

ASX RELEASE

12 November 2009

Acquisition of Groote Eylandt Manganese Project

The Board of Western Uranium Limited (ASX: WTN) ("Western Uranium" or "the Company") is pleased to announce it has entered into a Sale and Purchase Agreement ("Agreement") to acquire Reflective Minerals Pty Ltd ("Reflective"), an Australian company that has applied for five mineral exploration licenses and an Authorisation under section 178 ("ELA's") covering approximately 1723 km² of shallow marine terrain immediately surrounding Groote Eylandt, plus Winchelsea and Connexion Islands in the Northern Territory (see Table 1).

Highlights of Western Uranium's Acquisition of Reflective

- Western Uranium to acquire 100% interest in five mineral exploration license applications and an Authorisation under section 178 covering approximately 1723 km² of shallow marine terrain immediately surrounding Groote Eylandt, plus Winchelsea and Connexion Islands in the Northern Territory.
- Applications encompass interpreted along strike and down dip extensions of the Groote Eylandt manganese deposit which is hosted within a shallow dipping Lower Cretaceous sedimentary rock unit.
- Applications are adjacent to Groote Eylandt manganese deposit which grades >44% Mn.
- Applications located close to existing port infrastructure and export markets in South East Asia.
- Azure Capital Pty Ltd to manage a capital raising of up to \$2.5 million.
- Subject to shareholder approval and capital raising.

The acquisition of Reflective represents an opportunity to secure a significant portfolio of mineral exploration licenses that cover interpreted along strike and down-dip extensions to the Groote Eylandt manganese deposit. The Groote Eylandt manganese deposit has been mined since the early 1960s and is owned by Groote Eylandt Mining Company Pty Ltd ("GEMCO") which is jointly owned by BHP Billiton Ltd (60 per cent) and Anglo American Corporation (40 per cent). With GEMCO's June 2008 measured-indicated-inferred resource of 164MT @ 46.1% Mn producing more than 3 million tonnes manganese ore annually, accounting for more than 15% of the world's high-grade manganese ore supply. (2009/2010 Register of Australian Mining. RIU).

The acquisition of Reflective will add significant growth potential for Western Uranium, as well as increasing the diversity of its project portfolio.

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Following the acquisition of Reflective, Mr. Alex Hewlett, *BSc (Geology), MAICD, GAusIMM, GAIG* and Mr. Simon Noon will be invited to join the board of Western Uranium. Mr. Hewlett's geological consulting experience will be a valuable addition to the Company, he is a current director of Lumacom Ltd and Reflective. Mr Noon is a WA based businessman and investor in the resource sector. Mr. Noon is a current director of Reflective and has been involved with its corporate development including the targeting of the Groote tenement portfolio.

Also joining the Company will be Mr. Simon Brown, *BSc (Geology)*. Mr. Brown is a qualified geologist with Australian and International exploration experience having previously worked in the Northern Territory and Western Australia. Mr. Brown also has extensive experience in exploration, drilling and resource modeling of a major advanced resource project in Ghana, West Africa. Mr. Brown will manage the exploration program in respect of the ELA's.

Table 1: Reflective tenement applications			
Exploration License Application/ Authorisation under section 178	Effective Date of Application	Number of Subblocks	Tenement Area (km²)
27605 ¹	04/09/2009	283	685.08
27550	14/08/2009	50	154.08
27521	31/07/2009	25	47.28
27522	31/07/2009	8	10.53
27523	31/07/2009	269	738
27551	14/08/2009	32	87.72
		667	1722.69

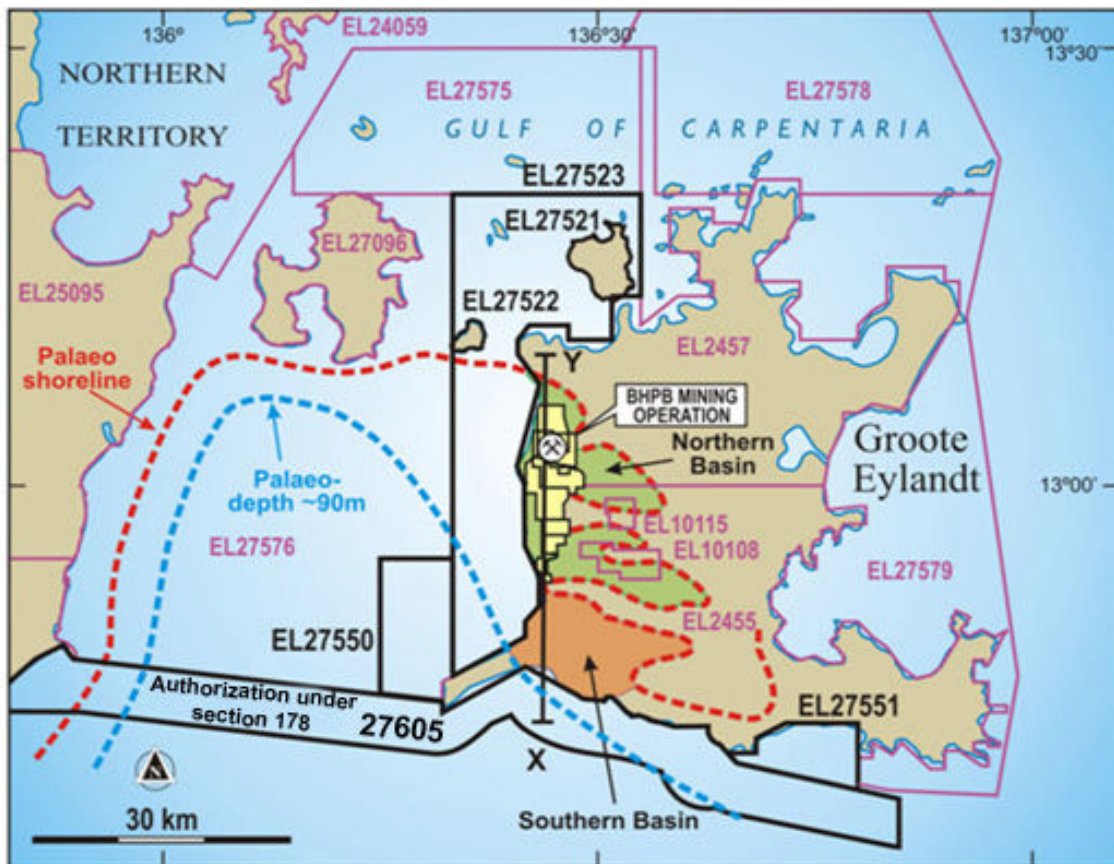
Note: 1. Authorisation under Section 178.

Groote Eylandt Manganese Project

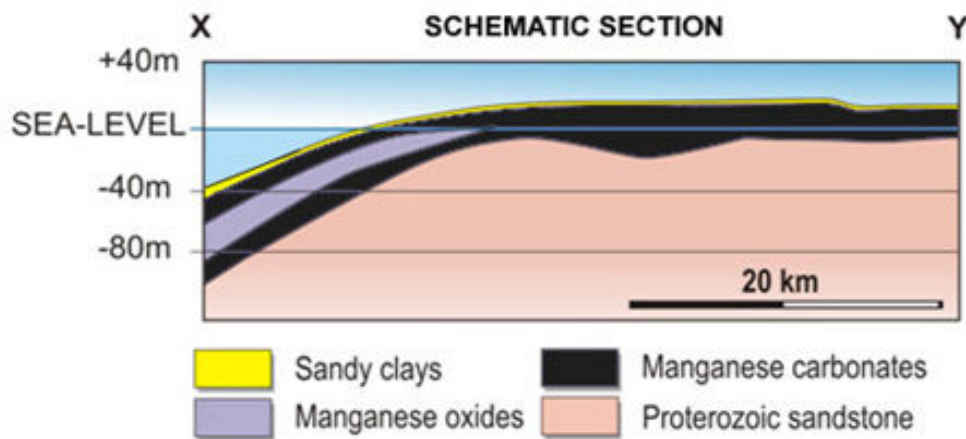
The ELA's encompass the interpreted along-strike and down-dip extensions of the Groote Eylandt manganese deposit which is hosted within a shallow-dipping Lower Cretaceous sedimentary rock unit (Figures 1 and 2).

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Groote Eylandt Tenement Status



Section through Northern & Southern Basins

Figure 1: Reflective tenement applications showing a north-south cross-section and the distribution of oxides and manganese carbonates within the Groote Eylandt and a section through the Northern and Southern basins depicting the shallow dipping nature of the manganese-bearing stratigraphy. (from Igor M. Varentsov 1996).

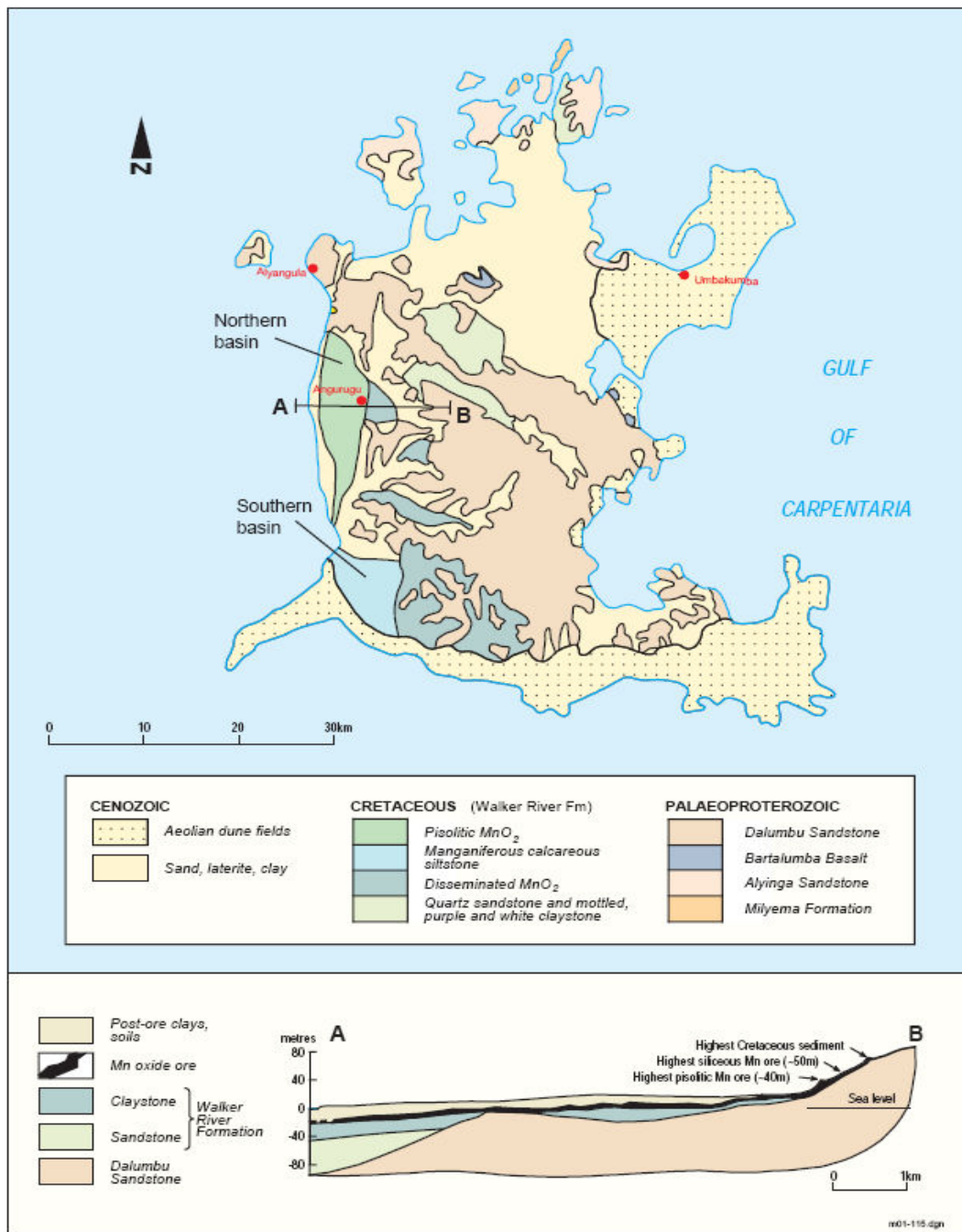


Figure 2: Simplified geology of Groote Eylandt highlighting the west dipping manganese ore horizon in section A-B and therefore the opportunity to find manganese resources beneath the western marine setting of Groote Eylandt. (from Bolton et al 1990)

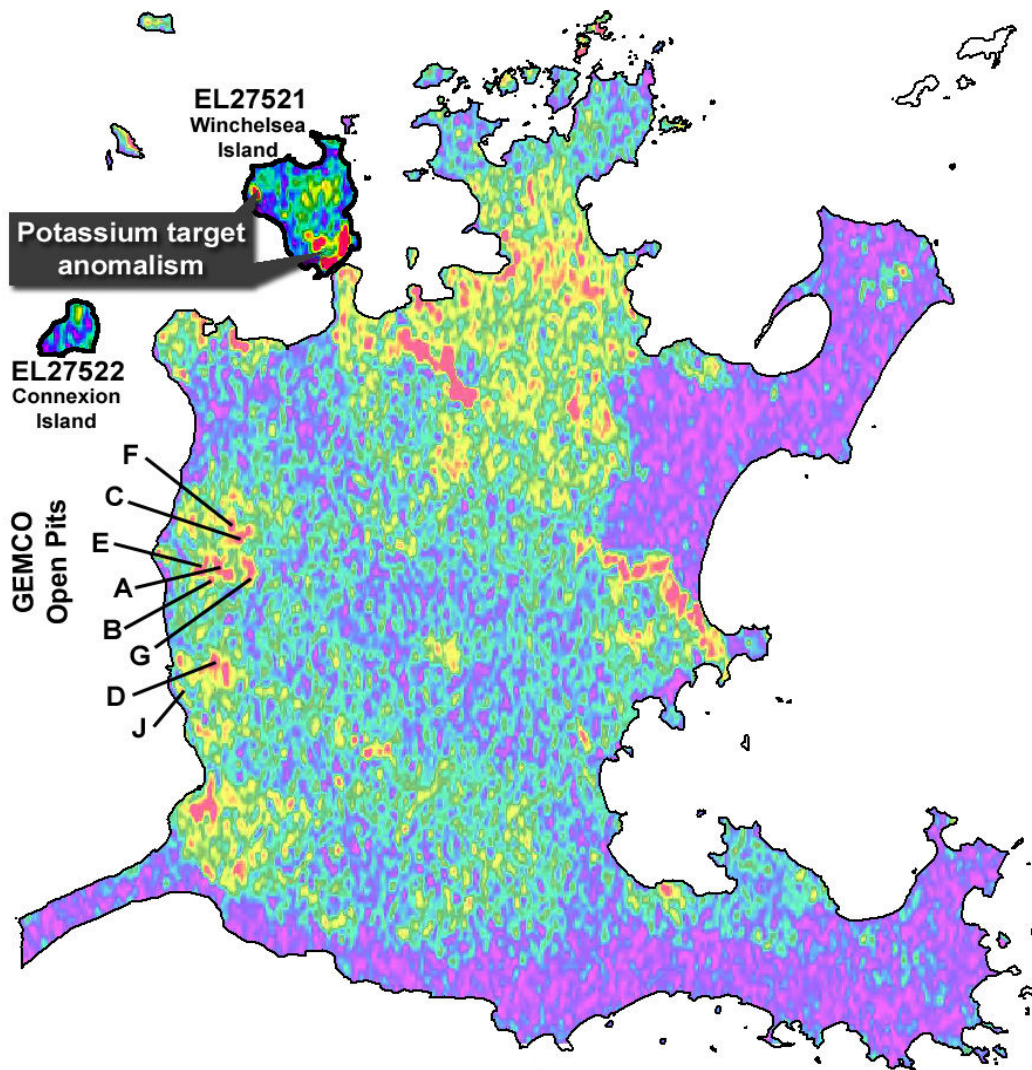


Figure 3: Airborne radiometrics demonstrates the relationship between mineralization and the potassium bearing terrigenous clays.

Groote Eylandt Deposit Type

The manganese has formed in shallow marine conditions just above a marine transgression. This may have formed during periods of high sea level and simultaneous anoxic events in an adjacent black shale basin. It is believed that weathering and oxidation of primary ores produced these high grade, high quality, supergene ores at Groote Eylandt.

Manganese ore occurs over an area exceeding 150km², mainly located on the western side of Groote Eylandt. The ore beds in the mining area are typically between 2 to 20m in thickness, averaging 3m in thickness. Sand/clay overburden ranges up to 15m thick, but averages 3m.

The sedimentary and tabular nature of the manganese deposits at Groote Eylandt and their interpreted shallow dips towards the west and to the south suggest that beneath the shallow sea floor within the ELA's that manganese mineralization may occur. In particular EL 27523 which extends from the western shoreline boundary of Groote Eylandt where GEMCO are open cut mining manganese there exists potential for significant manganese mineralization. This tenement extends up to 9km out to sea.

The shelf seas of this area are shallow and gently shelving and it is proposed that barge-based systematic aircore drill testing would be an appropriate technique to define the potential for manganese mineralization in this area.

On the grant of the ELA's the Company will undertake an initial exploration program which will comprise a geophysical survey and/or a sonar profiling survey to model paleochannels and the existence of manganese mineralization for drill targets definition.

Manganese and its applications

Manganese is essential to iron and steel production due to its unique sulfur-fixing, deoxidising and alloying properties. About 95% of all manganese ore produced is consumed, primarily as ferromanganese and silicomanganese, in the manufacture of steel and in other minor alloy-related industries. Manganese deposits have formed worldwide in a variety of geological environments throughout geological time, but only a few deposits have high-grade manganese ore in commercial quantities. The principal deposit in Australia is Groote Eylandt.

Transaction Summary

The consideration for the acquisition of Reflective's entire issued capital will be:

- (a) 10 million fully paid ordinary shares;
- (b) 10 million performance shares to be convertible 1 for 1 to fully paid ordinary shares upon the completion of a successful initial exploration programme which will comprise a geophysical survey and/or a sonar survey warranting the commencement and carrying out of a drilling programme on the project area designed to delineate at least a 1 million tonne JORC inferred manganese resource. The performance hurdle will be required to be met within 12 months from the grant of the ELA's and within three years from the execution of the Agreement; and
- (c) 10 million performance shares convertible on a 1 for 1 basis into fully paid ordinary shares upon a 1 million tonne JORC inferred manganese resource of an economic grade and quality being established on the project area warranting further expenditure to complete a Pre-Feasibility Study. This will be required to be met within 24 months from the grant of the ELA's and within four years from the execution of the Agreement;

The securities in paragraphs (a), (b) and (c) will be escrowed until the ELA's are granted.

- (d) the grant of 30 million options. The options will not be issued unless and until ELA's have been granted. These will be issued on the following terms:
 - (i) exercisable at 20 cents each if exercised within 2 years of grant; or
 - (ii) exercisable at 40 cents each if exercised after 2 years and within 5 years of grant;
 - (iii) upon exercise each option will, in addition to 1 share also result in the grant of 1 further option also exercisable on the same terms. In other words up to 90 million shares could potentially be issued if all of the primary, secondary and tertiary options were exercised.
 - (iv) non-transferable unless exercised immediately on transfer.
- (e) the vendors of Reflective will receive a cash payment of \$500,000.

The acquisition of Reflective is conditional on Western Uranium completing due diligence investigations to its satisfaction.

Capital Raising

In conjunction with the acquisition of Reflective, Western Uranium will undertake a share placement of 25 million shares at an issue price of 10 cents per share to sophisticated investors/clients of Azure Capital Pty Ltd to raise \$2.5 million before costs. Azure has been engaged to manage the share placement on a best endeavors basis.

Resulting Capital Structure

Below is the capital structure that will exist after completion of the \$2.5 million capital raising and the acquisition of Reflective.

	Fully Paid Shares	Performance Shares	Listed Options	Unlisted Options	Option Terms
Issued & Quoted	15,006,668		12,993,140		30/06/10 @\$0.20
Unquoted				200,000	01/12/11 @ \$0.45
Placement	25,000,000			¹ 2,000,000	31/12/14 @ \$0.20
Vend	10,000,000	20,000,000			
Total	50,006,668	20,000,000	12,993,140	² 2,200,000	

1. Options to be issued to Azure Capital Pty Ltd as part of the capital raising.
2. 30 million options will also be issued on grant of the ELA's.

Use of Funds

Western Uranium's indicative use of funds is set out below:

Use of Funds	\$
Cash at Bank	900,000
Funds raised under share placement	2,500,000
Total Funds Available	3,400,000
Cash consideration	500,000
Costs of issue	150,000
Surface sampling, mapping, sonar profiling of Groote Tenements	500,000
Working capital and funds available for further exploration of the Mt Alexander project	2,250,000
Total Funds Applied	3,400,000

Shareholders Meeting

Following satisfactory completion of due diligence, Western Uranium will call an extraordinary meeting of shareholders to approve:

- the acquisition of Reflective;
- the share placement;
- the issue of options to Azure Capital Pty Ltd; and

Western Uranium expects to mail notice of meeting materials to shareholders shortly.

Mt Alexander & Granites Bore Uranium Projects

The Exploration Lease Application (E08/1987) known as the Mt Alexander Project is located approximately 120 kms south of Onslow in the northwest of Western Australia, comprises 8,877 hectares of prospective tenure in the Ashburton Mineral Field of Western Australia.

The area consists of a prominent inlier of Ashburton formation sediments in Kilba-type granite which appears to be structurally concordant with the meta-sediments. The lower Proterozoic sequence appears to have been tightly folded along a general northerly axis and subsequently cross folded.

Pits excavated by "Agip Nucleare" at Mt Alexander in 1976, to assess surface uranium anomalism, yielded up to 1760 ppm U_3O_8 at a depth of 0.8 meters. The pits were targeted on the basis of visible uranium minerals at surface including uraninite, meta-torbernite, meta-zeunerite, meta-autunite, uranophane and phosphuranylite.

Percussion Drilling conducted by Esso Exploration and Production Inc, in the mid 1970's, produced a maximum of 1m at 2320ppm U_3O_8 . The uranium occurs as a secondary mineral to galena mineralisation deposited in fractures, veins and in leached voids.

The Company has evaluated legacy datasets in detail with a view to design exploration programmes that assess the uranium and base-metals potential of the project.

Surface rock-chip sampling of altered sandstones and calcrete has delineated extensive +300ppm U_3O_8 throughout the tenure. A detailed assessment of the geological controls on the distribution of this mineralisation is being undertaken.

Field assessment programmes have been designed targeting mainly uranium mineralization.

For further information contact:

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Information in this report that relates to Exploration Results is based on information compiled by Mr Stuart Hall, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Hall 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 Hall consents to the inclusion in this report of the statements based on his information in the form and context in which it appears.