



19 June 2015

ASX: WSA

WESTERN AREAS TO ACQUIRE THE COSMOS NICKEL COMPLEX
Substantial Exploration Upside and Potential Second Mining Operation

Western Areas Ltd (ASX:WSA, “Western Areas” or the “Company”), through its 100% owned subsidiary Australian Nickel Investments Pty Ltd, is pleased to announce it has reached a binding agreement with Xstrata Nickel Australasia Operations Pty Ltd (“XNAO”), a subsidiary of Glencore plc, to acquire the Cosmos Nickel Complex (“CNC” or the “Project”) in Western Australia. The acquisition will provide Western Areas with substantial additional exploration upside and a potential second mining operation to sit alongside its premium mines and exploration opportunities at the Company’s existing Forrestania Nickel Operation (“FNO”).

Acquisition Highlights:

- **World class nickel belt which has yielded one of the highest grade nickel mines ever discovered and operated;**
- **Substantial exploration opportunities in areas which remain largely untested – 24 month program ready to commence on day one;**
- **Third potential underground mine with the undeveloped Odysseus high grade deposit hosting a total Mineral Resource of 7.3 million tonnes @ 2.4% nickel containing 174,000 tonnes of nickel¹;**
- **Extensive and well maintained operating infrastructure including a 450ktpa concentrator, a new SAG mill and large accommodation village to support an early start-up;**
- **Consistent with Western Areas’ core strengths – exploration, development, underground mining and conventional flotation utilising a well proven low cost operating model;**
- **Excellent timing in the commodity cycle with positive forward forecasts for nickel;**
- **Acquisition price of A\$24.5m with A\$11.5m payable at close and two deferred payments of A\$7m and A\$6m nine and eighteen months post-closing respectively; and**
- **Acquisition cost comfortably accommodated from Western Areas’ net cash position and ongoing positive cashflow.**

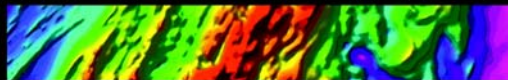
Summary and Comments

The Project is located approximately 28km north-west of the BHPB Leinster nickel operations and 370km north-west of Kalgoorlie in Western Australia. The Project covers 88km² in the Agnew Wiluna Nickel Belt, one of the world’s premier nickel belts with endowment in excess of 9 million nickel tonnes. Xstrata Nickel Australasia Pty Ltd acquired Jubilee Mines NL, which included the CNC and the Sinclair project in 2008. Historic production from CNC is around 127,000 tonnes of nickel at an average grade of 5.0%.

Western Areas considers the acquisition metrics to be very favourable at an enterprise value to resource multiple of A\$0.06/lb on the Odysseus deposit and A\$0.02/lb on all contained nickel resources acquired. Further to these very favourable nickel resource metrics, there is additional project value in the extensive exploration upside on the tenements, operation-ready site infrastructure and significant spares inventory.

Western Areas has prepared an accompanying presentation providing further details on the Project.

¹ Please refer to page 3 of this announcement for comments regarding JORC 2012



Western Areas Managing Director, Mr Dan Lougher, commented that the acquisition was consistent with its growth strategy and given the Company's successful exploration credentials and its agile and lean approach to projects, Western Areas' skill sets would be appropriately utilised.

"The Cosmos Nickel Complex will complement our existing Forrestania Nickel Operations, and is an excellent, prudent and low cost investment which is consistent with our brownfields acquisition strategy. Western Areas' strong track record in exploration, successful project development and low cost operations is precisely what this Project needs to prosper outside of the large corporate environment," Mr Lougher said.

"We believe we have acquired the project at the correct stage of the current commodity cycle. We've now significantly increased our exposure to upside via substantial additional high quality development and exploration opportunities, as the nickel market is expected to move into a tighter demand and supply balance over the coming years.

"We look forward to closing this acquisition and commencing both an extensive exploration effort, alongside our existing exploration programs, and initiating development studies on the high grade Odysseus deposit.

"The exploration program at FNO will remain unaffected, with the replacement and addition of reserves being an absolute focus for both our near and long term organic growth pipeline. Western Areas' balance sheet is in a strong position and, once debt free in July 2015, together with ongoing cashflow generation, the Company expects to be able to support dividends for shareholders while maintaining ample capacity to fund a ramp up of exploration activity and drive organic capital improvement projects," Mr Lougher said.

CNC Exploration Program

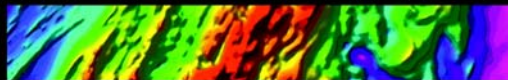
The Company has noted in its due diligence reviews that the previous Project operator (XNAO) concentrated activities almost solely on adding mining inventory. Accordingly, the CNC contains extensive untested or underexplored priority exploration targets that Western Areas, with the assistance of its long term geological consultant group Newexco, have identified.

In this regard Western Areas will immediately conduct an extensive program using the latest deep sensing geophysical technology not previously utilised, which the Company believes will add to the targets already identified during due diligence. The geophysical activities will be the first stage of a purpose fit program that has been designed to be conducted over a 24 month period.

The Company believes the CNC tenements host large cumulative ultramafic bodies alongside nickel sulphides, and accordingly is encouraged by the strong prospectivity. Further details of which are included in the accompanying presentation.

Odysseus Deposit

Odysseus represents one of Australia's most significant undeveloped nickel deposits. The previous owners of the Project prepared potential development plans for Odysseus in a higher capital and operating cost environment.



Western Areas considers that the Odysseus deposit has significant potential to become the Company's third operating nickel mine and therefore plans to update and advance previous internal development studies in line with the current lower capital cost environment and Western Areas' low cost operating model. Additional resource modelling and drilling will also be undertaken, as due diligence reviews have noted significant historic high grade massive sulphide intersections in excess of 11% nickel.

Odysseus is at a depth of approximately 1,000m (a similar level to current Flying Fox operations) and is expected to be able to leverage the existing Cosmos decline, which is developed to a depth of 960m. Future development scenarios will consider utilisation of the decline anywhere from approximately 600m to 800m including dewatering prior to developing access to Odysseus (see attached presentation for more detail).

Glencore's Resources and Reserves Report at 31 December 2014 for the "Cosmos" area was prepared in accordance with JORC 2012. Odysseus, with a total Mineral Resource of 7.3 million tonnes @ 2.4% nickel containing 174,000 tonnes of nickel, was part of the total Cosmos resource reported by Glencore. Over 65% of the Odysseus deposit Mineral Resource is classified in the Measured and Indicated categories.

Whilst Western Areas has completed appropriate verification of the Odysseus deposit for acquisition due diligence requirements, the study is not yet sufficiently advanced to report a Table 1 for JORC 2012 reporting. Western Areas will continue the necessary work required to provide a JORC 2012 Resource Statement to the market and expects to complete and publish this resource statement in the near term.

Forrestania Nickel Operation Synergies and Site Infrastructure

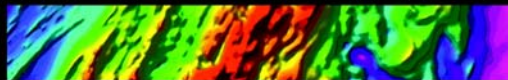
Western Areas will apply its significant operational experience gained from more than ten years of underground mining operations at FNO to future developments at CNC. With both the Flying Fox and Spotted Quoll deposits developed in-house by Western Areas, substantial expertise exists which will be utilised in development studies for the Odysseus deposit. Future development synergies may also be available including possible marketing and nickel concentrate blending benefits across the CNC and FNO operations.

Included within the CNC acquisition is significant on-site infrastructure and material such as:

- A 450ktpa throughput concentrator in sound condition with potential to upscale;
- Brand new SAG mill, which may be utilised in future at any of Western Areas potential development projects including mill expansion scenarios at FNO;
- Well-maintained, modern accommodation village infrastructure (approximately 500 beds), with gym and other services; and
- Other miscellaneous items including airstrip, gas pipeline, offices, telecommunications infrastructure, ore sorter, refuge chambers and an extensive inventory of spares and supplies.

The Western Areas team has already identified a number of assets that can be potentially utilised at FNO and result in immediate savings, such as the underground refuge chambers for the Spotted Quoll mine. We expect the identification of numerous cost saving opportunities to evolve in the near term as we take control.

The presence of this extensive, quality infrastructure adds strategic value to the acquisition, providing the basis for a potential second mining hub for the Company and a near to medium-term production pipeline for new project developments such as Odysseus.



Transaction Summary

Western Areas will acquire 100% of the CNC assets for a total cash consideration of \$24.5m comprising three instalments as follows:

1. \$11.5m upon transaction completion;
2. \$7.0m nine months following completion; and
3. \$6.0m eighteen months following completion.

Western Areas has granted offtake rights to Glencore for a maximum of 7,000t of nickel contained in concentrate produced per calendar year from the CNC tenements with a total cap of up to 50,000 tonnes of nickel in concentrate.

Completion is subject to approvals and consents that are customary for a transaction of this nature, including Ministerial consent to the transfer of tenements under the Mining Act 1978 (WA).

Western Areas utilised the services Newexco, GR Engineering and Ashurst for this transaction.

-ENDS-

For further details, please contact:

Dan Lougher
Managing Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dlougher@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

COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to mineral resources is based on information compiled by Mr Andre Wulfse and Mr Dan Lougher of Western Areas Ltd. Mr Wulfse and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Wulfse and Mr Lougher have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wulfse and Mr Lougher consent 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 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.

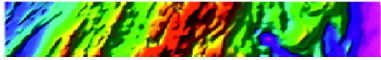
Examples of forward looking statements used in this report include: "Acquisition cost comfortably accommodated from Western Areas' net cash position and ongoing positive cashflow" and "the nickel market is expected to move into a tighter demand and supply balance over the coming years", and "the Odysseus deposit has significant potential to become the Company's third operating nickel mine".

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 or the Cosmos Nickel Complex 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.

WESTERN AREAS LTD



COSMOS NICKEL COMPLEX ACQUISITION

19 JUNE 2015



DISCLAIMER AND FORWARD LOOKING STATEMENTS

This presentation is being furnished to you solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential. The information contained in this presentation does not constitute or form any part of any offer or invitation to purchase any securities and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. This is not for distribution or dissemination in the U.S.

The information contained in this presentation has been prepared by Western Areas Ltd. No representation or warranty, express or implied, is or will be made in or in relation to, and no responsibility or liability is or will be accepted by Western Areas Ltd, employees or representatives as to the accuracy or completeness of this information or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. No party has any obligation to notify opinion changes or if it becomes aware of any inaccuracy in or omission from this presentation. All opinions and projections expressed in this presentation are given as of this date and are subject to change without notice.

This document contains forward-looking statements including nickel production targets and cost estimates. These statements are based on assumptions and contingencies that are subject to change without notice, and certain risks and uncertainties that could cause the performance or achievements of Western Areas Ltd to differ materially from the information set forth herein. 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. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. Individuals should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to any the forecasted periods, which reflect Western Areas Ltd’s view only as of the date hereof.

This announcement does not include reference to all available information on the Company or the Cosmos Nickel Complex 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.

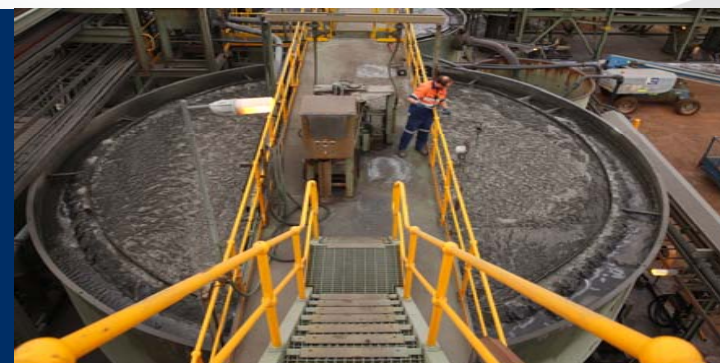
The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to mineral resources was prepared by Mr. Dan Lougher and Mr. Andre Wulfse. Mr. Lougher and Mr. Wulfse are full time employees of Western Areas Ltd. Mr. Lougher and Mr. Wulfse are members of Australian Institute of Mining and Metallurgy (AusIMM) and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’(2012 JORC Code). Mr. Lougher and Mr. Wulfse consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

For the 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.

WESTERN AREAS LTD



STRATEGIC RATIONALE & SUMMARY



This presentation should be read in conjunction with the related ASX
Announcement dated 19 June 2015

STRATEGIC RATIONALE & SUMMARY

Strategic Rationale

1. Plays to WSA's core strengths – exploration, project development, underground mining and flotation
2. Right street address – Cosmos Nickel Complex covers 88km² in a prolific nickel belt with some of the world's highest grade mines. BHPB Leinster Nickel Operations 28km southeast
3. Underexplored with previous owners focussed on adding to mine tonnages, rather than discovery
4. Potential 2nd operation - significant resource acquisition with the high grade Odysseus deposit (174kt of nickel). Includes other large lower grade deposits (Mt Goode - 324kt of nickel). Effectively a free option
5. Full infrastructure provides immediate value and synergies for WSA
6. Future potential concentrate blending and marketing opportunities
7. Low cost entry at right time in the commodity cycle
8. WSA's ability to fund from positive free cashflow and de-leveraged balance sheet, whilst maintaining dividends
9. WSA ready to hit the ground running Day 1

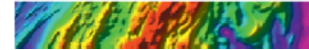
Transaction Summary

1. 100% Asset acquisition of the Cosmos Nickel Complex
2. A\$24.5m purchase price with deferred payments:
 - a. A\$11.5m on close;
 - b. A\$7.0m, nine months post close; and
 - c. A\$6.0m, eighteen months post close



Cosmos Ball Mill

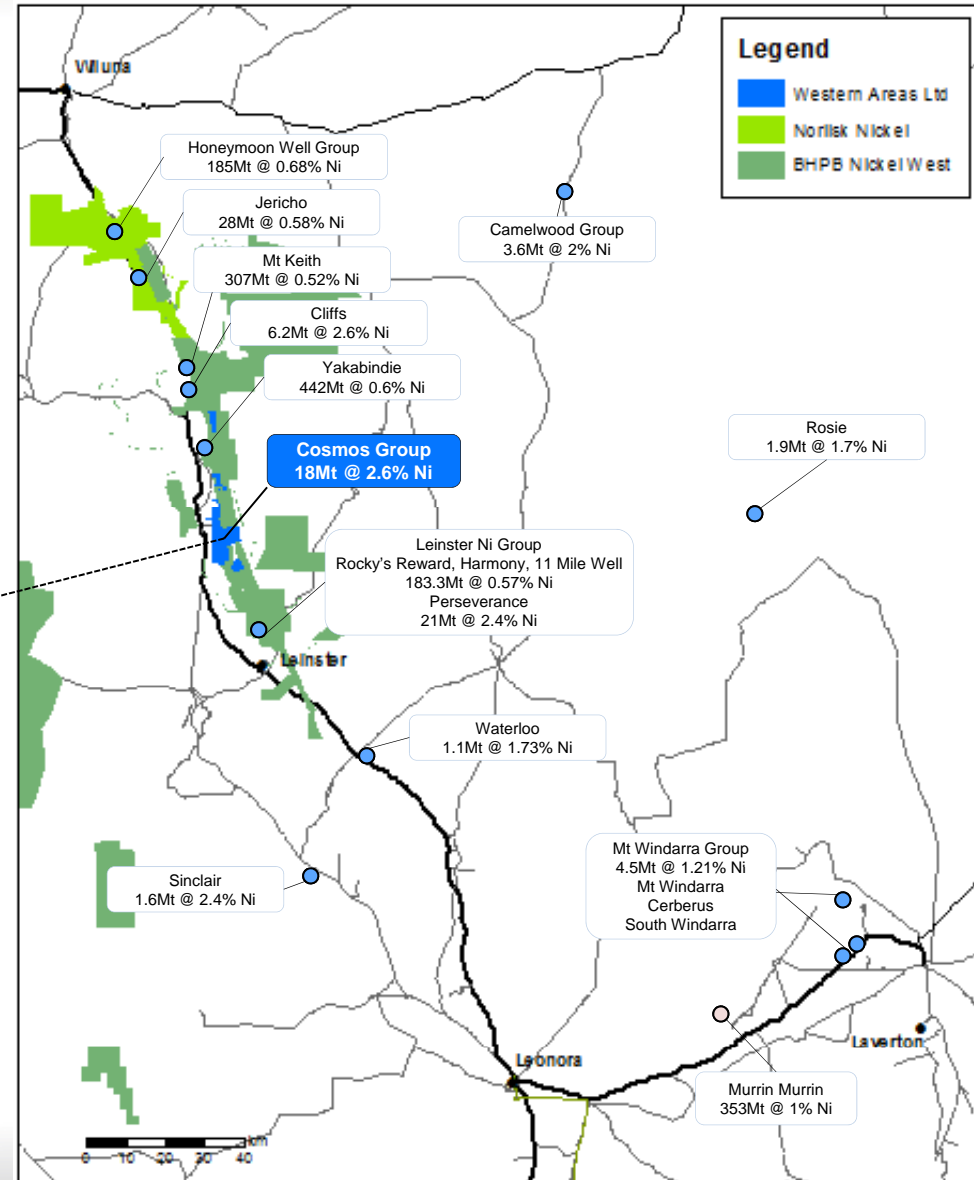
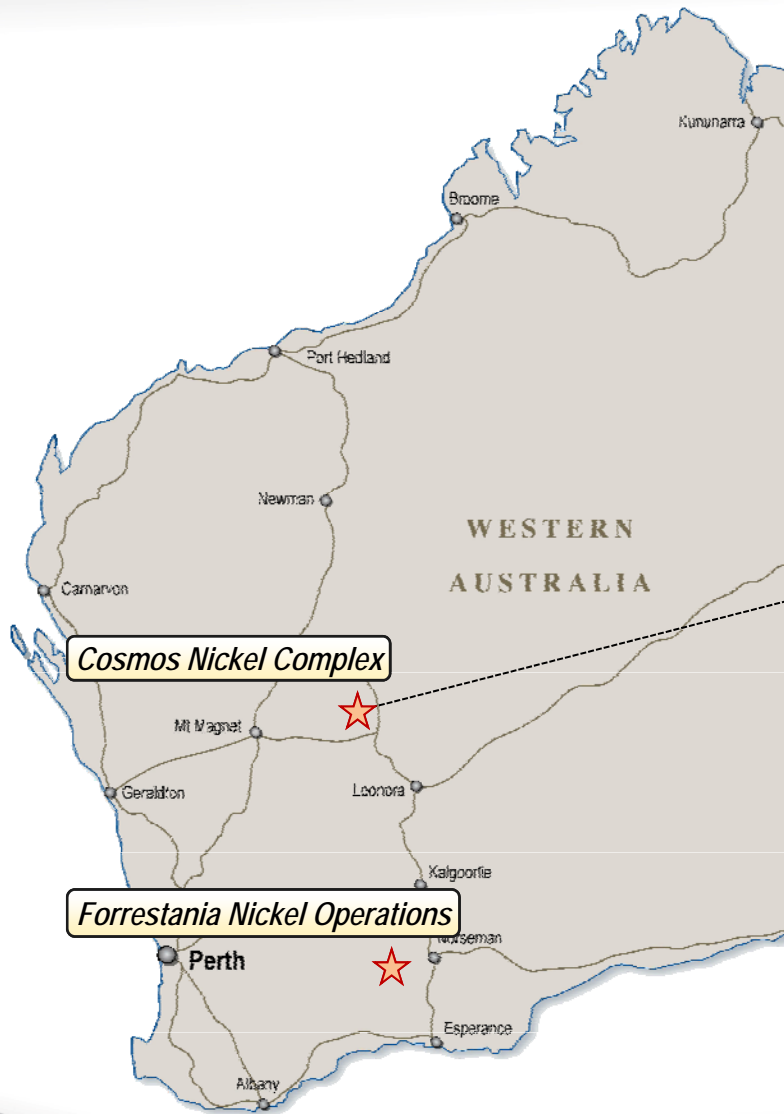
WESTERN AREAS LTD



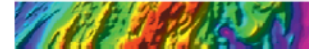
LOCATION



LOCATION – PREMIER NICKEL PROVINCES



WESTERN AREAS LTD

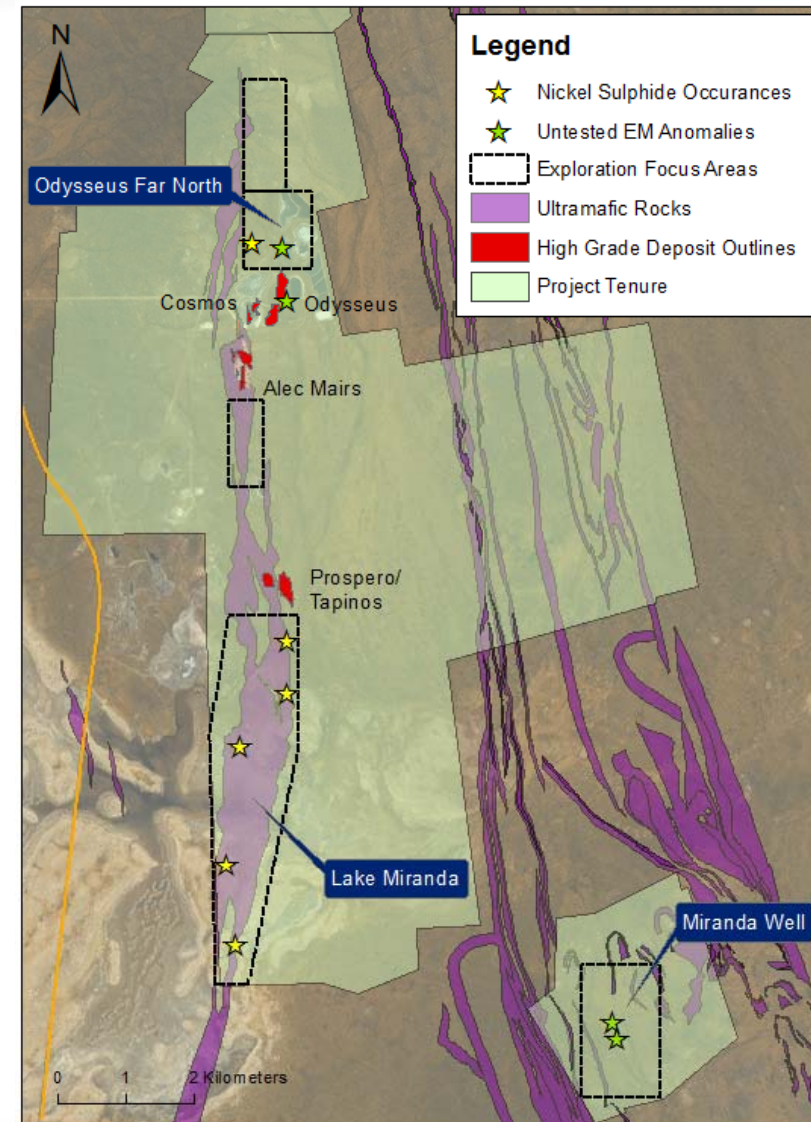


EXPLORATION PROSPECTIVITY & PLAN



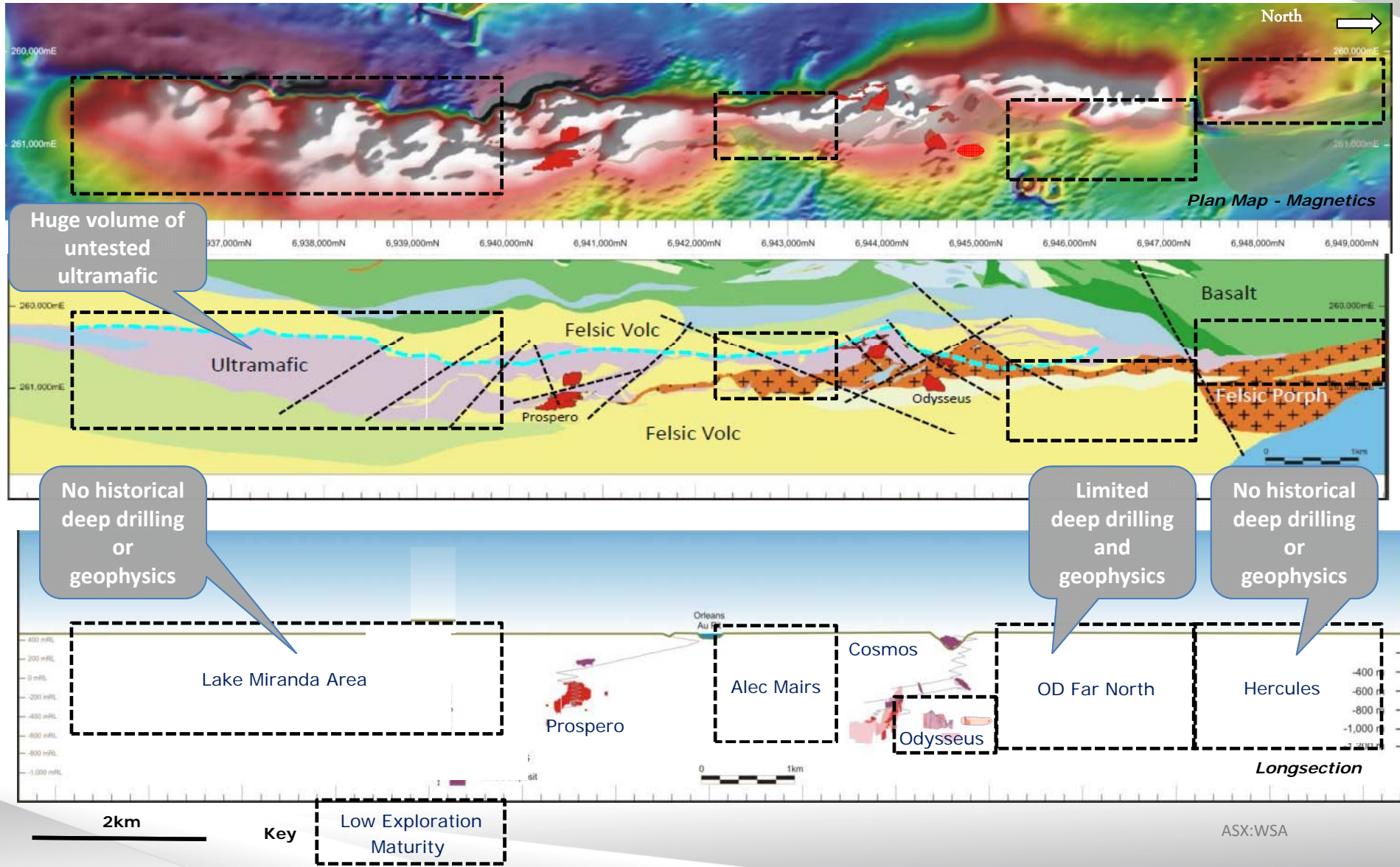
COSMOS NICKEL COMPLEX

- 26 mining and infrastructure tenements – 88km²
- 17km long ultramafic sequence:
 - Dominated by high MgO ultramafic rocks
- High tenor nickel sulphide belt – up to 30% nickel:
 - Similar to Forrestania, higher than Leinster
 - Mining grades around 5% Nickel
- Deposits hosted within felsic volcanic rocks:
 - Low ‘false positives’ for geophysics
 - Electromagnetic (EM) conductors represent nickel sulphides
- Under-explored outside of mine environment:
 - Lake Miranda and Miranda Well
- Proximal to BHPB Nickel Assets:
 - Leinster Nickel Operations
 - Yakabindie
 - Camelot Nickel Camp



Exploration Focus Areas overlaying aerial photo

COSMOS BELT POTENTIAL



Huge volume of untested ultramafic

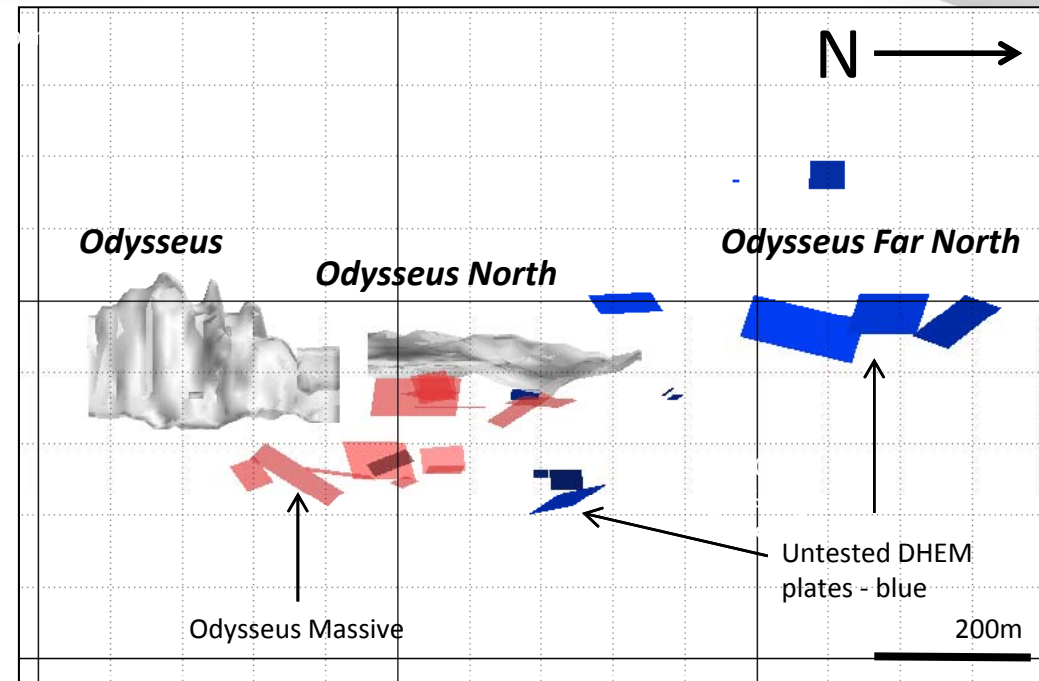
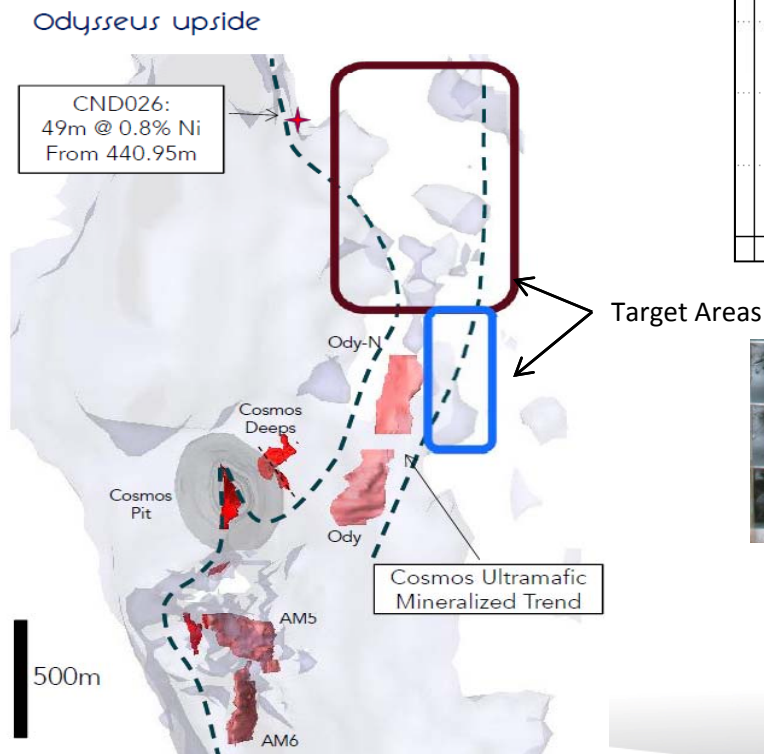
No historical deep drilling or geophysics

Limited deep drilling and geophysics

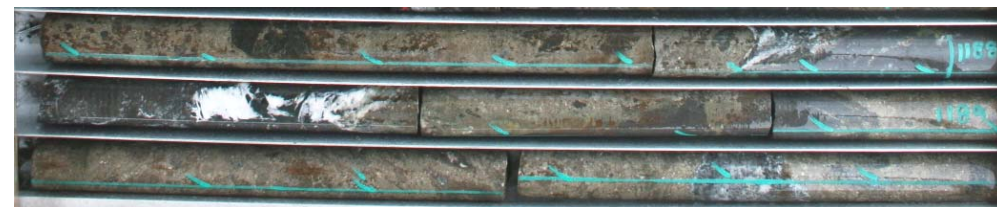
No historical deep drilling or geophysics

ODYSSEUS FAR NORTH

- Odysseus Far North target located along strike from known ore bodies
- Relatively little drilling in target area
- Untested downhole EM (DHEM) anomalies identified by WSA during due diligence, north of and around Odysseus
- Goal is to extend known mineralisation



Odysseus deposits – Long section

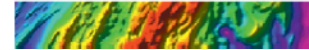


Odysseus Massive Nickel Sulphides – 3.92m @ 15.37% Ni (incl. 1m @ 18.1% Ni)

REGIONAL EXPLORATION POTENTIAL

- Multiple exploration opportunities identified within the near mine areas
- Nickel sulphides identified at a number of new prospects
- Untested EM anomalies defined in previous work
- 4km of ultramafic stratigraphy untested at depth south of Prospero
- Clear exploration strategy defined
 - EM review and program using latest deep sensing technology
 - Drilling of the more advanced exploration targets – Odysseus Far North and Miranda Well
 - Target generation and testing of the new prospects

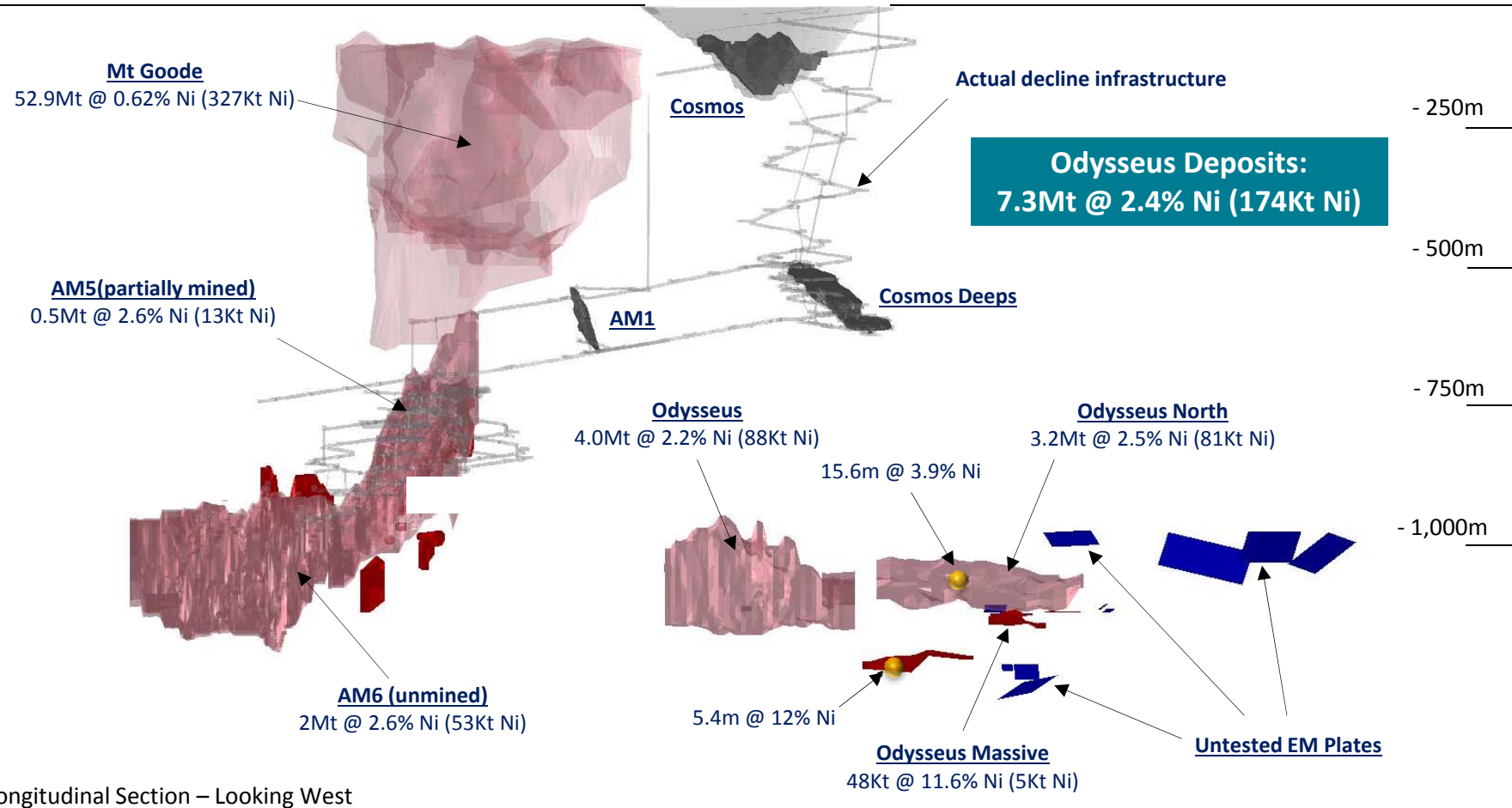
WESTERN AREAS LTD



ODYSSEUS PROJECT



ODYSSEUS COMPLEX AND OTHER RESOURCES*



*Refer to page 3 of the announcement regarding WSA intentions for JORC 2012 Table 1 reporting

ODYSSEUS SCOPING STUDY REVIEW

Significant undeveloped resource containing massive sulphides, matrix sulphides and high grade disseminated sulphides

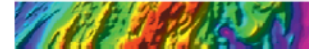
XNAO conducted an in-house study on the Odysseus group of deposits

- In house study undertaken by XNAO over 2012/13
- Concentrator expansion from 450ktpa to 750ktpa with 7-8 year mine life generating between 12-14kt of nickel in concentrate per annum considered

Western Areas will review the existing XNAO study and undertake a 'gap analysis' to complete a pre-feasibility study over the following 12 months

- Test near mine exploration potential beginning with Odysseus Far North
- Review mining method, mining schedule, underground infrastructure and decline dewatering options
- Reduce concentrate grade specification in line with FNO grades to improve nickel recovery
- Review metallurgical test work and flow sheet to optimise processing plant
- Optimise capital and operating cost assumptions for the current lower cost environment
- Explore contractor versus owner operator alternatives and leverage FNO experience

WESTERN AREAS LTD



INFRASTRUCTURE



AERIAL VIEW



Significant infrastructure in place:

- 450ktpa mill with expansion options
- Tailings storage and evaporation ponds
- Concentrate storage
- Coreyard facilities
- Gas connection
- Mill and mining spares inventory
- Approximately 500 person accommodation village
- Recreational facilities
- Aerodrome
- Administration and workshop buildings
- Telecommunications

INFRASTRUCTURE



Mill with tailings dam in background



Refuge chambers



Mill infrastructure



Water evaporation fans

INFRASTRUCTURE



Administration infrastructure



Spare and brand new SAG mill in storage



Fuel tanks



Aerodrome infrastructure

ASX:WSA