PERTH, AUSTRALIA--(Marketwired - Feb. 27, 2017) -

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Western Areas Ltd. (ASX:WSA) ("Western Areas" or the "Company") is pleased to announce the sale of two Forrestania tenements to Kidman Resources Ltd. ("Kidman") (ASX:KDR) in exchange for an issue of new shares in Kidman to the value of A$6m, and the agreement to pay certain royalties. As previously announced, the Company has been assessing various options to extract value from the non-core assets in its portfolio, particularly those with potential for lithium given current market conditions. The relevant tenements, which have previously been explored for nickel, lie adjacent to Kidman's Earl Grey lithium project.

Highlights

- Western Areas to receive A$6m in Kidman shares at A$0.54 per share;
- Western Areas will receive a 1.5% gross revenue royalty over any lithium production from the two tenements;
- Western Areas to receive A$150 for every contained tonne of Li_2O classified in a JORC Ore Reserve;
- Western Areas retains the nickel rights over the tenements;
- Separate to today's sale announcement, Western Areas and Kidman are in advanced discussions regarding a potential farm-in joint venture agreement for lithium rights on the Company's northern Forrestania tenements

Western Areas Managing Director, Dan Lougher, said that the sale of the tenements adjacent to Kidman's Earl Grey project (Earl Grey) was a logical transaction for both companies.

"This is an excellent outcome for Western Areas as it allows the Company to realise early value for these non-core tenements, with the nickel potential well tested, whilst providing upside exposure to any future lithium success via the production royalty and JORC reserve payment," said Mr Lougher.

"We have been approached by a number of parties interested in the lithium prospectivity of our Forrestania tenements, and we are currently negotiating a separate farm-in joint venture agreement with Kidman which is likely to be finalised in the short term. We believe the advanced nature and potential of the Earl Grey lithium project provides the ideal platform for further success in the Forrestania region," said Mr Lougher.

Details

Western Areas has entered into a binding agreement with Kidman to sell two tenements (E77/1400 and E77/2099) which lie adjacent to Earl Grey. The sale enables Western Areas to realise immediate value from the two non-core exploration tenements which have previously been well tested for nickel. The consideration includes A$6m equity in Kidman, which is subject to a twelve month sale disposal restriction, a future production royalty and a JORC reserve conversion payment allows Western Areas to gain immediate value as well as participating in any lithium exploration upside on the tenements. Western Areas retains the nickel rights over the tenements and also retains an option to unwind the transaction, should the value of Kidman's shares be materially adversely affected in limited circumstances.

The sale of these two tenements forms part of Western Areas broader strategy to realise value from its non-core lithium rights at Forrestania and remain focused on the Company's core nickel business.

Western Areas remains committed to realising further value for its lithium rights at Forrestania and is in advanced talks with Kidman regarding a potential farm-in joint venture agreement where Kidman will earn into the lithium rights covering selected tenements in the Company's northern region at Forrestania.

Kidman was selected as the preferred farm-in joint venture partner for the northern tenements due to, amongst other things, the advanced nature of the Earl Grey project and their strong motivation to seek further exploration success in the Forrestania region given their likely future footprint.

The Company expects to release further details in due course should a final binding farm-in joint venture agreement be executed with Kidman.

Western Areas remains committed to exploration in the Forrestania region and continues to fund activities both near mine and on a regional basis. While also currently retaining and assessing options for the Lithium mineral rights located in the southern area of Forrestania.

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 Company expects to release further details in due course should a final binding farm-in joint venture agreement be executed with Kidman".

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 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.

Contact

Dan Lougher
Managing Director
Western Areas Ltd.
Telephone +61 8 9334 7777
Email: dlougher@westernareas.com.au

David Southam
Executive Director
Western Areas Ltd.
Telephone +61 8 9334 7777
Email: dsoutham@westernareas.com.au
Or visit: www.westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9485 8888 / 0420 945 291
Email: shane.murphy@fticonsulting.com