

Western Areas Limited: Exploration Strategy and Activities Update

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PERTH, AUSTRALIA -- (Marketwire - March 14, 2013) - The Board of [Western Areas](#) (ASX:WSA) (the Company or WSA) is pleased to provide shareholders with an update of the exploration strategy and recent activities. The announcement is made with the back-drop of an operation which is performing exceedingly well in all key areas despite a challenging Australian dollar nickel price:

1. Production - The Company is on target to better initial guidance on both nickel in ore and nickel in concentrate targets (27,500t and 25,500t of contained nickel respectively);
2. Unit Cash Costs - At the half year, the Company's unit cash cost in concentrate was A\$2.69/lb, well below the guidance of
3. Cashflow Generation - The Company continues to produce strong cashflow from operations (A\$48m for first half). Based on the current nickel price, we expect that cashflow generation will be higher in the second half;
4. Balance Sheet - The Company has a strong balance sheet with over A\$150m in debt repaid over the last 8 months and recently announced a fully committed bank facility of A\$125m which remains undrawn; and
5. Safety - The Company has a lost time injury frequency rate of ZERO. Flying Fox has not had a lost time injury (LTI) for over 800 days and Spotted Quoll underground remains LTI free.

EXPLORATION STRATEGY

The Company has a strong history of discovery and development expertise as demonstrated by Flying Fox, Spotted Quoll Open Pit and Spotted Quoll Underground mines. Western Areas now controls over 900km² of highly prospective tenements. Flying Fox and Spotted Quoll mines are located 6km apart on what the Company describes as the Western Ultramafic Belt (WUB) which runs for 25km and has a total known endowment of over 450,000t of contained nickel metal.

The Board strongly believes the greatest opportunity for profitable organic growth lies in the WUB and specifically in the 6km zone between the Flying Fox and Spotted Quoll mines. This area remains largely untested with no effective deep drill testing (T5 depth equivalent). Once again, the ability to access any discovery in this zone is extremely capital efficient due to the mature infrastructure in the form of underground development, surface infrastructure and grid power.

Given Spotted Quoll contains over 2.9mt of indicated and inferred resource grading 5.9% nickel and over a 10 year mine life, a decision was made to redirect exploration resources to the WUB zone, starting at New Morning. This strategy, in a relatively short time period, has delivered the Sunrise discovery and more recently a discovery below the existing New Morning deposit (further details provided in the Exploration Activities section).

Following a successful drilling program at Lounge Lizard to confirm the purchased resource, the Company's strategy now involves resource extension work at Flying Fox with a goal of lifting mine life to 10 years (more details below).

In summary, the Exploration Strategy at Forrestania has been formulated to:

1. Support the base case production of 25,000 to 30,000t of nickel in ore per year through resource extension drilling, specifically at Flying Fox, and;
2. Identify a new mining camp, specifically within the WUB (6km zone), which is capable of supporting a new mine where existing infrastructure and permitting can be utilised for capital efficiency.

Western Areas Managing Director, Mr Dan Lougher, said that the Company was committed to a strong organic growth pipeline alongside other growth activities.

"The discovery and subsequent development of Spotted Quoll within the Western Ultramafic Belt more than doubled the production profile of our company, at a hugely effective cost of discovery," said Mr Lougher.

"Our exploration strategy at Forrestania is based on the simple premise that the best place to find another Spotted Quoll or Flying Fox is right alongside where we found those two deposits originally."

"Repetition of our previous exploration success will have immediate positive results for the Company, particularly when we can then utilise several hundred million dollars worth of developed capital works to access any economic discovery," said Mr Lougher.

EXPLORATION ACTIVITIES

New Morning

The Company announced on 1 February 2013 assay and down hole electromagnetic (DHEM) results from NMD177. Importantly for the Company this was a significant breakthrough with the massive sulphide intersection having Flying Fox T5 characteristics. The intersection from NMD177 was 3.0m @ 6.3% Ni, which included 2.4m at 7.6% Ni. DHEM geophysics indicated that the high grade discovery hole had intersected the edge of the mineralised zone with initial modelling indicating a plate approximately 150m x 250m wide. Following the DHEM interpretation a detailed work program was developed utilising further DHEM and wedges off the parent hole.

The first wedge hole (NMD177W1) completed off the parent hole NMD177 intersected granites (fault) at or close to the contact. Further geophysics (DHEM) of the wedge indicates that the better part of the conductor lies to the north and slightly deeper. A second wedge (NMD177W2) is in progress to test this position. The depth of the holes and the challenges of completing DHEM in these holes have meant that progress has been measured due to the highly targeted nature of the drilling, but is not outside the expected scope.

NMD158 (deepening of an existing hole) though not ideally located, tested the region south of the southern edge of the DHEM plate. The results from the hole indicate the mineralisation lies to the north of the hole.

Sunrise

This new area of mineralisation is significant as it occurs in the hanging wall stratigraphy. This horizon is known to occur along the length of the WUB but has received little testing in the past, opening up the opportunity to locate further deposits of this type.

Drilling at Sunrise is now complete and work has begun at estimating a resource for this new discovery. We are targeting to have a resource estimate complete for the March Quarterly Report which is due to be released mid to late April 2013.

Flying Fox / Lounge Lizard

Following the acquisition of Lounge Lizard, the average strike length of the T5 orebody is approximately 700m. The last six months of drilling resulted in an upgraded resource and reserve at Flying Fox.

The second stage of the work program involves the recommencement of mine development to locate the decline and underground infrastructure into a more central position within T5. As a consequence, we expect by the end of March that an exploration platform will be established in order to complete resource extension drilling immediately south of T5 and down plunge into T7.

T15 / Arrowhead / Boojum

As part of the purchase of the Kagara's nickel tenements, approximately 4.5km of the southern portion of the WUB was acquired. Previous exploration of this area has been limited. Evaluation of this area, some 10km south of Spotted Quoll, commenced with coverage of the prospective stratigraphy with surface electromagnetic (EM) and the drill testing of the T15 prospect. Encouragingly, several of the recently drilled holes at T15 intersected good cumulate ultramafics. A program of DHEM on the holes has just been completed and the results are being interpreted to determine further activity.

Beautiful Sunday

As part of the review of the prospectivity of the WUB, an approximately 10km long strike of highly prospective basal ultramafic contact north of Flying Fox was assessed. The 'true footwall', is under tested with most previous holes terminating in banded-iron formation. A program of drilling has been designed to test the interpreted potential mineralisation down-plunge to the south.

DISCLAIMER AND QA-QC STATEMENT:

Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr Charles Wilkinson of Western Areas Ltd are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania Nickel Project. Mr Bill Amann from geological consultants Newexco Services Pty Ltd ("Newexco") is responsible for the verification and quality assurance of the geophysical data used in this release. Surface diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument; comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. Samples of quarter core from the drill holes described in this release are prepared and analysed by ALS Chemex Ltd laboratory in Perth for nickel, copper, cobalt and other elements. Core samples are crushed and pulverised to 90% passing 75 microns then analysed for nickel by ore grade determination using the ALS OG-62 method. Assays standards are routinely inserted in the sample stream by Newexco for quality control.

The information within this report as it relates to geological and drilling data is based on information compiled by Mr Charles Wilkinson of Western Areas Ltd. Mr Wilkinson is a member of AusIMM and is a full time employee of the Company. Mr Wilkinson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wilkinson consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FORWARD-LOOKING STATEMENT:

This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: "The Company is on target to better initial guidance on both nickel in ore and nickel in concentrate targets (27,500t and 25,500t of contained nickel respectively)" and, "Based on the current nickel price, we expect that cashflow generation will be higher in the second half" and, "Company's strategy now involves resource extension work at Flying Fox with a goal of lifting mine life to 10 years" and, "The results from the hole indicate the mineralisation lies to the north of the hole".

These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

This announcement does not include reference to all available information on the Company or the Forrestania Nickel Project and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

For Purposes of Clause 3.4 (e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

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