



Western Manganese Limited

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ASX NEWS RELEASE

Western Manganese Limited forms strategic alliance with Borneo Brothers Limited

The board of Western Manganese Limited (“WMN”) is pleased to announce a significant development in fast tracking the objectives for shareholders stated in the December 2010 IPO Prospectus.

WMN has joined forces with Borneo Brothers Limited (“BBL”), a well established and highly successful exploration company with a proven track record of success in Indonesian resource projects.

BBL brings to WMN its highly experienced finance and due diligence team backed by a strong and well established network of Indonesian political, business and community alliances.

Key Highlights

- WMN signs a Heads of Agreement (“HOA”) with BBL to acquire an option to buy a majority stake in an Indonesian company holding a manganese production license in Central Sulawesi. Through the HOA, WMN also acquires first right of refusal to BBL’s pipeline of manganese projects for the next two years.
- BBL is an investment company that specializes in resources exploration and the early stages of mining investments in Indonesia. The company recently exited its substantial investment in an Indonesian thermal coal concession through a sale to a multinational Asian publicly traded conglomerate, after doing detailed exploration work on the concession and having a JORC reserves estimate of 60+ million tons and resources estimate of 100+ million tons report completed.
- BBL’s well established Jakarta-based team is highly engaged in the Indonesian resource and financial communities.
- The alliance with BBL brings to WMN a committed legal, administrative, logistical, geological and financial team of specialists backed by a proven track record of success.
 - Mr. Chris Clower, Managing Director of BBL, has extensive experience in the Indonesia resources sector and was formerly Head of South East Asia Corporate Finance at Merrill Lynch Investment Banking Division.
 - From 2005 – 2009, Mr. Clower raised over US\$2 billion for resource companies operating in Indonesia.
- Majority of consideration for the Central Sulawesi acquisition to be paid on market capitalization milestones, with little cash component upfront.
- **This alliance with BBL provides shareholders with significant potential to achieve the objectives stated in the Chairman’s Letter in the December 2010 IPO Prospectus, being to:**
 - Encourage sustainable increases in the Company’s share price by, amongst other things, acquiring interests in quality projects and attracting growing and ongoing global investment support;
 - Achieve the above in a timely manner;
 - Specialize in the acquisition or part thereof of other potentially economic manganese projects and earn international investor recognition for doing so; and

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- Acquire interests or part thereof in non manganese projects and subsequently distributing the benefits to shareholders upon the sale, transfer or farm-out of these interests.

Now WMN shareholders can be confident of:

- Continuing exploration work in the other concession areas in the BBL pipeline;
- Diversifying geographically into new projects within Indonesia; and
- Ultimately creating opportunities for production and cash flow.

Transaction Details

WMN will acquire an option to buy 51% of the issued shares of PT Genesis Berkat Utama (“**Genesis**”), a manganese concession with IUP Production license in Toli Toli, Central Sulawesi.

In addition, WMN will gain exclusive access to BBL’s pipeline of Indonesian manganese concessions. There are currently six projects in the pipeline which are located in Nusa Tenggara Timor, Central Sulawesi and Halmahera, with total area of 9,233 ha.

WMN has paid consideration of AU\$100,000 in cash upon signing of the HOA. 2,000,000 fully paid WMN shares and 5,000,000 WMN options (exercisable at 20c on or before 30 June 2013) will be issued to BBL upon the transfer of the option to acquire 51% of the issued shares of Genesis, subject to shareholder and any regulatory approval if required.

BBL’s confidence in the alliance with WMN is illustrated by further consideration being subject to achieving WMN market capitalization milestones outlined in the table below:

Event	Cash	WMN shares (fully paid)	WMN 20 cent Options
HOA signed	AU\$100,000	-	-
WMN purchases options to acquire 51% of Genesis shares	-	2.0 million	5.0 million
WMN market cap attaining AU\$15,000,000	-	2.0 million	3.0 million
WMN market cap attaining AU\$25,000,000	-	1.0 million	2.0 million
WMN market cap attaining AU\$40,000,000	-	5.0 million	-

Table 1: Milestones of consideration

Summary of BBL Projects

BBL’s current pipeline of manganese projects is as follows:

Project	Concession Area	Location	Area (Ha)	Permit Status
<u>Options to buy controlling stake</u>				
Genesis	Toli-Toli	Central Sulawesi	1,360	IUP Production
<u>Pipeline</u>				
Project 1	Tniumanu	Nusa Tenggara Timor	1,159	IUP Production
Project 2	Fatunisuan	Nusa Tenggara Timor	1,758	IUP Exploration
Project 3	Nansean	Nusa Tenggara Timor	2,500	IUP Exploration
Project 4	T’eba Biboki	Nusa Tenggara Timor	1,003	IUP Exploration
Project 5	Talondo	West Sulawesi	178	IUP Production
Project 6	Saluta	Halmahera	2,635	IUP Exploration

Table 2: BBL’s pipeline of manganese projects



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Genesis Project

- Genesis's concession is located at Dondo Subdistrict and Bualan Subdistrict, Kabupaten Toli Toli, Central Sulawesi.
- A number of manganese boulders have been found in Genesis's production license area.
- Five samples were submitted to Intertek Laboratory. Results from these rock chip samples range from 41.4% to 55.3% Mn.
- Genesis has conducted a geomagnetic survey over 490 hectares of the license area. A number of anomalies have been identified which require follow up work.
- Should the Genesis license hold economic manganese mineralisation, there are two potential jetty sites within 25 kilometers of the concession.

About Borneo Brothers Limited

- Borneo Brothers Limited (BBL) is a company focused on natural resources exploration and early stage mining investments in Indonesia. The company has a pipeline of opportunities in Indonesian coal, gold, copper, manganese, nickel and iron ore projects.
- Christopher J. Clower, Managing Director of BBL, was previously Head of Corporate Finance for South East Asia at Bank of America Merrill Lynch.
- Mr. Clower raised over US\$2bn for Indonesian natural resources clients from 2005 to 2009
- BBL is uniquely positioned, with a proven track record, within the Indonesian resource sector.
- BBL recently exited its investment in an Indonesian thermal coal concession through a sale to a multinational Asian publicly traded company. This sale was made possible by defining a JORC-compliant resource of 60+ million tons and a reserve of 100+ million tons through detailed geological work.
- BBL continues to look for early-stage investment opportunities in Indonesian natural resources, including manganese, where value creation is highest. The company plans to proceed with its exploration programs on its existing concessions.

About Western Manganese Limited

Western Manganese Limited (WMN) is an Australian based, Indonesian focused exploration company with a clear mandate to achieve the objectives outlined in the prospectus. WMN listed on the Australian Securities Exchange in March 2011. WMN's primary focus is to identify and secure quality manganese projects throughout Indonesia. WMN currently holds the rights to two manganese tenements near Atambua in West Timor, an area regarded as an emerging manganese province.

Manganese was discovered in West Timor during 2008. There has been no systematic exploration carried out over any of the known manganese deposits. From field work conducted during the last 6 months WMN believes that West Timor holds above average exploration potential. WMN has established a regional office in Atambua. The permanent presence in the area puts WMN in a good position to secure additional quality tenements in West Timor.

WMN is also assessing the potential of manganese tenements on offer from throughout Indonesia. Site visits have been done to at least four other islands within Indonesian archipelago.

Three of the company's directors are based in Jakarta. WMN's Indonesian presence means that strong alliances are being forged with local exploration and mining companies. WMN is aggressively pursuing all projects that have economic potential.

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The information in this report that relates to Exploration Results is based on information compiled by Mr. Allen Lyons, who is a Member of The Australasian Institute of Geoscientists. Mr. Lyons is Technical Manager for Western Manganese and has sufficient relevant experience 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. Lyons consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

On behalf of the board of directors,

Colin K Locke
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