

Western Areas Announces September 2014 Quarterly Activities Report

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Excellent Start to Year, Strong Cashflow Generation, Low Unit Cash Costs and Production Tracking Well

PERTH, AUSTRALIA -- (Marketwired - Oct. 16, 2014) - [Western Areas Ltd.](#) (WSA or the Company) (ASX:WSA) is pleased to report another solid quarterly performance and excellent start to the new financial year on safety, costs, operational metrics and positive free cashflow generation. Unit cash cost of production was A\$2.50/lb (US\$2.31/lb) of nickel in concentrate for the quarter, being A\$0.11/lb lower than the previous quarter.

The nickel price was in excess of US\$8/lb for most of the quarter, however retreated slightly into the mid US\$7/lb range during September. Partially offsetting the nickel price decline was a weakening Australian dollar. With a robust realised nickel price for the quarter combining with a solid operational effort on cost management, free cashflow generation was A\$42m, excluding the convertible bond retirement of A\$95m and interest costs of A\$7m. Consolidated Group net cash is now A\$45m versus A\$10m last quarter.

Mine production was 133,543 tonnes of ore at an average grade of 5.0% for 6,660 nickel tonnes (380t of nickel ahead of last quarter). Mill production was 6,511 nickel tonnes in concentrate (175t of nickel ahead of last quarter).

Company performance is tracking well against guidance, and performance will continue to be monitored over the next quarter. Should any guidance metrics require adjustment, these will be made when reporting the December half yearly results.

The Indonesian Government has now reiterated on many occasions its commitment to the ban on the export of unprocessed laterite ore. Western Areas notes that the Philippines Government has also introduced draft legislation aimed at implementing a similar ban. However it is the Company's view that any Philippines ban is many years away from implementation.

September Quarter 2014 Highlights:

1. There were ZERO lost time injuries for the quarter which resulted in a reduced LTIFR of 1.00 (1.98 previous quarter).
2. Flying Fox mine production was 65,097 tonnes of ore mined at 5.2% for 3,384 tonnes (7.5M lbs) of contained nickel.
3. Spotted Quoll mine production was 68,446 tonnes of ore at 4.8% for 3,276 tonnes (7.2M lbs) of contained nickel.
4. Mill throughput of 153,474 tonnes of ore (10% above nameplate capacity) at an average grade of 4.7% Ni with recovery of 90%.
5. Total nickel in concentrate sales comprised 6,648 tonnes (14.7M lbs).
6. Declared fully franked 4 cent per share final dividend for FY14.
7. Unit cash cost of nickel in concentrate of A\$2.50/lb (US\$2.31/lb).
8. Generated A\$42m free cashflow (excluding debt repayment and associated interest costs) due to a continued strong nickel price and reductions in absolute operating costs.
9. Concentrate offtake tender documents sent to 25 different parties.
10. Shallow drilling in the current Resource at New Morning intersected 53.95m @ 1.7% nickel from 38.0m, which included a massive sulphide interval of 2.55m @ 5.0% Ni from 89.4m.

The full activities report can be viewed at the Company's website www.westernareas.com.au.

COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to exploration results, mineral resources, ore reserves and mine development activities is based on information compiled by Mr Charles Wilkinson, Mr Andre Wulfse and Mr Dan Lougher of Western Areas Ltd. Mr Wilkinson, Mr Wulfse and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Wilkinson, Mr Wulfse, and Mr Lougher have 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wilkinson, Mr Wulfse and Mr Lougher consent 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 including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs.

Examples of forward looking statements used in this report include: "the Philippines Government has also introduced draft legislation aimed at implementing a similar ban. However it is the Company's view that any Philippines ban is many years away from implementation".

This announcement does not include reference to all available information on the Company or its subsidiary's and should not be used in isolation as a basis to invest in Western Areas. Potential investors should refer to Western Areas' 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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