

Strong start to FY17, all guidance metrics on track and positive cashflow

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September Quarter 2016 Highlights:

- ZERO lost time injuries (LTI's) for the quarter - now 912 days without an LTI;
- Mine and mill production at 6,357 and 5,763 nickel tonnes respectively tracking at the top end of guidance;
- Unit cash cost of production of nickel in concentrate of A\$2.53/lb, towards lower end of guidance;
- Realised nickel price of A\$6.54/lb which represents a 20% increase over the previous quarter;
- Positive free cash flow generated for the quarter after all capital and exploration expenditure;
- Consolidated cash at bank and receivables of A\$103.0m (up by A\$10.9m) and debt free;
- Commencement of formal tender process for offtake contracts, targeted for completion by end of December;
- Mineral resource upgrade at New Morning resulting in a 165% increase in nickel tonnes;
- Pre-feasibility study for Odysseus Project on schedule for completion late in the December quarter; and
- Drilling approvals for Neptune (Cosmos) progressing well, with drilling expected to start in December.

Western Areas ("WSA" or the "Company") (ASX:WSA) is pleased to report strong cost control and safety results, together with delivering positively on all other operational metrics during the September 2016 quarter. Production statistics demonstrate that unit cash costs of production for the quarter remain well controlled at A\$2.53/lb, coming in towards the lower end of the FY17 guidance range of A\$2.40/lb to A\$2.75/lb.

Mine physicals were ahead of expectations at 153,192 ore tonnes. Mill throughput was excellent with one of the highest quarters on record at 159,616 tonnes, despite a planned 30 hour maintenance shutdown. Nickel production was lower than prior quarters with grade trending to reserve, being consistent with the released FY17 guidance.

Importantly, there were no lost time injuries for the quarter and the Company is proud to continue to report a LTI frequency rate (LTIFR) of ZERO.

The Company has advanced a range of organic growth initiatives at Cosmos with the advancement of the Odysseus pre-feasibility study and approvals for drilling at Neptune progressing well.

Western Areas remains highly leveraged to fluctuations in the nickel price, with the improved nickel price for the quarter having a positive impact on cashflow generation. Consequently, after all capital expenditure, exploration and corporate costs, free cashflow was A\$5.4m.

In the nickel market, the actions of the Filipino Government in applying stronger environmental controls on open cut mining (which are mainly nickel laterite mines) have contributed to an improved price outlook. The continued steady drawdown of nickel stockpiles on the LME, together with robust growth in the high nickel content bearing 300 series stainless steel demand, provides reason for optimism with regard to the nickel outlook. Many market analysts are forecasting CY16 to be the first significant deficit in the nickel supply versus demand balance, before factoring in the potential impact of mine closures in the Philippines.

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 Marco Orunesu Preiata of [Western Areas Ltd](http://www.westernareas.com.au). Mr Wilkinson, Mr Wulfse and Mr Orunesu Preiata are members of AusIMM and are full time employees of the Company. Mr Wilkinson, Mr Wulfse and Mr Orunesu Preiata 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 Orunesu Preiata 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: "Many market analysts are forecasting CY16 to be the first significant deficit in nickel supply versus demand balance".

This announcement does not include reference to all available information on the Company, the Forrester 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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