



20 July 2015

ASX: WSA

**News Release**

**WESTERN AREAS APPROVES MILL RECOVERY ENHANCEMENT PROJECT**

The Board of Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce approval of the Forrestania Mill Recovery Enhancement Project (“Mill Enhancement”) following a full feasibility study and a competitive tendering process. A summary of the key aspects of the project are as follows:

- ✓ **Mill recoveries will increase between 3% to 5% over the Life of Mine;**
- ✓ **Up to an additional 1,200 nickel tonnes in concentrate recovered per annum;**
- ✓ **Estimated capital cost of A\$22m;**
- ✓ **Unit cash operating cost of A\$2.42/lb of nickel in concentrate;**
- ✓ **IRR of 39% and payback of 39 months using consensus nickel prices<sup>1</sup>;**
- ✓ **Long lead item orders to be placed shortly;**
- ✓ **Construction time of 6 months and could commence from 1 July 2016;**
- ✓ **GR Engineering Services has been awarded an EPC Contract as part of a Guaranteed Maximum Price arrangement; and**
- ✓ **Will employ Western Areas’ patented Bioleach technology.**

In deciding to approve the Mill Enhancement, the Board has taken a prudent approach to the capital spend given the current nickel price environment. The Company has committed to purchase the long lead items and complete detailed engineering which are expected to cost around A\$7.0m in the December quarter of FY16. Given the short construction time of six months, a decision to start construction is likely to be made later in the financial year, when consensus predictions have the nickel price trend improving towards the time the Mill Enhancement could commence. On this basis, the Company believes that the Mill Enhancement could commence the commissioning and ramp-up phase from 1 July 2016.

Western Areas Managing Director, Mr Dan Lougher commented that the decision to proceed with the Mill Enhancement is another example of the Company investing in value-adding organic projects which improve the efficiency of operations at Forrestania over the life of mine.

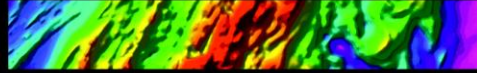
“Investment in the Mill Enhancement follows an extremely robust feasibility study, incorporating a lengthy period of pilot plant testing which demonstrated the success in applying our patented BioLeach technology on our sulphide ores in a controlled environment.”

“The Mill Enhancement is expected to produce attractive economic returns and is another example where Western Areas will deploy relatively modest capital to generate operational efficiencies in a structured, smart and disciplined manner.”

“We are extremely pleased to be working with GR Engineering as they have been involved with the Forrestania mill since its original construction and expansion”, said Mr Lougher

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<sup>1</sup> Consensus is based a long term average nickel price of US\$8.68/lb at an AUD exchange rate of \$0.80



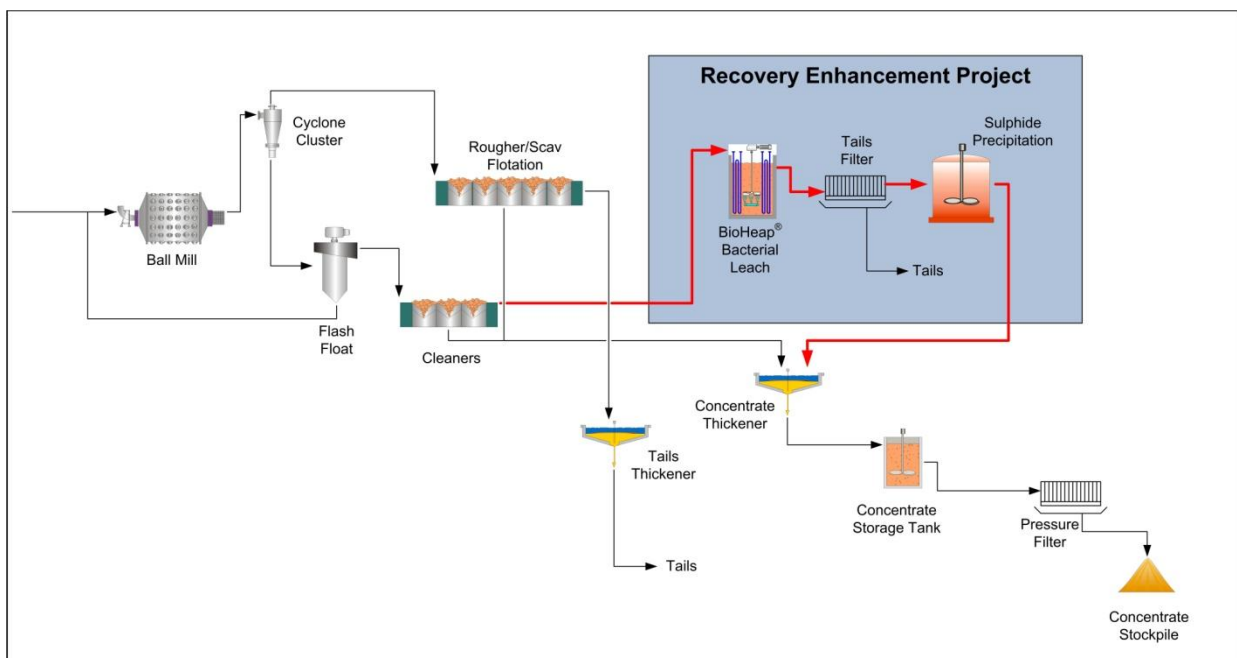
**Description of the Mill Recovery Enhancement Project**

The process associated with the Mill Enhancement, was developed in-house by Western Areas for the specific purpose of treating Forrestania ore. The Mill Enhancement will process one of the tailings streams from one of the flotation plants that contains valuable amounts of nickel that cannot be recovered into concentrate by traditional flotation methods. This stream will be leached at atmospheric pressure utilising the Company’s patented BioLeach technology in fibreglass reinforced PVC tanks to recover the additional contained nickel.

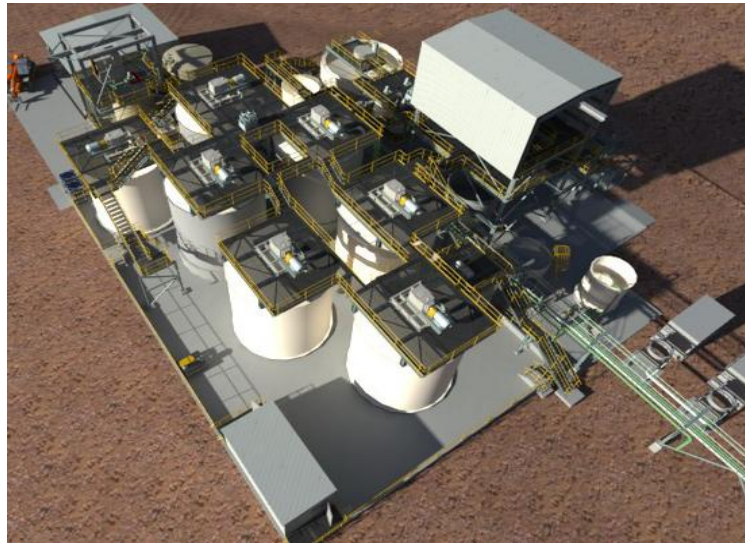
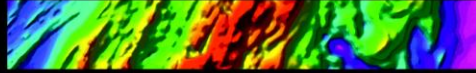
The BioLeach process has been developed to operate at a pH of 3-3.5 which enables the removal of iron and other gangue elements during the leaching stage to form stable compounds for safe disposal in the Company’s existing tailings storage facility.

A conventional thickener and filter are used for dewatering of the leach circuit. The solids are discarded to tailings and the filtrate is passed to the sulphide precipitation circuit. Sodium sulphide is used to recover the nickel from the solution and will produce a nickel in concentrate product grading between 50% to 60% nickel. This high grade nickel concentrate is then combined with the processing plant’s normal nickel concentrate (14% to 14.5% nickel) to produce an overall slightly higher grade nickel concentrate. The time period to produce a nickel concentrate for blending into existing material is seven days.

The Mill Enhancement process has been designed to add on to any existing flotation circuit to enable the recovery of valuable sulphide minerals (e.g. nickel, copper, zinc) which cannot be recovered by conventional flotation. Consequently, the Company believes that this process can have significant positive results for a number of base metal projects around the world looking to improve metal recovery. An additional potential benefit may therefore arise from demonstrating the patented Bioleach technology in this niche application.



Mill Enhancement plant flow sheet



Schematic of the Mill Enhancement plant

The Company acknowledges the efforts of Tetra Tech Proteus for its recent work on the Feasibility Study for the Mill Enhancement.

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**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 “Mill recoveries will increase between 3% to 5% over the Life of Mine” and “Up to an additional 1,200 nickel tonnes in concentrate recovered per annum” and “Estimated capital cost of A\$22m” and “Unit cash operating cost of A\$2.42/lb of nickel in concentrate” and “IRR of 39% and payback of 39 months using consensus nickel prices” and “Long lead item orders to be placed shortly” and “Construction time of 6 months and could be in full operation from 1 July 2016” and “The Mill Enhancement is expected to produce attractive economic returns and is another example where Western Areas will deploy relatively modest capital to generate operational efficiencies in a structured, smart and disciplined manner”.

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 Mill Recovery Enhancement Project 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.