



WESTERN MANGANESE LIMITED

Activities report for the quarter ended 30 September 2012

Exploration Update – Manganese

During the quarter, Western Manganese Limited (“WMN” or “Company”) continued its focus on evaluating additional tenements of strategic importance to expand the land area held.

Management feels that the continued uncertainty in commodity prices in conjunction with recent amendments to Indonesian mining laws regarding mineral exports have continued to depress the value of tenements and mining operations in Indonesia, creating opportunities to acquire quality assets under increasingly reasonable terms.

The Company has completed an analysis of all previous deals and is currently targeting two potential manganese acquisitions in Timor.

Genesis Manganese Project

WMN holds an option to acquire 51% of the Genesis Project. During the quarter, the Company received confirmation of the inclusion of the Genesis tenement on the Clean and Clear List released by the Ministry of Energy and Mineral Resources.

During the quarter, the Company engaged a local University from Central Sulawesi to perform an enhanced environmental study on the Genesis Project to further its understanding of any environmental issues which may arise from potential mining operations.

In addition to the environmental Study, WMN has continued its community relations campaign in Toli-Toli, Sulawesi where the Genesis Project is located.

Project Opportunities – Coal

During the previous quarter, the Company communicated that Indonesia’s thermal coal industry, the largest sector in the Indonesian Mining Industry has changed significantly. The combination of lower coal prices, less consumption by China and India, newly announced amendments to the Indonesian mining laws and regulations and proposed taxes have created confusion and eroded confidence amongst some tenement holders.

Management concluded that these current market conditions have increased pressure on valuations of tenements and created an advantageous scenario for acquiring tenements. As a result, 28 coal tenements were reviewed by the Company in the prior quarter of which 11 were then chosen for further review.



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During the quarter, these 11 tenements ranging from Greenfields tenements to currently producing mines with further exploration potential, were analysed further.

After several site visits, the Company has elected to focus on 2 of the 11 concessions and is aggressively negotiating acquisition terms with the owners of the tenements.

On behalf of the board of directors, we welcome new shareholders and appreciate existing shareholders' loyalty.

A handwritten signature in blue ink, appearing to read 'Colin K Locke', is positioned above the printed name.

Colin K Locke
Executive Director
Email: locke@westernmanganese.com

For further information visit our website at www.westernmanganese.com or email info@westernmanganese.com



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