

THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO THE U.S. NEWSPAPER SERVICES OR FOR DISSEMINATION IN THE U.S.

Western Areas (ASX:WSA) (WSA or the Company) is pleased to report a strong quarterly performance and start to the financial year on safety, production, costs and positive cashflow from operations despite the challenges of the low nickel price environment. There were no lost time injuries for the quarter and the Company is proud to continue to report a lost time injury frequency rate (LTIFR) of ZERO.

Mine production was 148,102 tonnes of ore at an average grade of 4.8% for 7,062 nickel tonnes, being the highest nickel in ore output since the December 2013 quarter. Spotted Quoll underground production was a record at 3,905 nickel tonnes. Mill production was on trend with 6,252 nickel tonnes produced. Unit cash cost of production has commenced the year well at A\$2.26/lb (US\$1.64/lb) which is slightly better than the lower end of FY16 guidance of A\$2.30/lb to A\$2.50/lb.

The Company became debt free for the first time since 2004 with the repayment of A\$125m of convertible bonds on 2 July 2015. Consolidated cash at bank (which includes FinnAust Mining) was A\$60.3m.

Financial results for FY15 were released on 20 August 2015 which highlighted the Company's robustness with a 37.5% increase in net profit after tax despite a reduced nickel price. A final fully franked dividend of 4 cents per share was declared and subsequently paid in October 2015.

The nickel price trended down for the quarter following weaker than anticipated Chinese trade data and stainless steel demand. Given the sustained decline in nickel price, post quarter end the Company announced various prudent actions to smooth its capital expenditure profile over the balance of FY16 and FY17. Mine plans remain unaltered with no impact on production or unit cost guidance for FY16.

September Quarter 2015 Highlights:

1. There were ZERO lost time injuries for the quarter which continued the zero LTIFR achieved at the end of April. The Company has now operated for over 17 months without an LTI.
2. Flying Fox mine production was 67,400t of ore mined at 4.7% for 3,155 nickel tonnes (7.0M lbs).
3. Spotted Quoll mine production was a record at 80,702t of ore at 4.8% for 3,905 nickel tonnes (8.6M lbs).
4. Mill throughput was 153,540t of ore at an average grade of 4.6% nickel with recovery of 89.2%.
5. Unit cash cost of production of nickel in concentrate was A\$2.26/lb.
6. Pre-consolidated cash at bank (excluding FinnAust) of A\$59.0m following repayment of the convertible bonds (A\$125.0m) and the final interest payment (A\$4.0m).
7. Encouraging shallow drill results from New Morning.
8. Prospective mafic intrusions have been identified from the first round of RC drilling at the Western Gawler project in South Australia.

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 and ore reserves is based on information compiled by Mr Charles Wilkinson, Mr Andre Wulfse and Mr Dan Louher of [Western Areas Ltd](#). Mr Wilkinson, Mr Wulfse and Mr Louher are members of AusIMM and are full time employees of the Company. Mr Wilkinson, Mr Wulfse and Mr Louher 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 Louher 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: "Mine plans remain unaltered with no impact on production or unit cost guidance for FY16".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Operation or the Cosmos Nickel Complex 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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