Quarter in Line With Guidance With Unit Cash Cost Trending Lower

PERTH, AUSTRALIA--(Marketwired - Jan. 26, 2016) -

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Western Areas (WSA or the Company) (ASX:WSA) is pleased to report that production for both the quarter and half year ended 31 December remain in line to full year guidance, with units costs trending to the low end of guidance. The Forrestania operations remained cashflow positive for the quarter. 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 157,481 tonnes of ore at an average grade of 4.4% for 6,917 nickel tonnes. The mine grade reduced from the last quarter in line with the mine schedule and plan, however as an indication of January performance, both mines are grading just shy of 5% nickel at the time of this report. Spotted Quoll ore tonnages were a record for the quarter and half year at 81,318 and 162,020 tonnes respectively. Mill production remains extremely consistent at 6,256 nickel tonnes produced, despite an unplanned outage associated with a regional bushfire interrupting power supply.

Unit cash cost of production of A$2.24/lb (US$1.61/lb) was marginally lower than the last quarter. Half year unit cash costs are A$2.25/lb which is below the lower end of FY16 guidance of A$2.30/lb to A$2.50/lb. In line with past practice, any guidance update will be provided with the half year results.

Exploration and project enhancement activities were ramped up at Cosmos following a thorough review of the extensive drill data base handed over at transaction completion (see ASX announcement on 20 January 2016).

The nickel price continues to range between US$3.75/lb and US$4.00/lb with the recent weakening of the Australian dollar below US$0.70 providing some improvement in Australian dollar terms. The Company continues to work internally and externally on various cost and capital control measures. The significant portion of full year capital expenditure program was completed in the first half, and the previously announced capital expenditure deferrals have been implemented for the second half.

December 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 20 months without an LTI.
2. Flying Fox mine production was 76,163t of ore mined at 4.2% for 3,183 nickel tonnes (7.0M lbs).
3. Spotted Quoll mine production was a record at 81,318t of ore at 4.6% for 3,734 nickel tonnes (8.2M lbs).
4. Mill throughput was 152,435t of ore at an average grade of 4.6% nickel with recovery of 89.3% for 6,256 nickel tonnes. Half year mill production totals 12,507 nickel tonnes.
5. Unit cash cost of production of nickel in concentrate was A$2.24/lb, being a slight reduction on last quarter.
6. Consolidated cash at bank was A$29.9m.
7. Encouraging resource extension results at Flying Fox including 6.3m at 8.0% nickel in the T6 area of Flying Fox

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 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.

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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