



Activity Report

For the period ending 31 December 2015

QUARTER IN LINE WITH GUIDANCE WITH UNIT CASH COST TRENDING LOWER

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

Flying Fox and Spotted Quoll are two of the lowest cost and highest grade nickel mines in the world.

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 Mining Plc.

The total Mineral Resource Estimate at Spotted Quoll now stands at approximately 2.5Mt at an average grade of 5.6% nickel containing 141kt of nickel. The total Ore Reserve Estimate at Spotted Quoll now stands at approximately 2.6Mt at 4.0% nickel containing 103kt of nickel.

The total Massive Sulphide Mineral Resource Estimate at Flying Fox now stands at approximately 1.9Mt at an average grade of 5.1% nickel containing 96kt of nickel. The total Ore Reserve Estimate at Flying Fox now stands at approximately 1.4Mt at an average grade of 4.2% nickel containing 59kt of nickel.

The total Mineral Resource Estimate at Cosmos is unchanged at approximately 63Mt at an average grade of 0.9% nickel containing 567kt of nickel.

The Cosmic Boy concentrator consistently produces around 25,000 tonnes per annum of nickel contained in concentrate.

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

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

ASX code: WSA

Shares on issue: 233.4m shares

Market capitalisation:

Approx A\$443m @ \$1.90 per share

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Western Areas (WSA or the Company) is pleased to report that production for both the quarter and half year ended 31 December remain in line to full year guidance, with units costs trending to the low end of guidance. The Forrester operations remained cashflow positive for the quarter. **There were no lost time injuries for the quarter and the Company is proud to continue to report a lost time injury frequency rate (LTIFR) of ZERO.**

Mine production was 157,481 tonnes of ore at an average grade of 4.4% for 6,917 nickel tonnes. The mine grade reduced from the last quarter in line with the mine schedule and plan, however as an indication of January performance, both mines are grading just shy of 5% nickel at the time of this report. **Spotted Quoll ore tonnages were a record for the quarter and half year at 81,318 and 162,020 tonnes respectively.** Mill production remains extremely consistent at 6,256 nickel tonnes produced, despite an unplanned outage associated with a regional bushfire interrupting power supply.

Unit cash cost of production of A\$2.24/lb (US\$1.61/lb) was marginally lower than the last quarter. Half year unit cash costs are A\$2.25/lb which is below the lower end of FY16 guidance of A\$2.30/lb to A\$2.50/lb. In line with past practice, any guidance update will be provided with the half year results.

Exploration and project enhancement activities were ramped up at Cosmos following a thorough review of the extensive drill data base handed over at transaction completion (see ASX announcement on 20 January 2016).

The nickel price continues to range between US\$3.75/lb and US\$4.00/lb with the recent weakening of the Australian dollar below US\$0.70 providing some improvement in Australian dollar terms. The Company continues to work internally and externally on various cost and capital control measures. The significant portion of full year capital expenditure program was completed in the first half, and the previously announced capital expenditure deferrals have been implemented for the second half.

December Quarter 2015 Highlights:

1. There were **ZERO lost time injuries for the quarter which continued the zero LTIFR achieved at the end of April.** The Company has now operated for over 20 months without an LTI.
2. Flying Fox mine production was **76,163t of ore mined at 4.2% for 3,183 nickel tonnes (7.0M lbs).**
3. Spotted Quoll mine production was a record at **81,318t of ore at 4.6% for 3,734 nickel tonnes (8.2M lbs).**
4. **Mill throughput was 152,435t of ore at an average grade of 4.6% nickel with recovery of 89.3% for 6,256 nickel tonnes. Half year mill production totals 12,507 nickel tonnes.**
5. **Unit cash cost of production of nickel in concentrate was A\$2.24/lb,** being a slight reduction on last quarter.
6. Consolidated cash at bank was A\$29.9m (see page 2).
7. Encouraging resource extension results at **Flying Fox including 6.3m at 8.0% nickel** in the T6 area of Flying Fox



1. CORPORATE AND FINANCING

Cashflow

Cash at bank was A\$29.9m at the end of the quarter (September quarter A\$59.0m). As disclosed in the September quarterly report, the December quarter cashflow was affected by the following one off material payments totaling A\$34.4m:

- The first instalment for the purchase of the Cosmos Nickel Project (A\$11.5m);
- The payment of the 4 cent per share final dividend (A\$9.3m);
- The final FY15 tax payment (A\$9.6m); and
- Completion of long lead items for the Mill Recovery Enhancement Project (A\$4.0m).

In addition, due to the lower realised price for nickel, quotational pricing adjustments had a A\$4.5m negative impact on cashflow. Group cash at bank plus nickel sales receivables was A\$38.9m.

Capital and Exploration Expenditure (Investment Activities)

In respect of the revised guidance announced on 7 October 2015, the Company provides the following updates:

1. Sustaining Capex and Exploration Expenditure (including Regional and Cosmos) – first half year actual spend was A\$31.7m versus the full year guidance of A\$49.0m. Accordingly the current second half forecast is A\$17.3m, being a reduction of A\$14.4m on the first half.
2. Mill Enhancement – Half year actual of A\$4.0m versus the full year guidance of A\$7.4m.

Consequently, of the total investment activity guidance for FY16 of A\$56.4m, A\$35.7m (or 63%) has been spent in the first half with a significantly lower spend in the second half of A\$20.7m.

Dividend

Western Areas paid the fully franked final dividend of 4 cents per share (A\$9.3m) on 8 October 2015.

Capital Management

During the quarter, the Company advised that at Western Areas' request, agreement was reached with the Australian and New Zealand Banking Group ("ANZ") to modify the corporate loan facility ("facility") in order to minimise ongoing bank fees associated with facility maintenance. Under the altered facility arrangements the available limit has been set at A\$50m. A discount to the current interest rate margin, applicable on future drawn amounts (if required) has been agreed. The remaining terms and conditions are consistent with the original facility agreement. The security position held by ANZ will be maintained, providing the ability to upsize the facility quickly and efficiently should the Company identify growth opportunities that require additional capital.

The previous undrawn A\$125m facility was originally established to provide a committed line of finance for the Company and ensure a repayment backup position for the convertible bond. Following full retirement of the final convertible bond from cash reserves in July 2015, this backstop was no longer required.

Maintaining committed financial flexibility is a key element of the Company's capital management plan. This forms part of the Company's ongoing focus to reduce costs and identify efficiencies across all areas of the group. The Company also continues to monitor all available sources of funding to ensure that the previously announced deferred capital and exploration programs can be quickly restarted when market conditions permit.

Hedging

When pricing is supportive, the Company manages nickel price and foreign exchange risk with a combination of short term quotation period (QP) hedging and a set limit of medium term 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 solely of US\$ foreign exchange contracts. No nickel is currently hedged due to the current lack of price support. Details of hedges as at 31 December 2015 are as follows:

Hedging Details	FY 2016
US\$ Hedging - Collar Options	
US\$ Sold	\$30,000,000
Average US\$ FX Cap	\$0.7750
Average US\$ FX Floor	\$0.6738

2. MINE SAFETY AND ENVIRONMENT

Safety

There were no lost time injuries (LTI) recorded for the quarter and the **LTI frequency rate remains at ZERO**. Western Areas has now operated 645 days without an LTI and the Company is committed to ensuring that the safety culture remains robust, dynamic and embraced by all personnel, contractors and service suppliers.

In November the Forrestania Emergency Response Team (ERT) participated in the Mines Emergency Response Competition held at Langley Park in Perth. The team acquitted themselves extremely well against much larger organisations and left the competition with valuable experience. The ERT was placed second in the Fire Fighting and third in both Breathing Apparatus and ERT Readiness skills.



ERT member in fire exercise

There were a number of bushfires that were in the vicinity of operations (closest was 25km to the east) during November and December and the ERT were requested by the Department of Fire and Emergency Services (DFES) to assist with local Volunteer Fire Brigades to contain and control the bushfires. Despite the hot weather and difficult conditions over a three week period, the bushfires were managed well with no injuries or asset damage sustained to any Forrestania assets.

Environment

One minor environmental incident occurred during the quarter when a tailings surface facility (TSF) return water line developed a leak. Only a minor quantity of return water was lost with all water reporting to the retention drain. No environmental impact resulted and the pipeline has been repaired.

Bryan Williams commenced as the new Group Environmental Manager in December. Bryan brings 17 years of experience at Newmont Mining with a particular focus on Environmental Management Systems, Heritage and Mine rehabilitation.



Compliance and Approval

The 2014-15 National Greenhouse and Energy Reporting Scheme (NGERS) report for Western Areas Ltd controlled facilities was submitted in October. Greenhouse emissions for the 2014-15 reporting period remained similar to those for the 2013-14 reporting period.

New approvals in process during the quarter included:

- Cosmic Boy TSF Lift Proposal currently being assessed by Department of Mines and Petroleum (DMP) with a response expected soon; and
- Clearing permit and program-of-work (PoW) for exploration activities at Northern Estates near Parker Dome, both currently being assessed by DMP.

Cosmos

- The Prescribed Premises Licence for Cosmos was transferred from Xstrata; and
- The annual environmental reports for Cosmos were submitted.

Community

The Company renewed a three year sponsorship agreement with the Eastern Wheatbelt Biosecurity Group Inc. to enable the continued support for their feral animal control program along the State Barrier Fence (SBF) adjacent to Forrestania operations. The SBF divides the wheatbelt agricultural area from the Great Western Woodlands with the main aim of the program being to protect livestock from wild dog attacks.

Cosmos

Community consultation with members of the Tjiwarl native title claimant group commenced during the quarter with two meetings taking place. The Tjiwarl have a registered native title claim over a large area of land that includes Cosmos and the Company is committed to developing and maintaining a good working relationship with the traditional owners of the land.



November Snake handling course



3. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2014/2015		2015/2016		YTD Total
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
Flying Fox						
Ore Tonnes Mined	Tns	72,144	62,976	67,400	76,163	143,563
Grade	Ni %	4.6%	4.9%	4.7%	4.2%	4.4%
Ni Tonnes Mined	Tns	3,330	3,076	3,155	3,183	6,338
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	70,590	68,569	80,702	81,318	162,020
Grade	Ni %	4.8%	5.1%	4.8%	4.6%	4.7%
Ni Tonnes Mined	Tns	3,372	3,489	3,905	3,734	7,639
Total - Ore Tonnes Mined	Tns	142,734	131,545	148,102	157,481	305,583
Grade	Ni %	4.7%	5.0%	4.8%	4.4%	4.6%
Total Ni Tonnes Mined	Tns	6,702	6,565	7,060	6,917	13,977

Flying Fox

Production

Flying Fox production was **76,163 tonnes of ore at an average grade of 4.2% nickel for 3,183 nickel tonnes**. Ore production was predominately from long-hole stoping (74%) and the remainder from development (26%). The specialist narrow vein contractor contributed 6% from a combination of narrow vein long hole stoping and air-leg development. Mine ore production and nickel grade was slightly higher than budget, however was below the previous quarter nickel grade due to a better than budget performance last quarter.

As mentioned on page 1 of the report, mine grade will vary with the mine plan. As an example, Flying Fox in January, at the time of writing this report, was mining an average head grade just shy of 5% nickel.

Longhole production was sourced from the 410 North and South, 335 South and 285 North longhole T5 stopes, plus 760 (narrow vein), 685 (restarted), 640 (restarted) and 527 T4 stopes.

An isolated seismic event in the non-working area of the lower levels of the mine between the 245 and 255 footwall drives occurred in mid-December. As a precaution all activity below the 295 level was suspended for a period of six days, while the event was reviewed and rehabilitation ground support plans implemented. Stopping production has recommenced below the 295 level as per the normal operating plan.

Paste-filling has now been embedded into the mining process with 11,285m³ of paste poured during the quarter. The use of paste-fill greatly assisted the successful stoping of the high-grade 410 South stope and sped up the stope filling turn-around time.

Mine Development

Decline development was temporarily suspended at the end of last quarter as planned. The mine achieved a total of 676m of lateral development for the quarter which included 216.6m of other capital development (footwall drives plus stockpiles) on the 345, 200, 180 and 160 levels. There was no vertical capital development for the quarter.

A total of 111.1m of operating waste jumbo development was completed, which included development through paste-fill to re-open the 410, 335 and 285 stopes and mineralised areas on the 335, 285 and 230 levels plus minor air-leg development on the 255 and 245 levels.

A total of 348.3m of ore development was completed, which included 287.5mm of wider twin-boom jumbo development at the 345, 230, 215, 200 and 180 ore drives, plus 61m of air-leg development at the narrower 285, 255 and 245 north and south ore-body extremities.



Massive ore in the 215 north ore drive (NOD) with an average face grade of 6.3% nickel

Spotted Quoll

Production

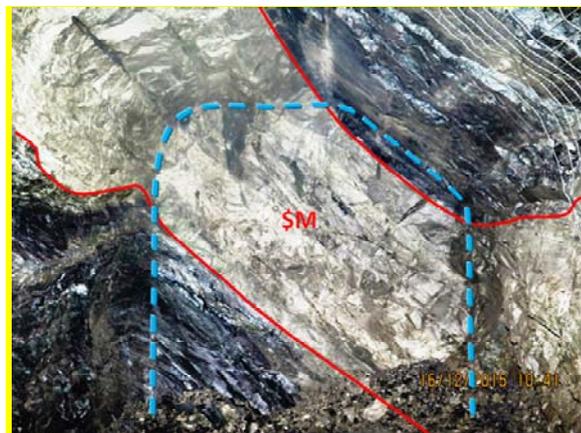
Spotted Quoll production was a record **81,318 tonnes of ore at an average grade of 4.6% nickel for 3,734 nickel tonnes**. This surpasses last quarter's highest quarterly ore production to date for the underground mine by 3%.

The active main lode stoping levels were the 1035 (Block B), 1005 and 997 (Block C) levels, with ongoing North Lode production from the 1210 (finished) and 1180 stopes. A highlight for the quarter was starting production from the one-boom jumbo area at the 911 stope, with the successful opening of the stope slot in late December.

Mine Development

Total jumbo development for the quarter was 1,434m. This included 141m of capital development in the Hanna Decline, 37m of paste-fill development at various levels to facilitate slot drilling and 428m of lateral capital development on the 790 and 750 levels plus 103m of single-boom development between the 871 and 852 levels.

A total of 725m of ore drive development was completed which included 150m on the 1005, 955 and 944 levels and 575m of single-boom development between the 920 and 881 levels.



Massive ore in the single-boom 862 ore drive with an average face grade of 9.8% nickel

Cosmic Boy Nickel Concentrator

Tonnes Milled and Sold		2014/2015		2015/2016		YTD Total
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
Ore Processed	Tns	145,933	157,913	153,540	152,435	305,975
Grade	%	4.7%	4.7%	4.6%	4.6%	4.6%
Ave. Recovery	%	90%	89%	89%	89%	89%
Ni Tonnes in Concentrate	Tns	6,180	6,676	6,252	6,256	12,508
Ni Tonnes in Concentrate Sold	Tns	6,452	6,690	6,233	6,281	12,514
Total Nickel Sold	Tns	6,452	6,690	6,233	6,281	12,514

The **Cosmic Boy** concentrator processed **152,435t** of ore at an average grade of **4.6% nickel** for a total of **39,545 tonnes of concentrate grading 15.8% nickel**. Consequently, 6,256 nickel tonnes were produced with a metallurgical recovery of 89.3% with excellent plant availability of 99.0%. The highest concentrator monthly throughput to date was achieved in December with 54,095t of ore processed.

Quarterly throughput and nickel production was a credit to the Metallurgical team, particularly given an unplanned shutdown in November due to bushfires interrupting the grid power supply to the mill. The shutdown and subsequent ramp-up resulted in a loss of nearly three days of production. The lost production was fully recovered by the end of the quarter and consequently there was no impact on full year guidance.

A total of 40,144t of concentrate was delivered containing 6,281 nickel tonnes. The concentrate stockpile at quarter end was 310t at an average grade of 14.1% nickel, containing 44 nickel tonnes.

The average realised nickel price for the quarter for deliveries to both BHP Billiton and Jinchuan Group was A\$5.72/lb (which includes quotational period price adjustments up to quarter end), being a reduction from the September quarter price of A\$5.94/lb. At the time of completing this report, the **spot price for nickel was tracking around A\$5.64/lb.**

Other sales costs include royalties of A\$0.21/lb and concentrate transportation of A\$0.33/lb in concentrate.

Stockpiles		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr
Ore	Tns	95,399	69,031	63,593	81,832
Grade	%	4.2%	4.5%	5.0%	3.2%
Concentrate	Tns	1,240	1,098	806	310
Grade	%	14.5%	14.7%	17.6%	14.1%
Contained Ni in Stockpiles	Tns	4,219	3,278	3,322	2,646

Ore stockpiles at the end of the quarter totalled 81,832t of ore at 3.2% nickel for 2,602 nickel tonnes, located at the mine ore pads and the concentrator run-of-mine pad. This represents approximately one and a half months of mill feed which enables the selection of an optimal mill feed blend.

As part of our regular internal control protocols, a review was undertaken of ore stockpiles during the quarter. The review indicated that during a period of high stockpile movement in the September quarter, a survey correction was made in respect of grade and volume. The September quarter ore stockpile balance has not been re-stated, rather an adjustment is reflected in the December quarter balance, and is now fully reconciled.

Cash Costs

Financial Statistics		2014/2015		2015/2016		YTD
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.64	1.62	1.58	1.63	1.60
Haulage	A\$/lb	0.06	0.05	0.06	0.05	0.06
Milling	A\$/lb	0.46	0.40	0.45	0.41	0.43
Admin	A\$/lb	0.18	0.14	0.19	0.17	0.18
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.32	2.19	2.26	2.24	2.25
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	1.82	1.71	1.64	1.61	1.63
Exchange Rate US\$ / A\$		0.79	0.78	0.73	0.72	0.72
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements (**) US\$ FX for Relevant Quarter is RBA ave daily rate (Dec Qtr = A\$1:US\$0.7204) (***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties and concentrate logistics. Note. Grade and recovery estimates are subject to change until the final assay data are received.						

The unit cash cost of production of nickel in concentrate (excluding smelting/refining charges and royalties) was A\$2.24/lb (US\$1.61/lb). This is slightly better than the lower end of the average full year guidance range of \$2.30/lb to A\$2.50/lb.

December quarter unit cash cost of production was marginally lower (A\$0.02/lb) than the prior quarter with no material changes to report from the last quarter.

In response to a sustained reduction in the nickel price, the Company remains absolutely focused on cost minimisation across the entire business.

4. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

During the quarter, 845.4m of resource extension drilling was completed. The results for drill-hole FUG748 (304.9m) which targeted lower T5 extensions and several T6 pegmatite lodes included a very encouraging intersection of 6.3m at 8.0% nickel. An updated geological model of the T6 domain is currently underway. The results are summarised in the table below, showing downhole intercept widths:

Interval m	Ni %	From (m)	Domain
5.4	7.3	142.8	T5
2.1	2.5	188.4	T6
3.6	3.2	199.0	T6
6.3	8.0	213.8	T6

Drill-hole FUG749 (540.5m) which targeted a T5 extension north of the dolerite dyke recorded no significant intercept on the hanging-wall contact ending in hanging-wall ultramafics.

Grade control drilling (1,640.6m) continued at various locations predominately using the mobile MCR drill-rig. The main purpose of the grade control drilling program was to more accurately assess the ore thickness in the areas between the ore drives to facilitate effective stope design. The results of the grade control drilling program are being incorporated into the updated geological model. Further grade control drilling is planned in the next quarter focusing on the T5 mineralisation.



The total Flying Fox massive sulphide resource now stands at 1.87Mt of ore at a grade of 5.1% nickel for 96,154 nickel tonnes after mining depletion.

The total Flying Fox massive sulphide reserve now stands at 1.42Mt of ore at a grade of 4.2% nickel for 59,474 nickel tonnes after mining depletion.

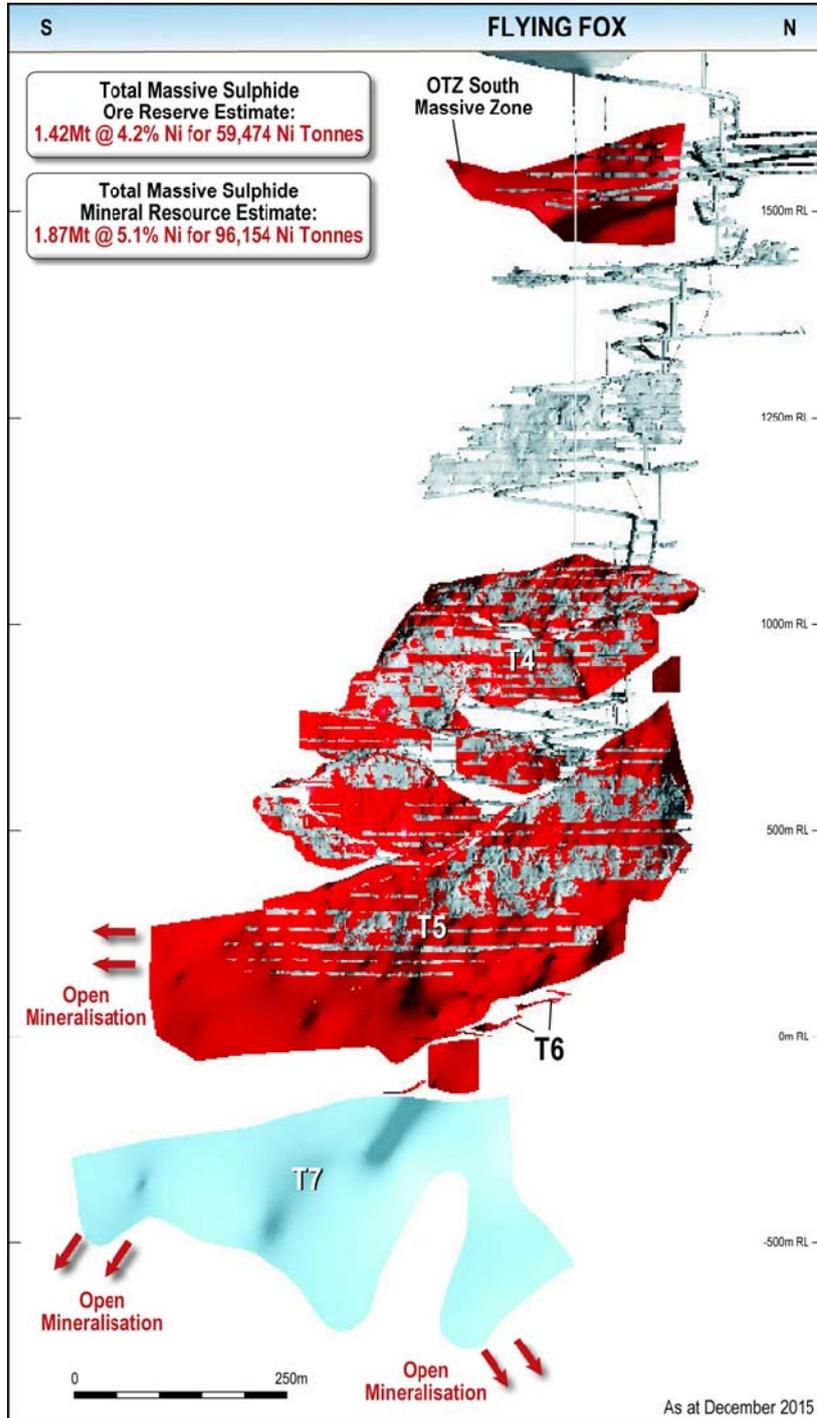


Figure 1: Schematic long section of Flying Fox orebody



Spotted Quoll

A total of 219.1m of grade control drilling was completed during the quarter to test the southern boundary below the 600m RL from the 780 stockpile.

The summary table below shows the assay results from September’s grade control program, plus two assays from the December quarter program.

BHID	Interval m	Ni %	From (m)	Comment
SQUG066	0.8	5.9	57.2	Drilling from 780SP
SQUG067	5.6	4.5	84.1	Drilling from 780SP
SQUG059	1.7	7.3	53.3	Drilling from 904SP
SQUG060	2.3	3.8	61.7	Drilling from 904SP
SQUG061	1.4	7.2	60.5	Drilling from 904SP
SQUG062	0.3	3.3	24.8	Drilling from 828SP
SQUG063	0.3	1.5	23.9	Drilling from 828SP
SQUG064	0.4	7.0	28.2	Drilling from 828SP
SQUG065	1.3	6.4	36.0	Drilling from 828SP

The **Spotted Quoll Mineral Resource Estimate** now stands at approximately 2.5Mt of ore at a grade of 5.6% nickel for 141,181 nickel tonnes after mining depletion.

The **Spotted Quoll Ore Reserve Estimate** now stands at approximately 2.6Mt of ore at a grade of 4.0% nickel for 103,183 nickel tonnes after mining depletion.

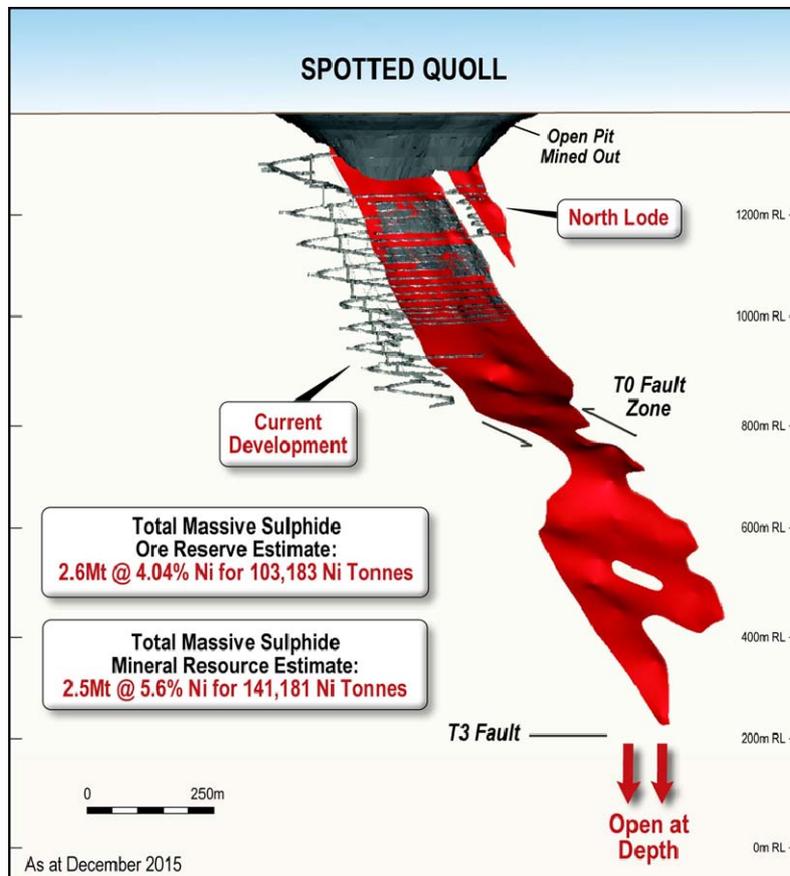


Figure 2: Spotted Quoll schematic with current resource and mining development



New Morning/Daybreak

During the quarter, assay results were received for the shallow (less than 70m deep) surface drilling program that was completed last quarter. The schematic below (Figure 3) shows the shallow drill holes against the previous New Morning/Daybreak ore resource model. The table shows results of the mineralised intercepts which are on the sediment/ultramafic contact and in the hanging wall. Of particular note, **NMD218 included a high grade interval of 4.3m at 4.2% nickel.**

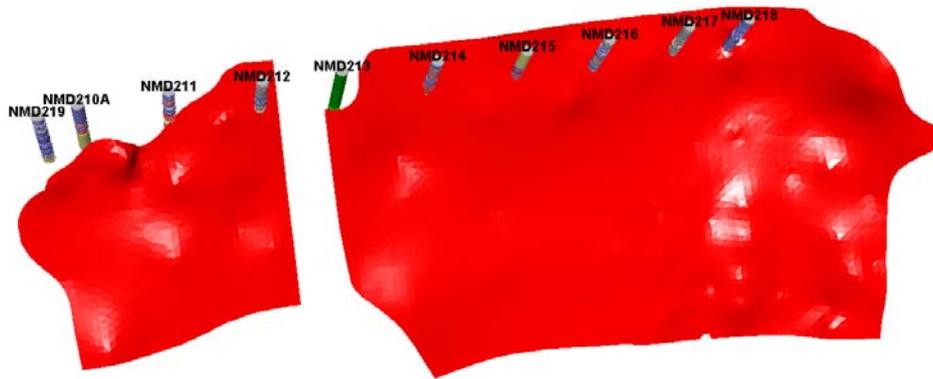


Figure 3: New Morning/Daybreak shallow surface drilling program looking west

BHID	Interval (m)	Ni %	From (m)	Comment
NMD211	14.1	1.2	25.0	Mineralised contact
NMD210	2.6	1.1	29.4	Mineralised contact
NMD212	5.1	0.6	18.1	Mineralised ultramafic
NMD212	1.2	1.1	37.5	Mineralised contact
NMD210A	4.8	1.3	36.2	Mineralised contact
NMD214	19.2	1.3	25.8	Mineralised contact
NMD215	21.1	1.2	18.0	Mineralised contact
NMD217	8.6	1.4	36.6	Mineralised contact
NMD218	2.2	0.9	19.0	Mineralised ultramafic
NMD218	15.8	2.3	41.3	Mineralised contact
NMD216	1.6	0.8	28.0	Mineralised ultramafic
NMD216	2.5	0.8	47.4	Mineralised contact
NMD219	8.2	0.7	27.8	Mineralised ultramafic
NMD219	7.6	0.8	46.5	Mineralised contact

The results confirm that the mineralisation continues close to surface. Metallurgical testwork of the core samples and preliminary geological modeling of the data is currently underway. Previous resource models were effectively truncated at 50m below surface which is the approximate base of oxidation, and the updated model will result in a substantial increase in nickel tonnes. See the BioHeap section for metallurgical testing on the shallow material composites.

The Forrestania Mineral Resource and Ore Reserve Statements are included at the end of this report.



5. BIOHEAP

Mill Enhancement Recovery Project

During the quarter, approximately 66% of the Mill Recovery Enhancement Project was completed, which includes most of the detailed engineering and procurement of long lead items.

Some long lead items have been delivered to site, with the remainder due to arrive in the March quarter.

The majority of the engineering design work is complete with the piping and electrical instrumentation areas ongoing.

A total of A\$4.0m has been spent on the project to date, with full year guidance estimated at A\$7.4m. We expect there is opportunity for expenditure to come in below guidance, by up to A\$0.5m.



Thickener tanks and bridges assembled for inspection



Fibreglass leach tanks delivered to site

Other

During the quarter, composite bore-hole samples from the recent New Morning/Daybreak shallow drilling program underwent x-ray diffraction (XRD) and quantitative evaluation of minerals using scanning electron microscopy (QEMSCAN) analysis, prior to starting column tests. See the prior page for the recent shallow drilling program results.

A preliminary test-work program was completed for an Australian client company and discussions are ongoing.

6. COSMOS NICKEL COMPLEX (“Cosmos”)

Company personnel took physical site possession of the Cosmos project on 1 October with commute being handled for a small group of staff through fly-in fly-out charter via the Leinster Aerodrome.

For a detailed review of Cosmos activities we refer readers to the ASX announcement on 20 January 2016.

Key highlights for the quarter include:

- Implemented the Safety Management Plan suitable for its status as an exploration site;
- Approximately 12 rooms were made available for Village tenants with the assistance of the site catering contractor Action Industrial Catering;
- Local contracting companies were sourced to service and maintain the existing site infrastructure, which includes diesel generators, light vehicles, aerodrome and the reverse osmosis (RO) water plant;
- Commenced engagement with the local heritage groups;
- Commenced the surface geophysical program trialling the latest deep sensing technology;
- Reviewed additional Glencore handover data regarding the Odysseus Project and historical drill data that was not available during the due diligence phase; and



- Investigated equipment synergies with Forrestania, which involved some asset transfers from Cosmos (value A\$0.3m to date) with further synergies identified, such as the planned Spotted Quoll ventilation upgrade. Total equipment synergies are anticipated to save capital expenditure in excess of A\$2.0m.

The transfer of the associated mining and exploration tenements commenced and will continue over the next quarter and transfer of Department of Environment Regulation (DER) operating licences commenced this quarter.

Cosmos is situated on the Yakabindie pastoral station and has a licence to extract water (abstraction licences) from the station ground-water bores which feeds the RO plant to provide potable water for the village. Ground-water bore monitoring started during the quarter.

Odysseus Scoping Study Review

A rigorous gap analysis was conducted of the existing Odysseus scoping study documents to prioritise future study workflows which included:

- Review of mining methods proposed, mining schedule, infrastructure and decline dewatering options;
- Review of the metallurgy flowsheet targeting higher recoveries with reduced concentrate specification in line with Forrestania grades; and
- Optimise capital and operating assumptions typical of the current low cost environment.



Cosmos concentrator buildings viewed from the TSF



Cosmos Village dry mess

7. EXPLORATION

Exploration activities during the December Quarter were undertaken at Forrestania, Cosmos and the Western Gawler Project in South Australia.

Forrestania Projects

Drilling continued during the December quarter across a variety of prospects at Forrestania. Particular focus was given to testing the prospectivity of the Western Ultramafic Belt (WUB) where it extends south from Spotted Quoll Mine towards the Boojum-Willy Willy area. An air-core drilling program was also completed testing the interpreted extension of the Western Ultramafic Belt south of the T15 prospect in the Mt Stewart and West Endeavour areas. Within the Eastern Ultramafic Belt (EUM), drilling was undertaken along the West Quest-South Quest corridor, testing for favourable stratigraphic horizons and targeting conductors generated from earlier ground electromagnetic (EM) surveys, and at Mt Hope to evaluate a number of nickel and gold targets.

Western Ultramafic Belt (WUB)

The main focus for drilling within the Western Ultramafic Belt continued to be the area extending south of Spotted Quoll Mine within the proximity of the Boojum-Willy Willy channelised environments, with particular concentration on the C2 prospect.

Historical drilling at the C2 prospect, approximately 2.5km south of Spotted Quoll, had intersected elevated nickel sulphide values, with host sequences sharing stratigraphical similarities to the rocks hosting the Spotted Quoll deposit to the north. Notable historic intersections include 0.8m @ 1.26% Ni (from 247.15m) within BD023. Akin to the Spotted Quoll deposit, the mineralised interval in BD023 is decoupled and likely remobilised away from its primary host ultramafic channel.

A series of three holes (tabled below) were drilled to test along strike to the north and south of BD023. Of the three drill-holes completed, BD059 was the most successful, intersecting 2.08m @ 1.16% Ni. A subsequent DHEM survey was inconclusive in defining the potential extents of the mineralised system, possibly owing to the lower sulphide content of the mineralisation, affecting the overall conductivity of this intersection.

The encouraging interval from BD059 will drive additional work, supporting further drill testing within this area in 2016. Planned work in the March quarter will see a thorough reinterpretation of the geology and structures across this portion of the Western Ultramafic Belt, with the overall aim of understanding how it relates to the Spotted Quoll mineralised system further to the north.

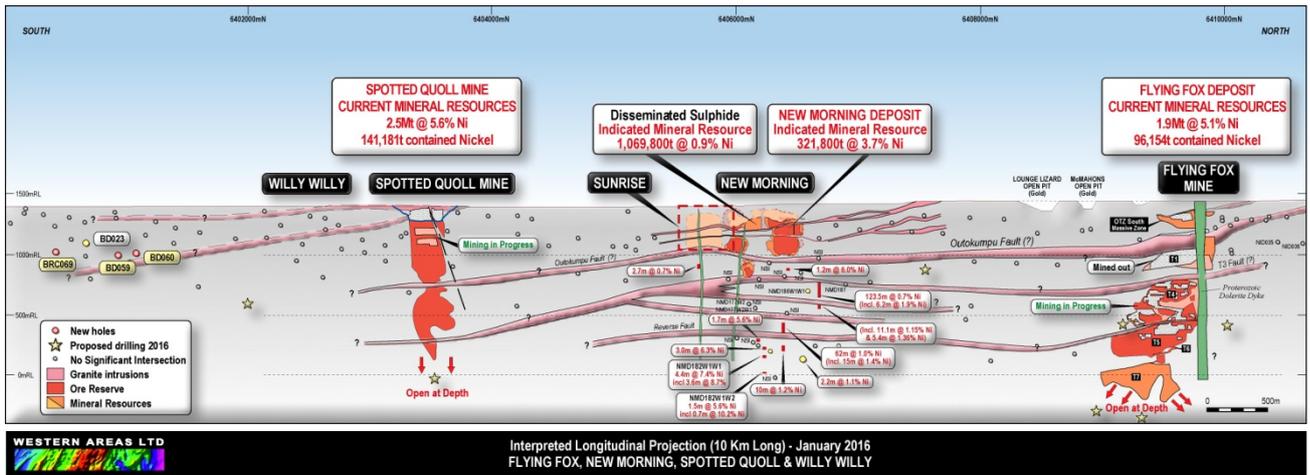


Figure 4: Interpreted long projection of the Western Belt footwall contact extending from south of Spotted Quoll to Flying Fox, showing new and planned drilling

HOLE ID	Easting	Northing	RL_Mine	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
BD059	752018	6400920	1386	578	RC/DD	-70	265	2.08m @ 1.16% Ni (from 429.34m)
							<i>Including</i>	0.95m @ 1.69% Ni (from 430.47m)
BD060	752018	6401158	1386	480	RC/DD	-70	265	NSI
BRC069	752018	6400362	1386	474.5	RC/DD	-70	265	NSI

An air-core drill program (total of 121 holes for 3,493m) to test and delineate the proposed continuation of the WUB was completed south of T15 in the Mt Stewart Projection and West Endeavour areas. Although compilation of the lithological and geochemical data from this program continues, early observations indicate the western edge of the Mt Stewart area is dominated by basement granite and layered gneissic units, and is unlikely to host the southern extension of the Western Ultramafic Belt.

Eastern Ultramafic Belt (EUB)

A total of four holes (tabled below) were completed at Mt Hope during the quarter, three designed to follow up the along strike potential of gold mineralisation reported previously from MHRC063 (3m @ 21.7g/t Au from 120m), with a fourth hole testing the continuity of Ni anomalism previously reported from MHRC051. Although alteration and shearing were reported within the holes following-up MHRC063, no significant assays were returned. Drill-hole MHRC077, testing the nickel intersection from MHRC051 (0.94m @ 1.7% Ni from 200.9m, reported previously), did not return any significant assays. No further work is planned for this area.

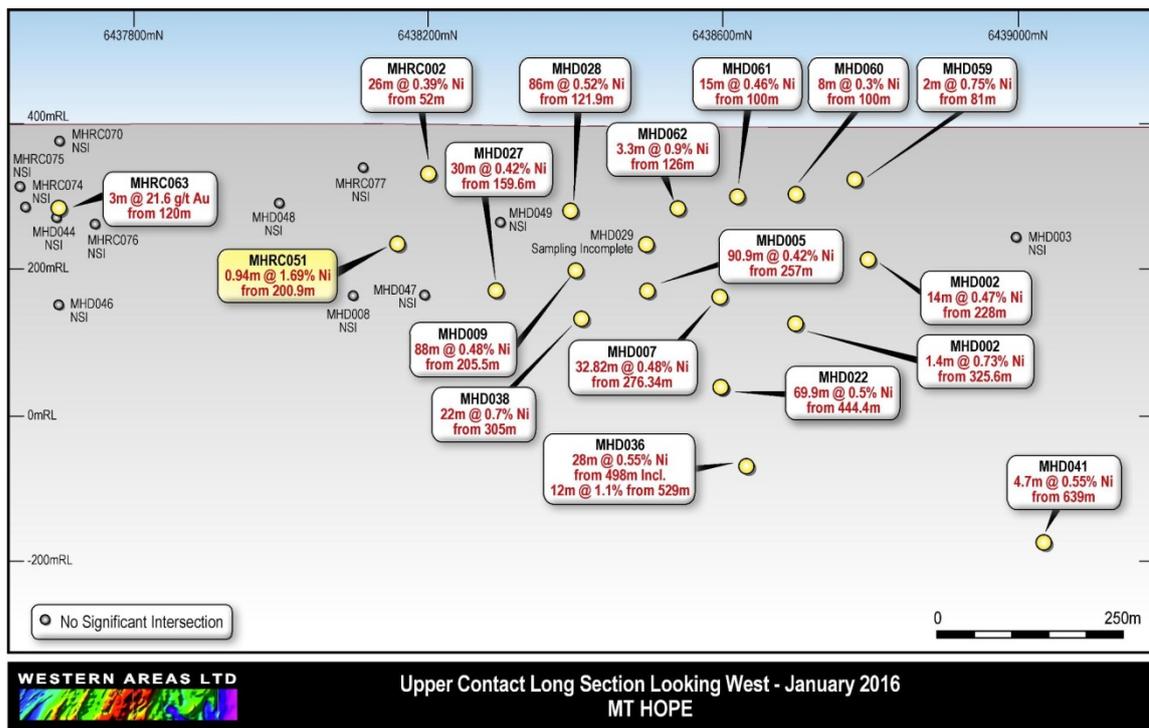


Figure 5: Interpreted long projection of the Mt Hope area

HOLE ID	Easting	Northing	RL	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
MHRC074	763165	6437645	389.85	149	RC	-60	090	NSI
MHRC075	763120	6437647	387.89	113	RC	-60	090	2m @ 0.86% Ni (from 95m)
MHRC076	763149	6437746	386.13	149	RC	-60	090	NSI
MHRC077	763155	6438100	396	148	RC	-55	270	NSI
*MHD049	762960	6438300	396.6	291.9	RC / DD	-60	90	2m @ 0.60% Ni (from 241m)

*Drilled the previous quarter

West Quest and South Quest

Drill programs were designed with the dual purpose of targeting ground EM geophysical anomalous responses and coincident favourable basal ultramafic stratigraphy. Drilling in October, following on from the first phase of West Quest drilling in the September quarter, saw the completion of an additional RC hole and three diamond tails. Of particular note was drill-hole WQRC052. The diamond component of this hole intersected two elevated nickel zones of 5.3m @ 0.6% Ni (from 130.67m) and 2.0m @ 0.74% Ni (from 145m) associated with disseminated sulphides hosted within moderately foliated, carbonate altered cumulates.



A follow-up program of five RC holes, WQRC059-063, completed in December, tested the northern and southern strike extensions to mineralisation encountered in WQRC052. Assay results for these holes are pending, however thick ultramafic sequences were encountered in several holes accompanied by localised intervals of disseminated sulphide. A review of this area is ongoing, and will be finalised in the March quarter pending the return of the outstanding assays and or results from composite samples.

HOLE ID	Easting	Northing	RL	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
*WQRC050	761507	6430900	388	120	RC / DD	-60	090	NSI
*WQRC051	761406	6430900	387	49	RC	-60	270	NSI
*WQRC052	761297	6430100	389	123	RC	-60	270	NSI
					DD			5.3m @0.6% Ni (from 130.67m)
					DD			2.0m @0.74% Ni (from 145m)
*WQRC053	761064	6427600	392	163	RC	-60	090	NSI
*WQRC054	761290	6425300	390	153	RC	-60	090	NSI
*WQRC055	761290	6425300	390	158	RC / DD	-60	270	NSI
*WQRC056	761451	6423697	394	168	RC / DD	-60	270	1m @ 1.62g/t Au (from 140m)
WQRC057	761134	6430100	385	168	RC	-71	090	NSI
WQD006	761406	6430900	387	164.7	DD	-60	270	NSI
WQRC059	761190	6430330	385	133	RC	-60	090	Assays Pending
WQRC060	761287	6430330	385	190	RC	-60	090	Assays Pending
WQRC061	761099	6429900	389	148	RC	-60	090	Assays Pending
WQRC062	761192	6429900	390	188	RC	-60	090	Assays Pending
WQRC063	761281	6429900	393	133	RC	-60	090	Assays Pending

*The RC component drilled in the previous quarter

7.1 AUSTRALIAN REGIONAL EXPLORATION

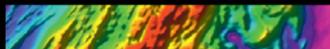
Cosmos

Exploration activities commenced at Cosmos during the quarter after further due diligence and detailed review of the latest data. Key highlights include:

- Geophysical testwork completed using a range of new electro-magnetic (EM) methods and technologies;
- Production surface Moving Loop EM (MLEM) survey commenced; and
- Drilling tender for Ulysses and Near Mine Exploration targets in review.

During the initial due diligence for the Cosmos acquisition, and with more recent work on the detailed data post the asset transfer, the project team has identified multiple near-mine and brownfield areas with significant exploration upside. The Cosmos tenements are interpreted to host large volumes of poorly tested cumulate ultramafic bodies and given the known nickel endowment of the Cosmos Nickel Camp, WSA is encouraged by the strong prospectivity of the area for further discoveries. These opportunities have been ranked and prioritised, and will be screened with advanced EM and drilling as part of the first phase of exploration.

Given recent advances in EM data acquisition systems since the discovery of the Cosmos Nickel Camp and previous EM surveys, the opportunity was taken to run comparative tests of the latest surface EM



technology in areas of known mineralisation and more conductive cover conditions. The testwork involved both Fixed Loop (FLEM) and Moving Loop EM (MLEM) configurations with a range of sensor/transmitter combinations. This has helped optimise the most appropriate survey specifications and equipment for use over conductive cover and complex geology. The FLEM testwork was completed over known mineralisation at the Odysseus and AM prospects, and the MLEM work covered an area with conductive cover in the south of the project area.

The MLEM survey work commenced late in 2015 and the initial work is focusing south of the Prospero/Tapinos deposits, in an area (Neptune) with large volumes of cumulate ultramafics which is relatively untested by drilling and effective geophysics. The continuation of the (mineralised) Prospero ultramafic unit to the south is confirmed by the higher magnetic signature of the cumulate ultramafic rocks.

In addition, historic shallow RAB and air-core drilling encountered ultramafic rocks and, importantly, nickel sulphides in a number of areas including **9.0m @ 2.20% Ni (incl. 2.0m @ 4.0% Ni)** in drill hole BJA094.

HOLE ID	Easting	Northing	RL_Mine	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
BJA094	260850	6939400	459.88	65	AC	-60	270	9m @ 2.2% Ni (from 37m)
							<i>and</i>	<i>2m @ 4% Ni (from 43m)</i>

Once the current phase of work is completed the survey work will be extended to the north. It is anticipated the surface survey work will take 2-3 months to complete. **Initial work has already identified a number of MLEM anomalies.** If these anomalies can be substantiated with follow-up surveys, they will be prioritised for drill testing.

A detailed review of historical geophysics has revealed a number of untested DHEM anomalies in the Ulysses target, which may represent massive nickel sulphides similar to that located below Odysseus (**ie 5.4m @ 12% Ni from AMD568**) and Odysseus North.

HOLE ID	Easting	Northing	RL_Mine	DEPTH (m)	Type	DIP	Azimuth	INTERCEPTS FROM (m)
AMD568	260285.85	6943691.84	-248.44	557.8	DD	-38	95	4.46m @ 12.28% Ni (from 409.4m)
							<i>and</i>	<i>3.28m @ 10.6% Ni (from 332.34m)</i>

Historical drilling in the area is limited and a program of six surface holes with up to 7,000m of diamond drilling will initially test the Ulysses target area. Drilling will be staged based on ongoing success and will target potential extensions to the Odysseus North mineralisation and untested EM conductors identified in historic data. The program will utilise digital Atlantis DHEM to verify the conductors and detect any new anomalies. The initial drilling tenders have been received and are being reviewed.

Consultation has begun with the Tjiwarl native title group, the traditional owners of the area.

For a detailed review of Cosmos exploration activities we refer readers to the ASX announcement on 20 January 2016.

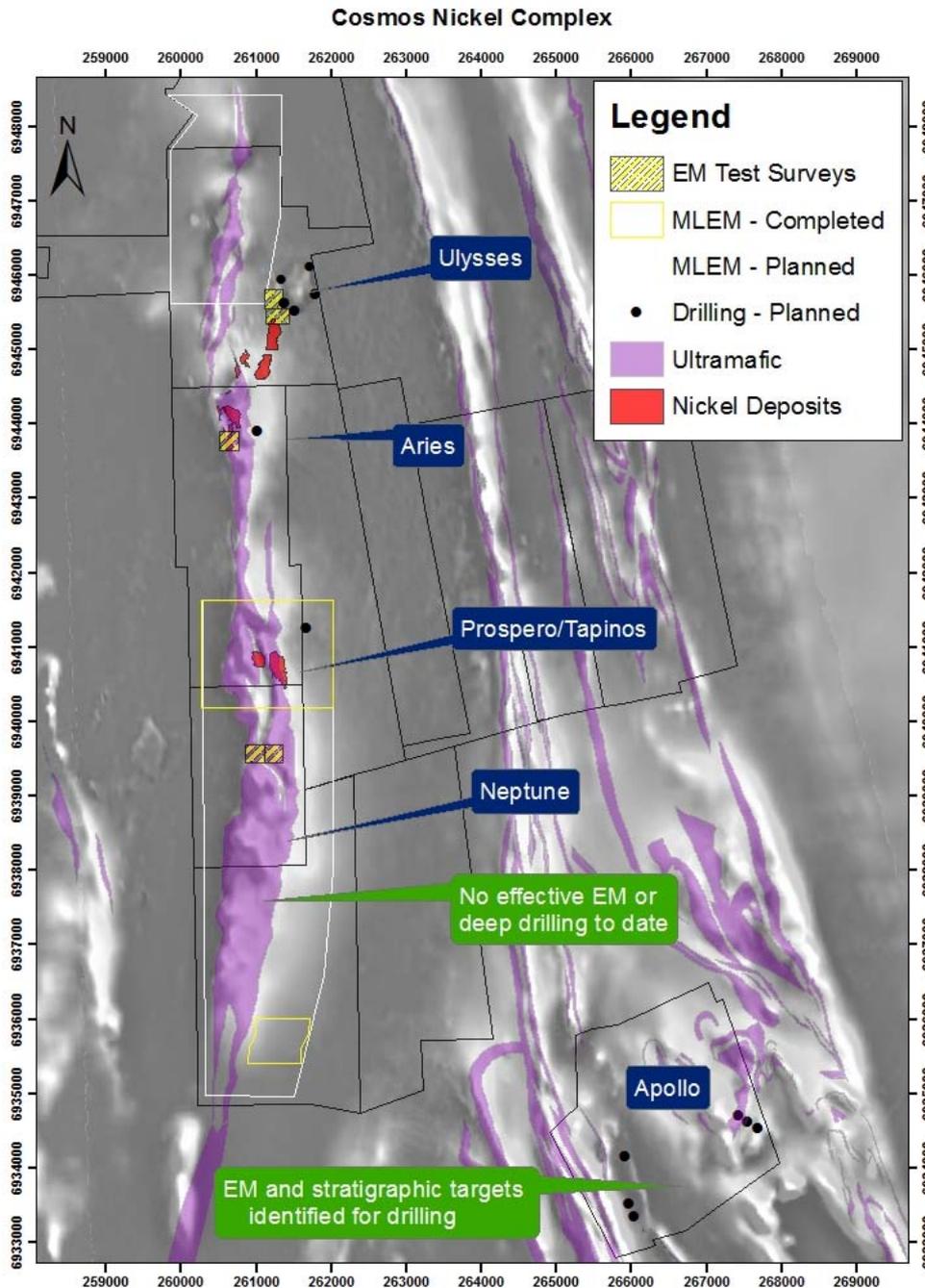


Figure 6: Quarterly activity summary overlaying tenure and magnetics (TMI RTP 1VD)

Western Gawler Nickel-Copper Joint Venture (WSA earning up to 90% interest)

The project continued to achieve important milestones and key highlights for the quarter include:

- Stage 2 (90% interest) of the earn-in agreement has been completed on the Monax ground. Monax (MOX) have elected to retain a 10% interest in the project;
- 115 holes have now been completed for 10,430.6m;
- Prospective mafic/ultramafic intrusions have been identified in multiple areas;
- Potential for other metal types e.g. gold and copper mineralisation; and
- Initial testing of Electro Magnetic (EM) target completed at the Atomic Cafe area.



Exploration work during the quarter included further ground access and heritage surveys, surface EM surveys, and drilling. The cumulative expenditure from this exploration work exceeded the minimum expenditure required to complete Stage 2 of the JV earn-in on the Monax ground (a spend of over \$1.2M within 2.5 years). WSA now has a 90% interest in the Monax ground and Monax elected to retain its 10% interest in the project and continue as a contributing Joint Venture Partner.

The extensive broad scale drilling (RC/air-core) program continued during the quarter, with 114 drill holes completed for a total of 9,848m. The drilling is designed to test specific magnetic features that may represent prospective mafic-ultramafic intrusions, and to gather more broad spaced lithological information throughout the tenure (Figure 7).

This initial phase of drilling has been highly successful, confirming the widespread presence of mafic/ultramafic intrusive rocks throughout the tenure. Assays from the latest phase of drilling have been received and an assessment of the complete geochemical data set to date, together with the geological logging, will facilitate the identification of further priority areas.

Given the early identification of prospective lithology and mineralisation, a number of test geophysical surveys were planned over specific areas to determine the effectiveness of electromagnetic and gravity systems in imaging the basement through the thick cover sequence. Both techniques were deemed to be highly effective and highlighted the ongoing importance of these geophysical systems in the future phases of exploration.

During the EM survey work in the Atomic Café area, a MLEM anomaly was detected on the margin of a mafic intrusion, coincident with a significant gravity anomaly. Prior drilling had confirmed the presence of mafic hosted magmatic copper sulphides in the area, which upgraded the ranking of this target. Just prior to the end of the quarter, drill hole WGDD0001 (582.6m) was completed to test the source of the anomaly. The drill hole did not intersect conductive lithologies, and, with the results of the DHEM, it is believed that the source of EM anomalism may be the complex interaction of cover and complex basement stratigraphy. However, the drill hole did encounter significant lengths of finely disseminated sulphides comprising chalcopyrite and pyrrhotite. Assay results are still pending but the presence of mafic hosted magmatic sulphides provides further evidence for the prospectivity of the area to host intrusive-related nickel and copper mineralisation.

Planned activities for the coming quarter will include further ground access and heritage surveys, surface geophysical surveys, and continuation of the RC/air-core drilling.

WSA continues to enhance its relationships with the traditional owners and the Aboriginal Land Council. Ongoing dialogue may open new areas for access that will facilitate sustained exploration.

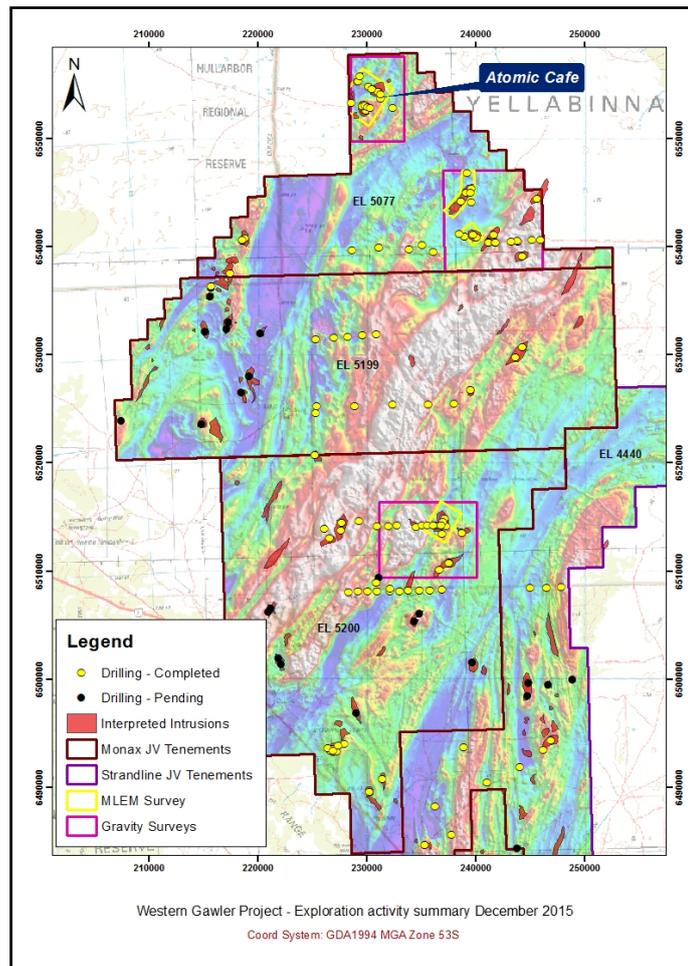


Figure 7: Western Gawler exploration summary

8. FINNAUST MINING Plc (WSA 60%)

During the quarter, FinnAust Mining Plc (“FinnAust or The Company”) purchased an initial 60% of Bluejay Mining Ltd (“Bluejay”) in an all shares transaction. Bluejay is the 100% owner of the Pituffik Titanium Project in Greenland (“Pituffik”).

The transaction and consideration details were approved by FinnAust shareholders at an EGM held on 24 December 2015 and as a result, Western Areas holding in the company will be reduced to 42.71% once the shares are allotted.

Roderick McIlree was also promoted from Interim Chief Executive Officer to the role of Managing Director. Graham Marshall moved to the position of Non-Executive Chairman and Dan Lougher moved to the position of Non-Executive Director.

Details on the Pituffik project include:

- It is an early stage exploration, high grade beach sand ilmenite deposit located on the Steensby Land peninsular in the north west of Greenland. It is centered on the closed settlement of Moriusaq and is 83km south of the regional settlement Qaanaaq.
- During 2015, Bluejay completed photogrammetry, marine bathymetry and onshore/offshore sampling, the early results of which have shown visual percentages of heavy minerals in almost all samples taken.



- The Company intends to work with Greenlandic regulators to expand on existing development models to generate initial proof of concept bulk samples and ultimately larger volume exploitation.
- The Company will also analyse possible processing routes and product saleability.

Further details of the Bluejay transaction can be viewed on the FinnAust website at: www.finnaust.com

The Company has also reduced costs across all its existing Finnish project areas and is now confident that the Finnish assets are "cost sustainable" for the long term.

Work continues at a desktop level with acquisition of new geophysical data and reprocessing of existing datasets to generate high value drill targets for drilling at an appropriate time. The Company continues to look at ways to create value from these assets.

-ENDS-

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COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr Charles Wilkinson, Mr Andre Wulfse and Mr Dan Lougher of Western Areas Ltd. Mr Wilkinson, Mr Wulfse and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Wilkinson, 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 Wilkinson, 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: "The security position held by ANZ will be maintained, providing the ability to upsize the facility quickly and efficiently should the Company identify growth opportunities that require additional capital".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Operation or the Cosmos Nickel Complex 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 31st December 2015					
	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Ore Reserves					
1. Flying Fox Area	1,418,872	4.2	59,474	Probable Ore Reserve	2012
2. Spotted Quoll Area	282,043	4.4	12,148	Proved Ore Reserve	2012
	2,272,508	4.0	91,035	Probable Ore Reserve	2012
3. Diggers Area					
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL FORRESTANIA ORE RESERVES	6,082,423	3.2	193,457		
Mineral Resources					
1. Flying Fox Area					
T1 South	64,550	4.0	2,560	Indicated Mineral Resource	2004
	35,200	4.9	1,720	Inferred Mineral Resource	2004
T1 North	45,400	4.2	1,900	Indicated Mineral Resource	2004
	12,700	4.8	610	Inferred Mineral Resource	2004
OTZ Sth Massive Zone	20,560	4.1	843	Inferred Mineral Resource	2012
OTZ Sth Massive Zone	162,338	4.0	6,574	Indicated Mineral Resource	2012
T4 Massive Zone	126,543	5.6	7,024	Indicated Mineral Resource	2012
T5 Massive Zone + Pegs	1,134,051	6.1	68,895	Indicated Mineral Resource	2012
T6 and T7 Massive Zone	47,331	5.2	2,450	Indicated Mineral Resource	2012
	224,544	1.6	3,578	Inferred Mineral Resource	2012
Total High Grade	1,873,217	5.1	96,154		
T5 Flying Fox Disseminated Zone	197,200	0.8	1,590	Indicated Mineral Resource	2004
	357,800	1.0	3,460	Inferred Mineral Resource	2004
T5 Lounge Lizard Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	2004
Total Disseminated Flying Fox/Lounge Lizard	4,983,000	0.8	41,050		
Total FF/LL	6,856,217	2.0	137,204		
New Morning / Daybreak					
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource	2004
	93,100	3.5	3,260	Inferred Mineral Resource	2004
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource	2004
	659,200	0.9	5,780	Inferred Mineral Resource	2004
Total New Morning / Daybreak	2,143,900	1.4	30,700		
2. Spotted Quoll Area					
Spotted Quoll	165,342	6.7	11,014	Measured Mineral Resource	2012
	1,886,980	5.6	105,039	Indicated Mineral Resource	2012
	463,589	5.4	25,127	Inferred Mineral Resource	2012
Total Spotted Quoll	2,515,911	5.6	141,180		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
Total Western Belt	11,996,028	2.6	315,804		
3. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	2004
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	2004
Total Cosmic Boy Area	375,900	2.4	8,950		
4. Diggers Area					
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource	2004
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource	2004
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource	2004
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource	2004
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource	2004
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	2004
Total Diggers Area	10,028,200	1.0	99,570		
TOTAL FORRESTANIA MINERAL RESOURCES	22,400,128	1.9	424,324		
5. Cosmos Area					
AM5	479,914	2.6	12,430	Indicated Mineral Resource	2012
	26,922	1.9	509	Inferred Mineral Resource	2012
AM6	1,704,548	2.7	45,171	Indicated Mineral Resource	2012
	329,443	2.5	8,203	Inferred Mineral Resource	2012
Odysseus	3,884,857	2.2	84,301	Indicated Mineral Resource	2012
	169,165	2.1	3,603	Inferred Mineral Resource	2012
Odysseus North - Disseminated	1,631,495	2.8	45,519	Indicated Mineral Resource	2012
	1,586,175	2.2	35,054	Inferred Mineral Resource	2012
Odysseus North - Massive	48,043	11.6	5,563	Indicated Mineral Resource	2012
Total Cosmos Area	9,860,562	2.4	240,353		
6. Mt Goode Area					
Mt Goode	13,563,000	0.8	105,791	Measured Mineral Resource	2012
	27,363,000	0.6	158,705	Indicated Mineral Resource	2012
	12,009,000	0.5	62,447	Inferred Mineral Resource	2012
Total Mt Goode Area	52,935,000	0.6	326,943		
TOTAL COSMOS MINERAL RESOURCES	62,795,562	0.9	567,296		
TOTAL WESTERN AREAS MINERAL RESOURCES	85,195,690	1.2	991,620		



JORC 2012 TABLE 1 – Forrestania Exploration

Section 1: Sampling Techniques and Data – Forrestania

Criteria	JORC Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kgs was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Exploration targets were generally sampled using diamond drill (DD), and where applicable with Reverse Circulation (RC) pre-collars to nominally between 100m and 200m depth), as well as RC only holes. Holes were typically drilled perpendicular to the strike (north-south) of the stratigraphy, at angles ranging between 55° and 75°. Drill holes were located initially with a hand held GPS and later surveyed by a differential GPS. DD holes were used to obtain high quality samples that were fully oriented and logged for lithological, structural and geotechnical attributes. Each sample of diamond drill core submitted to ALS laboratories at Malaga, Perth was weighed to determine density by the weight in air, weight in water method. The balance used for these determinations was an EK-12KG electronic balance with an accuracy of +/- 0.001 Kg, the balance is regularly checked with 2kg, 5kg and 7kg standard weights. All sampling was conducted under WSA QAQC protocols which are in accordance with industry best practice. Diamond drill core (NQ2) is 1/4 core sampled on geological intervals (0.2m - 1.5m) to achieve sample weights under 2kgs. Samples were crushed, dried and pulverised (total prep) to produce a sub sample for analysis by 4 acid digest with an ICP/AES and FA/ICP (Au, Pt, Pd) finish. RC drilling is used to obtain 1m samples (or composited over 2m to 4m) from which 3kgs is pulverised (total prep) to produce a sub sample for assaying as per DD samples.
Drilling Techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond drilling comprises HQ and NQ2 sized core. The core was oriented using ACT II control panels and ACT III downhole units. Orientation spears are also used intermittently as a validation tool. Shallow drilling at New Morning was completed using PQ drilling. RC drilling comprises nominally 140mm diameter face sampling hammer drilling.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias. 	<ul style="list-style-type: none"> Diamond core and RC recoveries are logged and recorded in the database. Overall recoveries are >95% and there was no core loss issues or significant sample recovery problems. Core loss is noted where it occurs. Diamond core was reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths are checked against the depth given on the core blocks and rod counts are routinely carried out by the drillers. RC samples were visually checked for recovery, moisture and contamination. The bulk of drilling is by diamond core drilling, which has high recoveries. The massive sulphide style of mineralisation and the consistency of the mineralised intervals are considered to preclude any issue of sample bias due to material loss or gain. Drilling in the oxidised profile results in more incomplete core recoveries.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Geotechnical logging was carried out on all diamond drill holes for recovery, RQD and number of defects (per interval). Information on structure type, dip, dip direction, alpha angle, beta angle, texture, shape, roughness and fill material is stored in the structure



Criteria	JORC Code Explanation	Commentary
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc). The total length and percentage of the relevant intersections logged. 	<p>table of the database.</p> <ul style="list-style-type: none"> Logging of diamond core samples recorded lithology, mineralogy, mineralisation, structural, weathering, colour and other features of the samples. Core was photographed in both dry and wet form. All diamond drill holes were logged and photographed in full. RC holes are logged in full.
Sub-sampling techniques and sampling preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Core was cut in quarters (NQ2) onsite using an Almonte automatic core saw. All samples were collected from the same side of the core. All samples in the New Morning Exploration target were taken from PQ diamond drill core. RC samples were collected on the rig using cone splitters. Composite samples are collected via riffle splitting or spearing to generate a single sample of less than 3kgs. The sample preparation of diamond core follows industry best practice, involving oven drying, coarse crushing of the half core sample down to ~10mm followed by pulverisation of the entire sample (total prep) using Essa LM5 grinding mills to a grind size of 85% passing 75 micron. Field QC procedures involve the use of certified reference material as assay standards, along with blanks, duplicates and barren washes. The insertion rate of these averaged 1:20, with an increased rate in mineralised zones. Field duplicates were conducted on approximately one in ten drill intersections. During assessment of mineralised areas 10% of samples were also selected for umpire sampling. All QAQC samples were returned within acceptable statistical ranges. Standards are inserted approximately every 20 samples or at least one every hole for both diamond and RC drilling. Duplicates are normally inserted every 20 samples in RC drilling and never with exploration diamond drilling. Blanks are inserted selectively in RC and diamond programs, at least one and sometimes two samples per hole or after massive sulphides or prominent mineralisation for regular monitoring and to detect smearing in the laboratory processing. The sample sizes are considered to be appropriate to correctly represent the sulphide based on: the style of mineralisation (disseminated sulphides), the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary elements.
Quality of assay data laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> All samples were subjected to ICP-AES analysis using nitric, perchloric, hydrofluoric and hydrochloride acid digest. Samples which assayed greater than 10000ppm Ni were treated to OG62 near total digest using the same 4 acids, suitable for silica based samples, and analysed using conventional ICP_AES analysis. Samples were routinely assayed for Au and PGE's using PGM-ICP23. Au samples reporting >10g/t were assayed using Fire Assay and AAS finish. No Geophysical tools were used to determine any element concentrations relating to this exploration target estimate. A handheld NITON XRF instrument was used to determine the approximate nature of the mineralisation. Appropriate QAQC techniques were used to validate any portable XRF analysis. However, NITON XRF data is only used as an approximate guide.



Criteria	JORC Code Explanation	Commentary
		<p>All reported intersections are gathered using industry best practice laboratory assay techniques.</p> <ul style="list-style-type: none"> Standards and blanks were routinely used to access company QAQC (approx 1 std for every 12-15 samples).
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Adrian Black of Newexco Pty Ltd (a member of the AIG), an independent exploration company, has visually verified significant intersections in diamond core. One hole was twinned in the recent drilling program, MHRC063, noted in the text. Primary data was collected using Excel templates utilising lookup codes, on laptop computers. All data was validated by the supervising geologist, and sent to Newexco for validation and integration into an SQL database. No adjustments were made to assay data compiled for this estimate.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Hole collar locations were surveyed using Western Areas surveyors under the guidelines of best industry practice. The Leica GPS1200 was used for all surface work has an accuracy of +/- 3cm. Elevation data were collected in AHD RL and a value of 1,000m was added. MGA94 Zone 50 grid coordinate system is used. The accuracy of the pillars used in WSA's topographical control networks operate within the Mines Regulations accuracy requirement of 1:5000 for control networks.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drill holes were varied according to target type. Where initial drilling was undertaken holes are nominally 100m to 400m apart. Where mineralisation is identified holes are spaced at an approx. 50m (northing) x 60m (relative level) grid. Sampling compositing has been applied to some of the RC sampling, following initial testing using a handheld NITON XRF instrument. Samples were composited to one metre lengths, making adjustments to accommodate residual sample lengths.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The majority of the drill holes are orientated to achieve intersection angles as close to perpendicular as possible. The steep dipping nature of the stratigraphy at some targets (70° to 80°) e.g. New Morning means this is not always achieved. No orientation based sampling bias has been observed in the data, intercepts are reported as downhole lengths.
Sample Security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples are prepared onsite under the supervision of Newexco/Western Area staff. All samples are collected in sealed task specific containers (Bulk bags – plastic pallets) and delivered from site to Perth and then the assay laboratory by transport contractor, NEXUS.
Audits and Reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Adrian Black of Newexco Pty Ltd (a member of the AIG), an independent exploration company, has reviewed the data and sampling techniques employed by WSA.



JORC 2012 TABLE 1 – Forrestania Exploration

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Forrestania Nickel Operations comprises approximately 125 tenements covering some 900km² within the Central Yilgarn Province. The tenements include exploration licences, prospecting licences, general purpose leases, miscellaneous licences and mining leases. Western Areas wholly owns 106 tenements, 55 tenements of which were acquired from Outokumpu in 2002 and a further 51 tenements acquired from Kagara in March 2012 (some which are subject to various third party royalty agreements). The remainder of the tenements are subject to Joint Ventures, 14 tenements are part of the Mt Gibb JV where Western Areas has the right to earn 70% interest from Great Western Exploration (currently at 51% WSA) and the Lake King JV where Western Areas has earned a 70% interest from Swanoak Holdings. A number of the Kagara tenements are subject to third party royalty agreements. All the tenements are in good standing. Six tenements are pending grant.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Western Areas has been exploring its wholly owned tenements since 2002. The tenements subject to the Kagara sale which took place in March 2012 were explored by Kagara since 2006 and LionOre and St Barbara prior to that time. Western Areas has managed both the Mt Gibb JV since 2009 (Great Western Exploration explored the ground prior to that time) and the Lake King JV since 2007 (A small amount of work carried out by WMC prior to that date).
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The FNO lies within the Forrestania Greenstone Belt, which is part of the Southern Cross Province of the Yilgarn Craton in Western Australia. The main deposit type is the komatiite hosted, disseminated to massive Nickel sulphide deposits, which include the Flying Fox and Spotted Quoll deposits which are currently being mined. The mineralisation occurs in association with the basal section of high MgO cumulate ultramafic rocks. The greenstone succession in the FNO district also hosts a number of orogenic lode gold deposits of which Bounty Gold Mine is the biggest example. Some exploration for this style of deposit is undertaken by Western areas from time to time in the FNO tenements.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole downhole length and interception depth hole length If the exclusion of this information is justified on the basis that the information is not Material and this 	<ul style="list-style-type: none"> See drill hole summary tables enclosed in the text.



Criteria	JORC Code Explanation	Commentary
	<p>exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Standard weighted averaging of drill hole intercepts were employed. No maximum or minimum grade truncations were used in the estimation. The reported assays have been length and bulk density weighted. A lower arbitrary 0.5% Ni cut-off is applied, with no top cut applied. High grade intercepts internal to broader zones of mineralisation are reported as included intervals. A lower arbitrary 0.5g/t Au cut-off is applied, with no top cut applied. High grade intercepts internal to broader zones of mineralisation are reported as included intervals. No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known'). 	<ul style="list-style-type: none"> The incident angles to mineralisation are considered moderate. Due to the often steep dipping nature of the stratigraphy reported downhole intersections are moderately greater (m/1.5 ratio on average) than the true width.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Shown on the long section included in this report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All results are reported.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Multi-element analysis was conducted routinely on all samples for a base metal suite and potentially deleterious elements including Al, As, Co, Cr, Cu, Fe, Mg, Ni, S, Ti, Zn, Zr and Si for New Morning. Information on structure type, dip, dip direction alpha and beta angles, texture, shape, roughness and fill material is stored in the structural logs in the database.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Exploration within the tenements continues to evaluate the prospective stratigraphic succession containing the cumulate ultramafic rocks using geochemical and geophysical surveys and drilling. At this stage of the exploration program, the nature of the geological model is evolving. Details of further work will be forthcoming as the project progresses.