

NEWS RELEASE

30 October 2020

WESTERN AREAS LTD



FY21 GUIDANCE UPDATE

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) provides an update to guidance for the 2021 Financial Year (FY21) following a review of production outcomes for the September 2020 quarter and into October, and mine rescheduling completed at Flying Fox.

Category	Original FY21 Guidance	Revised FY21 Guidance
Nickel Tonnes in Concentrate Production	19,000 to 21,000	17,000 to 19,000
Unit Cash Cost of Production (Nickel in Concentrate)	A\$3.25/lb to A\$3.75/lb	A\$3.50/lb to A\$4.00/lb
Mine Development	A\$25m to A\$30m	Unchanged
Capital Growth	A\$7m to A\$10m	Unchanged
Odysseus Development	A\$90m to A\$110m	Unchanged
Exploration	A\$14m to A\$17m	Unchanged

The revised guidance for nickel tonnes in concentrate production and unit cash cost of nickel in concentrate are due to the inclusion of increased lower grade ore in FY21, following some isolated seismicity encountered in the lower T6 zone of the Flying Fox mine. The issues encountered have impacted nickel production and costs to date this financial year, and require the remaining life of mine for Flying Fox to be rescheduled, which has resulted in the deferral of some of the higher grade material until later in FY21 and into FY22. The inclusion of increased lower grade material into the schedule, naturally lowers the average recovery from the concentrator, further impacting the total nickel recovered for FY21.

The revised schedule has also resulted in a lower total tonnage of ore mined during the first half of the financial year which increases the overall mining cost per tonne, as the fixed costs of maintaining the mine (power, dewatering, ventilation, etc) are incurred over a smaller production base.

Western Areas Managing Director, Dan Lougher, said, Flying Fox has been an exceptional mine over its 15 year life to date, but unfortunately, as it enters its final years there is limited flexibility in the mine plan when unexpected issues occur. While it is disappointing to lower our guidance expectations for FY21, we are continuing to work with our mining contractor to reduce operating costs and maximise cashflow generation over Flying Fox's remaining life.

Production guidance has also been impacted by lower grade material being mined from the Spotted Quoll mine in the September quarter due to an intrusive pegmatite unit encountered in the stage two zone of the mine that increased waste dilution in the scheduled mining areas.

Further details regarding the Company's production activities for the September 2020 quarter are set out in the September Quarterly Activities Report separately announced via the ASX today.

Conference Call

The Company will host a conference call at 11:00am AEST / Sydney time (8:00am AWST / Perth time) to provide further detail on the updated guidance and September quarterly results.

Please click on the link provided below and follow the prompts to pre-register for the call. Participants will receive a calendar invite with dial-in details once the pre-registration process is complete.

Pre-registration Link: <https://s1.c-conf.com/diamondpass/10010715-283ksl.html>

-ENDS-

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FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements including nickel production targets and cost guidance. 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.

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. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances.

This announcement does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.