WESTERN AREAS LTD

Activity Report

For the period ending 30 June 2014

Western Areas is an Australian-based nickel miner listed on the ASX. The main asset is the 100% owned Forrestania Nickel Project, 400km east of Perth. Western Areas is Australia's second largest sulphide nickel miner producing approx. 25,000 tpa nickel in ore from the Flying Fox and Spotted Quoll mines.

Western Areas is an active nickel explorer in Western Australia and holds significant exploration interests in Canada and Finland through shareholdings in Mustang Minerals and FinnAust Mining Plc.

Mining is in progress at the Flying Fox and Spotted Quoll underground mines where significant development is already in place. Flying Fox and Spotted Quoll are two of the lowest cost and highest grade nickel mines in the world.

The total Mineral Resource Estimate at Spotted Quoll now stands at 3.2Mt at an average grade of 5.5% Ni containing 176.5k nickel tonnes. The total Ore Reserve Estimate at Spotted Quoll comprises 2.84 Mt at 4.3% Ni containing approximately 120.5k nickel tonnes.

The total Massive Sulphide Mineral Resource Estimate at Flying Fox below the 800m RL now stands at 1.5Mt at an average grade of 5.7% Ni containing 88.6k nickel tonnes. The total Ore Reserve Estimate at Flying Fox comprises 1.4 Mt at an average grade of 3.9% Ni containing approximately 56.6k nickel tonnes.

The Cosmic Boy concentrator has capacity for 550,000 tpa ore which equates to production capacity of about 25,000 tpa nickel in concentrate. The plant is designed for a future potential upgrade to 750,000 tpa ore.

Western Areas has offtake agreements with BHP Billiton for 12,000 tpa nickel in concentrate, and 13,000 tpa with Jinchuan for a total 25,000 tpa nickel in concentrate.

The Board remains focused on the core business of low cost, long life nickel production, new nickel discoveries and generating returns to shareholders.

ASX code: WSA
Shares on issue: 232m shares
Market capitalisation:
Approx A$1.15B @ $4.96 per share

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ALL FULL YEAR GUIDANCE METRICS BEATEN, STRONGEST CASHFLOW QUARTER IN OVER 2 YEARS AND NOW IN A NET CASH POSITION

Western Areas (WSA or the Company) is pleased to report another solid quarterly performance and excellent full year results on safety, costs, operational metrics and positive free cashflow generation. **Unit cash cost of production was A$2.61/lb of nickel in concentrate for the quarter**, with full year **unit cash cost at A$2.50/lb (US$2.28/lb)** which is 7.4% below the full year guidance of A$2.70/lb.

As a result of the stronger nickel price for the quarter, **consolidated cash at bank increased by A$55.0m to A$230.5m** (which includes A$3.1m of funds held by the majority owned FinnAust Mining Plc). Excluding the equity placement proceeds received of A$17.7m and the interim A$2.3m dividend paid during the quarter, **free cashflow for the quarter was A$39.6m representing the strongest cashflow quarter in over two years. The Company has now moved from a net debt position to net cash of A$10.3m.**

Full year mine production stands at **598,959 tonnes of ore at an average grade of 4.8% for 28,686 nickel tonnes** (1,686t of nickel ahead of guidance), comprising **a record year of annual production from Spotted Quoll of 13,973 nickel tonnes** and 14,713 tonnes of nickel in ore from Flying Fox**.** Full year nickel in concentrate production of 25,700 tonnes was also ahead of guidance.

The Indonesian Government's ongoing ban on the export of unprocessed laterite ore has continued to support the strengthening of the nickel price which has increased over 30% since January 2014. Based on media reports and commentary, the ban for laterite ore exports is expected to remain fully enforced after the elections are completed in July.

June Quarter 2014 Highlights:

1. There was **one Lost Time Injury for the quarter which resulted in a LTIFR of 1.98**.
2. Flying Fox mine production was **67,966 tonnes of ore mined at 5.1% for 3,479 tonnes (7.7M lbs) of contained nickel**.
3. Spotted Quoll mine production was **58,497 tonnes of ore at 4.8% for 2,801 tonnes (6.2M lbs) of contained nickel.**
4. **Record full year mill throughput of 598,152 tonnes of ore** (9% above name plate capacity) aided by 98% mill availability for the year.
5. Total **nickel in concentrate sales comprised 6,374 tonnes (14M lbs) for the quarter and 25,756 tonnes (56.8M lbs)** for the full year.
6. **Unit cash cost of nickel in concentrate of A$2.61/lb (US$2.43/lb) for the quarter and A$2.50/lb for the full year,** better than guidance.
7. **Generated A$55m free cashflow** due to a substantially improved nickel price and the impact of quotational price settlements.
8. **On 2 July, the Company repaid A$95.2m of convertible bonds** which had reached maturity.
9. **Due to the expected early finish of the Jinchuan offtake contract in December 2014,** the Company is considering going out to re-tender in the current September quarter.

1. CORPORATE AND FINANCING

Cashflow

The continued strength of the nickel price into the June quarter has seen **A$56.4m free cash generated** by the Western Areas' parent company. Pre consolidated cash at bank totaled A$227.5m at 30 June 2014, which includes positive QP adjustments of A$11.8m relating to sales revaluations since the March quarter. The consolidated group's cash position at 30 June 2014 is A$230.5m. This includes the majority owned FinnAust Mining Plc cash at bank of A$3.1m.

Due the cashflow generated in the quarter, the consolidated group has now moved from a net debt position to a net cash position of A$10.3m when using the full face value (A$220.2m) of the convertible bonds outstanding

The parent company had total cash at bank plus receivables of A$255.6m at 30 June 2014, A$52.6m higher than the balance at the end of the previous quarter. Major movements outside of normal operating cash flows during the June quarter included receipt of the Share Purchase Plan proceeds of A$17.7m and the payment of a A$2.3m interim dividend in April.

Debt Facilities

The revised ANZ loan facility executed during March 2013 remains undrawn. The facility has A$125m capacity and has been termed out to expire during March 2017.

The remaining terms and conditions, while confidential, are typical for this style of banking arrangement and remain materially consistent with the previous facility. Interest rates and fees applicable have been priced at what the Company considers are competitive rates.

This facility provides repayment certainty for the July 2015 convertible bond maturity. Combined with the Company's existing cash balance, this facility gives the Company flexibility in our approach to retiring the remaining 2015 bond, utilising either cash or a mix of cash and facility.

Convertible Bonds

As at the end of the June Quarter, the Company had two tranches of convertible bonds with staggered maturities as follows:

- July 2014 Convertible Bond - A$95.2m with a 6.4% coupon (convert strike price of A$7.37)
- July 2015 Convertible Bond - A$125.0m with a 6.4% coupon (convert strike price of A$6.32)

On 2 July 2014 the Company fully repaid the A$95.2m outstanding on the July 2014 Bonds. The retirement of the convertible bonds was well flagged to the market and was a key objective for the Company this year. By retiring this debt with cash reserves, Net Profit Before Tax (NPBT) will improve by approximately A$12m in FY15 through reduced interest and bond accretion costs.

The remaining bond (July 2015 maturity) is currently planned to be repaid using existing cash reserves or a mix of cash reserves and the facility. This will potentially result in a further A$12m improvement in NPBT in FY16 (total combined improvement of approximately A$24m per annum from the end of FY15).

Hedging

Western Areas manages nickel sales price risk with a combination of short term quotation period (QP) hedging and a set limit of medium term nickel hedging. The policy allows the use of forward sales, bought options and collar style options:

- QP hedging is used to manage the risk of price fluctuations for nickel already shipped to offtake partners that is yet to have its nickel price finalised.
- Medium term hedging is used to manage the risk of nickel price fluctuations with a maximum 25% of expected nickel sales per month hedged out for a maximum of 12 months.

At quarter's end, the hedge book consisted of QP and medium term nickel hedging of forecast sales. Details of hedges as at 30 June 2014 are as follows:

Hedging Details	FY 2015
Nickel Hedging - Collar Style Options	
Nickel Tonnes Sold	750
Average US$/tn Cap	17,750
Average US$/tn Floor	23,650
Nickel Hedging – Swaps	
Nickel Tonnes sold	300
Average US$/tn	17,400

Offtake Contracts and BHP Nickel West Speculation

Western Areas continues its policy of not speculating on market rumours, but reiterates the strategic importance of its premium nickel concentrate for blending purposes in the Western Australian and Asia Pacific nickel market.

The Company is currently considering a re-tender process for the Jinchuan offtake contract which is forecast to complete in December 2014. The Jinchuan contract is for 26,000t of nickel in concentrate over an estimated two-year period. Western Areas has already received numerous expressions of interests for this contract and reserves the right to reach an agreement early and not go to tender if the Company believes it's advantageous to do so. The Company also sells 12,000t per annum of nickel in concentrate to BHP Billiton's Nickel West pursuant to an offtake agreement that expires in 2017.

2. MINE SAFETY AND ENVIRONMENT

Safety

There was one Loss Time Injury (LTI) sustained for the quarter which increased the LTI frequency rate to 1.98. The injury was sustained by a surface haulage contractor driver with respect to a single vehicle road incident at an internal intersection. The driver sustained injuries to his right arm and shoulder and has made a full recovery. A new road layout has been implemented to reduce the potential for any re-occurrence.

Workplace safety at Western Areas remains a priority with continued focus on hazard recognition and mitigation. In order to extend their emergency medical skills, the site medical team successfully completed an Advance Life Support course, comprising theory, problem solving and 'Code Blue' (medical emergency/cardiac arrest) scenarios.

Western Areas remains committed to maintaining a fully trained Emergency Response Team. Comprising 45 personnel from all areas of the mine, the team meets and trains every week. During the quarter, a further eight people completed nationally recognised training courses in Fire Fighting, Hazard Materials (HazMat) Response and Surface Breathing Apparatus.

The team's training and skills were put to the test during a multi-agency aerodrome emergency drill. In a simulated airplane crash and fire scenario with multiple casualties, more than 45 personnel were involved in the response. Representatives from WA Police, Department of Fire and Emergency Services (DFES), local Volunteer Fire Brigade and several St John's Ambulance personnel worked together to contain, control and manage the scene.

ERT Fire / HazMat / BA training course May/June 2014

Environment

There were two low impact environmental incidents during the quarter which were both due to minor pipeline equipment failures. The environmental impact from these was negligible with the faults repaired.

Environmental staff continued with an in-house project of identifying Malleefowl mounds from aerial photography and follow up onsite investigation. This process has proven to be quite successful with several photographs of Malleefowl preparing their mounds taken using motion sensor activated Scoutguard cameras.

Malleefowl mound

Compliance and Approvals

The Mining Rehabilitation Fund (MRF) ground disturbance data submissions were lodged for all Western Areas tenement packages during the quarter. Full year reporting was compulsory and the Company expects that associated environmental performance bonds will be relinquished following Department of Mines and Petroleum (DMP) assessment and levy payment.

A number of environmental approval submissions have been lodged with various regulators during the quarter. These were largely related to installation of a paste fill plant, upgrades to waste water treatment systems, amendments to clearing permits and amendments to approved conservation management plans.

Mine Closure and Rehabilitation

Talbot Nursery delivered 12,000 seedlings that had been grown from provenance seed collected onsite. Approximately 9,000 of these were planted during the quarter at various rehabilitation sites. The remaining 3,000 seedlings will be planted during the September quarter.

Sustainability

Collection and analysis of annual National Pollution Inventory and National Greenhouse and Energy Reporting Scheme data continued during the quarter.

3. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2013/2014 Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	YTD Total
Flying Fox						
Ore Tonnes Mined	Tns	86,642	83,095	79,328	67,966	317,031
Grade	Ni %	4.8%	4.6%	4.1%	5.1%	4.6%
Ni Tonnes Mined	Tns	4,200	3,791	3,243	3,479	14,713
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	77,097	74,720	71,614	58,497	281,928
Grade	Ni %	5.3%	4.8%	4.8%	4.8%	5.0%
Ni Tonnes Mined	Tns	4,090	3,616	3,466	2,801	13,973
Total - Ore Tonnes Mined	Tns	163,739	157,815	150,942	126,463	598,959
Grade	Ni %	5.1%	4.7%	4.4%	5.0%	4.8%
Total Ni Tonnes Mined	**Tns**	**8,290**	**7,407**	**6,709**	**6,280**	**28,686**

Flying Fox

As outlined in the March Quarterly Report, the Flying Fox grade returned to high levels as per the mine plan. The final quarter of the full year saw Flying Fox produce 67,966t of ore at an average grade of 5.1% for 3,479t of contained nickel.

Full Year Production well exceeded guidance targets with 317,031t of ore mined at an average head grade of 4.6% to produce 14,713t of nickel.

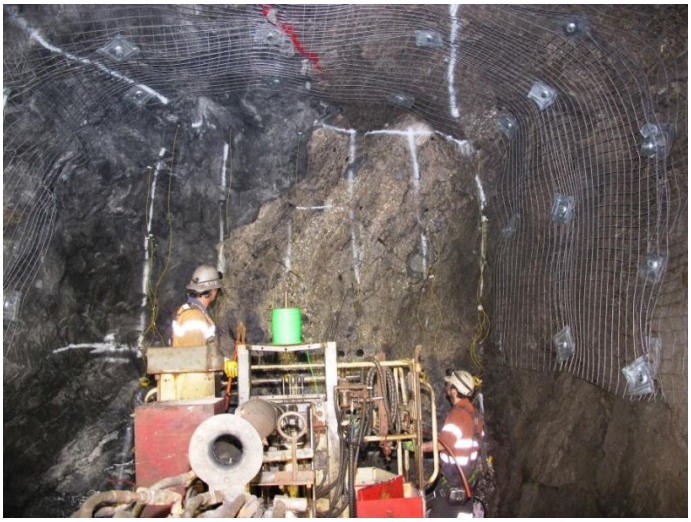
Ore production for the quarter was predominantly from T5 longhole stopes (385 and 285), with minimal jumbo benching in the 295 and 410 levels. New stoping horizons were opened up in the 515 level (T5) and the 630 and 640 (T4).

Narrow vein mining continued in the 750 and 730 stopes with air-leg mining development in the 385 flatback area and the 750 North plus a small number of miscellaneous air-leg rises.

Mine Development

The Streeter Decline remained on hold during the quarter and other lateral capital development was finished a month ahead of schedule for a modest total of 66m for the quarter. Operating lateral development completed 63m of development for the 527 and 285 stope accesses plus 85m of equivalent metres advance in various areas.

The two boom jumbo completed the lateral development for the quarter with the one boom jumbo used to install rehabilitation ground support as required.



Charging the 285 South Ore Drive (full face of massive sulphides)

Spotted Quoll

Production

Spotted Quoll production was 58,497 tonnes at 4.8% for 2,801 nickel tonnes for the quarter. FY14 was a record year for Spotted Quoll underground with 13,973t of contained nickel production. This result was significantly above guidance and sets a new annual production record.

The now well established 'top-down' longhole benching using paste-fill has proven to be a reliable and productive stoping method. Block A stoping was completed with the 1155 final panel being filled in June, with Block C stoping starting at the 1065 level in the same month.

Mine Development

The Hanna Decline advanced 165m during the quarter passing the milestone vertical depth of 500m during June. Total lateral development was 779m, with 303m of ore drive development. Ore drive development remains two levels ahead of the stoping front to ensure sufficient stoping sites are available to maintain the required production rates.

Preparation of the North Lode access on the 1230 and 1140 levels was completed in line with bringing this area into production in the second quarter FY15.

Cosmic Boy Nickel Concentrator

Tonnes Milled and Sold		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	YTD Total
Ore Processed	Tns	150,475	148,901	147,544	151,232	598,152
Grade	%	4.9%	4.9%	4.8%	4.7%	4.8%
Ave. Recovery	%	90%	88%	90%	89%	89%
Ni Tonnes in Concentrate	**Tns**	**6,593**	**6,427**	**6,344**	**6,336**	**25,700**
Ni Tonnes in Concentrate Sold	Tns	6,554	6,409	6,418	6,374	25,756
Total Nickel Sold	**Tns**	**6,554**	**6,409**	**6,418**	**6,374**	**25,756**

The Cosmic Boy Concentrator processed 151,232 tonnes of ore at an average grade of 4.7% nickel, which produced 43,927 tonnes of concentrate grading 14.4% nickel for 6,336 nickel tonnes. The Concentrator achieved a metallurgical recovery of 89% with 98.4% plant availability.

For the full year, the Cosmic Boy Concentrator treated a record 598,152 tonnes at an ore grade of 4.8% nickel. A total of 173,998 tonnes of concentrate was produced at 14.8% nickel containing 25,700 nickel tonnes (700t of nickel above guidance). Nickel recovery for the year averaged 89%. Full year mill throughput was in line with mined ore tonnages.

At the end of the quarter, 137,889 tonnes of ore at an average grade of 3.8% nickel, containing over 5,274 tonnes of nickel, was stockpiled at site awaiting treatment at the Cosmic Boy Concentrator. The current stockpile represents around three months of mill feed and enables the selection of an optimal mill feed blend.

Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr
	Ore	Tns	151,232	159,260	162,658	137,889
	Grade	%	4.2%	4.1%	3.8%	3.8%
	Concentrate	Tns	2,307	2,613	1,866	2,058
	Grade	%	14.3%	15.8%	14.0%	15.2%
Contained Ni in Stockpiles		**Tns**	**6,661**	**6,889**	**6,366**	**5,575**

Cash Costs

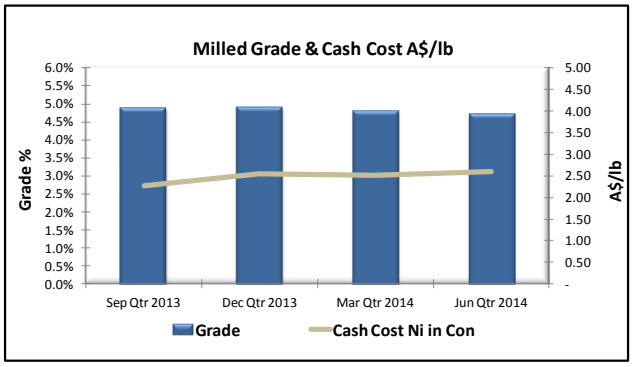
Financial Statistics		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	YTD
Group Production Cost/lb						
Mining Cost (*)	*A$/lb*	1.65	1.88	1.84	1.99	1.84
Haulage	*A$/lb*	0.06	0.06	0.06	0.05	0.06
Milling	*A$/lb*	0.40	0.44	0.43	0.43	0.43
Admin	*A$/lb*	0.19	0.19	0.21	0.16	0.19
By Product Credits	*A$/lb*	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	***A$/lb***	**2.28**	**2.54**	**2.52**	**2.61**	**2.50**
Cash Cost Ni in Con/lb (***)	***US$/lb (**)***	***2.09***	***2.36***	***2.26***	***2.43***	***2.28***
Exchange Rate US$ / A$		***0.92***	***0.93***	***0.90***	***0.93***	***0.91***

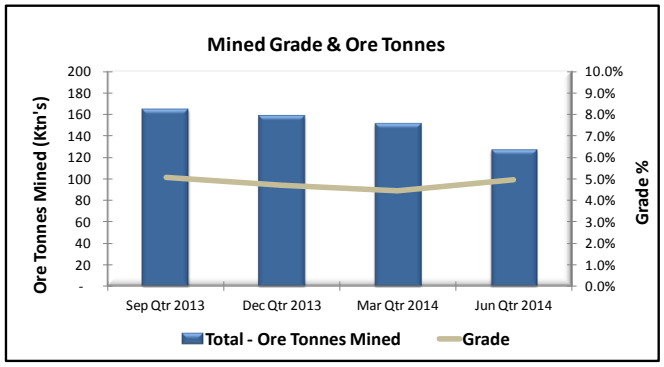
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

(**) US$ FX for Relevant Quarter is RBA ave daily rate (Jun Qtr = A$1:US$0.93)

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties.

Note: Grade and recovery estimates are subject to change until the final assay data are received.





The unit cash cost of nickel in concentrate (excluding smelting/refining charges and royalties) for the **June Quarter was A$2.61/lb** (US$2.43/lb). **Full year unit cash costs were A$2.50/lb,** being well below the full year guidance of <A$2.70/lb. Main contributors to this excellent performance included:

1. Above expected mill availability leading to increased ore throughput
2. Higher mined grades from Flying Fox included in the mill blend
3. Sustained focus on absolute cost management, particularly mining contracting costs, logistics, mill consumables and wages

4. NICKEL SALES

Delivery of concentrate from Cosmic Boy to BHP Billiton's operations at Kambalda and Jinchuan's smelter in China continued without disruption during the quarter. **A total of 43,895 tonnes of concentrate was delivered containing 6,374 tonnes of nickel.** The concentrate stockpile at Cosmic Boy stands at 2,058 tonnes at a grade of 15.2% nickel, containing 313 tonnes of nickel metal. Due to the maturity of the sales and logistics function, the Company was able to maximise working capital by maintaining minimum levels of nickel concentrate in stockpiles.

Total concentrate deliveries for the FY14 were 174,936 tonnes of concentrate containing 25,756 tonnes of nickel.

The MV Welle transporting Western Areas nickel concentrates in half height containers

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

An update of the Flying Fox Resource is in its final review stage and is expected to be released before the end of the next quarter.

Remodelling (resource and structure) of the Flying Fox T5/T7 orebody suggests that the T7 mineralisation may be trending north towards the dolerite dyke and a drilling program to test this area has been budgeted and is expected to start in August 2014.

The Mineral Resource Estimate for the Flying Fox massive sulphide mine (depleted for the June Q) now stands at **1.55Mt of ore at a grade of 5.7% Ni for 88,609 nickel tonnes.**

The Ore Reserve Estimate for Flying Fox (depleted for the June Q) now stands at **1.45Mt of ore at a grade of 3.9% Ni for 56,550 nickel tonnes.**

The longitudinal section below (Figure 1) shows the Flying Fox mine below 800m RL with mineral resources and ore reserves depleted for mining production during the quarter.

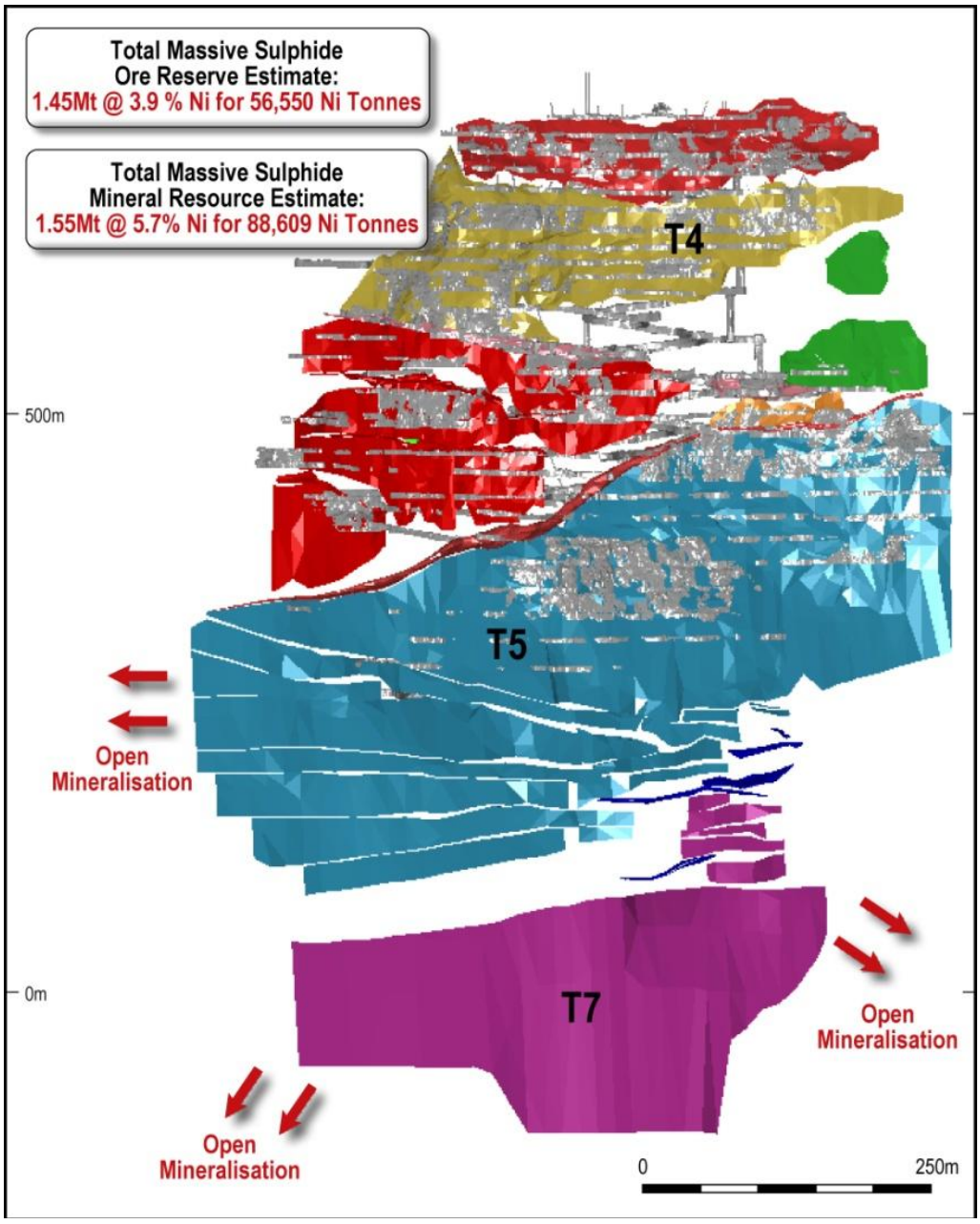


Figure 1: Longitudinal section of the Flying Fox Resource model below the 800mRL

Spotted Quoll

The longitudinal section below (Figure 2) shows the Spotted Quoll mine development with mineral resources and reserves depleted for mining production during the quarter.

The Mineral Resource Estimate (depleted for the June Q) now stands at **3.20Mt of ore at a grade of 5.5% Ni for 176,491 nickel tonnes.**

The Ore Reserve Estimate (depleted for the June Q) now stands at **2.84Mt of ore at a grade of 4.2% Ni for 120,540 nickel tonnes.**

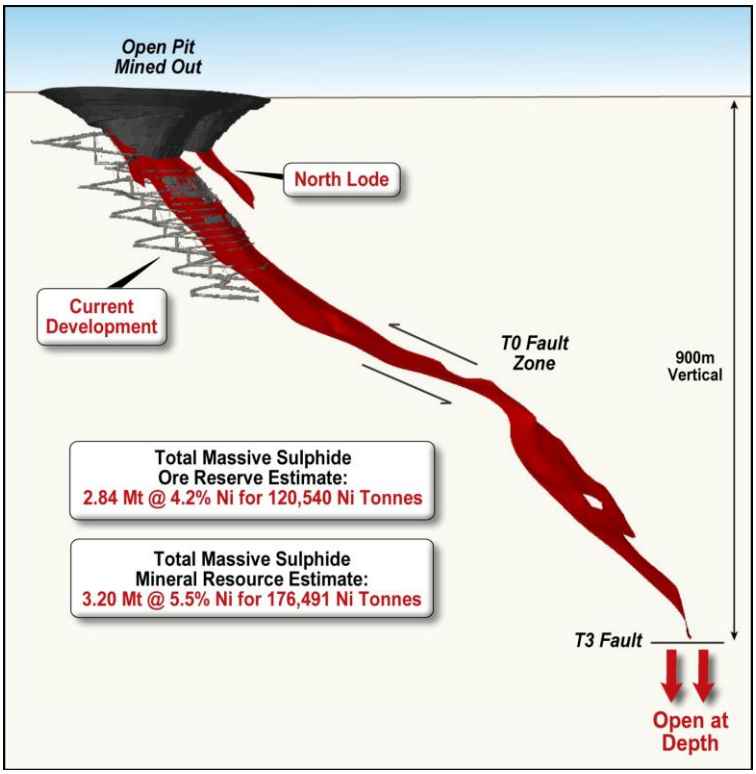


Figure 2: Cross section of the Spotted Quoll Resource model

6. BIOHEAP

The feasibility study on the treatment of Cosmic Boy flash cleaner tailings stream, using BioHeap's technology, remains on track to be completed towards the end of the calendar year. Should the feasibility study be successful, the Company anticipates being able to increase mill recovery from an average of 89% up to 93%. The main focus through the June quarter, and continuing into the September quarter, is testing of the leaching, recovery and associated unit processes to support the ongoing engineering. This work is being conducted in BioHeap's own mini plant and the feasibility study is being managed by Proteus Engineering.

BioHeap's active R&D programs aim to explore projects that will strengthen existing technology as well as expand BioHeap's capabilities. Two recent examples of development work by BioHeap are the bioleaching of base metal sulphides at elevated pH and the recovery of valuable nickel from the Flash Cleaner Tailings. The results from both these studies have lead to two presentations and publications in the 2014 ALTA conference proceedings, leading to further interest from potential clients.

7. INFRASTRUCTURE

The second upstream lift of the Cosmic Boy Tailings Storage Facility (TSF) was completed this quarter. The two metre lift was completed on time and on budget using 3D Earthmoving as the principal contractor.

The upstream methodology uses in situ tailings along with underground development non acid forming (NAF) waste rock material for wall armouring. The lift will add two years to the tailings dam life and planning for the next lift will commence in 2015.

The Cosmic Boy aerodrome drainage upgrade was completed late in the quarter to comply with the Civil Aviation Safety Authority (CASA) requirements.

3D earthmoving equipment in action at the TSF lift

8. EXPLORATION

The majority of the exploration activities during the June quarter were directed at the evaluation of targets within the Western Ultramafic Belt (WUB), including at the New Morning, Lounge Lizard/Flying Fox South and Flying Fox North/North Ironcap and Spotted Quoll South prospects. Drilling was also undertaken on prospects along the Eastern Ultramafic Belt (EUB), including Krasenstein West, Krasenstein and Mt Gibb (Figure 3). Electromagnetic (EM) surveys were completed over Krasenstein, Krasenstein West and Lake King areas.

September quarter exploration drilling is proposed to continue at Flying Fox North/North Ironcap, Sebelius, the EUB targets including Liquid Acrobat, Mt Hope and Krasenstein prospects.

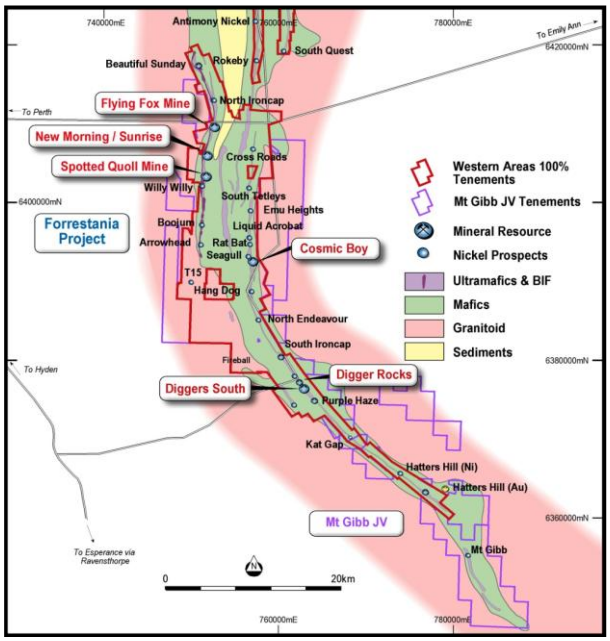


Figure 3: Plan showing Forrestania tenements; mines and key prospects

Forrestania Projects

New Morning

In preparation for testing the shallower portions of the New Morning and Sunrise mineralisation, seven short RC pre-collars were drilled (NMD188-195, see table below) to facilitate diamond drilling. One of these holes (NMD188) appears to have intersected the mineralisation (predominately supergene) early, returning **19m @ 2.2% Ni** from 40m with **1m @ 4.65% Ni** at EOH (70m) from NITON sampling (assays pending). The results indicate the mineralisation may be more extensive than initially thought but the true significance of this intercept will not be known until the diamond program has been completed and assays returned in the September quarter.

HOLEID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	FROM (m)	Width (m)	Ni %
NMD188 (pre collar)	751683	6405890	1395	70	RC	-75	270	40m 19m @ 2.2% Ni (NITON)		
NMD189 (pre collar)	751683	6405890	1395	50	RC	-50	270	NSI		
NMD190 (pre collar)	751745	6406380	1405	90	RC	-60	270	NSI		
NMD191 (pre collar)	751720	6406410	1405	60	RC	-60	270	NSI		
NMD192 (pre collar)	751940	6405620	1394	45	RC	-50	270	NSI		
NMD193 (pre collar)	751960	6405620	1394	65	RC	-66	270	NSI		
NMD195 (pre collar)	751990	6405740	1394	50	RC	-65	270	NSI		

Drilling in the June quarter also continued testing for extensions of the high grade mineralisation below the existing known resource, particularly testing for additions to the north of the known mineralisation in the southern portion of the ultramafic body (see Figure 4).

Two holes were drilled, NMD186W1W1 and NMD187 which tested the basal contact north of the main mineralised trend. The drilling focussed on locating contact related mineralisation associated with the long intervals of disseminated mineralisation returned in a number of intercepts previously reported and may be indicators of a channel flank position (Figure 4). This area is poorly tested with holes spaced up to 300m apart. The strategy was to drill a series of holes to both intersect the contact and use the holes as platforms for DHEM to locate further massive sulphide mineralisation.

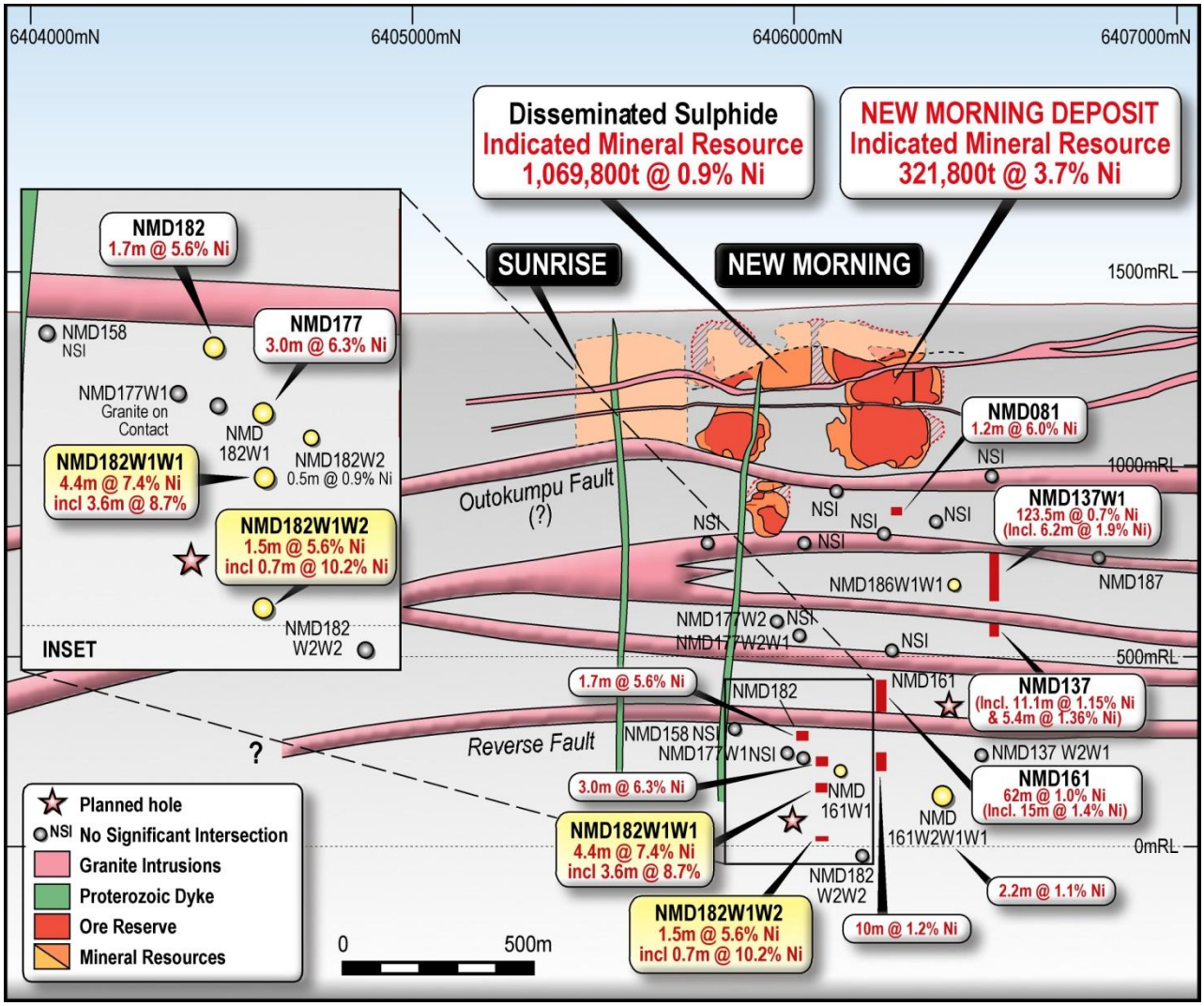


Figure 4: Interpreted Long Projection of the footwall contact at New Morning showing recent drilling and proposed drill targets

Drill hole NMD186W1W1 intersected a granite affected/faulted contact. Nickel sulphides (0.7m @ 1.4% Ni from 734.3m) were intersected on the upper contact of the granite. Subsequent DHEM failed to indicate the mineralisation was associated with a nearby large conductive body.

NMD187 was drilled to test the footwall contact approximately 300m to the north of NMD186W1W1, with a target depth of 740m. The hole intersected the contact at 648m downhole. It is interpreted that a fault (shown by a significant flat lying, intrusive felsic granite, approximately 30m thick) separates the hangingwall units from the footwall units. A DHEM survey is planned for July to highlight if there is any significant mineralisation adjacent to the hole. A review of the DHEM data once received and the drilling to date will then be conducted during the September quarter to highlight further targets.

HOLEID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	FROM (m)	Width (m)	Ni %
NMD186W1W1	752312	6406447	1400	801.8	DD	-78	282	734.3m 0.7m @ 1.4%		
NMD187	752304	6406696	1413	751.1	DD	-78	282	NSI		

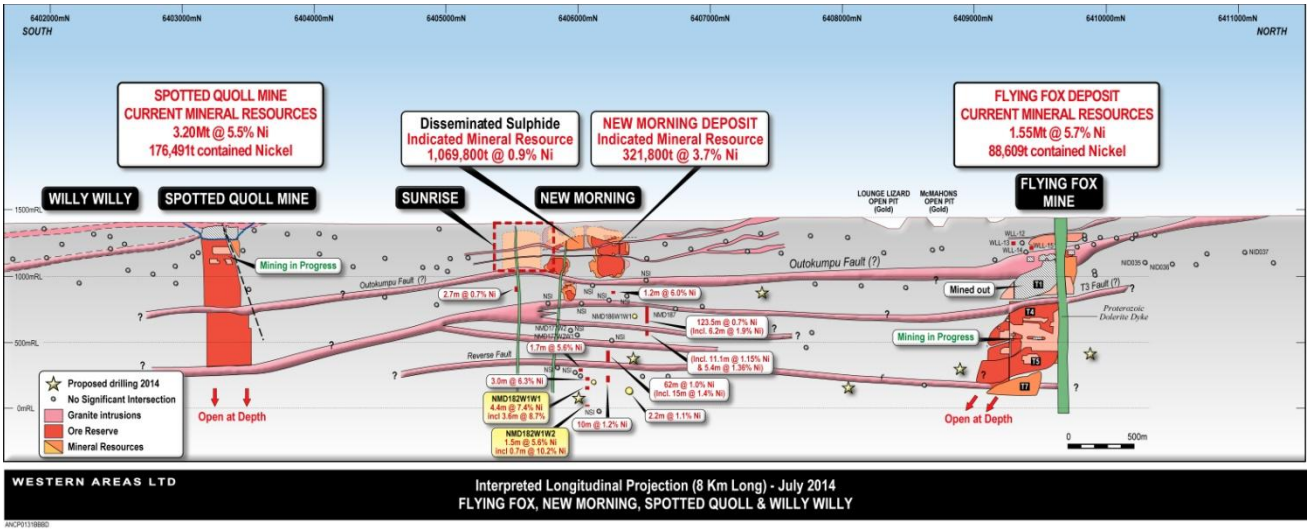


Figure 5: Interpreted Long Projection of the Western Belt footwall contact extending 6km from Spotted Quoll to Flying Fox

Lounge Lizard / Flying Fox South

As part of the evaluation of the 6km corridor between the Spotted Quoll and Flying Fox mines, the Company is continuing its assessment of the 3km section between the Lounge Lizard deposit (currently mined from Flying Fox) and the New Morning deposit (Figure 5).

Flying Fox North/North Ironcap

The area to the north of the Flying Fox mine has been targeted for testing as this area has received little deep drilling historically. A drill program was commenced with two diamond holes NID035 and NID036 and four RC holes NIRC027 to NIRC030 completed during the quarter. Assays are pending for the holes but initial geological logging has not identified nickel sulphides. It is planned to complete DHEM on the diamond holes in the coming quarter. The drill program testing of this area to the north of Flying Fox will continue during the September quarter.

HOLE ID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
NIRC027	753100	6411568	1428	178	RC	-60°	270	Assays Pending
NIRC028	753125	6411767	1427	173	RC	-60°	270	Assays Pending
NIRC029	753130	6411965	1427	193	RC	-60°	270	Assays Pending
NIRC030	753050	6412164	1430	178	RC	-60°	270	Assays Pending
NID035	753460	6410370	1415	440.9	RC/DD	-60°	270	Assays Pending
NID036	753450	6410570	1415	440.1	RC/DD	-60	270	Assays Pending

Other Forrestania Projects

Exploration activities outside the New Morning – Flying Fox north corridor were conducted both within the WUB, at Spotted Quoll south and also the EUB at Krasenstein, Krasenstein West and Mt Gibb prospects, (Figure 3). Exploration drilling also commenced at Sebelius which is part of the inner ultramafic belts.

At Krasentein West (some 40km NNE of Flying Fox Mine) five RC holes were completed to test a significant magnetic anomaly as well as elevated platinum-group elements (PGEs) (up to 135ppb PGE combined) from previous Auger sampling. No visible sulphides were intersected and no strongly elevated nickel NITON values were returned. The geology is being compiled but assays results will be required to assess whether the drilling has been successful in determining the source of the elevated PGEs. A small fixed loop EM survey was conducted over the magnetically anomalous area subsequent to the drilling. The results of which are expected in the September quarter.

HOLE ID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
KWRC001	753100	6411568	1404	114	RC	-60°	090	Assays Pending
KWRC002	753125	6411767	1418	109	RC	-60°	090	Assays Pending
KWRC003	753130	6411965	1401	215	RC	-60°	090	Assays Pending
KWRC004	753050	6412164	1410	120	RC	-60°	090	Assays Pending
KWRC005	752897	6413963	1403	180	RC	-70°	090	Assays Pending

A single hole (KRC032) was completed at the northern end of the Krasenstein area (located some 45km NNE of the Flying Fox Mine). Although the hole drilled through a thick cumulate ultramafic sequence with trace disseminated sulphides and elevated copper values (up to 582ppm) adjacent to the footwall contact at 183m, no significant nickel values were returned. Subsequent to the hole being drilled, a MLEM survey 0.8km by 3.5km with 200m spaced lines was completed over the area. Data from the survey is being compiled and will be available in the September quarter.

HOLE ID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	FROM (m)	Width (m)	Ni %
KRC032	761400	6451320	1421	194	RC	-60	90	Assays pending		

The prospectivity of the Mt Hope area, located approximately 30 km NNE of Flying Fox, is under review. The area contains a significant volume of cumulate ultramafic rocks, the Mt Hope dunite. A large number of the historic diamond holes, drill core of which is retained at the Forrestania Core Yard, were re-logged and selective intervals were cut and sent for assay.

Assay results from the previous quarter's drilling at the Mt Hope prospect, located some 45km north of Cosmic Boy, were received and are tabulated below. Drilling concentrated on the central traverse, 6435700N, with one traverse 100m to the north and one traverse 200m to the south. **Thick high grade nickel values (up to 9.4% Ni) were returned in clays from 8m.** The initial interpretation is that the source of the nickel is associated with lateritic nickel, but further work is being undertaken to confirm this.

HOLEID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	Width (m)	Ni %	FROM (m)
MHAC001	763782	6435708	1400	36	A/C	-60°	90°	15m @ 4.3% Ni from 9m #		
MHAC002	763765	6435705	1400	43	A/C	-60°	90°	17m @ 1.9% Ni from 8m #		
MHAC003	763743	6435703	1400	34	A/C	-60°	90°	7m @ 5.3% Ni from 24m #		
MHAC004	763808	6435705	1400	22	A/C	-60°	90°	8m @ 1.7% Ni from 12m #		
MHRC042	763750	6435700	1400	45	RC	-90°	0°	No intercepts > 1% Ni		
MHRC044	763830	6435700	1400	36	RC	-90°	0°	5m @ 1.2% Ni from 11m		
MHRC045	763870	6435800	1400	31	RC	-90°	0°	9m @ 0.9% Ni from 10m		
MHRC046	763830	6435800	1400	41	RC	-90°	0°	18m @ 1.2% Ni from 4m		
MHRC047	763700	6435500	1400	40	RC	-90°	0°	No intercepts > 1% Ni		
MHRC048	763740	6435500	1400	45	RC	-90°	0°	No intercepts > 1% Ni		
MHRC049	763660	6435500	1400	40	RC	-90°	0°	13m @ 1.4% Ni from 9m Incl 7m @ 1.9% Ni from 11m		
MHRC050	763620	6435500	1400	49	RC	-90°	0°	3m @ 1.3% Ni from 18m		
MHD032	763770	6435700	1400	46.9	DD	-90°	0°	16m @ 2.42% Ni from 10m		
MHD033	763790	6435700	1400	45	DD	-90°	0°	20m @ 3.6% Ni from 7.1m Incl 13m @ 4.9 % Ni from 8.1m		

- reported previously

Mt Gibb JV (Earning 70%)

Within the southern portion of the Mt Gibb joint venture (approximately 45km southeast of Cosmic Boy), a further hole (MGD009) was completed following up a conductor modelled from MGD012, at approximately 210-215m downhole. No nickel sulphide mineralisation was intersected in the hole. Barren sulphides were intersected within a siliceous sediment between 195.6 and 199.73m, and are consistent with the modelled plate target area.

HOLE ID	Easting	Northing	RL_MINE	DEPTH (m)	Type	DIP	Azimuth	FROM (m)	Width (m)	Ni %
MGD009	220915	6355570	1400	260.6	RC/DDH	-60°	215°	NSI		

9. AUSTRALIAN REGIONAL EXPLORATION

The majority of Western Areas' extensive regional nickel interests in Western Australia include joint venture projects which extend over 500km in the central part of the Yilgarn Craton. These projects host several significant nickel sulphide discoveries outside of Forrestania. In addition, the Company is also exploring ground within the Musgrave Province. Potential new projects are also being reviewed by Western Areas.

Musgraves Nickel-Copper Joint Venture (WSA can earn up to 70% interest)

The Company announced the execution of a Farm-in and Joint Venture Agreement with Traka Resources Limited (Traka) in mid 2013. The Agreement provides a staged program for Western Areas to acquire up to a 70% interest in a number of Traka's core tenements within the Musgrave region of Western Australia.

During the quarter, and after the first full year of the JV, Western Areas successfully completed Phase 1 of the earn-in period by spending $1.3M on exploration activities which included surface EM programs and targeted RC drilling. Accordingly, Western Areas earned a 30% interest in Traka's portion of the project tenements, and moved into Stage 2 of the JV earn-in.

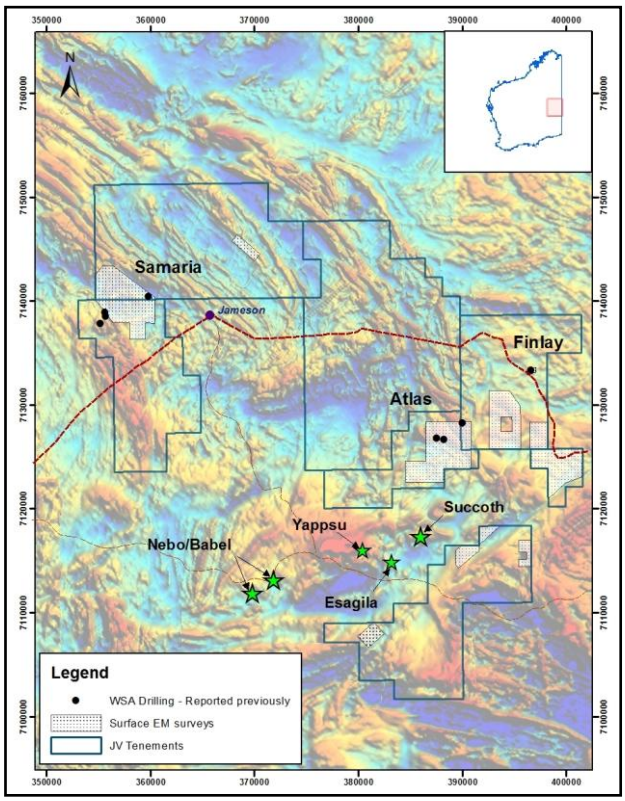


Figure 6: Musgrave Project Tenure and Drill Hole Location Plan

Southern Cross Goldfields Nickel Joint Venture (WSA 70% interest)

Exploration work during the quarter was focused on quantifying the results from the last phase of exploration in the Marda area. Detailed geochemical analysis and petrographic work has indicated that the anomalous nickel is derived from the lateritic enrichment of high MgO, komatiitic ultramafics. Despite the high volume of ultramafics in the area, it is believed that the sampling program was sufficiently broad to screen for potential nickel sulphides and no further work is planned in the Marda area.

September quarter activities will focus on the Perrinvale area (Figure 7). The Perrinvale area is relatively unexplored for nickel sulphides and early indications suggest that the stratigraphy could be similar to that as seen in the Mt Alexander Nickel Project (BHPB/WSA JV), where WMC/BHPB has intersected 14m @ 1.91% Ni and 0.75% Cu (including 4.1m @ 4.77% Ni and 1.68% Cu).

The initial work program at Perrinvale will consist of target generation activities including geochemical auger sampling and air-core drilling. Any anomalous results will be followed up with RC drilling and surface EM programs.

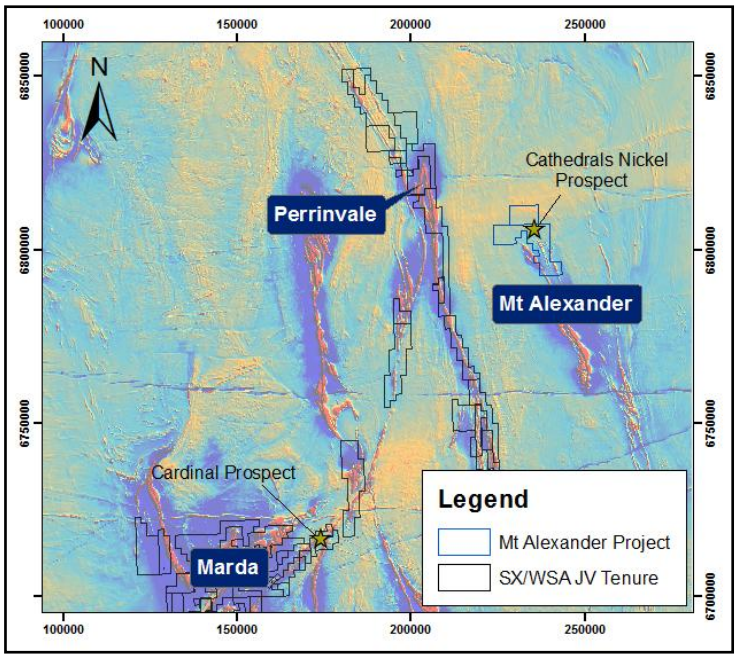


Figure 7: Southern Cross JV Tenure and Exploration Focus Area

10. FINNAUST MINING Plc (WSA 68%)

Drilling for the quarter has been focused on the Hammaslahti mine corridor, on one and possibly two parallel fault structures to the east of the main mineralised fault zone. For the quarter, a total of 11 diamond drill holes were completed (R315 to R325) for a total of 2,687m. Drill hole R325 completed on 28 June, and the last hole prior to a four week summer drill break, intersected semi-massive to massive sulphides from 196.8m downhole. This is extremely encouraging and opens up new potential for mineralisation in this area.

Drill holes now being planned and completed are finding sought after geology, alteration halos, significant sulphide enrichment and in places ore-grade copper and zinc.

The exploration team has now identified new southerly plunging mineralised structures sitting adjacent to each other and extending well north of previously known mineralisation. Converting these discoveries into meaningful copper and zinc mineralisation remains a challenge due to the "poddy" nature of the historic mine.

From the overall budgeted 10,300 drill metres, a total of 7,099 metres has been drilled to-date comprising:

- 28 holes for 5,638 metres at Hammaslahti and;
- 4 holes for 1,461 metres at Outokumpu.

-ENDS-

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QAQC & COMPETENT PERSON'S STATEMENT:
The information within this report as it relates to exploration results is based on information compiled by Mr Charles Wilkinson who is a permanent employee of Western Areas Ltd and who is a member of the Australasian Institute of Mining and Metallurgy. Mr Wilkinson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Wilkinson consents to the inclusion in the report of the matters based on the information in the form and context in which it appears and are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania Nickel Project. Surface diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument together with a comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. Samples of quarter core from the drill holes described in this release are prepared and analysed by ALS Chemex Ltd laboratory in Perth for nickel, copper, cobalt and other elements. Core samples are crushed and pulverised to 90% passing 75 microns then analysed for nickel by ore grade determination using the ALS OG–62 method. Assays standards are routinely inserted in the sample stream for quality control.

The information within this report as it relates to mineral resources, ore reserves and mine development activities is based on information compiled by Mr Andre Wulfse and Mr Dan Lougher of Western Areas Ltd. Mr Wulfse and Mr Lougher are members of AusIMM and are full time employees of the Company. 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 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. The information contained in this presentation in relation to the Flying Fox Mine was prepared and first disclosed under the 2004 Edition of the JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

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: "Based on media reports and commentary, the ban for laterite ore exports is expected to remain fully enforced after the elections are completed in July." and, "Due to the expected early finish of the Jinchuan offtake contract in December 2014, the Company is considering going out to re-tender in the current September quarter" and, " The remaining bond (July 2015 maturity) is currently planned to be repaid using existing cash reserves or a mix of cash reserves and the facility", and "The feasibility study on the treatment of Cosmic Boy flash cleaner tailings stream, using BioHeap's technology, remains on track to be completed towards the end of the calendar year. Should the feasibility study be successful, the Company anticipates being able to increase mill recovery from an average of 89% up to 93%".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Project, the Regional Nickel Projects or FinnAust Mining Plc 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.

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

Western Areas Ore Reserve / Mineral Resource Statement - Effective date 30th June 2014

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification	JORC Code
Ore Reserves					
1. Flying Fox Area	1,445,800	3.9	56,550	Probable Ore Reserve	2004
2. Spotted Quoll Main	2,669,000	4.2	110,940	Probable Ore Reserve	2004
Spotted Quoll North	168,000	5.7	9,600	Probable Ore Reserve	2012
3. Diggers Area					
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL ORE RESERVES	**6,391,800**	**3.3**	**207,890**	**Probable Ore Reserve**	
Mineral Resources					
1. Flying Fox Area					
T1 South	65,600	3.9	2,580	Indicated Mineral Resource	2004
	35,200	4.9	1,720	Inferred Mineral Resource	2004
T1 North	45,400	4.2	1,900	Indicated Mineral Resource	2004
	12,700	4.8	610	Inferred Mineral Resource	2004
T4 Massive Zone	131,938	4.9	6,473	Indicated Mineral Resource	2004
	14,680	3.9	580	Inferred Mineral Resource	2004
T5 Massive Zone	1,079,161	6.1	66,080	Indicated Mineral Resource	2004
	94,500	5.4	5,100	Inferred Mineral Resource	2004
T7 Massive Zone	60,593	5.4	3,268	Indicated Mineral Resource	2004
	9,514	3.1	298	Inferred Mineral Resource	2004
Total High Grade	1,549,286	5.7	88,609		
T5 FF Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource	2004
	357,800	1.0	3,460	Inferred Mineral Resource	2004
T5 LL Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	2004
Total Disseminated FF - LL	4,983,000	0.8	41,050		
Total Flying Fox - Lounge Lizard	6,532,286	2.0	129,659		
New Morning / Daybreak					
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource	2004
	93,100	3.5	3,260	Inferred Mineral Resource	2004
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource	2004
	659,200	0.9	5,780	Inferred Mineral Resource	2004
Total New Morning / Daybreak	2,143,900	1.4	30,700		
Spotted Quoll Main	160,060	6.2	9,871	Measured Mineral Resource	2012
	2,265,647	5.3	120,518	Indicated Mineral Resource	2012
	641,629	5.2	33,196	Inferred Mineral Resource	2012
Spotted Quoll North	118,414	8.9	10,539	Indicated Mineral Resource	2012
	21,250	11.0	2,367	Inferred Mineral Resource	2012
Total Spotted Quoll	3,207,000	5.5	176,491		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
TOTAL WESTERN BELT	12,363,186	2.8	343,570		
2. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	2004
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	2004
TOTAL COSMIC BOY AREA	375,900	2.4	8,950		
3. Diggers Area					
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource	2004
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource	2004
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource	2004
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource	2004
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource	2004
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	2004
TOTAL DIGGERS AREA	10,028,200	1.0	99,570		
TOTAL MINERAL RESOURCES	**22,767,286**	**2.0**	**452,090**		

TABLE 1 : SECTION 1 : Sampling Techniques and Data - Forrestania

JORC 2012 TABLE 1

Section 1: Sampling Techniques and Data

Criteria	*JORC 2012 Explanation*	Comment
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Exploration targets were generally sampled using diamond drill (DD), occasionally with Reverse Circulation (RC) pre-collars to nominally 100m depth). Holes were typically drilled perpendicular to the strike (north-south) of the stratigraphy, at angles ranging between 55º and 75º. • Drill holes were located initially with hand held GPS and later surveyed by differential GPS. DD holes were used to obtain high quality samples that were fully oriented and logged for lithological, structural, geotechnical attributes. Each sample of diamond drill core submitted to ALS laboratories at Malaga, Perth was weighed to determine density by the weight in air, weight in water method. The balance used for these determinations was a EK-12KG electronic balance with an accuracy of +/- 0.001 Kg, the balance is regularly checked with 2kg, 5kg and 7kg standard weights. All sampling was conducted under WSA QAQC protocols which are in accordance with industry best practice. • Diamond drill core (NQ2) is 1/4 core sampled on geological intervals (0.2m - 1.5m) to achieve sample weights under 2kgs. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by 4 acid digest with an ICP/AES and FA/ICP (Au, Pt, Pd) finish. RC drilling is used to obtain 1m samples (or composited over 2 to 4m) from which 3kg is pulverised (total prep) to produce a sub sample for assaying as per DD samples. • Where indicated samples are also tested with a NITON portable XRF machine on-site to determine an initial estimation of grade. For diamond drill core sample interval is 0.5m. For RC drill samples, the NITON samples are prepared by first obtaining a representative cutting of the 3kg drill metre sample, drying the cutting, and then a determination is made.
Drilling Techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling comprises HQ and NQ2 sized core . The core was oriented using ACT II control panels and ACT III downhole units. Orientation spears are also used intermittently as a validation tool. • RC drilling comprises nominally 140mm diameter face sampling hammer drilling.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias*	• Diamond core and RC recoveries are logged and recorded in the database. Overall recoveries are >95% and there was no core loss issues or significant sample recovery problems. • Diamond core was reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers. RC samples were visually checked for recovery, moisture and contamination. • The bulk of drilling is by diamond core drilling, which has high recoveries. The massive sulphide style of mineralisation and the consistency of the mineralised intervals are considered to preclude any issue of sample bias due to material loss or gain.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc)* • *The total length and percentage of the relevant intersections logged.*	• Geotechnical logging was carried out on all diamond drillholes for recovery, RQD and number of defects (per interval). Information on structure type, dip, dip direction, alpha angle, beta angle, texture, shape, roughness and fill material is stored in the structure table of the database. • Logging of diamond core samples recorded lithology, mineralogy, mineralisation, structural, weathering, colour and other features of the samples. Core was photographed in both dry and wet form. • All diamond drillholes were logged and photographed in full. RC holes are logged in full.

Sub-sampling techniques and sampling preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core was cut in quarters (NQ2) onsite using an Almonte automatic core saw. All samples were collected from the same side of the core. • All samples in the New Morning Deeps Exploration target were taken from NQ diamond drill core. • RC samples were collected on the rig using cone splitters. Composite samples are collected via riffle splitting or spearing to generate a single sample of less than3kg. • The sample preparation of diamond core follows industry best practice in sample preparation involving oven drying, coarse crushing of the half core sample down to ~10 mm followed by pulverisation of the entire sample (total prep) using Essa LM5 grinding mills to a grind size of 85% passing 75 micron. • Field QC procedures involve the use of certified reference material as assay standards, along with blanks, duplicates and barren washes. The insertion rate of these averaged 1:20, with an increased rate in mineralised zones. • Field duplicates were conducted on approximately 1 in 10 drill intersections. During assessment of mineralised areas 10% of samples were also selected for umpire sampling. All QAQC samples were returned within acceptable statistical ranges. • Standards are inserted approximately every 20 samples or at least one every hole for both diamond and RC drilling. Duplicates are normally inserted evey 20 samples in RC drilling and never with exploration diamond drilling. Blanks are inserted selectively in RC and diamond programmes, at least one and sometimes two samples per hole or after massive sulphides or prominent mineralisation for regular monitoring and to detect smearing in the laboratory processing. • The sample sizes are considered to be appropriate to correctly represent the sulphide based on: the style of mineralisation (disseminated sulphides), the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of assay data labaratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• All samples were subjected to ICP-AES analysis using nitric, perchloric, hydroflouric and hydrochloride acid digest. Samples which assayed greater than 10000ppm Ni were treated to OG62 near total digest using the same 4 acids, suitable for silica based samples, and analysed using conventional ICP_AES analysis. Samples were routinely assayed for PGE's using PGM-ICP23 • No Geophysical tools were used to determine any element concentrations relating to this exploration target estimate. A handheld NITON XRF instrument was used to determine the approximate nature of the mineralisation. Appropriate QAQC techniques were used to validate any portable XRF analysis. However, NITON XRF data is only used as an approximate guide. All reported intersections are gathered using industry best practice laboratory assay techniques. • Standards and blanks were routinely used to access company QAQC (approx 1 std for every 12-15 samples). Duplicates were not taken in the Sunrise program. However, they are routinely taken (every 10th DD hole) within the nearby Flying Fox and Spotted Quoll Ni mines, which return accuracy and precision within acceptable limits.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Adrian Black of Newexco Pty Ltd (a member of the AIG), an independent exploration company, has visually verified significant intersections in diamond core. • No holes were twinned in the recent drilling program. • Primary data was collected using Excel templates utilising lookup codes, on laptop computers. All data was validated by the supervising geologist, and sent to Newexco for validation and integration into an SQL database. • No adjustments were made to assay data compiled for this estimate.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Hole collar locations were surveyed using Western Areas surveyors under the guidelines of best industry practice. The Leica GPS1200 was use for all surface work has an accuracy of +/- 3cm. • Elevation data were collected in AHD RL and a value of 1,000m was added.

		• MGA94 Zone 50 grid coordinate system is used. • The accuracy of the pillars used in WSA's topographical control networks operate within the Mines Regulations accuracy requirement of 1:5000 for control networks.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drillholes were varied according to target type. Where initial drilling was undertaken holes are nominally 100m to 400m apart. Where mineralisation is identified holes are spaced at an approx. 50m (northing) x60m (relative level) grid. • Sampling compositing has been applied to some of the RC sampling, following initial testing using a handheld NITON XRF instrument. • Samples were composited to one metre lengths, making adjustments to accommodate residual sample lengths.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The majority of the drill holes are orientated to achieve intersection angles as close to perpendicular as possible. The steep dipping nature of the stratigraphy at some targets (70^0 to 80^0) e.g. New Morning means this is not always achieved. • No orientation based sampling bias has been observed in the data, intercepts are reported as downhole lengths.
Sample Security	• *The measures taken to ensure sample security.*	• All samples are prepared onsite under the supervision of Newexco/Western Area staff. • All samples are collected in sealed task specific containers (Bulka bags – plastic pallets) and delivered from site to Perth and then the assay laboratory by transport contractor, NEXUS.
Audits and Reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Adrian Black of Newexco Pty Ltd (a member of the AIG), an independent exploration company, has reviewed the data and sampling techniques employed by WSA.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	***JORC 2012 Explanation***	**Comment**
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Forrestania Nickel Operations comprises approximately 125 tenements covering some 900km^2 within the Central Yilgarn Province. The tenements include exploration licences, prospecting licences, general purpose leases, miscellaneous licences and mining leases. • Western Areas wholly owns 106 tenements, 55 tenements of which were acquired from Outokumpu in 2002 and a further 51 tenements acquired from Kagara in March 2012 (some which are subject to various third party royalty agreements). The remainder of the tenements are subject to Joint Ventures, 14 tenements are part of the Mt Gibb JV where Western Areas has the right to earn 70% interest from Great Western Exploration (currently at 51% WSA) and the Lake King JV where Western Areas has earned a 70% interest from Swanoak Holdings. • A number of the Kagara tenements are subject to third party royalty agreements. • All the tenements are in good standing. Six tenements are pending grant.
Exploration done by other parties.	• *Acknowledgment and appraisal of exploration by other parties.*	• Western Areas has been exploring its wholly owned tenements since 2002. The tenements subject to the Kagara sale which took place in March 2012 were explored by Kagara since 2006 and Lionore and St Barbara prior to that time. Western Areas has managed both the Mt Gibb JV since 2009 (Great Western Exploration explored the ground prior to that time) and the Lake King JV since 2007 (A small amount of work carried out by WMC prior to that date)
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The FNO lies within the Forrestania Greenstone Belt, which is part of the Southern Cross Province of the Yilgarn Craton in Western Australia. The main deposit type is the komatiite hosted, disseminated to massive Nickel sulphide deposits, which include the Flying Fox and Spotted Quoll deposits which are currently being mined. The mineralisation occur in association with the basal section of high MgO cumulate ultramafic rocks.

		• The greenstone succession in the FNO district also hosts a number of orogenic lode gold deposits of which Bounty Gold Mine is the biggest example. Some exploration for this style of deposit is undertaken by Western areas from time to time in the FNO tenements.
Drill hole Information	*• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *• easting and northing of the drill hole collar* *• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *• dip and azimuth of the hole* *• down hole length and interception depth* *• hole length.* *• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• See drill hole summary tables enclosed in the text.
Data aggregation methods	*• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *• The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Standard weighted averaging of drill hole intercepts were employed. No maximum or minimum grade truncations were used in the estimation. • The reported assays have been length and bulk density weighted. A lower arbitrary 0.5% Ni cut-off is applied, with no top cut applied. High grade intercepts internal to broader zones of mineralisation are reported as included intervals. A lower arbitrary 0.5g/t Au cut-off is applied, with no top cut applied. High grade intercepts internal to broader zones of mineralisation are reported as included intervals • No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	*• These relationships are particularly important in the reporting of Exploration Results.* *• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The incident angles to mineralisation are considered moderate. • Due to the often steep dipping nature of the stratigraphy reported down hole intersections are moderately greater (m/1.5 ratio on average) than the true width.
Diagrams	*• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to Figures in the text.
Balanced reporting	*• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results are reported.
Other substantive exploration data	*• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Multi-element analysis was conducted routinely on all samples for a base metal suite and potentially deleterious elements including Al, As, Co, Cr, Cu, Fe, Mg, Ni, S, Ti, Zn, Zr. All diamond core samples were measured for bulk density which range from 2.90 - 4.79g/cm3 for values >0.5% Ni. Geotechnical logging was carried out on all diamond drill holes for recovery, defects and RQD. • Information on structure type, dip, dip direction alpha and beta angles, texture, shape, roughness and fill material is stored in the structural logs in the database.
Further work	*• The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration within the FNO tenements continues to evaluate the prospective stratigraphic succession containing the cumulate ultramafic rocks using geochemical and geophysical surveys and drilling. • The lateral and vertical extents of the New Morning Deeps target are yet to be constrained. Drilling is currently planned at a nominal 80 x 80 pattern. The lateral extents are as yet, unclear. The target is open at depth. Once the extents of the target are better understood, this drill grid pattern may be reduced. • At this stage of the exploration program, the nature of the geological model is evolving. Details of further work will be forthcoming as the project progresses.