Lowest unit costs since June 2015, good free cashflow, Spotted Quoll Mineral Resource upgrade and promising organic growth progress

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March Quarter 2017 Highlights:

- ZERO lost time injuries (LTI's) for the quarter - now 1,004 days without an LTI;
- Increased mine and mill production at 6,867 and 5,844 nickel tonnes respectively;
- Cash cost of nickel in concentrate A$2.35/lb. Half year unit cash cost of A$2.44/lb, at the lower end of guidance;
- Strong free cash flow of A$22.7m generated for the quarter after all capital and exploration expenditure;
- Consolidated cash at bank and receivables of A$121.6m and debt free;
- New three year offtake contracts with Tsingshan Group and BHBP Nickel West on improved terms and conditions;
- Pre-feasibility study for Odysseus Project due for market release in the March quarter; and
- Drilling commenced in December 2016 at Neptune (Cosmos)..

During a quarter characterised by a high level of activity on a number of fronts, Western Areas ("WSA" or the "Company") (ASX:WSA) is pleased to report a strong set of metrics, coupled with excellent progress on organic growth initiatives. Unit cash cost of production was the lowest since the June 2015 quarter and year to date unit costs are tracking towards the lower end of the improved FY17 guidance range.

Mine and mill physicals were in line with forecast as was overall nickel production in ore and concentrate, leaving the Company on track to deliver physical production results toward the upper end of the FY17 guidance range.

The Ore Sorter Project delivered additional Flying Fox mill feed and will continue to deliver ore through to the end of the June quarter. The implementation of this project has assisted by lowering overall unit costs and increasing strategic ore stockpiles to an equivalent two months of production.

Despite the realised nickel price decreasing to A$6.14/lb (down from A$6.57/lb), the Company was able to deliver free cashflow of A$8.2m which was driven by a combination of operating cost improvements, two months of new and improved offtake contracts and positive working capital movements.

The Company delivered a positive PFS for the Odysseus Project demonstrating a financially robust project with a very competitive all-in sustaining cost of A$3.69/lb. Post quarter-end, the approval for construction of the Mill Recovery Enhancement Project was announced. These organic growth projects are only possible due to strong cashflow generation, zero debt position and cash at bank of A$112.0m.

Nickel price volatility is expected to continue, with uncertainty surrounding the outcome of the Philippine Government mine suspensions. On a more positive note, at this stage it appears that the relaxation of the Indonesian ore ban will have only a minor impact on supply with less than 4Mt of low grade (<1.7% Ni) laterite being approved for export.

Production Overview

Item	Unit	2016/2017			FY17 YTD
		Sep Qtr	Dec Qtr	Mar Qtr	Total
Total Ore Mined	tonnes	153,192	148,907	149,083	451,182
Mine Grade	Ni %	4.1%	4.6%	4.5%	4.4%
Total Nickel Mined	tonnes	6,357	6,867	6,778	20,002
Ore Processed (Milling/Concentrator)	tonnes	159,616	155,143	151,849	466,608
Processed Grade	Ni %	4.1%	4.2%	4.2%	4.2%
Average Processing Recovery	%	89%	90%	88%	89%
Total Nickel in Concentrate	tonnes	5,763	5,844	5,672	17,279
Total Nickel Sold	tonnes	5,188	6,249	5,397	16,834
Cash Cost Nickel in Concentrate	A$/lb	2.53	2.35	2.23	2.36

Cash Cost Nickel in Concentrate	US$/lb	1.91	1.76	1.69	1.79
Exchange Rate	US$/A$	0.76	0.75	0.76	0.76

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 Andre Wulfse and Mr Marco Orunesu Preiata of Western Areas Ltd. and Mr Charles Wilkinson. Mr Wulfse and Mr Orunesu Preiata are members of AusIMM and are full time employees of the Company. Mr Wilkinson is a member of AusIMM and a consultant to Western Areas. 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: "it appears that the relaxation of the Indonesian ore ban will have only a minor impact on supply with less than 4Mt of low grade (<1.7% Ni) laterite being approved for export".

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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