


WESTERN MANGANESE LIMITED



Fast Track Entry into Manganese Opportunities in Indonesia

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Map of Indonesia



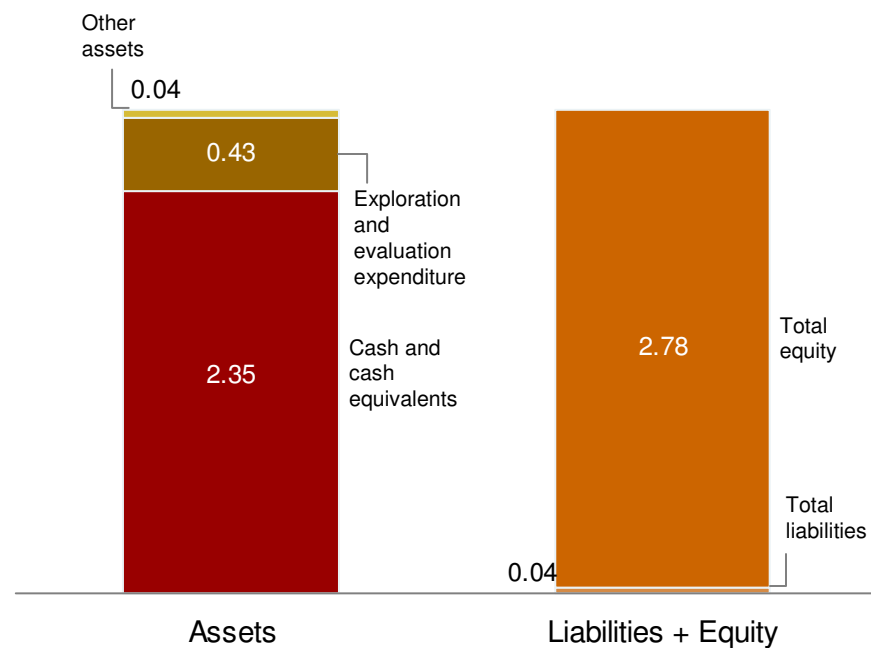
Western Manganese Limited (“WMN”) signs a Heads of Agreement (“HOA”) with Borneo Brothers Limited (“BBL”):

- Acquiring an option to buy controlling stake in a manganese concession with a granted production license
- Access to BBL’s pipeline of Indonesian manganese projects
- 2 years exclusivity on all additional manganese opportunities offered to BBL

WMN envisions becoming a leading manganese producer in Indonesia

Corporate structure as of October 24, 2011

Corporate structure (in AU\$ millions)



- Strong cash position
- Current market capitalisation as of October 24, 2011 is AU\$8.9m with total issued capital of 34,978,004 shares

Capital Structure

Market capitalisation @ 25.5 cents	AU\$8,900,000
Total fully paid shares on issue	34,978,004
Tradable shares	19,940,004
Listed options (20 cents, exp 30 June 2013)	17,489,002
Unlisted options (30 cents, exp 4 March 2013)	5,000,000
Unlisted options (40 cents, exp 4 March 2014)	5,000,000

- The relevant interests of each Director in the shares of WMN is as follows:

Director	Ordinary shares	Options exercisable at \$0.30 before 4 March 2013	Options exercisable at \$0.40 before 4 March 2014	Options exercisable at \$0.20 before 30 June 2013
Colin Locke	4,558,354	2,631,579	2,631,579	687,510
Allen Lyons	510,001	1,315,789	1,315,789	-
Christopher Clower	-	-	-	-
Kent Hunter	470,001	526,316	526,316	235,000

- WMN signs HOA with BBL to 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** with IUP Production license and rock chip results of between 41.4 and 55.3% Mn
- HOA also gives WMN first access to BBL’s pipeline of manganese projects in the next two years. Currently, there are **six concessions** in the pipeline located in **Nusa Tenggara Timur, Central Sulawesi and Halmahera**, covering a total area of **9,233Ha**
- **Mr. Christopher J. Clower**, Director of BBL, joins the WMN Board as Non-Executive Director
 - Mr. Clower has extensive experience in the Indonesia natural resources sector and was formerly **Head of South East Asia Corporate Finance** with **Merrill Lynch Investment Banking Division**
 - From 2005-2009, Mr. Clower raised **in excess of US\$2billion** for Indonesian resource projects
- Majority of consideration to be paid upon achieving market capitalisation milestones with little cash component upfront

- The transaction provides a platform for WMN 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
 - 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

Such that now shareholders can be confident of WMN:

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

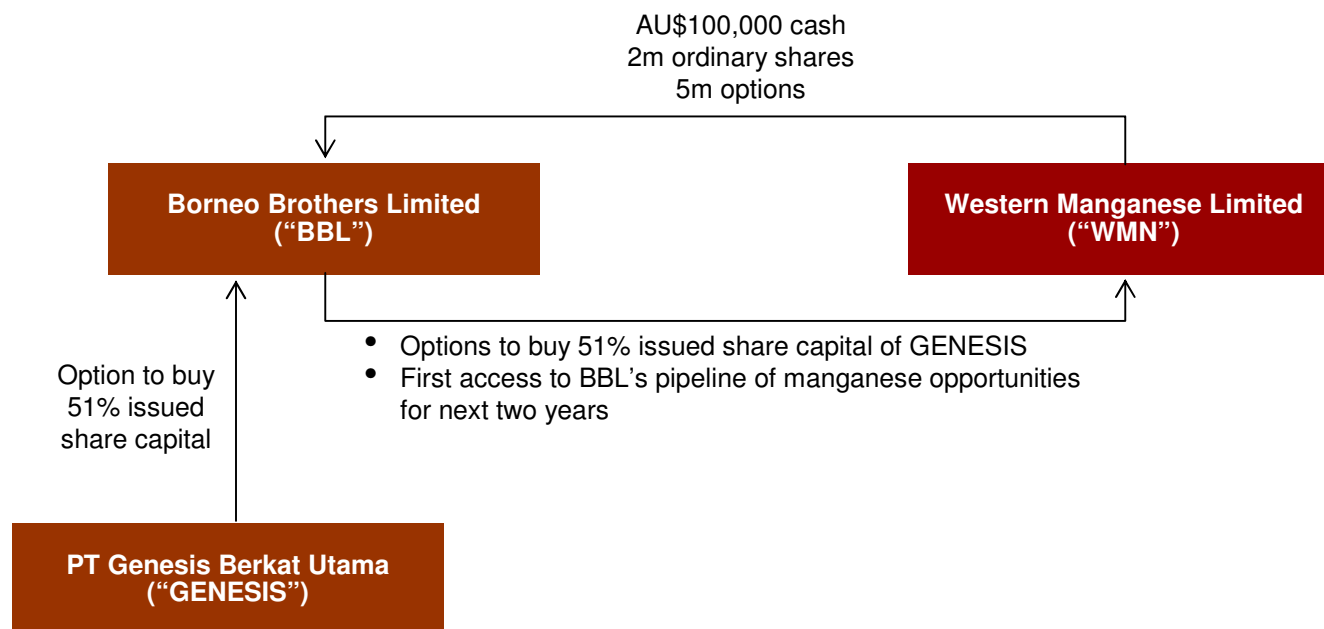
Overview of Borneo Brothers Limited (“BBL”)

- Borneo Brothers Limited (“BBL”) is a company focused on natural resources exploration and the early stages of mining investments in Indonesia
 - Currently, it has a pipeline of opportunities in Indonesian coal and other minerals including gold, copper, manganese, nickel and iron ore
 - BBL will grant WMN the exclusive right of first refusal to each and every additional manganese opportunity that becomes available through the BBL pipeline of deals as they develop for the next 2 years
 - BBL has 6 manganese projects ready to be offered to WMN, consisting of both exploration and production licenses, with a total of 9,233Ha located in Nusa Tenggara Timur, West Sulawesi and Halmahera
- Led by its Managing Director, Christopher J. Clower, who was Head of Corporate Finance for South East Asia at Bank of America Merrill Lynch, where he raised over US\$2bn for Indonesian natural resources clients from 2005 to 2009
- BBL recently exited its investment in an Indonesian thermal coal concession through a sale to a multinational Asian publicly traded company, after doing detailed exploration work on the concession and having a JORC reserves and resources report completed
- 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

Summary of Projects in HOA

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 Timur	1,159	IUP Production
Project 2	Fatunisuan	Nusa Tenggara Timur	1,758	IUP Exploration
Project 3	Nansean	Nusa Tenggara Timur	2,500	IUP Exploration
Project 4	T'eba Biboki	Nusa Tenggara Timur	1,003	IUP Exploration
Project 5	Talondo	West Sulawesi	178	IUP Production
Project 6	Saluta	Halmahera	2,635	IUP Exploration

Highlights of transaction



Considerations

- In return for the sale of Options to WMN, WMN shall conduct the following actions:
 - Prior to or at the latest on the same date as the execution of this HOA, pay AU\$100,000 to BBL
 - Prior to or on the execution of the definitive agreements and subject to shareholder approval, WMN shall issue to BBL:
 - 2,000,000 ordinary shares of WMN
 - 5,000,000 options, each representing the right to acquire 1 ordinary share of WMN with exercise price of AU\$0.20 and with exercise period until 30 June 2013
 - The remainder of consideration will be issued to BBL subject to the milestone table below:

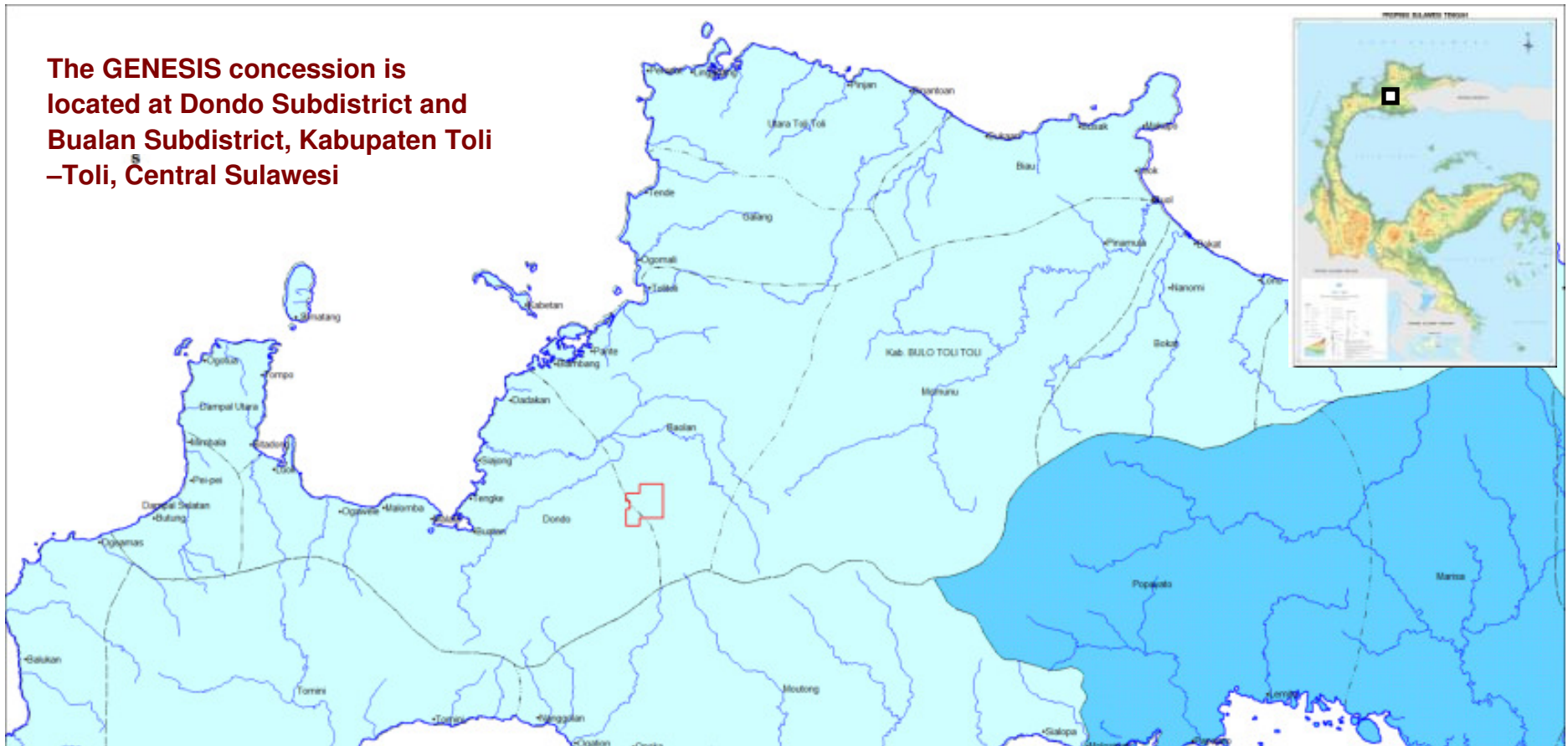
WMN Market Capitalisation (AU\$)	WMN Shares to be Issued	WMN Options to be Issued
15,000,000	2,000,000	3,000,000
25,000,000	1,000,000	2,000,000
40,000,000	5,000,000	-

Covenants

- **After the sale and purchase of Options is completed, BBL undertakes to:**
 - Firstly offer its pipeline of Indonesian manganese opportunities to WMN
 - Offer WMN exclusive access to all of BBL's additional manganese projects as they develop over the next two years
 - Cause GENESIS to maintain responsibility for license or permit applications in order to maintain good or continuous title to the Tenement ("Maintenance of Licenses")
 - Cause GENESIS to maintain responsibility for community affairs, relations, negotiations including community development plans and funds ("Community Development")
- **After the sale and purchase of Options is completed, WMN undertakes to:**
 - Replace a current WMN Non – Executive Director with Christopher J. Clower
 - Bear all costs related to Maintenance of Licenses and Community Development
 - Should production commence, fund all the capital expenditures and working capital on a 51% : 49% basis



The GENESIS concession is located at Dondo Subdistrict and Bualan Subdistrict, Kabupaten Toli –Toli, Central Sulawesi



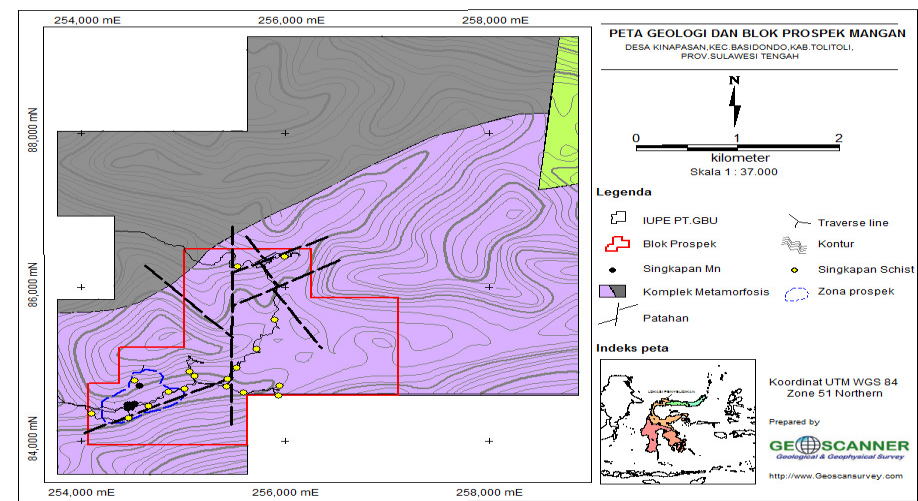
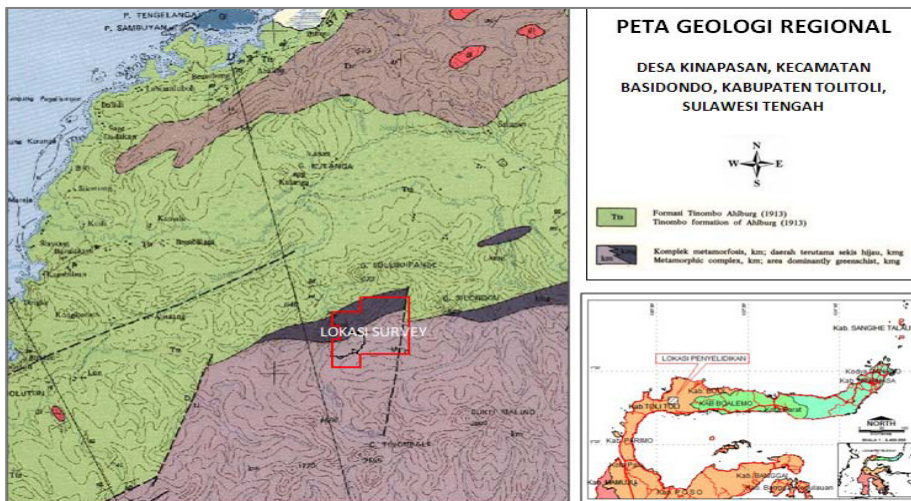
Haulage Road Alternatives



- GENESIS license is located at 2 Subdistricts: Dondo Subdistrict and Bualan Subdistrict
- Nearest road to jetty:
 1. Salo Maraja River
 2. Desa Bualan – Dondo
 - 1) Salo Maraja River estuary is about 23km, of which 14km is through village road by the river
 - 2) Teluk Pagalunian: Desa Bualan – Dondo can be accessed through Palu road – Toli Toli with distance of about 25km

Floats in the area

No.	ID	Coordinates			Elevation	Lithology	Description
		Zone	E	S			
1	Y-01	51N	0254515	0084488	167	(Float) Manganese	Black, hard, quartzite
2	Y-02	51N	0254561	0084720	192	(Float) Manganese	Black, hard, quartzite
3	Y-21	51N	0254467	0084480	186	(Float) Manganese	Black, hard
4	Y-22	51N	0254450	0084486	182	(Float) Manganese	Black, hard
5	Y-23	51N	0254451	0084479	178	(Float) Manganese	Black, hard
6	Y-24	51N	0254458	0084464	171	(Float) Manganese	Black, hard, quartzite
7	Y-25	51N	0254485	0084450	164	(Float) Manganese	Black, hard
8	Y-26	51N	0254451	0084435	184	(Float) Manganese	Black, hard



Manganese outcrops in the survey area



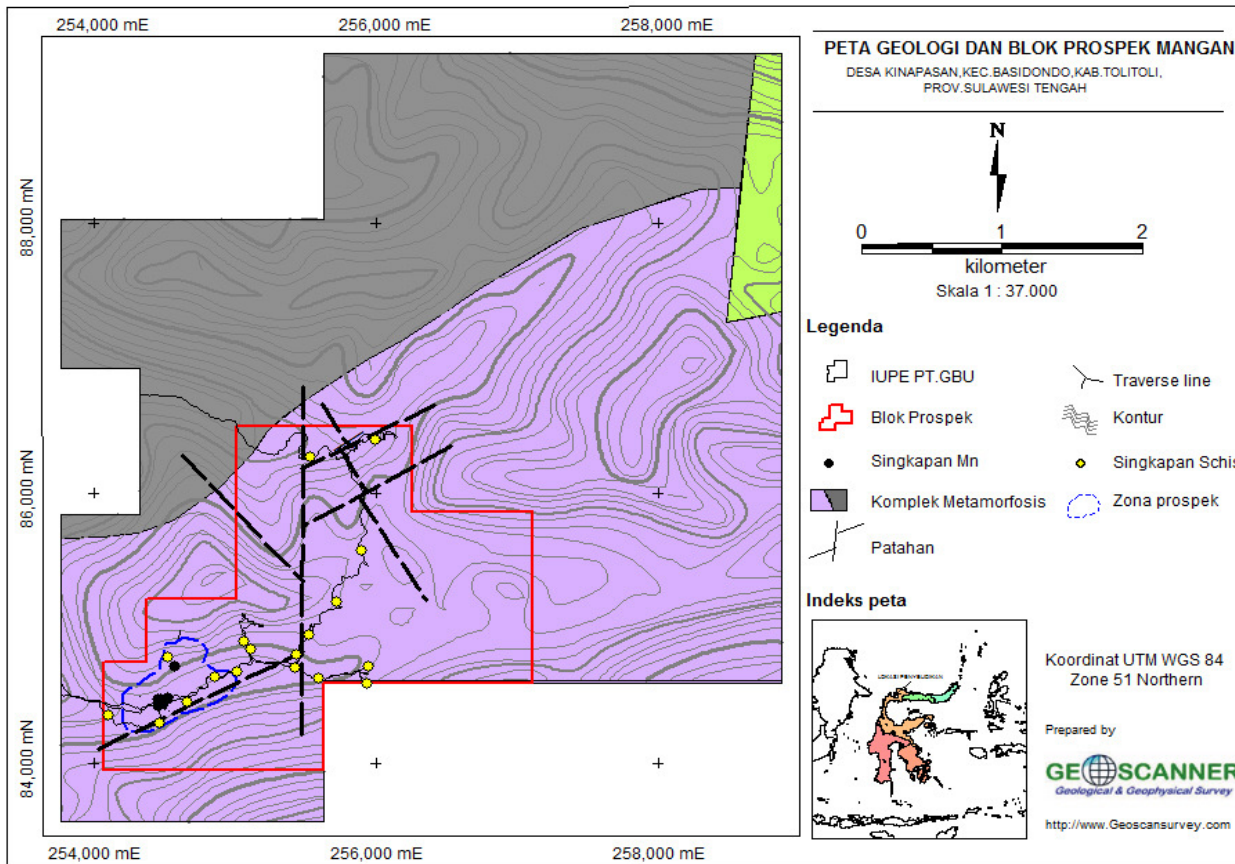
Results of the survey of GENESIS's manganese

Sample	Au1 (ppm)	Au2 (ppm)	Au3 (ppm)	Fe (%)	Cu (%)	Pb (%)	Zn (%)	Ag (ppm)	Mn (%)
001	0.01	-	-	0.73	0.02	0.42	<0.01	<5	49.5
002	<0.01	<0.01	-	1.69	<0.01	<0.01	<0.01	<5	41.4
003	0.01	-	-	0.56	<0.01	<0.01	<0.01	<5	55.3
004	<0.01	-	-	0.71	<0.01	<0.01	<0.01	<5	54.8
005	<0.01	-	-	0.74	<0.01	<0.01	<0.01	<5	54.4

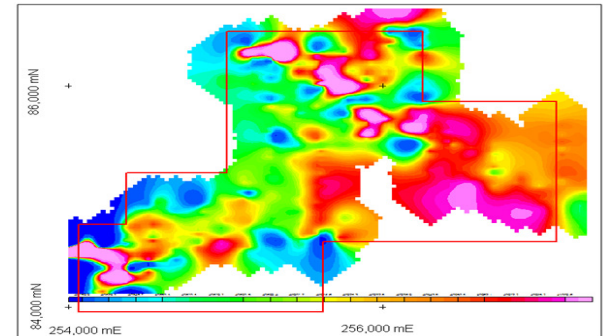
- Based on the GENESIS survey, the license contains manganese dioxide or MnO₂ within the range of 41.4% - 55.3%
 - The higher the manganese dioxide (MnO₂), the higher the quality of the manganese
 - The ranges indicates the Mn is potentially economic



Map of GENESIS's manganese



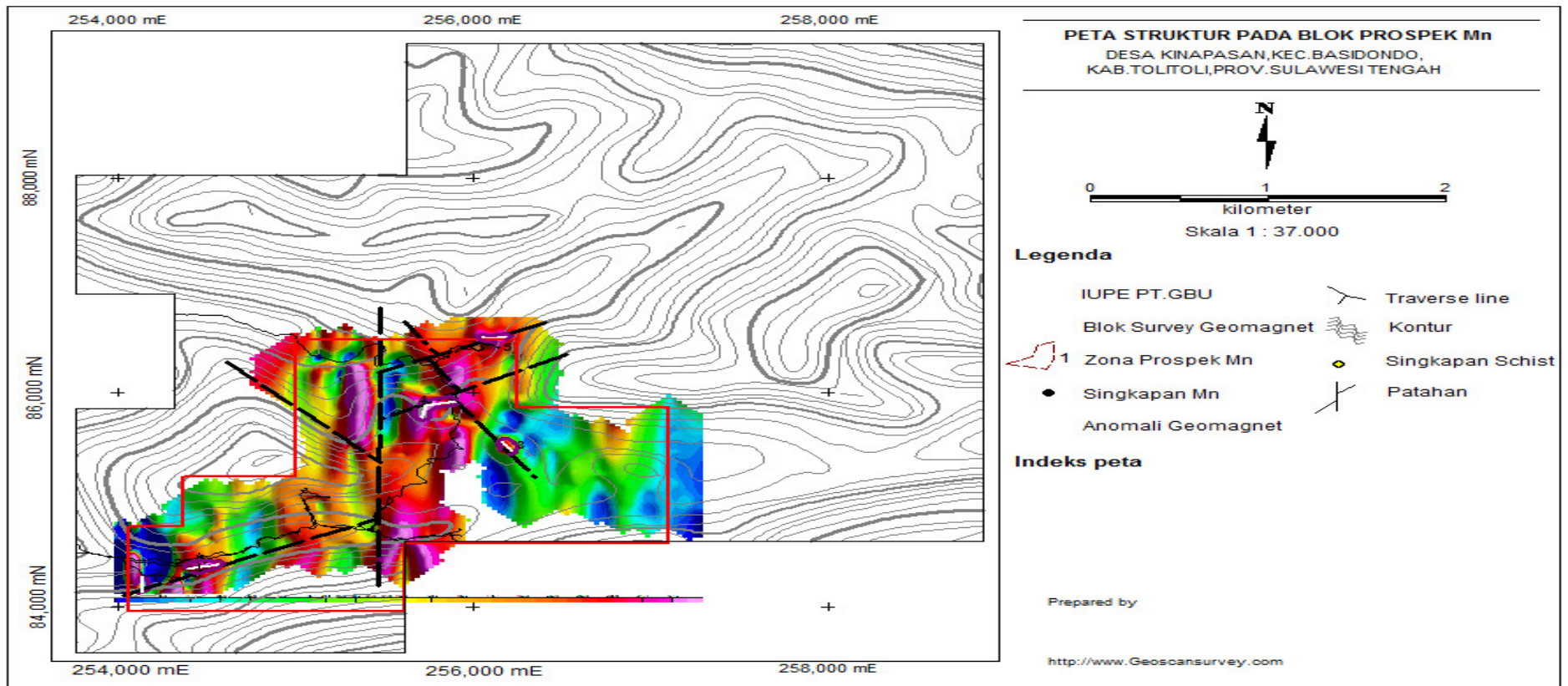
Total Magnetic Density Map



Samples of sekis mika and green sekis



GENESIS's ground magnetic survey

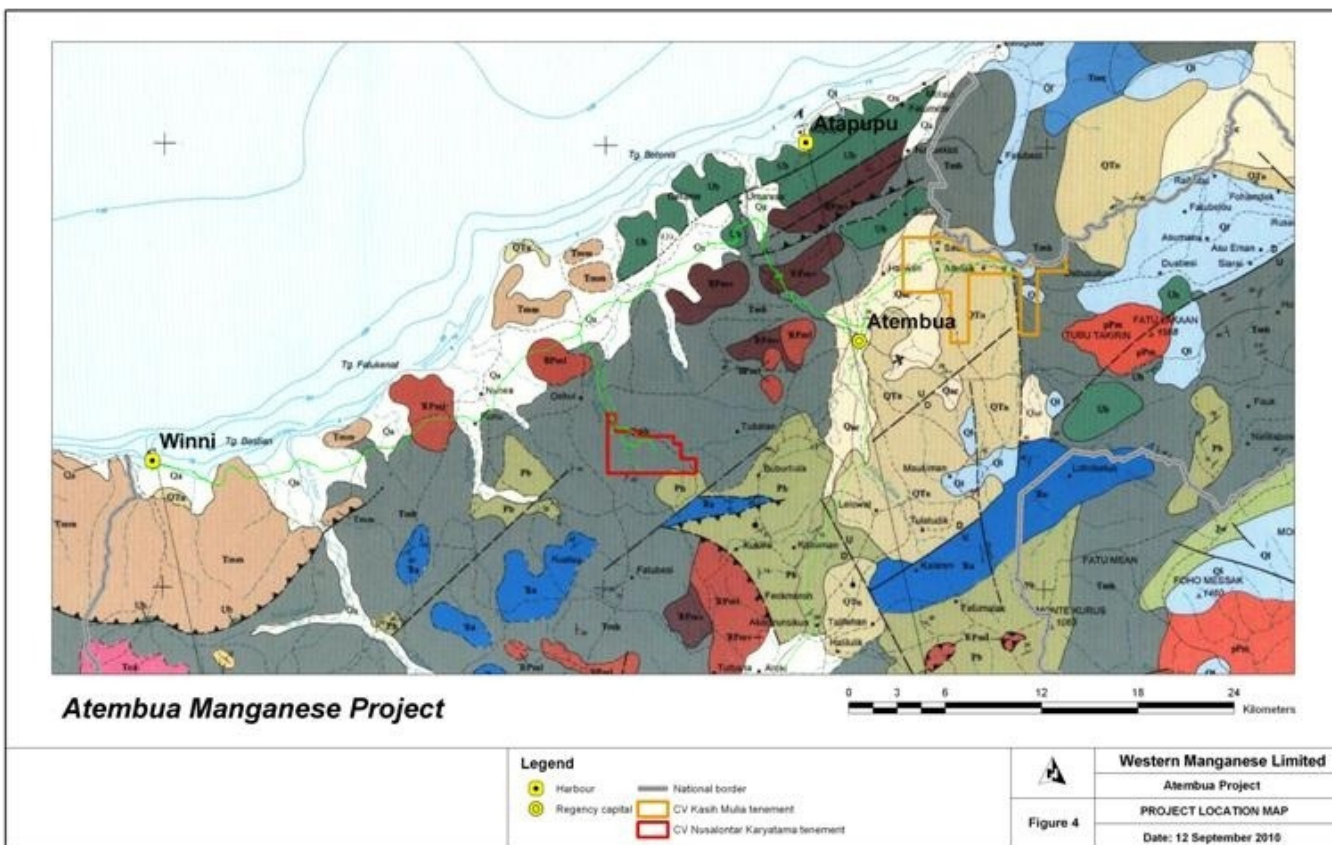


GENESIS conducted geomagnetic survey on 490Ha of the prospective area in its concession to obtain magnetic anomaly map of the manganese deposit

Current WMN Projects

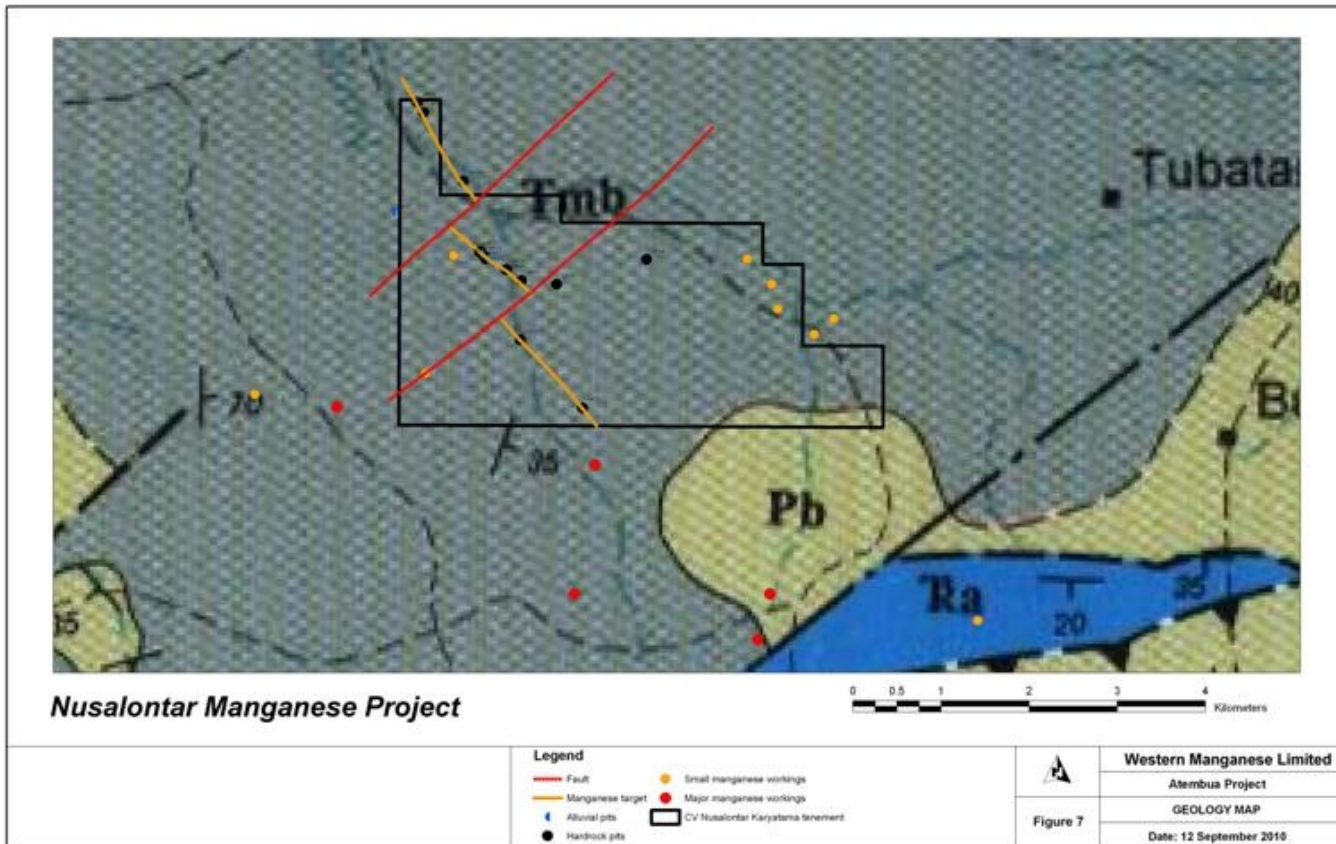


Map showing location of project area



- WMN currently holds the rights to two manganese tenements near Atembua in West Timor, an area regarded as an emerging manganese province
 - Nusalontar Karyatama Tenement and Kasih Mulia Tenement
 - The two tenements cover an area of 4,258Ha
 - Both tenements are within 30km of Atapupu harbour
- The Company's objective is to be the first company to delineate a JORC Code compliant Resource in West Timor
- WMN is identifying other tenements with above average potential. Agreements will be signed with tenement's owners of whom WMN manages to negotiate favourable terms

Nusalontar Karyatama Tenement



■ **Geology**

- Most of this license is underlain by early Miocene to late Pliocene age limestones of the Bobonaro Formation (Tmb). The south eastern portion of the license is underlain by Bisane Formation
- Good exposures of the manganese mineralisation can be viewed in the working pits. Manganese mineralisation occurs as bedding parallel veins in a highly ferruginous laminated limestone. Individual manganese beds range in thickness from 0.5 to 5.0 cm

■ **Exploration potential**

- Initial results are very encouraging. Although the manganese beds are thin, results indicate that the manganese units run at ~50% Mn

Kasih Mulia Tenement



■ **Geology**

- Most of this tenement is underlain by Pliocene – Pleistocene age rocks of the Noele Formation (QTn). The western portion of the license is also underlain by Miocene – Pliocene age rocks of the Bobonaro Formation (Tmb)
- There are no hard rock working on this licence. Alluvial manganese is being worked at two locations. The source of the alluvial manganese needs to be located by conducting systematic exploration over this tenement



Board and management structure

Chairman

Colin Locke Executive Chairman

- Founder of WMN
- 10 years in the mining industry processing base and precious metals
- From 2008, Mr. Locke has specialized in exploration and acquisition of Indonesian resource projects in Kalimantan, Sumatera, West Timor, Java, Halmahera, Papua and Sulewesi
- **Co-founder and Managing Director of CK Locke and Partners Pty Ltd** (AFSL :222440) from 1999 – 2010.

Director

Allen Lyons Chief Technical Director

- 20 years experience in mining and exploration geology, previously holding senior management positions in multinational companies
- Mr. Lyons has worked as a consultant for leading minerals companies, including for **AngloGold, Avgold, Impala Platinum, Lonmin Platinum, Barrick Gold, Placer Dome, Falconbridge** and a number of AIM listed companies
- Mr. Lyons is a Senior JORC compliant geologist

Non-Executive Directors

Christopher Clower

- 15 years experience in investment banking the US and Asia
- **Managing Partner** in PT Infronti Wahana and **Executive Managing Partner** of Damansara International Investment Corporation
- **Head of Corporate Finance for South East Asia at Merrill Lynch** until 2009. From 2005-2009, Mr. Clower raised over US\$2bn for Indonesian client base

Kent Hunter

- Over 16 years corporate and company secretarial experience, with extensive experience in capital raisings, ASX Compliance and regulatory requirements
- Has been involved in the listing of over 30 exploration companies on ASX in the past 10 years



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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.