7 February 2017 **ASX: WSA**

News Release

NICKEL INTERSECTED IN FIRST PROSPECT DRILLING AT COSMOS COMPLEX

Western Areas Ltd (ASX:WSA, Company) is very pleased to announce the return of nickel grade intercepts from its first ever phase of RC and RC pre-collar drilling at the Neptune prospect within the Cosmos Nickel Complex (Cosmos). The RC drilling, and subsequent diamond coring programme is planned to confirm the first of a series of electromagnetic anomalies in the Neptune area, identified from a geophysical survey completed in 2016 (Figure 1).

Key highlights include:

- ✓ **65m interval of ultramafic-hosted, disseminated sulphides containing 0.82% nickel (from 68m), including 17m at 1.33% nickel within drill-hole WCD003;**
- ✓ **A secondary interval within the same drill hole (WCD003) of 13m at 1.11% nickel (from 177m) including an elevated zone of 3m at 2.76% nickel;**
- ✓ **Down-hole electromagnetic (DHEM) survey of WD003 underway in order to define further drilling targets;**
- ✓ **Confirmation that the cumulate ultramafic sequence hosting the Prospero/Tapinos deposit continues south into the Neptune prospect target area; and**
- ✓ **Diamond core tails (on existing RC pre-collars) to commence this quarter, along with a new diamond core hole to twin the WCD003 intersection.**

Western Areas Managing Director, Dan Lougher, commented that the results for the first phase of drilling at Neptune are especially encouraging.

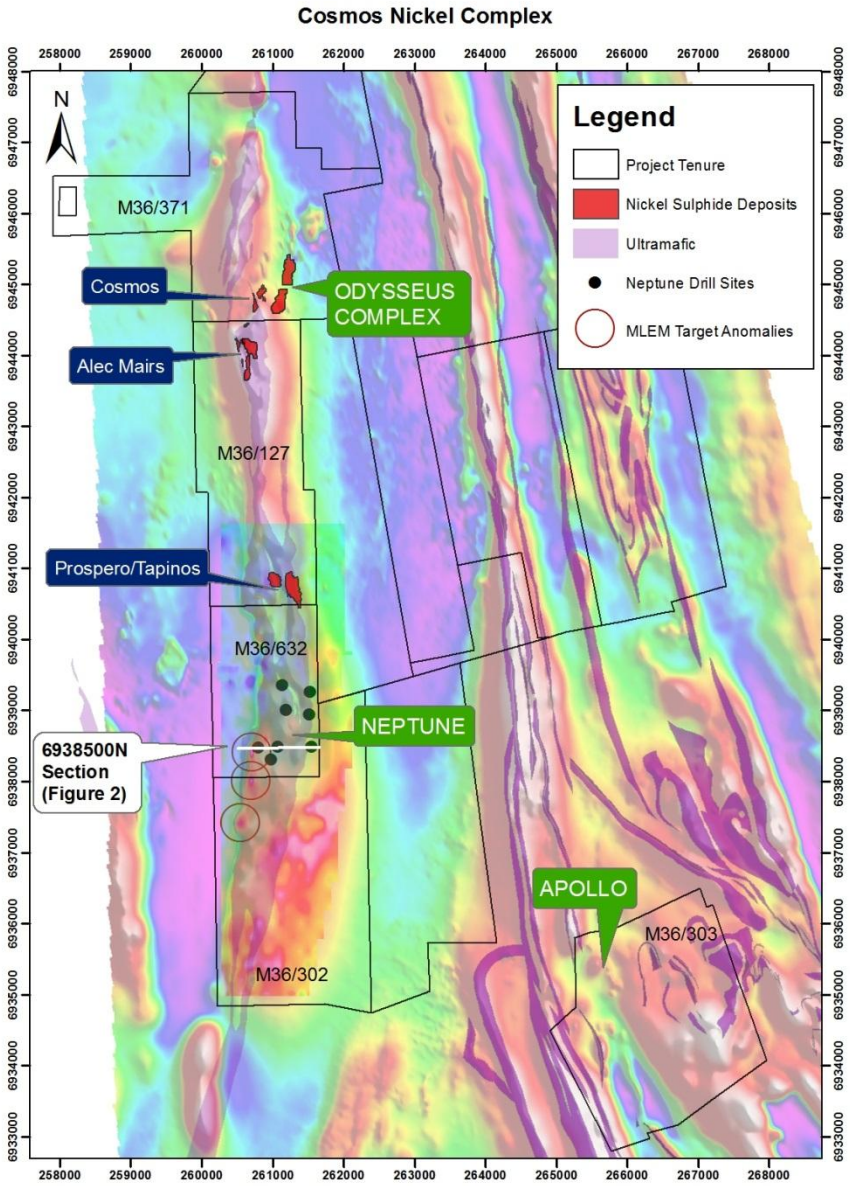
"Although drilling is at an early stage, the intersection of nickel sulphides at shallow depth in the first phase of drilling at Neptune is a strong endorsement of targeting this area and clearly confirms our view of the prospectivity of the Cosmos district. The substantial exploration opportunities at Cosmos, including largely untested prospects such as Neptune, were a key part of our acquisition rationale."

"We await the outcome of further geophysical surveying, and the completion of the diamond core tails. We have the drill rigs and budget available to quickly accelerate the rate of drilling at this new target as required," said Mr Lougher.

"Neptune is an area that the prior owners of Cosmos were never able to drill test, and I would like to acknowledge the mutual cooperation and relationships which have been developed between the Tjiwarl traditional owners and Western Areas that have allowed us to access the area," said Mr Lougher.

Assay results (Table 1) have been returned for all holes. Significantly WCD003 returned a number of mineralised intervals, tabulated below, including an upper zone of **17m @ 1.33% Ni** from 100m and a lower interval of **13m @ 1.11%Ni** from 177m, including **3m @ 2.76%Ni** from 184m down-hole depth.

The intersection of nickel sulphides, as well as confirmation that the cumulate ultramafic sequence hosting the Prospero/Tapinos deposit continues south into the Neptune prospect target area, is an extremely positive result. The nature of the drilling (predominantly RC pre-collars) and broad spacing of the holes means further work (particularly completion of the diamond core tails and subsequent DHEM) is required to fully understand the context of the current mineralised intercepts.



Cosmos Nickel Project - Electromagnetics (Ch35) overlaying magnetics (TMI RTP 1vd)

Figure 1: Cosmos Nickel Complex showing MLEM anomalies and RC pre-collars

The Neptune area lies to the south of the Prospero high grade nickel deposit (Figure 1) and is interpreted to contain the highest volume of cumulate ultramafics in the Cosmos nickel belt. A moving loop electromagnetic (MLEM) survey completed by the Company identified a number of high priority anomalies and these, along with nickel sulphides identified in historic drilling, are the focus for the exploration program. The initial drilling commenced in the northern area of the prospect following statutory approvals to access the northern areas of Lake Miranda. The Neptune drilling is the first work completed in this area in modern times and is a testament to the Company's strong commitment to work with the Tjiwarl traditional owners in order to collaboratively access this area.

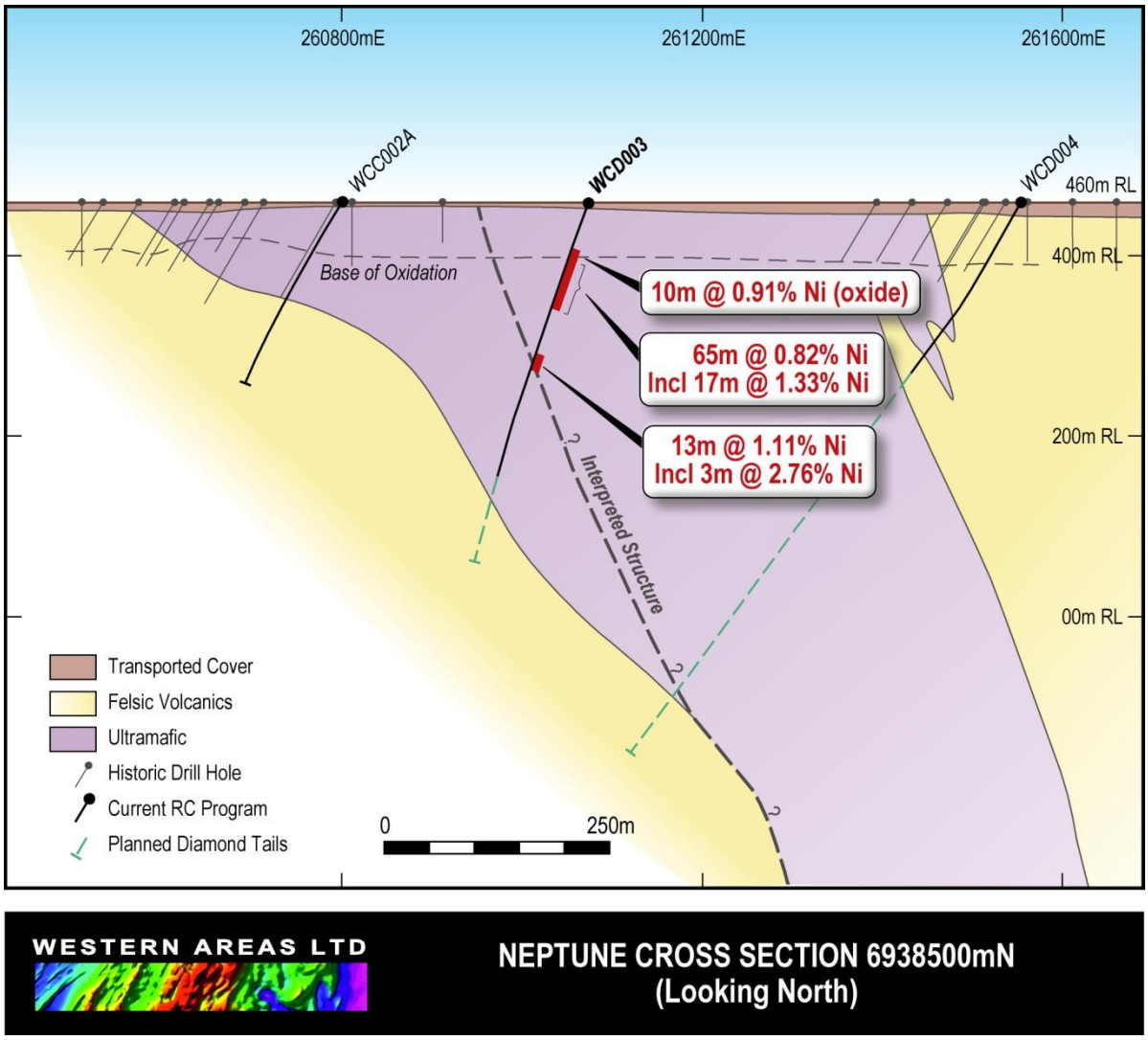


Figure 2: Interpreted cross section (6938500mN) at Neptune showing approximate location of WCD003

COSMOS (Neptune) - Exploration Results - 1m split sampling				
HOLEID	**Intervals**	**Width (m)**	**Ni %**	**FROM (m)**
WCD003		10	0.91	58
	And	65	0.82	68
	including	3	1.21	59
	including	17	1.33	100
	Including	1	1.22	121
	And	13	1.11	177
	Including	3	2.76	184
	And	1	0.82	220
	And	3	1.02	236

Table 1: Assay results of 1m composite samples for WCD003

WESTERN AREAS

Further Details

A total of eight RC holes and pre-collars for 2,003m were completed just prior to the end of the December 2016, tabulated below. Given the locality's proximity to Lake Miranda, Western Areas planned for water flows to impact the final depths of the RC holes, and accordingly only one hole (WCC002A) effectively tested the interpreted contact. As such, the remaining holes have been pre-collared for diamond core tails that are planned to be completed this quarter.

HOLE ID	Easting	Northing	RL_Mine	EOH Depth (m) Actual/Planned	Type	DIP	Azimuth	Comments
WCC001	261136	6939351	460	214/420	RC	-70	270	Pre-collar completed
WCD001	261212	6939002	460	256/550	RC/DD	-70	270	Pre-collar completed
WCC002	260800	6938532	460	22/240	RC	-55	240	Hole abandoned
WCC002A	260798	6938532	460	238/240	RC	-55	240	Hole intersected the footwall contact at 126m. No visible sulphides. Lined with 40mm PVC for DHEM.
WCD002	260990	6938299	460	286/420	RC/DD	-70	270	Pre-collar completed
WCD003	261074	6938480	460	321/420	RC/DD	-70	270	Pre-collar completed
WCD004	261554	6938485	460	226/750	RC/DD	-60	270	Pre-collar completed
WCD005	261524	6938942	460	232/780	RC/DD	-65	270	Pre-collar completed
WCD006	261510	6939290	460	208/700	RC/DD	-55	270	Pre-collar completed

-ENDS-

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JORC 2012 TABLE 1 – Cosmos Nickel Complex Exploration

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	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 down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• *Exploration targets were sampled using RC drilling, and holes were typically drilled perpendicular to the strike (north-south) of the stratigraphy, at angles ranging between 55o and 80o.* • *Drill holes were located initially with hand held GPS and later surveyed by differential GPS. Each sample is submitted to ALS laboratories at Malaga, Perth was weighed to determine density by the weight in air, weight in water method. All sampling was conducted under WSA QAQC protocols which are in accordance with industry best practice.* • *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.* • *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.*
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• *All samples were prepared and assayed by independent commercial laboratories whose instruments are regularly calibrated* • *Geophysical survey QC parameters were reviewed by independent supervising geophysicists from Newexco Services Pty Ltd*
	• *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.*	• *Sampled mineralisation intervals are sent to a commercial laboratory for crushing and grinding before assaying.*
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).*	• *A KWL 700 rig with Hurricane B7-41 booster 1000psi / 350/1150 silenced Sullair combination unit was used.* • *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 may have occurred due to preferential loss/gain of fine/coarse material.*	• *RC recoveries are logged and recorded in the database and RC samples were visually checked for recovery, moisture and contamination. Drilling close to the lake shore for the Neptune drilling resulted in high water flows which reduced the sample size and loss of fines from the sample.*
• *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.*	• *All geological logging was carried out to a high standard using well established geology codes in LogChief software.* • *All logging recorded Panasonic Toughbook PC logging.*
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• *Logging is done in detail*

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	• *RC holes are logged in full.*
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• *Not applicable – RC Drilling*
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• *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.*
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• *The sample preparation follows industry best practice involving oven drying, coarse crushing and pulverising.*
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• *The field crew prepares and inserts the QAQC certified reference materials into the relevant calico bags.* • *OREAS and Geostats standards have been selected based on their grade range and mineralogical properties, with approximately 12 different standards used.*
	• *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.*	• *Standards and blanks are inserted approximately every 20 samples or at least one every hole for RC drilling.*
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• *All geological logging was carried out to a high standard using well established geology codes in LogChief software.*
Quality of assay data and 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 are assayed by independent certified commercial laboratories.* • *The laboratories used are experienced in the preparation and analysis of nickel sulphide ores.*
	• *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 or exploration reporting 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.*	• *Certified reference materials are included in all batches dispatched at an approximate frequency of 1 per 25 samples, with a minimum of two per batch.* • *Field duplicates are inserted into submissions at an approximate frequency of 1 in 25, with placement determined by Nickel grade and homogeneity. Lab checks, both pulp and crush, are taken alternately by the lab at a frequency of 1 in 25.* • *Accuracy and precision were assessed using industry standard procedures such as control charts and scatter plots.* • *Evaluations of standards are completed on a monthly, quarterly and annual basis using QAQCR.*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• *Geological interpretation using intersections peer viewed by prior company and WSA geologists.*
	• *The use of twinned holes.*	• *Not applicable – No twinned holes*
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• *All primary geophysical data were recorded digitally and sent in electronic format to Newexco Services Pty Ltd for quality control and evaluation.* • *All geological logging was carried out to a high standard using well established geology codes in LogChief software.* • *All other data including assay results are imported via Datashed software.* • *Drillholes, sampling and assay data is stored in a SQL Server database located in a dedicated data center.*

Criteria	JORC Code explanation	Commentary
	• *Discuss any adjustment to assay data.*	• *None*
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.*	• *Downhole surveys completed using gyroscopic instrument on all resource definition holes. Exploration holes were surveyed downhole using an Eastman single shot camera.*
	• *Specification of the grid system used.*	• *MGA94 Zone 51 grid coordinate system is used.* • *A two point transformation is used to convert the data from AMG84_51 mine grid and vice versa.*
	• *Quality and adequacy of topographic control.*	• *The project area is flat and the topo data density is adequate for MRE purposes* • *Collar positions were picked up by suitably qualified surveyors*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• *Not applicable*
	• *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.*	• *Not applicable – No Mineral Resource or Ore Reserve reported*
	• *Whether sample compositing has been applied.*	• *Sampling compositing has been applied to some of the RC sampling (2m to 4m).*
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 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 (700 to 800) means this is not always achieved.*
	• *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, intercepts are reported as downhole lengths.*
Sample security	• *The measures taken to ensure sample security.*	• *Standard West Australian mining industry sample security measures were observed*
Audits or 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 the Company.*

Section 2: Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
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.*	• *Cosmos Nickel Complex comprises 26 tenements covering some 9,226Ha. The tenements include mining leases and miscellaneous licenses* • *Western Areas wholly owns 23 tenements, which were acquired from Xstrata Nickel Australasia in October 2015. The remainder of the tenements (3) are subject to a Joint Venture with Alkane Resources NL, where Western Areas has earned 80.6% interest* • *All tenements are in good standing*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *Historical nickel exploration has been completed by Glencore PLC, Xstrata Nickel Australasia and Jubliee Mines NL*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The deposits form part of the Cosmos Nickel Complex, which lies within the Agnew-Wiluna Belt of the central Yilgarn Craton, Western Australia* • *The deposit style is komatiite hosted, disseminated to massive nickel sulphides.* • *The mineralisation typically occurs in association with the basal zone of high MgO cumulate ultramafic rocks.*

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>• Many of the higher grade ore bodies in the Cosmos Nickel Complex also show varying degrees of remobilisation, and do not occur in a typical mineralisation profile</td></tr>
<tr><td>Drill hole Information</td><td>• 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.</td><td>• See drill hole summary tables enclosed in the text and below.
<table>
<tr><th colspan="11">COSMOS (Neptune) - Exploration Results - 4m composite sampling</th></tr>
<tr><th>HOLEID</th><th>Easting</th><th>Northing</th><th>RL_MINE</th><th>DEPTH (m)</th><th>Type</th><th>DIP</th><th>Azimuth</th><th>Width (m)</th><th>Ni %</th><th>FROM (m)</th></tr>
<tr><td>WCC001</td><td>261136.43</td><td>6939350.7</td><td>460</td><td>214</td><td>RC</td><td>-70</td><td>270</td><td colspan="3">NSA</td></tr>
<tr><td rowspan="3">WCD001</td><td>261212.8</td><td>6939002</td><td>460</td><td>256</td><td>RC</td><td>-70</td><td>270</td><td>4</td><td>0.6</td><td>100</td></tr>
<tr><td colspan="7">and</td><td>4</td><td>0.51</td><td>116</td></tr>
<tr><td colspan="7">and</td><td>28</td><td>0.61</td><td>136</td></tr>
<tr><td>WCC002A</td><td>260800</td><td>6938532</td><td>460</td><td>238</td><td>RC</td><td>-55</td><td>240</td><td colspan="3">NSA</td></tr>
<tr><td>WCD002</td><td>260990</td><td>6938299.3</td><td>460</td><td>286</td><td>RC</td><td>-70</td><td>270</td><td colspan="3">NSA</td></tr>
<tr><td rowspan="4">WCD003</td><td>261074.65</td><td>6938480.3</td><td>460</td><td>321</td><td>RC</td><td>-70</td><td>270</td><td>80</td><td>0.83</td><td>56</td></tr>
<tr><td colspan="7">including</td><td>4</td><td>1.03</td><td>60</td></tr>
<tr><td colspan="7">also including</td><td>16</td><td>1.47</td><td>100</td></tr>
<tr><td colspan="7">and</td><td>12</td><td>0.98</td><td>176</td></tr>
<tr><td colspan="7">including</td><td>4</td><td>2.95</td><td>184</td></tr>
<tr><td>WCD004</td><td>261553.96</td><td>6938484.5</td><td>460</td><td>226</td><td>RC</td><td>-60</td><td>270</td><td colspan="3">NSA</td></tr>
<tr><td>WCD005</td><td>261523.83</td><td>6938942</td><td>460</td><td>232</td><td>RC</td><td>-65</td><td>270</td><td>4</td><td>0.84</td><td>216</td></tr>
<tr><td>WCD006</td><td>261510</td><td>6939290</td><td>460</td><td>214</td><td>RC</td><td>-55</td><td>270</td><td colspan="3">NSA</td></tr>
</table></td></tr>
<tr><td>Data aggregation methods</td><td>• 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.</td><td>• 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.
• Metal equivalents have not been used</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>• 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 (e.g. ‘down hole length, true width not known’).</td><td>• Drill hole intersections may not be true widths</td></tr>
<tr><td>Diagrams</td><td>• 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.</td><td>• Included within report</td></tr>
<tr><td>Balanced reporting</td><td>• Where comprehensive reporting of all Exploration Results is not</td><td>• All results are reported</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	
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.*	• *Included within report* • *Geophysics* • *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.*	• *Preliminary plans are included within the report* • *Future explorations programs may change depending on results and strategy*