



Activity Report

For the period ending 30 September 2013

LOWEST UNIT CASH COSTS AND HIGHEST MINE PRODUCTION SINCE DECEMBER 2011

Western Areas is an Australian-based nickel miner listed on the ASX. The main asset is the 100% owned Forrestania Nickel Project, 400km east of Perth. Western Areas is Australia's second largest sulphide nickel miner producing approx. 25,000tpa nickel in ore from the Flying Fox and Spotted Quoll mines.

Western Areas is an active nickel explorer in Western Australia and holds significant exploration interests in Canada and Finland through shareholdings in Mustang Minerals and FinnAust Plc.

Mining is in progress at the Flying Fox and Spotted Quoll underground mines where significant development is already in place. Flying Fox and Spotted Quoll are two of the lowest cost and highest grade nickel mines in the world.

The total Mineral Resource Estimate at Spotted Quoll now stands at 2.9 Mt at an average grade of 5.9% containing 174,981 nickel tonnes. The total Ore Reserve Estimate at Spotted Quoll comprises 3.0 Mt at 4.3% nickel containing approximately 128,300 nickel tonnes.

The total Mineral Resource Estimate at Flying Fox now stands at 1.6Mt at an average grade of 5.7% Ni containing 91,676 nickel tonnes. The total Ore Reserve Estimate at Flying Fox comprises 1.6 Mt at an average grade of 4.0% Ni containing approximately 64,090 nickel tonnes.

The Cosmic Boy concentrator has capacity for 550,000 tpa ore which equates to production capacity of about 25,000 tpa nickel in concentrate. The plant is designed for a future potential upgrade to 750,000 tpa ore.

Western Areas has offtake agreements with BHP Billiton for 12,000 tpa nickel in concentrate, and 13,000 tpa with Jinchuan for a total 25,000 tpa nickel in concentrate.

The Board remains focused on the core business of low cost, long life nickel production, new nickel discoveries and on generating returns to shareholders.

ASX code: WSA

Shares on issue: 197m shares

Market capitalisation:

Approx A\$545M @ \$2.75 per share

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Western Areas (WSA or the Company) is pleased to report the achievement of another strong quarter on all operational measures, including the third consecutive quarter **where unit cash costs of production have substantially reduced to A\$2.28/lb, their lowest level since December Q 2011.**

Operationally the Company has commenced the new financial year strongly when measured against guidance. Both mines increased their nickel production with mine grade being particularly strong, averaging 5.1% nickel across the group. **Spotted Quoll underground achieved record production with 77,097t of ore mined at an average grade of 5.3% for record total production of 4,090t of nickel (58% increase on June Q).**

Total mine production for the quarter was **8,290 tonnes of nickel in ore at an average grade of 5.1%**, being the highest level of production since the December Q in 2011.

On the financial front, nickel prices have remained at unsustainable cyclical lows, however for the first time we are now starting to witness nickel supply responses. Glencore has shut down all nickel sulphide production in Australia and its ferronickel operations in South America (Falcondo). Furthermore, in Australia all Norilsk Nickel operations have ceased and Votorantim has announced the closure of its nickel smelter in Brazil.

September Q 2013 Highlights:

- Cash at Bank increased by A\$4.9m to A\$85.3m** despite a stubbornly low nickel price and post half yearly interest payments of A\$7.5m.
- Flying Fox mine production was **86,642 tonnes of ore mined at 4.8% for 4,200 tonnes** (9.3m lbs) contained nickel.
- Record Spotted Quoll underground mine production was **77,097 ore tonnes at 5.3% for 4,090 tonnes** (9.0m lbs) of contained nickel.
- Total nickel sales during the September Q comprised **43,356 tonnes of concentrate containing 6,554 tonnes** (14.4m lbs) of contained nickel.
- Average unit cash cost of nickel in concentrate produced during the quarter reduced to A\$2.28/lb (US\$2.09/lb)** being the lowest reported since the December Q 2011. Result driven through a combination of absolute cost savings, higher nickel grades and ore feed blends.
- Exploration efforts in the **New Morning area continued to deliver very encouraging results with the most recent intersection announced of 4.4m @ 7.4% nickel including 3.6m @ 8.7% nickel.**
- A maiden mineral resource was announced for Spotted Quoll North of 12,940 tonnes of contained nickel.** Indicated Resource category was 113,500t at 9.3% nickel for 10,573 nickel tonnes. Inferred Resource category was 21,520t at 11.0% for 2,367 nickel tonnes.
- Surface geophysical work has delivered a number of highly conductive targets at the West Musgraves JV** with Traka Resources Ltd.



1. CORPORATE AND FINANCING

Full year Guidance

In line with previous practice, the Company will not make any adjustments to the FY14 guidance announced in August 2013. However, the Company does acknowledge that the first quarter of FY14 has commenced ahead of budget expectations for both production and unit cash costs. We continue to see positive reconciliation to reserve in both grade and tonnage at both mines, whilst cost reduction activities have been realised (more commentary below). Capital expenditure and exploration costs are materially in line with guidance year to date.

Cashflow

At 30 June 2013, Western Areas had total cash at bank of A\$85.3m, being a \$4.9m increase from 30 June 2013. The increase was particularly strong given:

1. The average nickel price for the September Q was A\$6.44/lb;
2. The half yearly convertible bond interest payment was made for A\$7.5m; and
3. Cash settlements of negative quotational pricing movements accounted for in FY13 were paid totalling A\$2.1m.

Cost Saving Initiatives

The results of a targeted program of cost optimisation during the second half of FY13 have positively contributed to a reduction in production costs for the first quarter. The program covered all major operational contracts and corporate service providers whilst targeting productivity improvements.

An example of one such productivity improvement included the reduction in binder consumption for paste fill production at Spotted Quoll. The Paste Fill Manager identified that locally sourced sand (from WSA tenements) could be blended with recycled dry tailings to reduce the use of externally sourced binder. The test batches proved successful, and whilst reducing consumable costs, the change in process also reduced paste fill cure times from approximately 7 days to 2 days – delivering further operational efficiencies. All Western Areas personnel, without exception, have been extremely proactive in identifying efficiency improvements and this program remains ongoing.

Debt Facilities

The revised ANZ loan facility executed during March 2013 remains undrawn. The facility has A\$125M capacity and will extend to at least March 2016. The remaining terms and conditions, while confidential, are typical for this style of banking arrangement and remain materially consistent with the previous facility. Interest rates and fees applicable have been priced at what the Company considers are competitive margins. This facility provides repayment certainty for the July 2014 convertible bond maturity. Combined with the Company's cash balance, this facility gives the Company a very flexible approach to retiring the bond, utilising either free cashflow or a mix of cash and the facility.

Convertible Bonds

As at 30 June, the Company had two tranches of convertible bonds with staggered maturities as follows:

- July 2014 Convertible Bond - A\$110.2M with a 6.4% coupon (convert strike price of A\$7.47)
- July 2015 Convertible Bond - A\$125.0M with a 6.4% coupon (convert strike price of A\$6.41)

Western Areas' Convertible Bonds are quoted on the Singapore Stock Exchange.



Hedging

Western Areas from time to time manages nickel sales price risk with a combination of short term quotation period (QP) hedging and a set limit of medium term nickel hedging. The policy allows the use of forward sales, bought options and collar style options.

- QP hedging is used to manage the risk of price fluctuations for nickel already shipped to offtake partners that is yet to have its nickel price finalised.
- Medium term hedging is used to manage the risk of nickel price fluctuations with a maximum 25% of expected nickel sales per month hedged out for a maximum of 12 months.

At quarter's end, the hedge book consisted of US\$ hedging of forecast sales. Details of hedges as at 30 September 2013 are as follows:

Hedging Details	Fiscal 2014
FX Hedging - Collar Style Options	
FX US\$ Sold	50,000,000
Average US\$ Cap	0.9756
Average US\$ Floor	0.8361

2. MINE SAFETY AND ENVIRONMENT

Safety

At the end of September the Lost Time Injury (LTI) frequency rate was 1.79. A relatively minor LTI was sustained by an underground geological technician during the quarter, involving a twisted knee on stepping out of a vehicle. The injury required minor surgical intervention which resulted in a short period off work for recuperation.

The safety culture at Forrestania Nickel Operations (FNO) continues to mature at all levels within the organisation, with both Employee Safety Representatives and Managers conducting 20 scheduled safety inspections during the quarter. Our Safety Representatives are also active in consulting with management on safety and environmental related issues, as well as participating in incident investigations.

During the quarter, both the Emergency Response Team (ERT) and the Electrical Department developed several new standards, plans and safe work procedures for their areas of operations. Work continues among the wider FNO management team to review and update all safety plans, standards and procedures.

Fire and rescue response capability was enhanced with the delivery of a replacement fire truck, capable of carrying six ERT personnel in response to surface structural and bush fires, as well as carrying vehicle rescue equipment (Jaws of Life). The FNO ERT is a recognised Volunteer Fire Brigade (VFB) and works in collaboration with local VFB's to respond to road side incidents in the area. In addition, the ERT has started a new round of fire training, with nearly 60 personnel trained to use portable fire extinguishers. This training is an ongoing commitment to ensuring we have as many people as possible competent to fight small fires before they become out of control.

Additional Automated External Defibrillators (AED) have been placed around the site, bringing the total to six. With a daily average of 230 personnel on site during the quarter, FNO has a ratio of 1 AED to every 38 people. The site medical team has trained nearly 400 personnel in their use. This training is included in the site safety induction for all new employees, giving FNO virtually 100% of permanent personnel AED trained.



Safety and Compliance Manager,
Owen Donnelly, with the new fire truck



Environmental Technician, Duane Brynes,
weed spraying

Environment

No significant environmental incidents occurred during the quarter. The Company remains fully committed to compliance with the environmental management plan to ensure that the environmental performance of our operations is in line with industry best practice and community expectations.

Environmental Reporting

During the quarter, numerous environmental reports were compiled for submission to various Government Regulators as shown in the table below:

Report	Government Regulator
Annual Environmental Report	Department of Mines and Petroleum (DMP)
Clearing Permit Reports (various)	DMP
Annual Geotechnical Review Cosmic Boy TSF	DMP
Annual Geotechnical Review Mossco Farm Evaporation Ponds	DMP
Mine Closure Plan	DMP and Office of the Environmental Protection Authority (OEPA)
Compliance Assessment Report	OEPA
Triennial Groundwater Aquifer Review	Department of Water
Annual Audit Compliance Report (various)	Department of Environment Regulation (DER)
Annual Monitoring Reports (various)	DER
National Pollution Inventory (NPI) Report	Department of Sustainability, Environment, Water, Population and Communities (DSEWPaC, Commonwealth)
National Greenhouse and Energy Report (NGER)	Department of the Environment (DoE, Commonwealth)

Sustainability

During the quarter, washable, re-useable crib containers were given to all site personnel in conjunction with the phasing out of disposable food containers, to minimise the amount of food waste & plastic containers going to landfill and also to reduce the costs associated with supply of disposable crib containers.



3. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2012/2013			2013/2014
		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Flying Fox					
Ore Tonnes Mined	Tns	89,846	82,668	73,716	86,642
Grade	Ni %	4.9%	4.9%	4.7%	4.8%
Ni Tonnes Mined	Tns	4,380	4,081	3,447	4,200
Spotted Quoll - Underground					
Ore Tonnes Mined	Tns	50,907	59,335	53,465	77,097
Grade	Ni %	5.1%	5.2%	4.8%	5.3%
Ni Tonnes Mined	Tns	2,577	3,066	2,584	4,090
Total - Ore Tonnes Mined	Tns	140,753	142,003	127,181	163,739
Grade	Ni %	4.9%	5.0%	4.7%	5.1%
Total Ni Tonnes Mined	Tns	6,957	7,147	6,031	8,290

Flying Fox

Production

The mine produced 86,642 tonnes of ore at an average grade of 4.8% for 4,200 tonnes of contained nickel for the quarter. Production was predominately sourced from the T5 longhole stopes with the 370 and the 490 blocks being strong performers, supplemented by the 460 and 480 narrow vein areas, 615 and 630 stopes, plus the T4 655 stope.

The single boom jumbo produced ore from the 410 and 425 flat back stopes plus the 410 bench. Air-leg mining continued within the 490 stope, and development to establish the 750 and 475 stoping blocks.

Mine Development

The Streeter Decline was extended 20m early in the quarter to establish a decline sump that will be used for the remainder of the financial year. The Main Decline is planned to recommence at the start of FY15.

The mine achieved just over 1km of lateral jumbo development for the quarter, which included 472m of lateral capital development at the 240, 285 and 295 levels, 463m of predominately jumbo ore development and 80 equivalent metres of flat back and benching.



Flying Fox 285 South Ore Drive face showing massive sulphides @ 5.0% nickel



Spotted Quoll

Production

Spotted Quoll production was 77,097 tonnes at 5.3% for 4,090 tonnes of contained nickel for the quarter, which is a new record for the mine. This was mainly due to a quicker stope cycle turnover, resulting from refinements in the paste fill mix, and efficient slot firings to bring the stope panels online with minimal drilling. The second block (Block B) is now well established with stoping from the top two ore drives, i.e. 1110 and 1095 levels.

The paste fill plant continues to perform well and delivered nearly 15,000m³ of paste for the quarter. Sand addition to the paste mix has continued to add value with reduced curing time and binder consumption.

Mine Development

The Hanna Decline was advanced 176m during the quarter reaching a depth of 440m below surface. Total lateral development for the quarter was just over 1km, with 420m of ore drive development. The return airway network was advanced to the 1000 level and the escape way network advanced to the 1005 ore drive, well ahead of the stoping front.



1110 Panel 4 longhole stope void prior to paste filling



Cosmic Boy Nickel Concentrator

Tonnes Milled and Sold		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore Processed	Tns	151,855	145,348	146,256	150,475
Grade	%	4.9%	5.0%	5.1%	4.9%
Ave. Recovery	%	90%	91%	89%	90%
Ni Tonnes in Concentrate	Tns	6,722	6,611	6,634	6,593
Ni Tonnes in Concentrate Sold	Tns	6,829	6,845	7,222	6,554
Total Nickel Sold	Tns	6,829	6,845	7,222	6,554

FNO processed 150,475 tonnes of ore at an average grade of 4.9% nickel for the quarter, with the Cosmic Boy concentrator producing 43,549 tonnes of concentrate grading 15.2% nickel for 6,593 nickel tonnes. Concentrator metallurgical recovery averaged 90% with 98.9% plant availability.

Stockpiles		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore	Tns	168,866	160,884	138,862	151,232
Grade	%	4.3%	4.3%	4.0%	4.2%
Concentrate	Tns	5,872	2,989	1,383	2,307
Grade	%	14.2%	14.8%	14.1%	14.3%
Contained Ni in Stockpiles	Tns	8,074	7,330	5,700	8,625

At the end of the quarter, 151,232 tonnes of ore at an average grade of 4.2% nickel, containing over 6,339 tonnes of nickel, was stockpiled at site awaiting treatment at Cosmic Boy. The current stockpile represents around three months of mill feed and enables the selection of an optimal mill feed blend. The increase in the stockpile from the June Q was driven by higher grade and ore tonnes mined in the September Q.



Cosmic Boy Concentrator ball mill showing the grinding media charge



Cash Costs

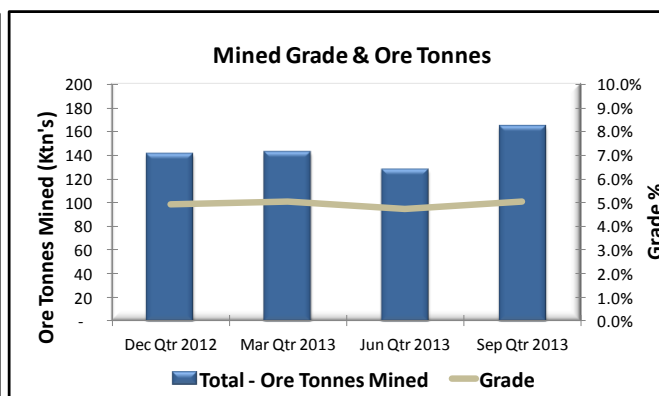
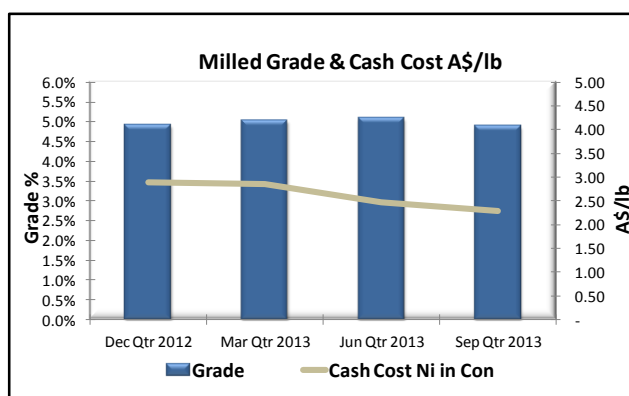
Financial Statistics		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Group Production Cost/lb					
Mining Cost (*)	A\$/lb	2.27	2.23	1.87	1.65
Haulage	A\$/lb	0.05	0.05	0.05	0.06
Milling	A\$/lb	0.41	0.41	0.38	0.40
Admin	A\$/lb	0.17	0.19	0.18	0.19
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.89	2.86	2.46	2.28
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	3.00	2.97	2.44	2.09
Exchange Rate US\$ / A\$		1.04	1.04	0.99	0.92

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Sep Qtr = A\$1:US\$0.92)

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements.
Cash costs exclude royalties.

Note. Grade and recovery estimates are subject to change until the final assay data are received.



The unit cash cost of nickel in concentrate (excluding smelting/refining charges and royalties) produced during the September Q was A\$2.28/lb (US\$2.09/lb), being the lowest reported since the December Q in 2011. For three consecutive quarters (but in particular the last two quarters) unit cash costs have significantly decreased due to a combination of factors including:

1. The cost optimisation program delivering identified cost savings combined with efficiency improvements.
2. Mine grade improving particularly at Spotted Quoll, with positive reserve reconciliation. This has resulted in a consistent mill feed grade around 5.0% for consecutive quarters.
3. As Spotted Quoll has been successfully ramped up a higher proportion of lower cost Spotted Quoll underground ore has been processed.



4. NICKEL SALES

Delivery of concentrate from Cosmic Boy to BHP Billiton's operations at Kambalda and Jinchuan's smelter in China continued during the quarter. A total of 43,356 tonnes of concentrate was delivered containing 6,554 tonnes of nickel for the quarter.

The concentrate stockpile at Cosmic Boy stands at 2,307 tonnes at a grade of 14.3% nickel, containing 330 tonnes of nickel metal. Total concentrate stockpiles increased from the previous quarter, reflecting the effect of local road closures due to rain events during the quarter.

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

The longitudinal section below shows the Flying Fox mine below 800m RL with Mineral Resources depleted for mining during the quarter.

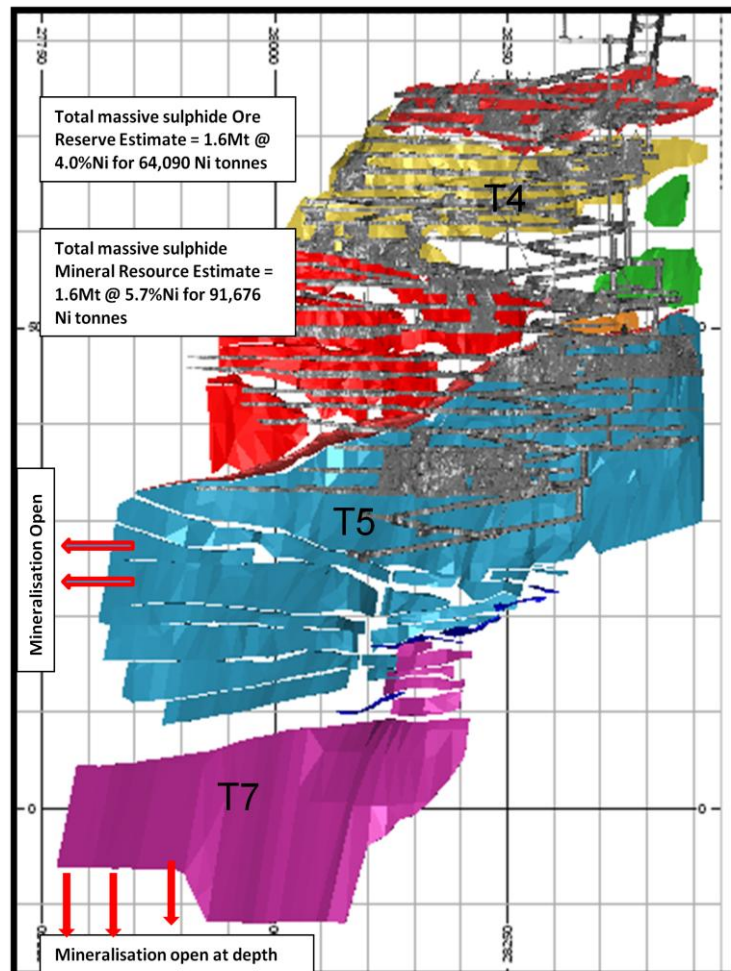


Figure 1: Flying Fox longitudinal section below 800m RL

Underground diamond drilling for the quarter focused on extending mineralisation above the T4 orebody targeting areas that hold the highest potential for mineral resource extensions. These include the undrilled T1 domain south of the Lounge Lizard area and the T1 north area.



Spotted Quoll

A Joint Ore Reserves Committee (JORC 2012) compliant Mineral Resource and Ore Reserve estimate of the Spotted Quoll North orebody was released on 12 September 2013 and shown in the tables below.

	Indicated			Inferred		
	Ore (kt)	Ni (%)	Ni (t)	Ore (kt)	Ni (%)	Ni (t)
SQ North Resource, June 30, 2012	51	11.3%	5,730	0	0.0	0
SQ North Resource, Sept, 2013	113	9.3%	10,573	22	11.0	2,367
Mineral Resource Increase	62	7.8%	4,843	22	11.0	2,367

Mineral Resource Estimate – Spotted Quoll North – 12 September 2013 – at lower cut-off of 0.0% Ni

	Probable		
	Ore (kt)	Ni (%)	Ni (t)
SQ North Reserve Sept, 2012	168	5.7%	9,600

Ore Reserve Estimate – Spotted Quoll North – 12 September 2013

The schematic long section below shows the location of the Spotted Quoll North deposit in relation to the Spotted Quoll Main deposit and the Tim King open pit. Access to this orebody will be from existing lateral development.

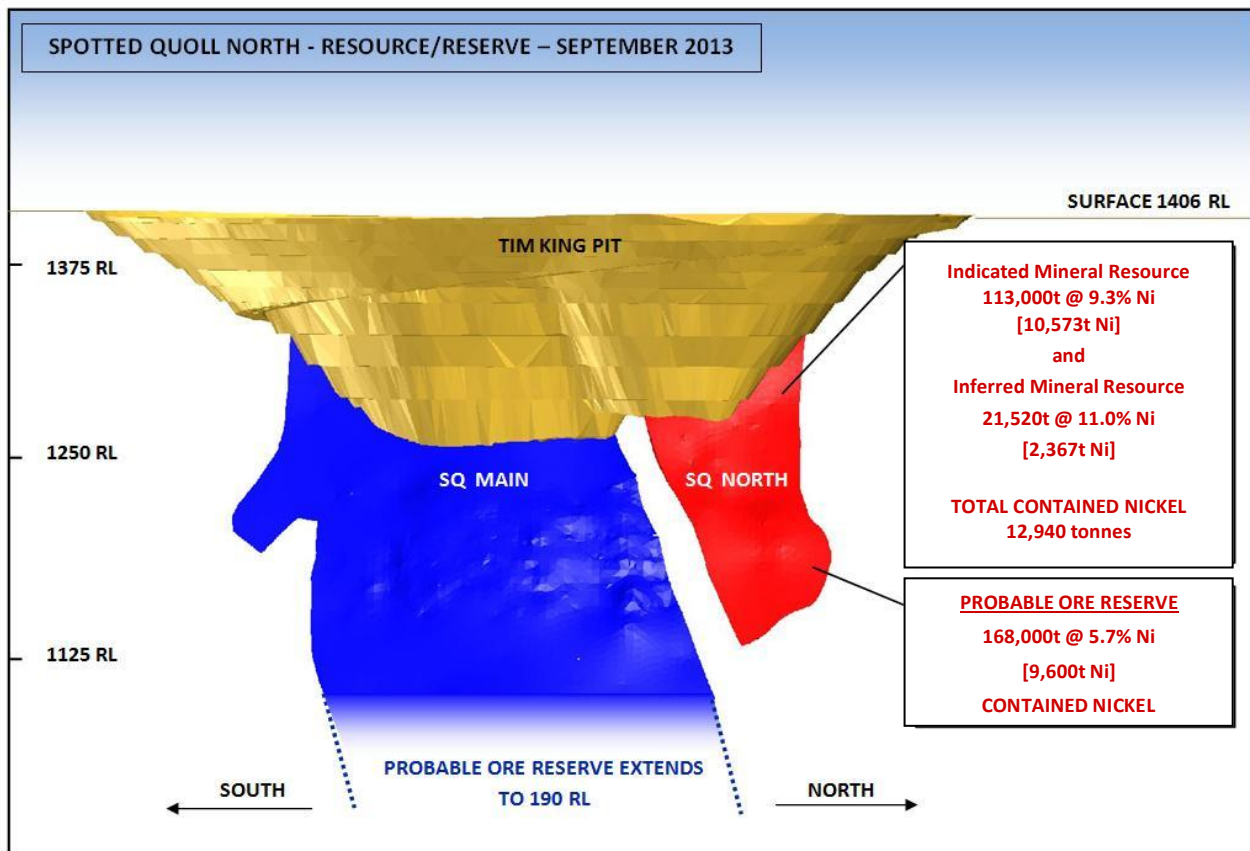


Figure 2: Spotted Quoll north long section

For a detailed summary of the Company’s Mineral Resources and Ore Reserves, please refer to the back of this Activity Report.



6. BIOHEAP

During the September Q, the BioHeap team received approaches from prospective clients to conduct test work on various base metal and gold projects. A number of proposals have been sent to clients. A number of engineering firms also approached BioHeap to learn more about the technology and BioHeap's capabilities relating to project development and support. BioHeap proposals are generally confidential in nature and the model for generating returns for Western Areas will vary depending on the type of work being undertaken.

The variability testing reported in the June Q was showing promising early results, but the client unfortunately concluded the test work citing the adverse economic climate.

The scoping study on treatment of a Cosmic Boy Concentrator stream is complete and currently being analysed. The outcome from the analysis will allow BioHeap to determine the next phase of work for the project.

The Bacterial Characterisation Research Program which commenced in the March Q is complete pending a final report. This work confirms the unique nature of many of the microbes contained in the BioHeap™ cultures that were studied. These results are being used to guide future research efforts to broaden the scope of application for the BioHeap™ technology.



Continuous Mini Bacterial Plant



7. EXPLORATION

The majority of the exploration activities during the September Q were directed at evaluating the deeper sections of the New Morning deposit and following up the previously announced, very encouraging intercepts at the new discovery. Drilling also continued at a number of targets within the Western Ultramafic Belt (WUB), including in the Lounge Lizard area between Flying Fox and New Morning, and at the Beautiful Sunday and T15 prospects, (Figure 3).

December Q exploration drilling is proposed to continue at New Morning, Lounge Lizard, the WUB targets, Beautiful Sunday and Mt Gibb.

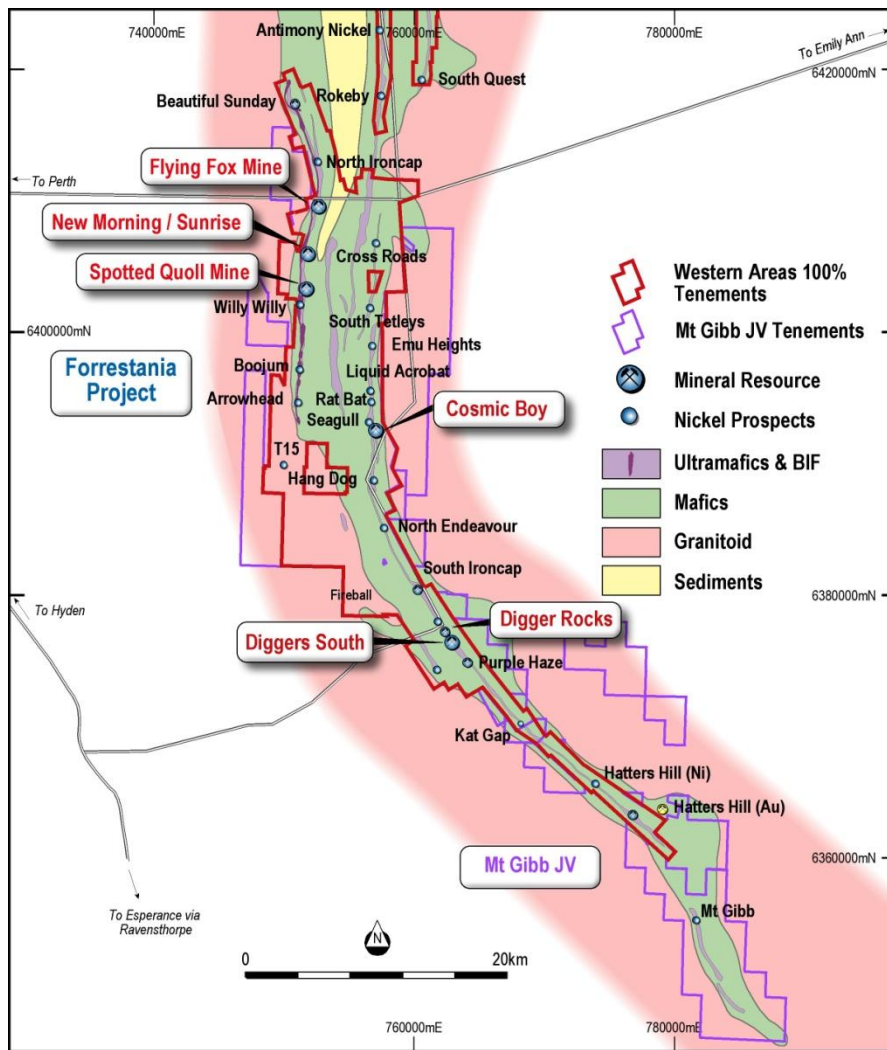


Figure 3: Plan showing Forrestania tenements; mines and key prospects

Forrestania Projects

New Morning

Testing for extensions of the New Morning mineralisation below the T3 fault continued in the September Q, (see Figure 4 below). The exploration efforts remain firmly committed to fully test the newly discovered high grade mineralisation at New Morning. This has the potential to add significant nickel metal to this project.



Drilling continued to utilise the footwall hole NMD182 testing the continuity and extent of the initial intercept in NMD177 (**3.0m at 6.3% nickel, including 2.4m at 7.6% nickel** from 1237.2m). More recent drilling during the September Q has tested the mineralisation deeper on or about the section 6406160mN (Figure 4). Drilling of the wedges is more effective when drilling higher, rather than lower, on section.

Recent intercepts include, NMD182 successfully intersected high grade nickel sulphides, released on 18 July 2013, intersecting **1.7m at 5.6% nickel** from 1241.9m. The best intercept to date was announced on 30 August 2013 (with assays on 6 Sept 2013) where NMD182W1W1 returned a mineralised interval of **4.4m at 7.4% nickel** from 1345.1m, down hole depth, including **3.6m of high grade massive sulphides of 8.7% nickel** from 1345.9m, including an interval of **0.8m at 10.2% nickel**, from 1347.9m.

The most recent intercept, NMD182W1W2, some 100m below NMD182W1W1, returned **1.5m at 5.6% nickel** from 1445.99m, including **0.7m at 10.2% nickel** from 1446.7m. Importantly, the recent intercepts of high grade massive sulphides confirm an approximate **280m down plunge** extent of mineralisation below the reverse fault. The mineralised extent remains open below and laterally to this.

Ongoing drilling will now concentrate on testing the lateral extent of the high grade mineralisation intersected to date. To this aim, holes are planned to be drilled to the north, testing some 80m north of the initial intercept in NMD177 and subsequent intersection in NMD182W1W1.

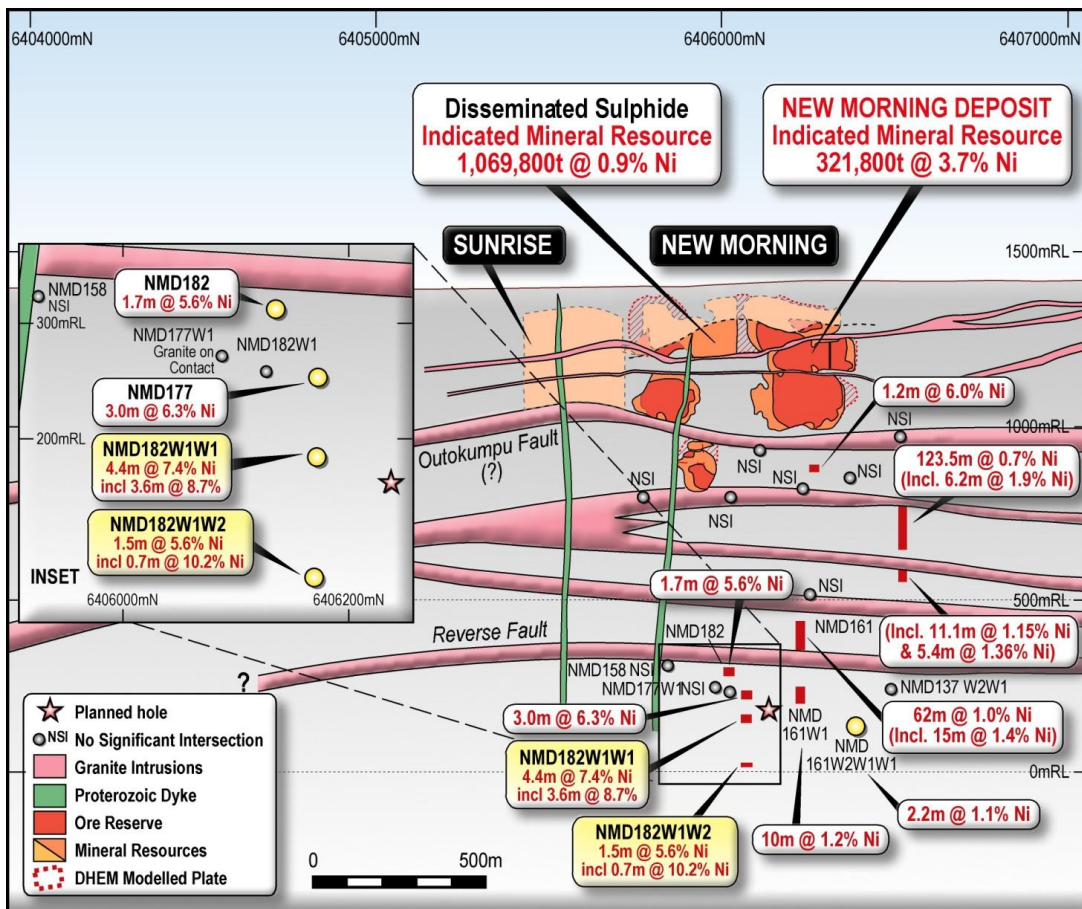


Figure 4: Interpreted Long Projection of the Footwall contact at New Morning showing recent drilling and proposed drill targets.



Lounge Lizard South

As part of the evaluation of the 6km corridor between Spotted Quoll and Flying Fox mines, the Company is continuing its assessment of the 3km section between the Lounge Lizard deposit (currently mined from Flying Fox) and the New Morning deposit. The majority of the northern portion of this area was formally held by Kagara, and was acquired by WSA as part of the purchase of the Kagara’s nickel tenements in 2012. As indicated previously, any mineralisation discovered here will benefit from the economies of scale and significant infrastructure investment in the area.

The first pass assessment of the Lounge Lizard South area is being undertaken on a wide drill hole spacing with holes initially 300 to 400m apart. In addition, the holes are targeting above the Outokumpu fault (six holes) as well as below the Outokumpu fault (three holes) at the equivalent level of the T1/T2 Flying Fox mineralisation, Figure 5.

Although no significant nickel sulphides have been intersected to date, the effectiveness of the holes is being evaluated with the aid of DHEM and this will be completed in the December Q.

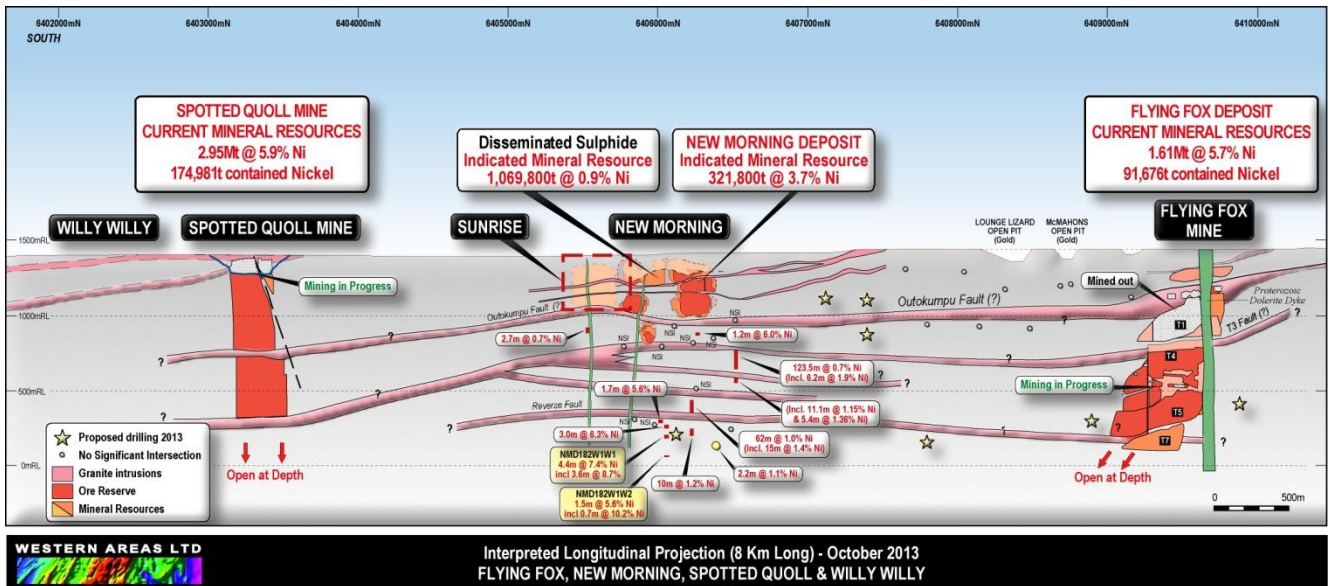


Figure 5: Interpreted Long Projection of the Western Belt footwall contact extending 6km from Spotted Quoll to Flying Fox.

Other Forrestania Projects

The ongoing assessment of drill targets within the WUB, which contains the Flying Fox, New Morning and Spotted Quoll deposits, continued through the September Q. Exploration activities, including drilling, were undertaken at Beautiful Sunday, and T15 prospects, Figure 3.

At Beautiful Sunday, located 8km north of Flying Fox and on the northern end of the WUB, drilling continued to test the extent and plunge direction of the existing mineralisation. To date, four holes have been drilled with minor nickel sulphides intersected in two of the holes. The initial geological logging of the holes indicates the area is structurally complex and at this early stage it is not possible to determine the significance of the results. This evaluation work is expected to continue through the December Q.



8. AUSTRALIAN REGIONAL EXPLORATION

The majority of Western Areas' extensive regional nickel interests in Western Australia include joint venture projects which extend over 500km in the central part of the Yilgarn Craton. These projects host several significant nickel sulphide discoveries outside of Forrestania. In addition, the Company recently entered into a farm-in agreement into ground within the Musgrave Province.

Musgraves Nickel-Copper Joint Venture (WSA to earn up to 70% interest)

On 1 July 2013, the Company announced the execution of a Farm-in and Joint Venture Agreement with Traka Resources Limited (Traka). The Agreement provides a staged program for Western Areas to acquire up to a 70% interest in a number of Traka's core tenements within the Musgrave region of Western Australia. The total area included under the proposed Musgrave JV Project is approximately 1,075km².

The Musgraves region of Western Australia is known to contain significant amounts of nickel, copper and PGEs, namely within the giant Nebo-Babel and recently discovered Succoth deposits. The area also contains lesser known (and smaller), but equally significant high-grade nickel and copper deposits. Western Areas plans to build on the results generated by Traka's exploration activities as well as utilising its extensive in-house experience to focus on the discovery of these higher grade mafic hosted ore-bodies.

Exploration activities during the September Q were dominated by ground geophysical surveys of the previously identified priority targets areas, see Figure 6. Two EM crews have systematically screened approximately 90km² of the project tenure for the presence of conductors indicative of nickel and copper sulphides. Due to the sometimes challenging EM environment and strict targeting criteria both In Loop and Slingram configurations of the Moving-Loop Electro-magnetic (MLEM) method were utilised.

Significantly, the data from the surveys has returned a number of conductive targets which are located on or adjacent to interpreted mafic intrusions. A number of these conductors are also located in areas of previously defined nickel and copper geochemical anomalism. Given their favourable nature and interpreted geological setting, the discovery of these conductive anomalies is extremely encouraging for the presence of nickel and/or copper sulphides. Further modelling of the conductive responses will be undertaken prior to the planning of drilling.

With the success of the MLEM program, Thomson Aviation has just undertaken a 4,500 line kilometres high resolution airborne magnetics over the priority areas, with final data yet to be received. Magnetics have proven to be a key dataset in the interpretation and delineation of the prospective mafic intrusions, and this information will be used to refine the geological interpretations and for subsequent drill planning.

Heritage and Flora and Fauna surveys are currently underway in preparation for potential drill testing of the targets within the following quarter. During the course of the recent exploration activity, the close relationship and open communication has been maintained with the Ngaanyatjarra Land Council (NLC).

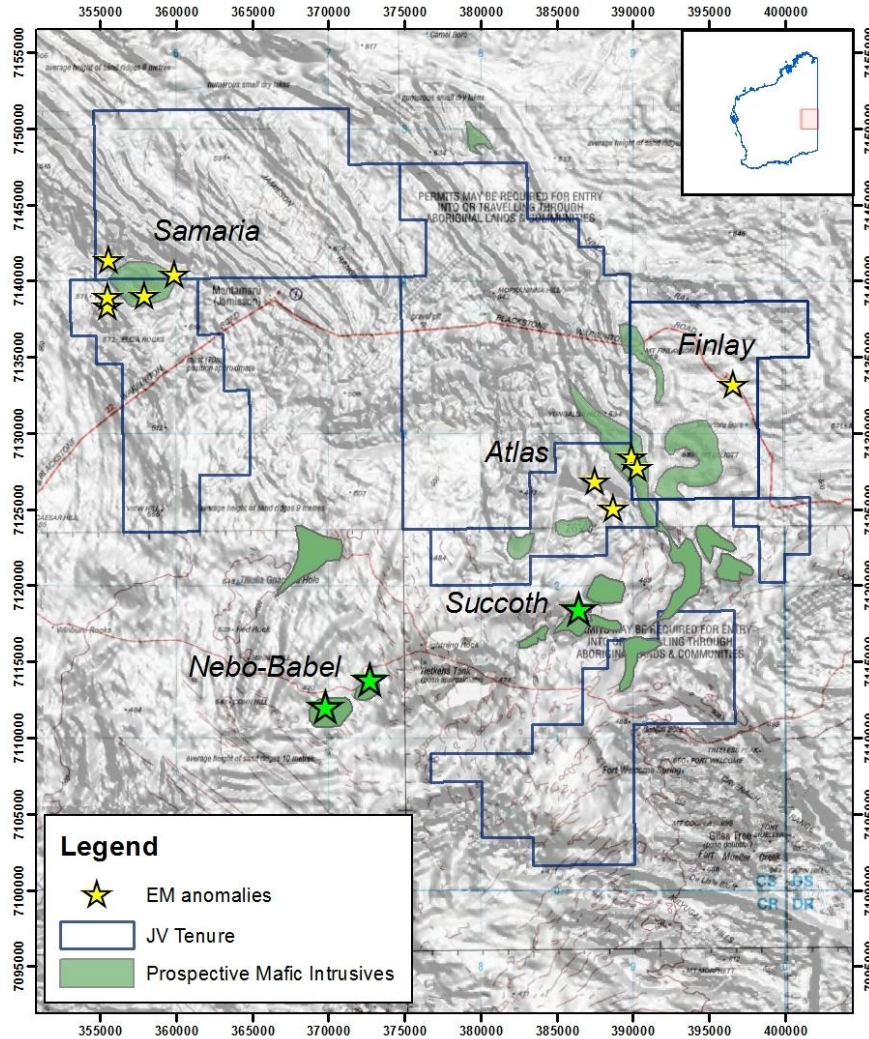


Figure 6: Plan showing JV tenure (blue), known Ni-Cu deposits (green stars), and recently defined EM anomalies (yellow stars) over TMI magnetic.

Southern Cross Goldfields Nickel Joint Venture (WSA 70% interest)

Exploration activities within the Southern Cross Goldfields Nickel Joint Venture during the September Q included program planning (including drilling) and the establishment of a base camp in preparation for commencement of the upcoming drilling program. Also, as part of the planning phase, a Flora and Fauna survey was recently completed in the Marda region to supplement Western Areas’ extensive conservation management plan for the area. Air-core and Auger drilling is expected to commence during October with the aim of litho-typing and determining the extent of ultramafic stratigraphy in the Marda area and broader screening for direct traces of nickel sulphide anomalism.

Lake King Nickel Joint Venture (WSA 70% interest)

Exploration during the September Q consisted of program planning for the next phase of exploration. This work will see activity begin on the recently granted tenure to the south of the project, and follow-up work along the prospective Nickel Hill stratigraphy. The initial work in the south is likely to include a high resolution airborne magnetic survey which has proven successful in the interpretation of the ultramafic stratigraphy on the existing tenure.



9. FINNAUST MINING Plc (WSA 84%)

FinnAust is exploring a number of base metal projects in south-eastern Finland. The Company considers this region represents a highly prospective metal province based on favourable geology, widespread past mining activity and numerous base metal occurrences.

The Company has been investigating the prospect of vending FinnAust's assets in to an AIM listed exploration company by way of a Reverse Takeover. Negotiations are in progress and, if successful, are scheduled to conclude with a listing on AIM (subject to market conditions) in early November with Western Areas holding a majority share holding of approximately 55% of the enlarged AIM listed company. The funds raised from the listing will mean that FinnAust has two years of funding for drilling of high priority VMS and Copper targets. In all, the process is targeting to raise in the order of £4.8 million, with Western Areas contributing £1.8 million. FinnAust has commenced discussions in respect to the fund raising with interested parties, mainly in the United Kingdom and Europe.

-ENDS-

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COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to exploration results is based on information compiled by Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr Charles Wilkinson from Western Areas. They are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania Nickel Project. Surface diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument together with a comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. Samples of quarter core from the drill holes described in this release are prepared and analysed by ALS Chemex Ltd laboratory in Perth for nickel, copper, cobalt and other elements. Core samples are crushed and pulverised to 90% passing 75 microns then analysed for nickel by ore grade determination using the ALS OG-62 method. Assays standards are routinely inserted in the sample stream by Newexco for quality control.

The information within this report as it relates to mineral resources, ore reserves and mine development activities 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 2004 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. 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 "This [ANZ] facility provides repayment certainty for the July 2014 convertible bond maturity. Combined with the Company's cash balance, this facility gives the Company a very flexible approach to retiring the bond, utilising either free cashflow or a mix of cash and the facility." and "Western Areas plans to build on the results generated by Traka's exploration activities as well as utilising its extensive in-house experience to focus on the discovery of these higher grade mafic hosted ore-bodies" and "Negotiations are in progress and, if successful, are scheduled to conclude with a [Finnaust] listing on AIM (subject to market conditions) in early November with Western Areas holding a majority share holding of approximately 55% of the enlarged AIM listed company".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Project, the Regional Nickel Projects or FinnAust Mining Plc and should not be used in isolation as a basis to invest in Western Areas. Potential investors should refer to Western Areas' 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.

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Western Areas Ore Reserve / Mineral Resource Statement - Effective date 30th September 2013				
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area	1,600,903	4.0	64,090	Probable Ore Reserve
2. Spotted Quoll Main	2,842,609	4.2	118,729	Probable Ore Reserve
Spotted Quoll North	168,000	5.7	9,600	Probable Ore Reserve
3. Diggers Area				
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve
TOTAL ORE RESERVES	6,720,512	3.3	223,219	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South	65,600	3.9	2,580	Indicated Mineral Resource
T1 North	35,200	4.9	1,720	Inferred Mineral Resource
T4 FF	45,400	4.2	1,900	Indicated Mineral Resource
T5 FF	12,700	4.8	610	Inferred Mineral Resource
T5 FF Massive Zone	141,147	5.0	7,096	Indicated Mineral Resource
LL Massive Zone	14,680	3.9	580	Inferred Mineral Resource
T6	509,888	6.3	31,964	Indicated Mineral Resource
T7 FF	12,400	4.3	540	Inferred Mineral Resource
T7 FF	628,800	5.8	36,560	Indicated Mineral Resource
T7 FF	82,100	5.6	4,560	Inferred Mineral Resource
T7 FF	-	0.0	-	Inferred Mineral Resource
T7 FF	60,593	5.4	3,268	Indicated Mineral Resource
T7 FF	9,514	3.1	298	Inferred Mineral Resource
Total High Grade FF- LL	1,618,022	5.7	91,676	
T5 FF Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
T5 LL Disseminated Zone	357,800	1.0	3,460	Inferred Mineral Resource
T5 LL Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource
Total Disseminated FF - LL	4,983,000	0.8	41,050	
Total Flying Fox - Lounge Lizard	6,601,022	2.0	132,726	
New Morning / Daybreak				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
Disseminated Zone	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
Disseminated Zone	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning / Daybreak	2,143,900	1.4	30,700	
Spotted Quoll Main	2,275,851	5.9	134,531	Indicated Mineral Resource
Spotted Quoll Main	539,700	5.1	27,510	Inferred Mineral Resource
Spotted Quoll North	113,000	9.3	10,573	Indicated Mineral Resource
Spotted Quoll North	22,000	11.0	2,367	Inferred Mineral Resource
Total Spotted Quoll	2,950,551	5.9	174,981	
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT	12,040,473	2.8	332,187	
2. Cosmic Boy Area				
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource
Seagull	195,000	2.0	3,900	Indicated Mineral Resource
TOTAL COSMIC BOY AREA	375,900	2.4	8,950	
3. Diggers Area				
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource
TOTAL DIGGERS AREA	10,028,200	1.0	99,570	
TOTAL MINERAL RESOURCES	22,444,573	2.0	440,707	