



31 July 2018

ASX: WSA

News Release

**WESTERN AREAS STRENGTHENS REGIONAL
EXPLORATION IN SOUTH AUSTRALIA VIA STRATEGIC
AGREEMENT WITH ILUKA RESOURCES**

The Board of Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce an expansion of the Company’s Western Gawler regional exploration strategy via the execution of a Farm-in and Joint Venture Agreement (the Agreement) with Iluka (Eucla Basin) Pty Limited (Iluka), a 100%-owned subsidiary of Iluka Resources Limited.

Consistent with the Company’s ongoing commitment to pursuing strategic regional exploration opportunities, this Agreement facilitates a staged program for Western Areas to acquire up to a 75% interest in base and precious metals rights, and all additional basement-hosted mineral and rare earth elements, (“metal rights”) across five key tenements in the Western Gawler region of South Australia, with Iluka retaining all rights to mineral sands elements. The tenements, which cover 5,070km² (see figure 1), are contiguous with Western Areas’ substantial existing tenure within the Western Gawler region of South Australia, the combination of which effectively represents 100% of the highly prospective Fowler Domain.

The project represents significant discovery potential for high grade massive sulphide poly-metallic mineralisation, iron oxide-copper-gold (IOCG) and orogenic gold deposits.

Key Terms of the Agreement with Iluka:

Western Areas may earn interests in the JV tenements (EL 5217, EL 5452, EL 5675, EL 5878 and EL 5879) by spending as follows:

- **Stage 1:** Western Areas may acquire 51% Joint Venture metals rights interest in the tenements by expending \$2.75 million within three years of the Agreement date, with a minimum expenditure of \$0.75 million in the first year and an additional \$1 million expenditure in each of the second and third years;
- **Stage 1 Completion:** Following the completion of Stage 1, a Joint Venture in relation to the metal rights will be formed between the parties, with the initial participating interest being Western Areas 51% and Iluka 49%;
- **Stage 2:** Western Areas can earn a further 24% Joint Venture interest in the metal rights by expending \$3 million within four years, commencing from the date on which the Stage 1 earning period ends; and
- **Stage 2 Completion:** Following the completion of Stage 2, the participating interests in the Joint Venture will be Western Areas 75% and Iluka 25%.

Managing Director, Dan Lougher commented: “Western Areas has been conducting due diligence on a number of farm-in and joint venture opportunities as part of our regional exploration strategy and we are extremely pleased to extend our existing presence in the Western Gawler via this new opportunity. We believe it offers the significant additional discovery potential that we are looking for.”

“Regional exploration sits alongside our Forresteria and Cosmos exploration programs. We have been very clear that, with our positive cashflow generation, we would look to access opportunities where the initial investment is relatively low, but the potential rewards are high. Our exploration team is ready to begin a work program aimed at identifying high priority drill targets, building on the significant geophysical programs and target generation work that Iluka has completed over the last 4 years,” said Mr Lougher.



Western Gawler – Further Information

Western Areas has been actively exploring within the Western Gawler region for several years. It has identified the broader Fowler Domain as a highly prospective region in line with the Company’s regional exploration strategy. Accordingly, the Company has entered into this Agreement to further consolidate its presence, enabling accelerated exploration activities into FY19 and beyond. The Company believes that combining the Iluka Joint Venture ground with its existing tenement holdings maximises the potential for a significant discovery.

Leveraging off the solid foundation of earlier geophysical surveying, target generation and focused drilling programs completed by Iluka, Western Areas will incorporate its own advanced geological understanding of the area to conduct a series of integrated, belt-scale exploration targeting campaigns across the Fowler Domain. As part of the agreement, Western Areas will acquire access to Iluka’s extensive technical datasets in respect of the Joint Venture tenements.

Western Areas has identified several emerging prospects on its existing tenure (including Thunderdome, Atomic Cafe and Citadel), which host numerous prospective mafic and ultramafic intrusive bodies. Initial work aims to test these prospects, along with their associated prospective corridors along strike, which extend into the Iluka Joint Venture ground. Work will also focus on advancing several untested geophysical targets previously identified by Iluka.

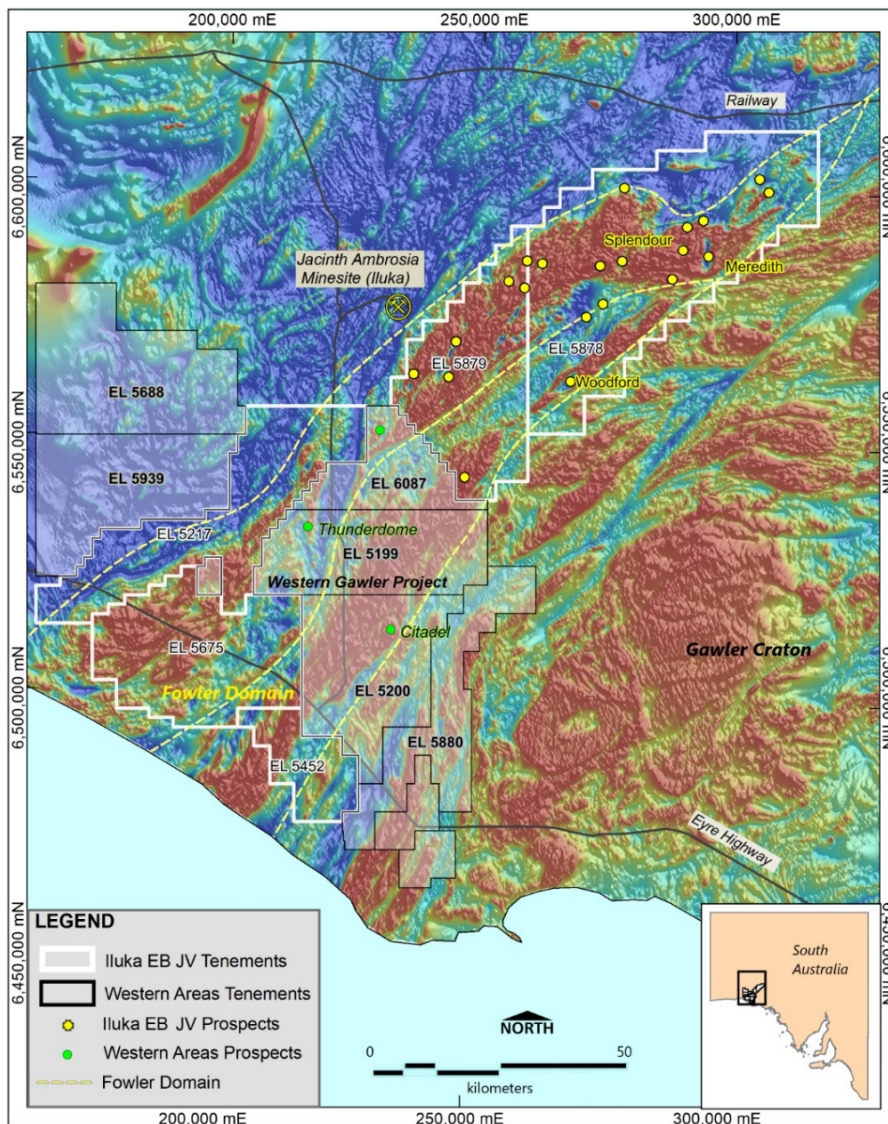


Figure 1 – Location of the Iluka Farm-in JV tenements and the Western Gawler Project over regional aeromagnetic image (TMI-RTP).

**Western Gawler Geological Setting:**

The Company's key focus at Western Gawler has centred on the Fowler Domain, a Proterozoic mobile zone located on the western margin of the Gawler Craton in South Australia. The area is overlain by shallow cover (often <50m) of the Eucla sedimentary basin, which has preserved the exploration opportunity and represents a highly underexplored area.

The region, containing abundant mafic-ultramafic intrusive rocks prospective for nickel-copper sulphides and PGE's, is tectonically similar to the Albany-Fraser Belt (Nova/Bollinger) and the Musgrave Province (Nebo/Babel and Succoth). These Proterozoic orogenic belts have long-lived and deep-seated crustal-scale architecture, similar to other global world-class nickel provinces. The area is also considered prospective for iron oxide-copper-gold (e.g. Olympic Dam) and orogenic gold deposits.

The tenure package is strategically well placed for future development, being located proximal to established infrastructure including sealed roads, rail and port facilities, as well as Iluka's Jacinth – Ambrosia Mineral Sands Mine.

-ENDS-

For further details, please contact:

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COMPETENT PERSON STATEMENT:

The information within this report as it relates to geological data and exploration programmes is based on information compiled by Mr Graeme Gribbin of Western Areas Ltd. Mr Gribbin is a member of AIG and is a full time employee of the Company. Mr Gribbin has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results. Mr Gribbin consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements. 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.

Examples of forward looking statements used in this report include: "The project represents significant discovery potential for high grade massive sulphide poly-metallic mineralisation, iron oxide-copper-gold (IOCG) and orogenic gold deposits.", and, "The region, containing abundant mafic-ultramafic intrusive rocks prospective for nickel-copper sulphides and PGE's, is tectonically similar to the Albany-Fraser Belt (Nova/Bollinger) and the Musgrave Province (Nebo/Babel and Succoth)".

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 Ltd. Potential investors should refer to Western Areas' other public releases and statutory reports and consult their professional advisers before considering investing in the Company.