

♦ Western Metals has a USA uranium JV with USA group Lynx1 LLC. The JV holds exploration and mining rights over prospective lands in Colorado and will be undertaking exploration activities during 2007.

♦ The company has entered into a JV in Peru with SMRL Rustica Claudia 5, a private Peruvian entity, to target a large tonnage Cu-Mo-Au porphyry deposit similar to other giant deposits in the region.

♦ The latest addition is the agreement with BHP Billiton to explore for base metals in the West Georgetown area in Northern Queensland. The agreement provides for Western Metals to achieve 100% ownership at the completion of the Falcon™ survey whilst BHP Billiton has a claw back provision.

♦ Also in the portfolio is a 60% interest in the Queen Hill tin deposit in Zeehan, Tasmania in a JV with Gippsland Limited. This includes a resource of 7.3 Mt at 0.69% Sn.

GROWTH

Western Metals continues to review global opportunities for grassroots to advanced exploration opportunities in base metals, gold and uranium.

Western Metals 2007 Activities

	Q1	Q2	Q3	Q4
Tanzania Uranium				
- Airborne Radiometrics				
- Drilling @ Mtonya				
- Drilling @ Ruhuhu				
Peru Lukkacha Project Cu/Mo/Au				
- Detailed Mapping				
- Stream Geochemistry				
- Detailed Geophysics and Geochemistry				
USA Glade Project Uranium				
- Detailed Mapping and Radiometrics				
- Reconnaissance Drilling				
Australia – West Georgetown Zn/Pb/Au/U				
- BHPB "Falcon" Survey				
- Airborne Radiometric Survey				
- Surface EM Survey on top 5 targets				
Australia – Zeehan Project Tin				
- Data Review				
- Resource Model				