WESTERN AREAS LTD

4 August 2014 **ASX: WSA**

News Release

RESERVE AND RESOURCE UPGRADE AT FLYING FOX
Significant Increase in Nickel Tonnes

Western Areas Ltd (ASX:WSA, "Western Areas" or the "Company") is pleased to announce that, following its standard review of drill data post financial year end, the **Flying Fox mine Ore Reserve nickel tonnes has been increased by 7,572 nickel tonnes at an average grade of 6.5% nickel**.

Key metrics include:

- ✓ The Mineral Resource contained metal increased by 9% to 89,289 nickel tonnes
- ✓ The Ore Reserve contained metal increased by 13% to 64,122 nickel tonnes
- ✓ The Ore Reserve was increased by 7,572 nickel tonnes at a grade of 6.5% nickel
- ✓ The Ore Reserve grade increased from 3.9% nickel to 4.1% nickel

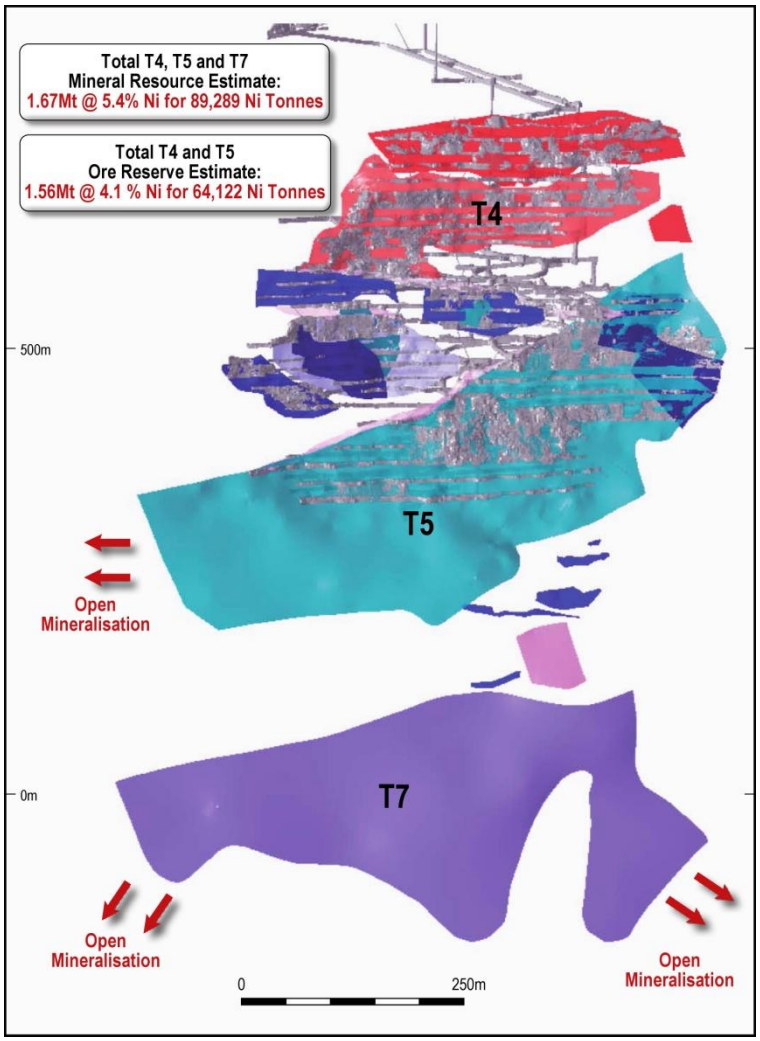

Figure 1: Long section showing Flying Fox Deposit

The increase in Ore Reserve of 7,572 nickel tonnes is after depletion of reserves up to 30 June 2014, which were disclosed in the June Quarterly Report released on 22 July 2014.

A summary of methodologies and assumptions applied to the two estimates is available in Appendix 1. A summary of material information relating to the technical estimation parameters is available in Appendices 2 and 3.

Western Areas Managing Director, Dan Lougher welcomed the upgrade to reserve tonnes at Flying Fox Mine.

"This latest addition to reserves is really a reflection of business as usual for the Company. Western Areas has maintained its strong track record of replenishing mined reserves since the commencement of operations at Flying Fox around eight years ago."

"The additional reserve tonnes which are mainly located in the T5 area, at such robust grades averaging 6.5% nickel, indicates the quality of the orebody. From a revenue perspective this upgrade adds around A$100m of processed concentrates at today's nickel price."

Future Drilling

Structural remodelling of the geological units and interpretation of the 3D modelling has generated several new targets that are currently being investigated. Structural modelling of the T5 and T7 mineralisation suggests a potential northward plunge towards a thicker zone of nickel mineralisation area. This concept will be tested by a planned diamond drilling program that is expected to commence in the September quarter.

In addition, Western Areas is currently investigating potential further resource extensions below the old Outokumpu workings where drilling is planned to commence in the next quarter.

"We are very encouraged by the results of the structural remodelling analysis as we look to not only replenish mined reserves, but also to add reserves with highly targeted underground drilling campaigns at Flying Fox", Mr Lougher said.

The Flying Fox Mineral Resource Statement shown in Table 1 is reported in accordance with the JORC Code (2012). The effective date of the Mineral Resource estimate is 30 June 2014.

Table 1

	Indicated			Inferred			Total		
Flying Fox Deposit (T4,T5 and T7)	Ore (t)	Ni (%)	Ni (t)	Ore (t)	Ni (%)	Ni (t)	Ore (t)	Ni (%)	Ni (t)
	1,447,287	5.9	85,891	217,840	1.6%	3,398	1,665,127	5.4	89,289

Table 1: Mineral Resource Estimate for the Flying Fox deposit above a lower cut-off of 0.4% Ni

The Flying Fox Ore Reserve Statement shown in Table 2 is reported in accordance with the JORC Code (2012). The effective date of the Ore Reserve estimate is 30 June 2014.

Table 2

	Proved			Probable		
Flying Fox Deposit (T4 and T5)	Ore (t)	Ni (%)	Ni (t)	Ore (t)	Ni (%)	Ni (t)
	-	-	-	1,561,771	4.1	64,122

Table 2: Ore Reserve Estimate for the Flying Fox Deposit

-ENDS-

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COMPETENT PERSON STATEMENT - MINERAL RESOURCE

The Mineral Resources as stated have been estimated by Andre Wulfse BSc (Hons), MAusIMM, a full time employee of Western Areas Ltd. Andre Wulfse is a member of SACNASP and The AusIMM and takes overall responsibility for the Mineral Resource Estimate. These resource estimations have been carried out to professional industry and best practice standards and are compiled by a Qualified and Competent Person, as required in the rules of the ASX and the JORC Code, December 2012. Mr Wulfse consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

COMPETENT PERSON STATEMENT – ORE RESERVE

The information in the report to which this statement is attached that relates to Ore Reserves is based on information compiled by Mr Daniel Lougher, a Competent Person who is a Member of The AusIMM and a full-time employee of Western Areas Ltd. Mr Lougher has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Lougher consents to the inclusion in the report of the matters based on his 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: “From a revenue perspective this upgrade adds around A$100m of processed concentrates at today’s nickel price” and “Structural modelling of T5 and T7 mineralisation suggests a potential northward plunge to thicker nickel mineralisation”.

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, the Forrestania Nickel Operation or the Flying Fox Mine 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.

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.

APPENDIX 1 – Summary of Material Information

Summary of Material Information

General

The Flying Fox Nickel sulphide deposit is located at the Forrestania Nickel Operations, 400km southeast of Perth.

The deposit is hosted within a sequence of sedimentary, ultramafic and mafic rocks within the Western Ultramafic Belt. The sulphide mineralisation consists of massive to matrix sulphides located in a possible shear zone in metasedimentary rocks overlain by a package of ultramafic and mafic rocks. The deposit belongs to the Archean komatiite hosted nickel type.

Sampling Techniques and Data

The Flying Fox Mineral Resource Estimate is reported inclusive of Ore Reserves.

The Flying Fox (FF) Deposit was sampled using diamond drill (DD) on nominal 50 x 30m grid spacing. A total of 450 UG DD, 556 Grade control DD and 135 Surface DD holes were used in the Mineral Resource Estimate (MRE). Grade control data which includes sludge drilling and short hole diamond drilling results as well as face mapping were used to build the geological models. Only results from DD holes were used to estimate grade into the block model. The total number of 1m composites derived from the holes used in the MRE is 5,685

Diamond drill core was marked at 1m intervals and sample lengths were typically of this length. Boundaries were selected to match the main geological and mineralisation boundaries. Core was cut in half by diamond saw blades; for surface drill holes this was halved again with a quarter sent for assay and a quarter preserved as a geological archive. For the underground drilling the half core was sent for assay with the other half preserved as a geological archive; for grade control drilling the entire core was sent for analysis. Samples were crushed, dried and pulverised (total prep) to produce a sub-sample for analysis by 4 acid digest with an ICP/AES at an independent certified commercial laboratory.

External standards and blanks were routinely used (approx 1 standard for every 15-20 samples) to ensure correct QA/QC. Duplicates were taken on a 10% by volume basis (on underground drilling only), field based umpire samples were assessed on a regular basis. Accuracy and precision were assessed using industry standard procedures such as control charts and scatter plots. Results indicated there were no material issues associated with sample prep and analytical error. In occasional cases where a sample did not meet the required quality threshold, the batch or partial batch was re-analysed.

Density determinations were performed on the DD samples using the classical water immersion method and the density calculated. Density of the massive sulphide orebody within the mineral resource is determined using a regression formula that relates density and nickel readings on individual DD samples. Logging of diamond and RC samples recorded lithology, mineralogy, mineralisation, structure/geotechnical features (DD only), weathering and other descriptive features of the samples. All drilling data is collected electronically and stored and validated in a database.

Mineral Resource Estimation methodology

Due to the spacing of drilling and the understanding of similar deposits within the Forrestania Ultramafic Belt, overall confidence in the geological and geochemistry of the Flying Fox massive sulphide deposit is high, particularly in the T5 and T7 zones which form the basis of the mine plan over the next two years. The deposit is mainly located along the traditional footwall of the basal ultramafic metasediment contact, which was the original locus for sulphide deposition from an overlying pile of

komatiite flows. Subsequent metamorphism, deformation and intrusion of granitoid sills have contributed to a complex setting, with mineralisation now occupying a possible shear zone.

The Mineral Resource Estimate is based upon a robust geological model. The hanging wall and footwall contacts of the mineralised zone were modelled with a level of confidence commensurate with the resource classification category. The extents of the geological model were constrained by drill holes intercepts and extrapolation of the geological contacts beyond the drill data was minimal for the Indicated category.

The strike length of the Flying Fox deposit varies considerably but is up to 750m in the T5 deposit. Distance from the top of T4 to the base of T5 is approximately 550m. The mean width of the deposit is 2.2m.

Grade and ancillary element estimation using Ordinary Kriging and Inverse Power Distance (IPD) was completed using Datamine Studio 3 software. The methods were considered appropriate due to drill hole spacing and the nature of mineralisation. All estimation was completed at the parent cell scale thereby avoiding any potential geostatistical support issues. Sample data was composited to 1m downhole lengths and flagged on domain codes. Metal balance validation tests were performed on the composites to ensure zero residuals. No top-cuts or search ellipsoid restrictions were applied on the basis of grade distribution, Coefficient of Variation and a comparative analysis of the underground data vs. the surface drill data. Sample data was flagged using domain codes generated from 3D mineralised wireframes. Qualitative Kriging Neighbourhood Analysis was used to determine the optimum search neighbourhood parameters. Directional variography was performed for Ni and selected ancillary elements. Nugget values are typical for the type of mineralisation (Ni = 20% -40% of the total variance). Ranges of continuity for Ni vary from 20m to 60m in the direction of preferred orientation of mineralisation. Estimation validation techniques included swathe plots of the grade of the composites vs grade of the block model. The 2014 MRE is an update of the 2011 MRE.

The Flying Fox Mineral Resource is classified as Indicated and Inferred on the basis of drill hole spacing, underground development and Kriging quality parameters. No blocks were classified as Measured. Validation of the block model included comparing the volume of domain boundary wireframes to block model volumes. It also involved comparing block model grades with drill hole grades by means of swathe plots showing easting, northing and elevation comparisons. Jack-knifing and visual grade validations were undertaken. Grade and tonnage reconciliation of the 2011 model has been closely monitored and found to be within acceptable thresholds. The assumptions and methodologies used during the 2014 estimation are very similar to that of the 2011 model. Based on a thorough validation and verification exercise, WSA is satisfied that the estimate is robust.

Ore Reserve Estimation methodology

Cut-off parameters

A Reserve cut-off grade of 1.5% Ni was selected to obtain an Ore Reserve that complies with the following criteria:

- Minimum Head Grade complying with the current Mill requirements.
- Ore reserve average grade equal or greater to the Life of Mine breakeven grade.
- Positive NPV.
- Maximum mine life.
- Nickel price of 7.00 US$/lb and an exchange rate of 1 AU$ for 0.95 US$.

Metallurgical and Mining Assumptions

The Flying Fox deposit started ore production in late 2006. The current mining method is a mix of direct AVOCA, reverse AVOCA long-hole stoping with a bottom-up stoping sequence using a combination of unconsolidated rock-fill and cemented rock-fill. Starting in FY16, a long-hole top-down stoping method using paste filling below the 425 level will be adopted. This stoping methodology has been taken into account during the estimation process and is one of the reasons for the increase in contained metal relative to the previous estimate.

The Mining Model has been designed using MINE2-4Dv15 and Enhanced Planning Solution softwares. Mining factors have been selected using historical performance data of the deposit, particularly:

- The minimum mining width is 3.0m in the central part of T5, 2.0m in the fringes of T5 and 2.4m in T4.
- The maximum stable stope length is 20.0m with a stope height between 8.0m and 17.0m.
- Hanging wall planned dilution is 0.5m and footwall planned dilution is 0.25m.
- Unplanned dilution (from hosting rock and fill) is 10% of stope mass.
- Nickel grade in the dilution is 0%.
- Ore recoveries range from 70% to 98% in the stopes dependent on location within the orebody and extraction sequence, and 100% in the ore drives.
- Pillar factor for unplanned pillars is 2%.
- Production and costs rates reflect current mining performances and practice.

The Cosmic Boy Concentrator facility has been in operation for many years. The metallurgical process is a well tested technology for Nickel Sulphides recovery with three stages of fragmentation - wet screening for size classification, one milling stage with cyclone size classification and two stages of flotation including Arsenic rejection.

APPENDIX 2 – Table 1 Section 1 and 3: Estimation and Reporting of Flying Fox Mineral Resources (JORC Code 2012)

Section 1: Sampling Techniques and Data

Criteria	JORC Code 2012 Explanation	CP Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	The Flying Fox (FF) Deposit was sampled using diamond drilling (DD) on a nominal 50 x 30m grid spacing. A total of 450 UG DD, 556 Grade control DD and 135 Surface DD holes were used in the Mineral Resource Estimate (MRE). Grade control data which includes sludge drilling and short hole diamond drilling results as well as face mapping were used to build the geological models. Only results from DD holes were used to estimate grade into the block model. The total number of 1m composites derived from the holes used in the MRE is 5,685.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Drill holes were surveyed by Western Areas Exploration (WSA). The Flying Fox Deposit was initially discovered using geophysical techniques. It has since been exploited using underground mining techniques. This MRE is an update of the previous September 2012 MRE and is based on additional exploration data and underground development and stoping. Samples were taken in accordance with WSA protocols and sample representivity is assured by an industry standard QAQC program.
	• *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.*	Diamond drill (DD) core was marked at 1m intervals and sample lengths were typically of this length. Boundaries were selected to match the main geological and mineralisation boundaries. Core was cut in half by diamond saw blades, for surface drill holes this was halved again with a quarter sent for assay and a quarter preserved as a geological archive, with the underground drilling the half core was sent for assay with the other half preserved as a geological archive and with grade control drilling the entire core was sent for analysis. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by 4 acid digest with an ICP/AES at a commercial certified laboratory.
Drilling Techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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 comprised NQ2 sized core for underground and surface drilling and LTK sized core for the grade control drilling. The core was oriented using ACT II control panels and ACT III downhole units.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Diamond core recoveries are logged and recorded in the database. Overall recoveries are >95% and there are no core loss issues or significant sample recovery problems.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Diamond core is 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.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias*	The bulk of the resource is defined 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.*	Geological and geotechnical logging was carried out on all diamond drill holes 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 a database.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.)*	Logging of diamond core and RC samples recorded lithology, mineralogy, mineralisation, structural (DDH only), weathering, colour and other features of the samples. Core was photographed in both dry and wet form.
	• *The total length and percentage of the relevant intersections logged.*	All drill holes were logged in full. The FF database contains over 83,000 geological entries.
Sub-sampling	• *If core, whether cut or sawn and whether quarter, half*	Core was cut in half then quarters (NQ2) onsite using an

Criteria	JORC Code 2012 Explanation	CP Commentary
techniques and sampling preparation	*or all core taken.*	Almonte automatic core saw. All samples were collected from the same side of the core. For LTK whole core was used. There are over 80,000 assay records in the FF database.
	• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	No non-core samples were taken.
	• For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The sample preparation of diamond core follows industry best practice in involving oven drying, coarse crushing of the core sample down to ~10 mm followed by pulverisation of the entire sample (total prep) using LM5 grinding mills to a grind size of 90% passing 75 micron. Sample preparation is carried out by a commercial certified laboratory.
	• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	WSA included field Ni standards ranging from 0.7% - 11.5% Ni that were routinely submitted with sample batches in order to independently monitor analytical performance. Standards were fabricated and prepared by Geostats Pty Ltd., using high – grade nickel sulphide ore.
	• 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.	Field duplicates were taken and submitted on a 10% by volume basis.
	• Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate on the following basis: the style of mineralisation (massive sulphide), the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements. Pulp duplicates obtained from the primary lab were taken on a 10% by volume basis (underground only) and submitted to a secondary lab.
Quality of assay data laboratory tests	*• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	All samples were assayed by an independent certified commercial laboratory (Bureau Veritas Kalassay). The laboratory used by WSA is experienced in the preparation and analysis of nickel sulphide ores. Samples were dissolved using nitric, perchloric, hydrofluoric and hydrochloride acid digest to destroy silica. Samples were analysed for Al(0.01%), As(5), Co(1), Cu(1), Fe(0.01%), Cr(1),Mg(0.01%),Ni(1), S(0.01%), Ti(0.01%) and Zn(1) using Method AD02_ICP (detection limit in brackets, values in ppm unless stated).
	• 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..	No Geophysical tools or handheld XRF instruments were used to determine any element concentrations that were subsequently used for MRE purposes.
	• Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Standards and blanks were routinely used to assess company QAQC (approx 1 standard for every 15-20 samples). Duplicates were taken on a 10% by volume basis (on underground drilling only), field based umpire samples were assessed on a regular basis. Accuracy and precision were assessed using industry standard procedures such as control charts and scatter plots. Results indicated no material issues associated with sample prep and analytical error. In occasional cases where a sample did not meet the required quality threshold, the batch or partial batch was re-analysed.
Verification of sampling and assaying	*• The verification of significant intersections by either independent or alternative company personnel.*	Newexco Services Pty Ltd has independently visually verified significant intersections in the diamond core.
	• The use of twinned holes.	No holes were twinned in the recent drilling programs.
	• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.
	• Discuss any adjustment to assay data.	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.*	Hole collar locations were surveyed by WSA surveyors. The Leica GPS1200 used for all surface work has an accuracy of +/- 3cm.
	• Specification of the grid system used.	A two point transformation is used to convert the data from MGA50 to Local Grid & vice versa. Points used in

Criteria	JORC Code 2012 Explanation	CP Commentary
		transformation: MGA50 Points yd1="6409502.17" xd1="752502.175" yd2="6409397.856" xd2="753390.591" Local Grid Points ym1="28223.59" xm1="33528.771" ym2="28111.84" xm2="34415.995"
	• *Quality and adequacy of topographic control.*	The accuracy of the pillars used in WSA's topographical control networks is within the Mines Regulations accuracy requirement of 1:5000 for control networks.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Drill holes were spaced at an approx. 15m (northing) x 15m grid for the areas that will be affected by mining in the next two years and nominally 30m by 30m for areas that will be affected by mining in the subsequent years.
	• *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.*	The extensive drill program coupled with information derived from underground observations and previous open pit mining has demonstrated sufficient and appropriate continuity for both geology and grade within the Flying Fox Deposit to support the definition of Mineral Resources and Reserves, and the classification applied under the JORC Code (2012).
	• *Whether sample compositing has been applied.*	Samples were composited to one metre lengths, making adjustments to accommodate residual sample lengths. A metal balance validation between the raw data and the composited data was undertaken with no material issues identified.
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.*	The Flying Fox deposit strikes at 030^{o} and dips nominally 65^{o} east. All underground and grade control drilling was conducted from west to east. All Surface drilling was conducted from east to west. The majority of the drilling was conducted from the foot wall i.e. from the west to the east.
	• *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.*	No orientation based sampling bias has been observed in the data.
	• *The measures taken to ensure sample security.*	All core samples were delivered from site to Perth and then to the assay laboratory by an independent transport contractor.
Audits or Reviews	• *The results of any audits or reviews of sampling techniques and data.*	No external audit of the Mineral Resource has been undertaken to date.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in Section 1 also apply to this section)

Criteria	JORC Code 2012 Explanation	CP Commentary
Database Integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	All data has been recorded in excel templates with reference lookup tables. All data is imported into an Acquire relational database
	• *Data validation procedures used.*	Data validation is a fundamental part of the AcQuire database and is implemented via referential integrity and triggers. Referential constraints ensure that, for example, Hole ID matches collar and downhole data. Triggers check criteria such as code validity, overlapping intervals, depth and date consistencies. All fields of code data have associated look-up table references. Data was further validated using Datamine validation tools during the MRE process.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	Andre Wulfse who is the Competent Person is the Group Geology Manager for Western Areas and has made many site visits to the Flying Fox Deposit. His first visit to the deposit was in 2008.
	• *If no site visits have been undertaken indicate why this is the case.*	Not applicable.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	Due to the spacing of drilling and the understanding of similar deposits within the Forrestania Ultramafic Belt, the geological interpretation is considered to be sound. The deposit is mainly located along the traditional footwall of the basal ultramafic metasediment contact, which was the original locus for sulphide deposition from an overlying pile of Komatiite flows. Subsequent metamorphism, deformation and intrusion of granitoid sills have contributed to a complex setting, with mineralisation now occupying a possible shear zone.
	• *Nature of the data used and of any assumptions made.*	Lithogeochemistry and stratigraphic interpretation have been used to assist the identification of rock types. No assumptions are made.
	• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*	Alternative interpretations of the mineral resource were considered. In particular the previous model as well as the grade control model for the upper levels was extensively validated against the current geological and resource model. Alternative interpretations of mineralisation do not differ materially from the current interpretation. WSA has successfully planned and reconciled the deposit using a similarly derived geological and resource model.
	• *The use of geology in guiding and controlling Mineral Resource estimation.*	The Mineral Resource Estimate is based upon a robust geological model. The hanging wall and footwall contacts of the mineralised zone were modelled with a level of confidence commensurate with the resource classification category. The extents of the geological model were constrained by drill holes intercepts and extrapolation of the geological contacts beyond the drill data was minimal for the Indicated category.
	• *The factors affecting continuity both of grade and geology.*	Key factors affecting geologic continuity relate to pervasive felsic intrusive units and faults. The nugget effect associated with Ni mineralisation in these types of deposits affects the grade continuity. The geological discontinuities have been modelled and the grade discontinuities have been accounted for in the estimation modelling.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The strike length of the Flying Fox deposit varies considerably but is up to 750 m in the T5 deposit .Distance from the top of T4 to the base of T5 is approximately 550m. The mean width of the deposit is 2.2m.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, method was chosen include a description of computer software and parameters used and maximum distance of extrapolation from data points. If a computer*	Grade and ancillary element estimation using Ordinary Kriging and Inverse Power Distance (IPD) was completed using Datamine Studio 3 software. The methods were considered appropriate due to drill hole spacing and the nature of mineralisation. All estimation was completed at the parent cell scale thereby avoiding any potential geostatistical support issues. Sample data was composited to 1m downhole lengths

Criteria	JORC Code 2012 Explanation	CP Commentary
	assisted estimation method was chosen include a description of computer software and parameters used.	and flagged on domain codes. Metal balance validation tests were performed on the composites to ensure zero residuals. Intervals with no assays were excluded from the MRE. Top cut investigations were completed and no top cuts were applied on the basis of grade distribution, Coefficient of Variation and a comparative analysis of the underground data vs the drill data. Sample data was flagged using domain codes generated from 3D mineralised wireframes. Qualitative Kriging Neighbourhood Analysis was used to determine the optimum search neighbourhood parameters. Directional variography was performed for Ni and selected ancillary elements. Nugget values are typical for the type of mineralisation (Ni = 20% -40% of the total variance). Ranges of continuity for Ni vary from 20m to 60m in the direction of preferred orientation of mineralisation. Estimation validation techniques included swathe plots of the grade of the composites vs the grade of the block model.
	• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*	The 2014 MRE is an update of an MRE that was undertaken in 2011 and was extensively validated against the 2011 MRE.
	• *The assumptions made regarding recovery of by-products.*	No assumptions were made about the recovery of by products in this estimate. WSA currently doesn't have any off take agreements in place for by-products.
	• *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).*	No elements are considered to be deleterious elements in the Flying Fox deposit
	• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*	A proto model was constructed using a 5mE x 5mN x 10mRL parent size, with sub cells. Thereafter individual block models were designed for each of the 16 structural domains. The dips of the wireframes of the structural domains were used to optimally fill the wireframes with blocks. Drill spacing varies but is nominally 30m by 30m in areas that will be affected by mining in the next two years and 60m by 60m in subsequent areas. The size of the search ellipse was based on the drill hole spacing and structural domain dimensions. Search neighbourhoods varied according to the structural domain but two main search passes were used; the first was 150m x 120m x 50m in the X, Y and Z directions respectively. The second pass used a search volume factor of 1.5 of the first pass.
	• *Any assumptions behind modelling of selective mining units.*	No selective mining units were assumed in the estimate. Mining is mainly by longhole stoping and stope dimensions are largely determined by the nature of the equipment used. A global grade and width cut off is applied at the mine planning stage.
	• *Any assumptions about correlation between variables.*	No assumptions were made about correlation between variables. Apart from a strong correlation between Ni% and bulk density, no other interelement correlations are observed.
	• *Description of how the geological interpretation was used to control the resource estimates.*	The geological interpretation was developed using geological, structural and lithogeochemical elements. The geological framework associated with extrusive komatiite hosted deposits, and the structural elements observed at the local and wide scale were used to determine and refine mineral domains. The hanging wall and footwall contacts of mineralisation were used as hard boundaries during the estimation process and only blocks with the geological wireframe were informed with Ni grades.
	• *Discussion of basis for using or not using grade cutting or capping.*	Geostatistical and visual investigation of the grade distribution negated the need for grade cutting or capping.
	• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	Validation of the block model included comparing the volume of domain boundary wireframes to block model volumes. It also involved comparing block model grades with drill hole grades by means of swathe plots showing easting, northing and elevation comparisons. Jack-knifing and visual grade validations were undertaken. Grade and tonnage reconciliation of the 2011 model has been closely monitored over the past 12 months of underground mining and found to be within acceptable thresholds. The assumptions and methodologies used during the 2014 estimation are very similar to that of the 2011 model.

Criteria	JORC Code 2012 Explanation	CP Commentary
		Based on a thorough validation and verification exercise, WSA is satisfied that the estimate is robust.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages were estimated on a dry basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	The mineral envelope was determined using a nominal 0.2% Ni grade cut-off. The resource is reported at a 0.4% Ni cut-off which is a reasonable representation of the mineralised material prior to the application of variable economic and mining assumptions and a reserve cut-off.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	The Flying Fox deposit is currently being mined using longhole stoping methods. The mining method which is unlikely to change has been taken into account during the estimation process.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Ore from the Flying Fox deposit is currently being processed on site, where Nickel concentrate is produced using a three-stage crushing, ball mill, and flotation and thickener/filtration system.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	All waste and process residue is disposed of through the Cosmic Boy concentrator plant and its tailings dam. All site activities at site are undertaken in accordance with WSA's environmental policy.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk Density has been determined using a tried and tested Ni grade regression based formula.
	• *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.*	Core at Flying Fox is generally void of vugs, voids and other defects. Rocks are from the granulate facies sequence and faults have largely been annealed. Porosity is considered low.
	• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	The bulk density values were estimated into the block model using a linear equation derived from previous data studies and interpolated with the estimate Ni within the geological domains.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.*	The Flying Fox Mineral Resource is classified as Indicated and Inferred on the basis of drill hole spacing, underground development and Kriging quality parameters. No blocks were

Criteria	JORC Code 2012 Explanation	CP Commentary
		classified as Measured.
	• *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*	The definition of mineralised zones is based on a high level of geological understanding. The model has been confirmed by infill drilling, supporting the original interpretation. It is believed that all relevant factors have been considered in this estimate, relevant to all available data.
	• *Whether the result appropriately reflects the Competent Person's view of the deposit.*	The Mineral Resource Estimate appropriately reflects the view of the Competent Person.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	This is a follow up of a previous Mineral Resource Estimate that was completed and reported in accordance with the JORC Code (2004) and has not been externally reviewed.
Discussion of relative accuracy/confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The geological and grade continuity of the Flying Fox deposit is well understood and the mineralisation wireframes used to build the block model have been designed using all available exploration and mining data. Furthermore, previous estimates of grades have been tested by routine reconciliation of stockpile and mill grades to the current grade control and previous resource models. Post processing block model validation was extensively undertaken using geostatistical methods before the resource was reported.
	• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	The statement relates to local estimates of tonnes and grade.
	• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The MRE is compared to the production grade control data and the results are discussed in the CPR. The upper section of the deposit has been mined by open pit methods and underground mining has been in place for the past year.

APPENDIX 3 – Table 1 Section 4 Estimation and Reporting of Flying Fox Ore Reserves (JORC Code 2012)

Criteria	JORC Code 2012 explanation	CP Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The underlying Mineral Resource is described in Sections 1 and 3 of this summary. The Mineral Resources are reported inclusive of the Ore Reserves.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	Flying Fox is an operating underground mine. The Competent Person carries out routine site visits of the deposit and its infrastructures and has several years of onsite experience.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	WSA completed in 2004 a Feasibility Study for T1 and in 2006 the Feasibility Study for T5. This last study has been updated with the current practice and data coming from the experience gained over the past 10 years of mining and recorded in the company system documents. The present Ore Reserves estimation is an update that considers the new Mineral Resources, the performance of the operation to date and a revised commodity price estimate.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	An Ore Reserve cut-off grade of 1.5% Ni was selected to obtain an Ore Reserve that fits the following criteria: • Minimum Head Grade fitting the Mill requirements. • Ore Reserve average grade equal or greater than Life of Mine breakeven grade. • Positive NPV • Maximum mine life • Nickel price of 7.00 US$/lb and an exchange rate of 1 AU$ for 0.95 US$. More details regarding cut off parameters are reported in the following sections.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc..* • *The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	The mining method used is a mix of direct AVOCA, reverse AVOCA long-hole stoping with bottom up sequence and rock and cemented rock fill. Starting from FY15-16, a long-hole top down sequence and paste filling of resultant voids is used below the 425 level. The mining model has been designed using MINE24Dv15 and EPS Codes (MINERP software house). Mining factors have been selected using historical performance data of the deposit, particularly: • The Mineral Resource model used is the file mod_ff_mre_march14_rev1_minemod1.dm in Datamine format. • The minimum mining width applied is 3.0 metres in the central part of T5 and 2.0 meters in the fringes of T5 and 2.4m in T4. • The max stable stope length is 20 metres with a stope height between 8 and 17 metres. Other geotechnical parameters are contained in the current Ground Control Management Plan. • Planned dilution is 0.5 metres in hanging wall and 0.25 meters in the footwall. • Unplanned dilution (from hosting rock and fill) is 10% of stope mass. • All material outside the block model has 0% Ni. • Standard SG for dilution is 2.8 t/m^3. • Ore recoveries ranges from 70% to 98% in the stopes in function of their location within the ore body and extraction sequence, and 100% in the ore drives. • Pillar factor for unplanned pillars is 2%. • Production rates reflect current mining performances and practice. No Inferred material has been utilised for the Ore Reserves

Criteria	JORC Code 2012 explanation	CP Commentary
		estimation. Flying Fox is an operating mine. All infrastructures (with the exception of future capital development and external plants) are present and utilised on site and allowance, based on technical studies, is made in the CAPEX expenditure of the Life of Mine for the new infrastructures. A critical infrastructure planned for FY14-15 is the paste fill plant and the company already have in place all the processes for its construction and commissioning.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	The metallurgical factors used are from existing Cosmic Boy concentrator conventional nickel sulphide floatation techniques and historical data. Figures used are considered commercially sensitive by the company and may be made available by request. The metallurgical process is a well tested technology for Nickel Sulphides recovery with three stages of fragmentation with wet screening for size classification, one milling stage with cyclone size classification and two stages of flotation including Arsenic rejection. The resultant concentrate is sold into existing off-take contracts with BHP and Jinchuan.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	The Flying Fox mining operations (FFO) operated by Western Areas Ltd (Western Areas), received final environmental approval to mine nickel sulphide ore as an underground operation in December 2004. Approvals were provided under Western Australian legislation; initially being the Mining Act 1978 (M Act) and later Part V of the Environmental Protection Act 1986 (EP Act). Since then, several other M Act approvals have been sought and received relating to the deepening of the Flying Fox mine and the extension of surface infrastructure required for mining operations. Additional approvals under Part V of the EP Act have also been sought in the form of Works Approvals and Prescribed Premises Licence amendments for various types of mining related infrastructure. Other relevant approvals from state and local government include endorsements to produce drinking water via reverse osmosis and store it onsite and licences to construct habitable buildings and construct and operate septic waste water treatment facilities.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	All necessary infrastructures for the Flying Fox mine are present and operational on site (not including future capital underground development and external plants). Allowance, based on technical studies, is made in the CAPEX expenditure of the Life of Mine for the new infrastructures planned in Life of Mine plan. Forrestania Mining operation is supplied by 1 common 33,000 Volt supply from Western Power corporation via 140kM of powerline from the Kondinin switchyard. Water is fed through a system of bore holes and mine water recycling. Potable water is produced via RO plants located at the Cosmic Boy Mill. Transportation is assured through a combined and integrated system of haulage trucks for goods entering and leaving site, airplanes, buses and cars for personnel. Labour is a combination of FIFO and DIDO personnel. Accommodation is provided via the 578 bed Cosmic Boy accommodation village, with all necessary authorisations, infrastructures and services in place. Site is accessible via the grid of State highways and roads and

Criteria	JORC Code 2012 explanation	CP Commentary
		through the Forrestania air strip located near the Cosmic Boy village.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.* • *The source of exchange rates used in the study.* • *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	Capital Underground Development costs are derived from the Life of Mine plan (LOM mine design). All other Capital Expenses are based on the needs indentified so far to achieve the LOM design and estimated through formal offers and/or technical studies. Mining, Milling, Administration, Transport and Royalties Costs are based on the current rates contained in the valid agreements stipulated with the Contractors and where appropriate on the historical costs at the end of FY13-14. Price assumptions for the Ore Reserves were nickel price of 7.00 US$/lb and an exchange rate of 1 AU$ for 0.95 US$. Allowance for the potential for deleterious content of the ore (penalties) has been included in the Smelter Return factor (see section below).
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc..* • *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	These have been selected after consideration of historical commodity prices variations over time and the requirement for the Reserve to be robust to potentially volatile commodity price and foreign exchange conditions. The price setting mechanism for the sale of product subject to this report is traded openly on the London Metals Exchange ("LME"). Potential penalties and net smelter revenue factors are included in the Smelter Return factor used. This factor is based on the historical data from previous FY and is considered commercially sensitive by the company. Figures may be produced by request. Two main selling contracts structures are currently used by Western Areas. One has copper as a co-product and the second doesn't have any co-product. Allowance for this selling parameter is included in the Smelter Return factor.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	The commodity subject to this report is traded openly on the London Metals Exchange ("LME"). The Company has for many years maintained both long and short term offtake sales contracts with multiple customers, both locally and internationally. Existing contracts have been assessed for the sales volume assumptions. As the Company has been supplying multiple customers over a significant time period no acceptance testing has been assumed in the reserve development process. These contracts have fixed dates in which the contract itself is reviewed and/or expires. The assumption to extend these contracts and the current sold volumes to the end of LOM has been made in order to assess the Ore Reserve. For the Nickel price assumptions refer to the previous sections.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc..* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	As the Company has been operational for a significant period of time with contracts in place for ore mining, processing and concentrate haulage. Furthermore the operation, subject to this report, has an in-situ operating concentrator facility. As such the actual visible operating and contract rates (including rise and fall where appropriate) has been used in the NPV economic assessments. Figures are considered commercially sensible by the company and may be produced by request. The discount rate has been estimated as the weighted average cost of capital for the Company.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	All legal permits to mine Flying Fox have been obtained by Western areas following the paths described by the relevant laws with the participation of the local communities (see previous points). As a company policy (WSA-HR-POL-003), the relations with the local communities and territories are a key part of operational management.

Criteria	JORC Code 2012 explanation	CP Commentary
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material le.g.al agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	It is noted that mining operations are an inherently risky business in which to operate, no other risk factors apart from the normal risk components included in all the above points and assumptions have been identified.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	No blocks have been classified as Measured and all of the ore reserves are derived from Indicated Mineral Resources. The result appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	Audits/Reviews of the present report have not been done because of the high confidence in the data used and the consistent performance of the operation.
Discussion of relative accuracy/confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The confidence in the present estimate is derived from Flying Fox being a well established operating mine with a sound past performance database. The present estimation relates to local estimates. As is normal in mining operations, the key points that can have a significant impact on the performance of the Flying Fox Mine are the market conditions in general, and the Nickel price and the currency exchange rates in particular. All the other parameters are derived from sound historical production data.