

**24 May 2017****ASX: WSA****News Release****EQUITY ACCOUNTING CHANGE TO INCREASE FY17 EARNINGS**

Western Areas Limited (“Western Areas” or the “Company”) announces that a A\$13.3m increase in post-tax FY17 earnings is expected as a result of discontinuing to equity account the Company’s investment in Bluejay Mining Plc (Bluejay) (formerly FinnAust Mining Plc) during the current half.

Western Areas has ceased to equity account its investment in Bluejay with the Company’s ownership and voting interest reducing below 20% following finalisation of all merger conditions and accumulated dilution since the merger between FinnAust Mining Plc and Bluejay was announced in 2016. Western Areas now holds 19% of Bluejay.

The expected A\$13.3m non-cash gain is based on a revaluation of the investment to market value using the quoted trading price of Bluejay shares on the London AIM at the time of ceasing to equity account. It remains subject to finalisation of the independent audit of the Company’s full year financial statements.

Any future revaluation of the investment to market value for financial reporting purposes will not impact the earnings of Western Areas. Such movements, in accordance with accounting standards, will be recognised on balance sheet through equity reserves and not through the profit and loss of the Company.

Western Areas’ 19% shareholding in Bluejay is currently valued at £19.4m (A\$33.8m) based on Bluejay’s closing share price as at 23 May 2017.

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For further details, please contact:

Joseph Belladonna
CFO and Company Secretary– Western Areas Ltd
Telephone +61 8 9334 7777
Email: jbelladonna@westernareas.com.au

David Southam
Executive Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dsoutham@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9485 8888 / 0420 945 291
Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

FORWARD LOOKING STATEMENTS:

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. Indications of, and guidance on future earnings, cash flow, costs, financial position and performance are also forward looking statements.

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.

Examples of forward looking statements used in this report include: “a A\$13.3m increase in post-tax FY17 earnings is expected as a result of discontinuing to equity account the Company’s investment in Bluejay Mining Plc”.

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.