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Superior and Sustainable Metals Production

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ASX Announcement
Company Announcements Office

Western Metals Limited (ASX Code: WMT) and Intec Ltd (ASX Code: INL) have signed a heads of agreement to investigate the technical and economic feasibility of jointly developing Western Metals' 100% owned Hellyer Metals Project.

The Hellyer Metals Project ("the Project") involves the re-treatment of the existing tailings dam at the Hellyer mine site. The Hellyer ore body was discovered in 1983 and brought into production in 1989. Approximately 15 million tonnes of ore were mined and treated prior to the mine's closure in June 2000 by which time the ore body had been exhausted. The processing plant and other infrastructure has been maintained at a high standard since the mine closure.

Hellyer ore was a fine-grained complex massive sulphide that was difficult to process. Despite a state-of-the-art flotation circuit, less than 80% of the contained zinc was recovered and precious metal recovery was very low. The unrecovered metals are contained in a single tailings dam at the mine site.

There are 10.9 million tonnes of tailings stored at Hellyer with grades and metal contents as previously published by Western Metals in their resource statement released with their quarterly report to the ASX in December 2002 and as detailed below:

Hellyer Tailings Resource

Element	Grade	Quantity	In-Ground Value
Gold	2.6 g/t	900,000 oz	A$480 million
Silver	88.0 g/t	31,000,000 oz	A$210 million
Zinc	2.80 %	300,000 t	A$365 million
Lead	3.00 %	330,000 t	A$230 million
Copper	0.20 %	22,000t	A$6 million

The in-ground metal value at current spot metal prices and exchange rates is approximately A$1.3 billion, however prior to accessing this value significant processing costs will need to be incurred.

Western Metals and Intec will jointly investigate a Project configuration involving the production of a bulk zinc/lead/silver concentrate, followed by the treatment of residual material by the Intec

Refractory Gold Process ("IRGP") to recover the remaining gold and silver as well as other potentially economically valuable by-products.

Preliminary metallurgical test work carried out on samples of Hellyer tailings has indicated that the IRGP could achieve gold and silver recoveries that are significantly higher than those delivered by conventional cyanide leaching methods.

The heads of agreement between the two companies provides for a staged work program with the following elements:

> Stage 1: Continuation of the current laboratory test work program to optimise work conducted to date by both companies.
> Stage 2: A pilot plant campaign utilising Intec's soon to be constructed IRGP pilot plant facility currently in design phase and to be constructed and commissioned in the latter half of calendar 2003 at Ammtec's (ASX Code: AEC) premises at Brookvale in northern Sydney.
> Stage 3: A Project feasibility study.

If the joint investigation determines that it is financially viable for the Project to proceed to commercial production utilising the IRGP, Western Metals will grant Intec equity in the Project and in return Intec will provide the Project at the time of its financial completion with a zero royalty IRGP technology licence.

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