



Activity Report

For the period ending 30 June 2013

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 third largest 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, Canada and Finland.

Mining is in progress at the Flying Fox and Spotted Quoll underground mines where significant development is already in place. The total Mineral Resource at Spotted Quoll now stands at 2.9 Mt at an average grade of 5.9% containing 171,520 nickel tonnes. Total Ore Reserves at Spotted Quoll comprise 2.9 Mt at average grade of 4.2% nickel containing approx. 121,400 nickel tonnes.

The total Mineral Resource at Flying Fox now stands at 1.7 Mt at an average grade of 5.7% containing 94,856 nickel tonnes. Total Ore Reserves at Flying Fox comprise 1.7 Mt at an average grade of 4.0% nickel containing approx. 67,000 nickel tonnes.

Flying Fox and Spotted Quoll are two of the lowest cost nickel mines in the world. Significant infrastructure work has also been completed on the potential Diggers South mine, located 20km south of Cosmic Boy Concentrator.

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 26,000 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\$590M @ \$3.00 per share.

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LOWEST UNIT CASH COSTS FOR THE YEAR AND RECORD CONCENTRATE SALES

Western Areas (WSA or the Company) is pleased to report the achievement of another strong quarter on operational measures, including record concentrate sales, set against a weak overall nickel and commodity price environment.

Operationally, on internal measures within management control, the company continues to track well, finishing the year by delivering record concentrate sales with **quarterly unit cash cost of production at the lowest level (A\$2.46/lb)** for the financial year. This performance and other factors have combined in **achieving free cashflow for the quarter of \$22.6M**.

Total mine production for the quarter was **6,031 tonnes of nickel in ore at an average grade of 4.7%**. The Company's full year production of nickel in ore was 27,639 tonnes exceeding its upgraded guidance of 27,500 tonnes. Total nickel in concentrate produced from the mill was **6,634 nickel tonnes** resulting in full year production of **26,918 nickel tonnes**.

On the financial front, nickel prices have remained subdued at cyclical lows, partially moderated by an improving Australian dollar exchange rate. In recognition of the difficult commodity price environment being experienced by all stakeholders and the associated bottom line impacts, the executive directors and senior management team have forfeited a minimum of 50% of their short term incentives earned and a salary freeze has been extended into FY14. These moves do not reflect operational performance, which remains excellent.

June Q 2013 Highlights:

1. **Free cashflow from A\$22.6M for the quarter**, achieved due to excellent concentrate shipping tonnages and the continued stringent management of costs across the entire Company.
2. **At 30 June 2013, Western Areas had total cash plus nickel sales receivables of A\$97.3M** (March Q, A\$84.5M). Net increase driven by excellent sales volumes.
3. **Record nickel sales** during the June Q comprised 46,053 tonnes of concentrate containing **7,222 tonnes (15.9M lbs) nickel**.
4. Flying Fox mine production was **73,716 tonnes of ore mined at 4.7% for 3,447 tonnes (17.6M lbs) contained nickel**.
5. Spotted Quoll underground mine production was **53,465 ore tonnes at 4.8% for 2,584 tonnes (5.7M lbs) of contained nickel**.
6. **Average cash cost** of nickel in concentrate produced was **A\$2.46/lb**, being a 14% reduction from last quarter. **Full Year to date stands at A\$2.68/lb**, being well below guidance of A\$2.90/lb.
7. **Exploration success with a second intersection at the New Morning deposit – 1.7m at 5.6% nickel**.
8. Spotted Quoll North Lode drilling continues to intercept high grades **including 1.65m @ 12.0% nickel**. Updated resource due in Sept Q.



1. CORPORATE AND FINANCING

Cashflow

Free cashflow for the quarter was \$22.6M. This outstanding result was achieved due to excellent concentrate shipping tonnages and the continued stringent management of costs across the entire Company. The result again demonstrates the ability of Western Areas to generate strong cashflows despite the impact of the weak nickel price.

At 30 June 2013, Western Areas had total cash plus nickel sales receivables of A\$97.3M (March Q, A\$84.5M). This comprises unaudited A\$80.7M in cash (March Q, A\$58.1M) and nickel sales receivables valued at A\$16.6M. The movement of A\$13.8M in cash and receivables was an exceptional outcome considering the average nickel price for the quarter was A\$6.84/lb.

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 a free cashflow generated or 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.

As detailed above, the ANZ Bank facility now extends beyond the maturity date of the July 2014 convertible bond of A\$110.2M and effectively eliminates any repayment risk associated with that bond.

Dividends

A fully franked dividend of 2 cent per share was paid out of cash during the quarter. This \$4.0M to shareholders has brought total dividends to shareholders to \$80M. In line with normal practice, once the 30 June 2013 financial accounts have been completed and audited, the Board will make a decision regarding any potential final dividend including the timing of any payment.

Hedging

Western Areas 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 June 2013 are as follows:

Hedging Details	Fiscal 2014
FX Hedging - Collar Style Options	
FX US\$ Sold	70,000,000
Average US\$ Cap	0.9895
Average US\$ Floor	0.8620

Cost Saving Initiatives

Despite a successful year of operational performance in all metrics, but in recognition of the difficult commodity price environment being experienced by all stakeholders, the executive directors and senior management team have forfeited a minimum of 50% of their short term incentives triggered. The cancellation of these entitlements, equate to a range of 10% to 20% reduction in base salaries for one year of these employees. Other initiatives include reviews of all major contracts at site with an emphasis on productivity and cost reduction opportunities.

2. MINE SAFETY AND ENVIRONMENT

Safety

Unfortunately, the Lost Time Injury Frequency Rate rose to 0.83 at the end of June, ending a 509 day period of Zero lost time injuries. This was due to a soft tissue strain injury requiring remedial surgery resulting in a single LTI. Western Areas and its contractors remain committed to proactive risk management. During the quarter, 49 job safety analyses, eight team based risk assessments and 20 formal area inspections were conducted. In addition, the site has been active in promoting hazard identification and reporting, with an average of 600 identifications per month being recorded and actioned.

Further training in the Incident Cause Analysis Method (ICAM) Incident Investigation methodology was conducted and work continues to improve the quality and outcomes of incident investigations on site.

During the quarter six Emergency Response Team members completed a six day course to attain nationally recognised qualifications in Vehicle Extrication, Confined Space Rescue and Vertical (Rope) Rescue.

Emergency preparedness was tested in April with a full scale emergency drill in the accommodation village. All 250 personnel were quickly accounted for and minor enhancements were subsequently made to the site's emergency plans.



Vertical Rope Rescue Training

**Environment**

Western Areas continued to operate within all statutory regulations and licence conditions during the reporting period with no environmental incidents occurring at our operations. Western Areas remains fully committed to the environmental management plan to ensure that our operations environmental performance is in line with industry best practice.

Research Sponsorship

The Company continues to support biodiversity conservation programs with a focus on species within the Forrestania region. Sponsorship of research into both Carnaby's Black Cockatoo and the Chuditch is ongoing, in line with Western Areas sustainability values.

Sustainability Performance

During the June Q, Western Areas completed carbon emissions reporting for the Carbon Disclosure Project (CDP) for the 2011-2012 emissions reporting period. CDP is a not for profit international organisation which provides a global system for companies to measure, disclose, manage and share vital environmental information.

Western Areas was also a participant in the Australian Government's Jobs and Competitiveness Program during the June Q. This program is aimed at providing assistance over the first five years of carbon pricing to companies that produce significant carbon pollution but which are constrained in their capacity to pass through costs in the global market place (i.e. trade exposed).

Rehabilitation

During the June Q, rehabilitation earthworks, direct seeding and seedling planting activities were undertaken onsite. Seedlings are sourced from a local supplier in the nearby wheatbelt town of Kulin where they are grown to order from seed collected onsite by WSA environmental staff.



Environmental Officer Nick Bird checking WSA seedlings at Kulin Tree Farm



3. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2012/2013				FY Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Flying Fox						
Ore Tonnes Mined	Tn's	102,218	89,846	82,668	73,716	348,448
Grade	Ni %	5.0%	4.9%	4.9%	4.7%	4.9%
Ni Tonnes Mined	Tn's	5,129	4,380	4,081	3,447	17,037
Spotted Quoll - Underground						
Ore Tonnes Mined	Tn's	43,581	50,907	59,335	53,465	207,288
Grade	Ni %	5.4%	5.1%	5.2%	4.8%	5.1%
Ni Tonnes Mined	Tn's	2,375	2,577	3,066	2,584	10,602
Total - Ore Tonnes Mined	Tn's	145,799	140,753	142,003	127,181	555,736
Grade	Ni %	5.1%	4.9%	5.0%	4.7%	5.0%
Total Ni Tonnes Mined	Tn's	7,504	6,957	7,147	6,031	27,639

Flying Fox

Production

The June Q produced 73,716t of ore at an average grade of 4.7% for 3,447t of contained nickel, which was in line with the quarterly mine plan.

Longhole production continued to provide the majority of ore for the quarter. The 370 and 480 T5 stopes were strong performers which were supplemented later on in the quarter with two new stope blocks i.e. 385 FW Lode and the 490 Peg Lode.

The single boom jumbo produced ore from various flat back stopes and wall stripping plus establishing the 385 FWR stoping block and starting the 295 and 285 North ore drives. Air-leg mining continued with drive development in the 425 and 460 FW, benching in the 410 and stoping at the 490 and 460 levels.

The T4 section of the mine saw the completion of the 720 stoping block which as the ore narrowed towards the top of the block converted from conventional longhole methods to air-leg mining.



295 SOD ore drive showing face of massive sulphide (Face grade 5% Ni)



Mine Development

The Streeter Decline achieved 132m for the quarter with associated infrastructure development, which enabled the 295, 285 and 245 level accesses to be established (See Figure 2).

The mine achieved 288m of total ore drive development with 103 equivalent meters' advance from a combination of flat back stoping and benching, from both jumbo and air-leg mining.

There was minimal capital works for the quarter outside of normal development activities.

Spotted Quoll

Production

Spotted Quoll production was 53,465 tonnes at 4.8% for 2,584 tonnes of contained nickel for the quarter. The second stoping block between the 1125 and 1110 levels was brought online with two stopes completed during the quarter. The development of the second stoping block will facilitate steady state production.

The paste-fill plant continues to perform well and delivered over 11,000 m³ of paste during the quarter. During the June Q, the operations team trialed the introduction of locally sourced sand into the paste fill mix. The purpose of the trial was to test whether the cure time of paste fill could be improved from one week, whilst also reducing the volume of binding agents required. In full credit to the team, the trial was extremely successful with cure time now on average reduced to two days, and binder volumes reduced resulting in productivity gains and cost reduction.

Mine Development

The Hanna Decline was advanced 211m during the June Q reaching a depth of 415m below surface. Total lateral development for the quarter was 921m (see Figure 4).

Cosmic Boy Nickel Concentrator

Tonnes Milled and Sold		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Ore Processed	Tns	142,795	151,855	145,348	146,256	586,254
Grade	%	5.3%	4.9%	5.0%	5.1%	5.1%
Ave. Recovery	%	92%	90%	91%	89%	91%
Ni Tonnes in Concentrate	Tns	6,951	6,722	6,611	6,634	26,918
Ni Tonnes in Concentrate Sold	Tns	6,923	6,829	6,845	7,222	27,819
Total Nickel Sold	Tns	6,923	6,829	6,845	7,222	27,819

Forrestania Nickel Operations processed 146,256 tonnes of ore at an average grade of 5.1% nickel for the June Q with the Cosmic Boy concentrator producing 41,203 tonnes of concentrate grading 16.1% nickel for 6,634 nickel tonnes. Concentrator metallurgical recovery averaged 89% with 98.5% plant availability. The lower recovery was as a result of higher processed tonnes of Spotted Quoll ore. However these tonnes resulted in an overall lower cash cost of nickel in concentrate.

At the end of the June Q, 138,862 tonnes of ore at an average grade of 4.0% nickel containing over 5,505 tonnes of nickel was stockpiled at site awaiting treatment at Cosmic Boy. The current stockpile represents over two months of mill feed and enables the selection of an optimal mill feed blend.

For the FY 2013, the Cosmic Boy Concentrator treated 586,254 tonnes (nameplate capacity 550,000t) at an ore grade of 5.1% nickel. A total of 181,608 tonnes of concentrate was produced at 14.8% nickel containing 26,918 nickel tonnes. Nickel recovery for the year averaged 91%.



Due to the current low commodity price, the expansion of the Cosmic Boy mill from name plate 550,000t to 750,000t per annum has been deferred until later in the year when a review will be conducted in light of commodity price circumstances.

Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr
Ore	Tns		179,968	168,866	160,884	138,862
Grade	%		4.2%	4.3%	4.3%	4.0%
Concentrate	Tns		7,118	5,872	2,989	1,383
Grade	%		14.3%	14.2%	14.8%	14.1%
Contained Ni in Stockpiles		Tns	8,625	8,074	7,330	5,700



Cosmic Boy Concentrator at dawn

Cash Costs

Financial Statistics		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.82	2.27	2.23	1.87	2.05
Haulage	A\$/lb	0.09	0.05	0.05	0.05	0.06
Milling	A\$/lb	0.40	0.41	0.41	0.38	0.40
Admin	A\$/lb	0.20	0.17	0.19	0.18	0.19
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (**)	A\$/lb	2.49	2.89	2.86	2.46	2.68
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.59	3.00	2.97	2.44	2.75
Exchange Rate US\$ / A\$		1.04	1.04	1.04	0.99	1.03

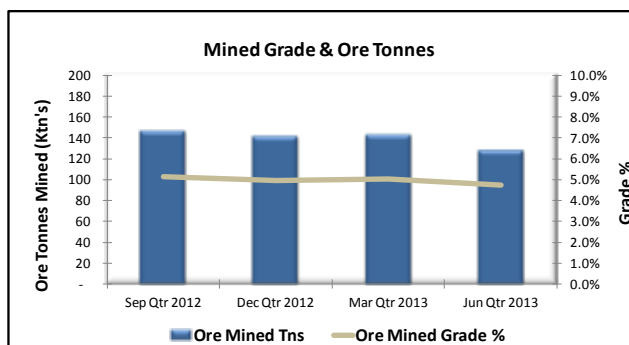
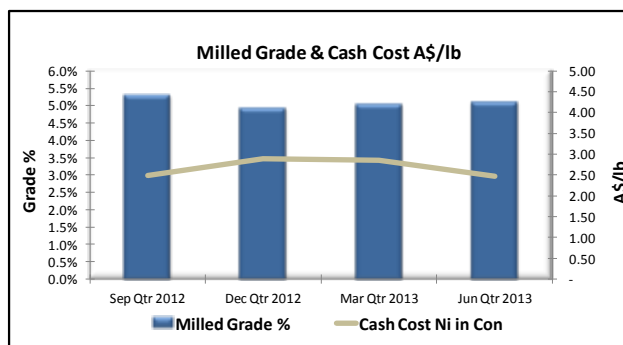
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements.

(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Jun Qtr = A\$1:US\$0.99).

(***) 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 cash cost of nickel in concentrate (excluding smelting/refining charges and royalties) produced during the June Q was the lowest for the entire year at **A\$2.46/lb** nickel which was 14% lower than the March Q. The main contributor was an average unit rate mining cost reduction for the quarter due to an increased proportion of the lower cost Spotted Quoll underground ore 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 June Q. A total of 46,053 tonnes of concentrate was delivered containing 7,222 tonnes of nickel for the quarter and 27,819 tonnes for the year. This was both a record quarterly and yearly result for nickel in concentrate sales.

The concentrate stockpile at Cosmic Boy stands at 1,383 tonnes at a grade of 14.1% nickel containing 195 tonnes of nickel metal. Total concentrate stockpiles decreased from the previous quarter reflecting a mature sales logistics chain working at maximum efficiency.

The second offtake agreement with Jinchuan for 15,000 tonnes of nickel was completed ahead of schedule in February 2013. The third offtake with Jinchuan commenced in March 2013. To date, 6,615 tonnes of nickel in concentrate has been delivered under this offtake contract which is limited to 26,000 tonnes of nickel.

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

Positive reconciliation of the ore mined from Flying Fox during the Quarter continues to confirm the high grade tenor of the Flying Fox orebody. Phase 1 drilling of the southern extent of the T5 deposit was completed during the June Q with encouraging results as summarised in the following table and shown in the figure below (yellow box).

BHID	Interval (m)	Ni %	From	Comment
LUG036	2.51	3.5	241.18	\$S, \$M, \$T
LUG037	2.50	5.3	240.85	\$S, \$M, \$T incl. 1.75m @ 7.1% Ni
LUG038	2.53	3.9	292.09	\$S, \$T
LUG039	2.40	1.8	285.13	\$S, \$T
LUG040	0.74	3.1	314.10	\$S, \$T

Notes: \$M=Mineralised Massive Sulphide, \$S=Mineralised Stringer Sulphide, \$T=Mineralised Matrix Sulphide



In addition, 5 diamond drill holes will be drilled into the T5 southern domain as shown below (see Figure 1) in the September Q.

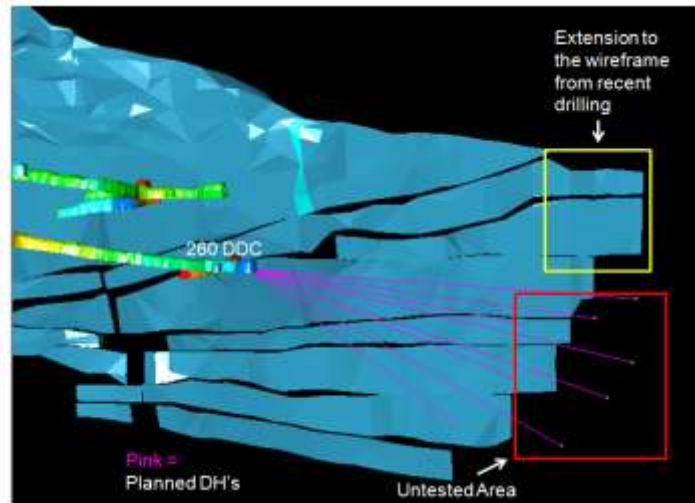


Figure 1: T5 Flying Fox section looking east showing the extension to the existing resource wireframe

Also, drilling continued in the T7 deposit to test the mineralised potential of this target (see Figure 2). Assay results are pending.

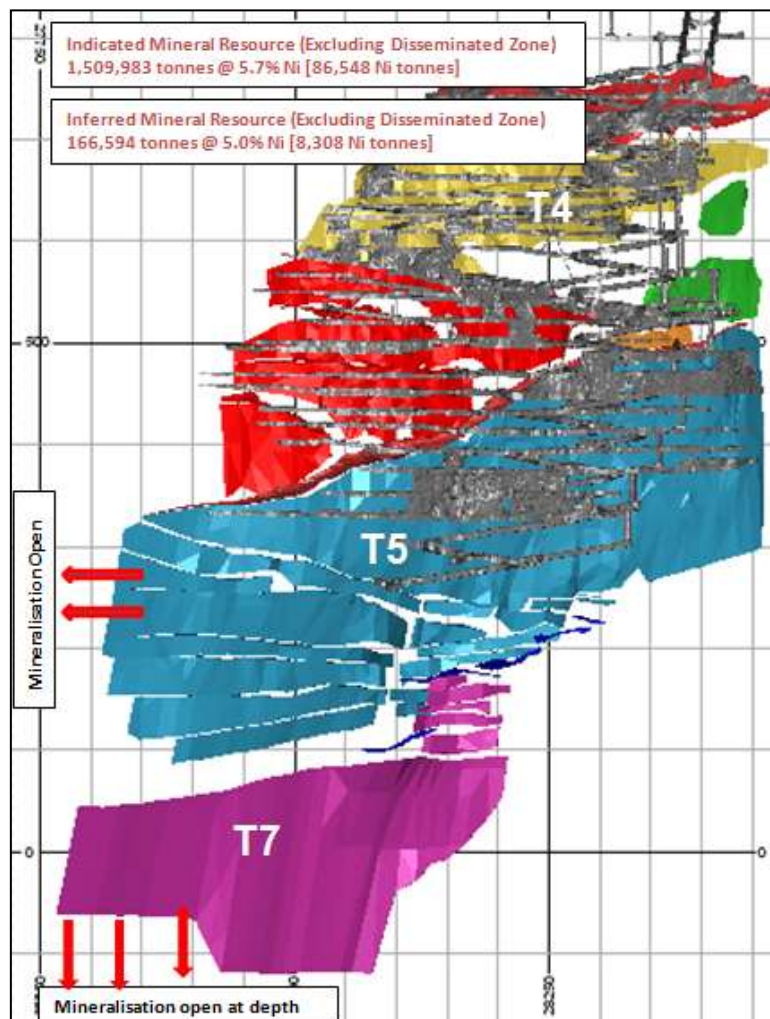


Figure 2: Longitudinal Section of Flying Fox T4 to T7 Domains showing current development and Mineral Resource



Spotted Quoll

Mining of the Spotted Quoll orebody and reconciliation of the tonnes and grade against the resource model has confirmed the robustness and consistency of this high grade deposit. Ongoing resource extension drilling and development has been very encouraging in particular with respect to the North Lode which has been extended downdip and is currently being re modelled and will be reported in the Sept Q.

Recent assay results of diamond drill intercepts of the North Lode are summarised in the following table:

BHID	Interval (m)	Ni %	From (m)	Comment
SQUG022	1.4	7.0	14.2	\$M incl. 0.62m @ 12.4% Ni
SQUG025	3.89	6.2	64.35	\$M incl. 1.65m @ 12% Ni
SQUG026	3.08	6.1	57.8	\$M incl. 1.06m @ 6% Ni and 0.95m @ 11.9% Ni
SQUG028	1.95	9.2	77.05	\$M, Sdle incl. 1.95m @ 9.2% Ni

Notes: \$M=Mineralised Massive Sulphide, \$S=Mineralised Stringer Sulphide, \$T=Mineralised Matrix Sulphide, Sdle=Pelitic sedimentary

A core photograph of drill hole SQU025 which returned an assay value of 12% Ni over 1.65m is shown below.



Recent drilling intersections of the Spotted Quoll North Lode are shown in Figure 3 below. In addition to the recent resource extensions of the North Lode, a second smaller lode has been intersected to the south of the Main Lode. This lode is currently being modelled and will form part of an updated Mineral Resource Estimate for Spotted Quoll to be finalised in the September Q.

The current mine development and resource tonnes and grade are shown in Figure 4 below.

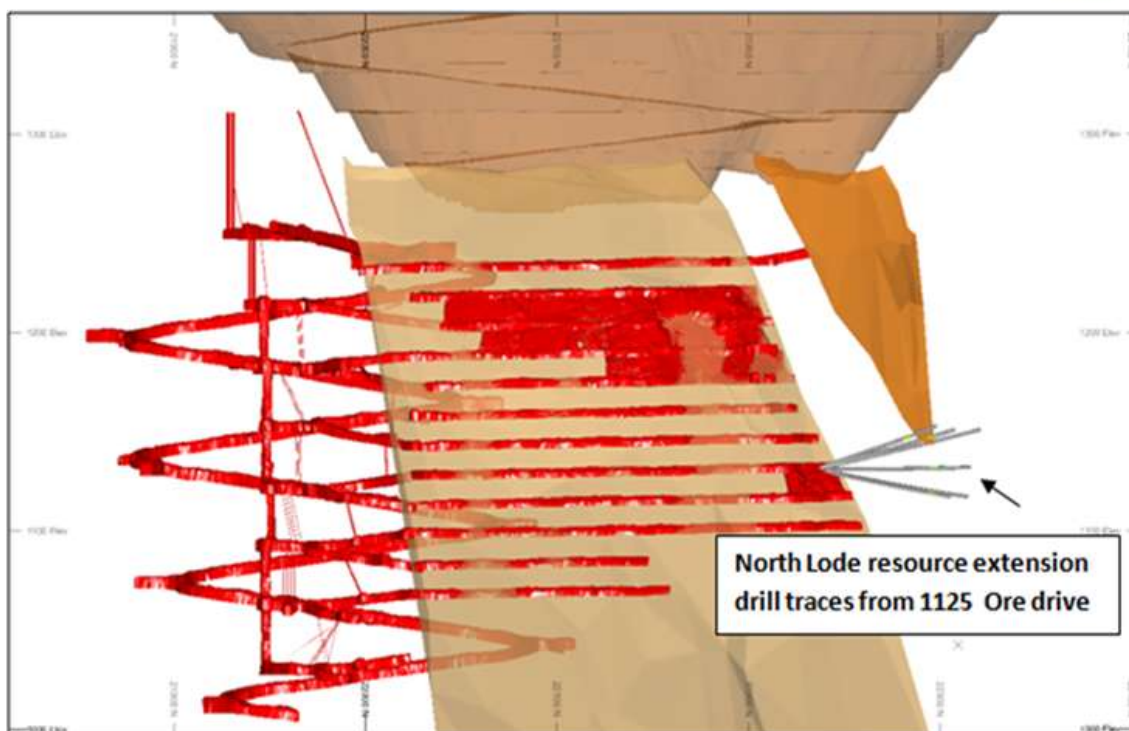


Figure 3: Isometric view of the Spotted Quoll showing proposed drilling of the North Lode extension

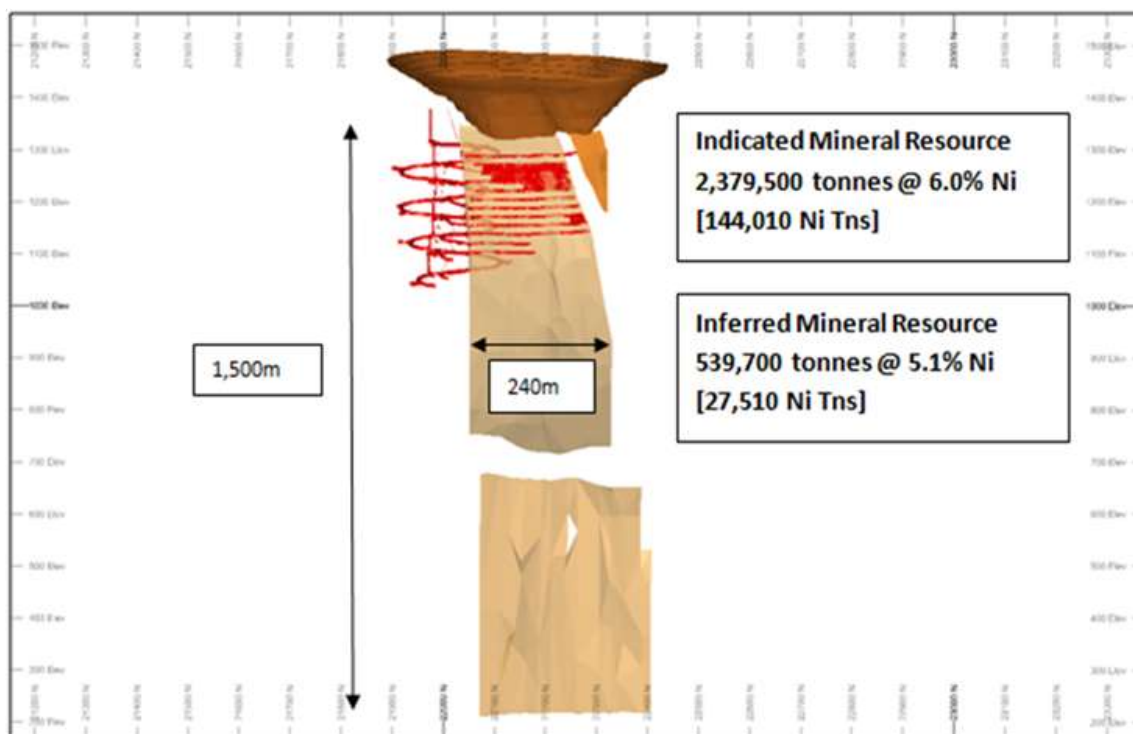


Figure 4: Isometric views of the Spotted Quoll resource model with underground development

The Company's Ore Reserve and Mineral Resource Statements are provided at the end of this report.



6. BIOHEAP

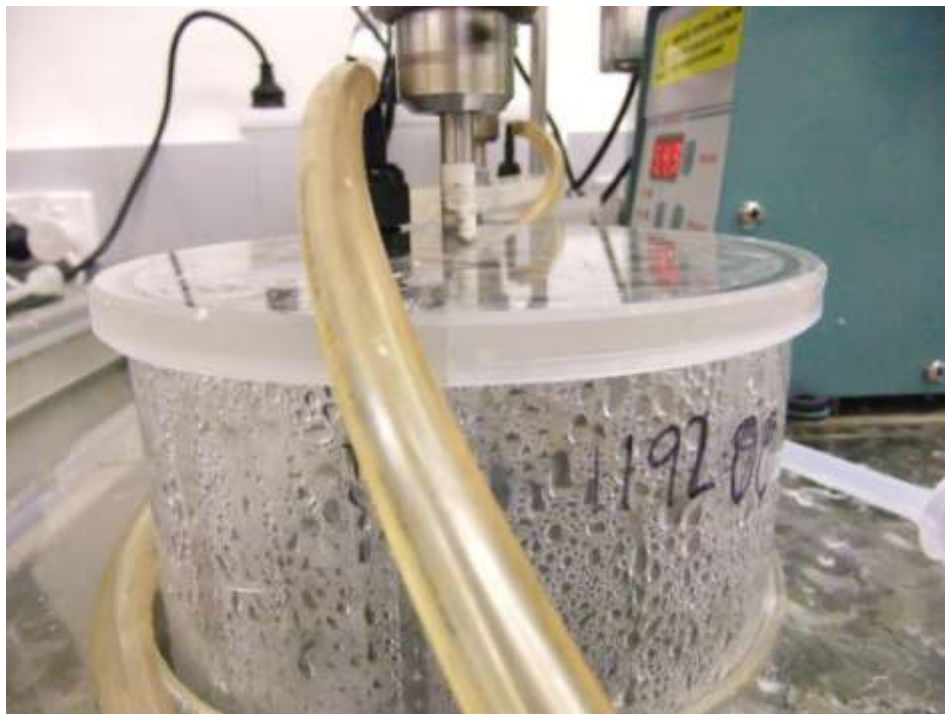
During the June Q, the BioHeap team received approaches from prospective clients to conduct testwork on various base metal and gold projects. BioHeap proposals are generally confidential in nature and the model for generating returns for Western Areas will vary depending on the type of work being undertaken.

Significant third party testwork has progressed to variability testing in an external laboratory using a commercial fluidised bed reactor (FBR). This work will continue for several months to enable the client to evaluate the FBR before moving to an onsite pilot test program.

Testwork on a process stream from the Cosmic Boy Concentrator is complete and the encouraging results are being used to conduct a preliminary engineering study. The results of this work are due in the September Q.

The Bacterial Characterisation Research Program which commenced in the previous quarter is continuing. The program is enabling a better understanding of the microbial properties of some of the BioHeap cultures that operate at extreme conditions. The research work will strengthen BioHeap's current intellectual property portfolio and expand the application of the technology. Further patent documents were lodged during the June Q.

BioHeap participated in the 2013 ALTA conference in May. The ALTA conference and exhibitions are an established major international event in the metallurgical sector, and represent an outstanding platform for exposing the latest worldwide developments in sulphide treatment options with a wide variety of key industry people and decision makers. The involvement at the conference included a trade booth and presentations of the recent high pH leaching R&D testwork and the use of diagnostic testwork utilised in the early stages of testing. The presentation was well received and the conference has generated interests which have lead to potential clients for BioHeap work.



BioHeap amenability testing



7. EXPLORATION

The majority of the exploration activities during the June Q were directed at evaluating the deeper portions of the New Morning deposit, particularly below the current resource. Drilling continued at a number of targets within the Western Ultramafic Belt (WUB), including Boojum, Arrowhead and T15 prospects (Figure 5). In addition, drilling was also commenced evaluating extensions to the Beautiful Sunday resource and within the southern Lounge Lizard area. A short drilling program was also completed at Hatters Hill prospect.

Highlights of the June Q were:

- Second high-grade intersection at New Morning 1.7m @5.6% Ni (NMD182);
- Encouraging drilling results at Beautiful Sunday with Ni Sulphide present;
- Farm-in with Traka Resources at Musgraves;

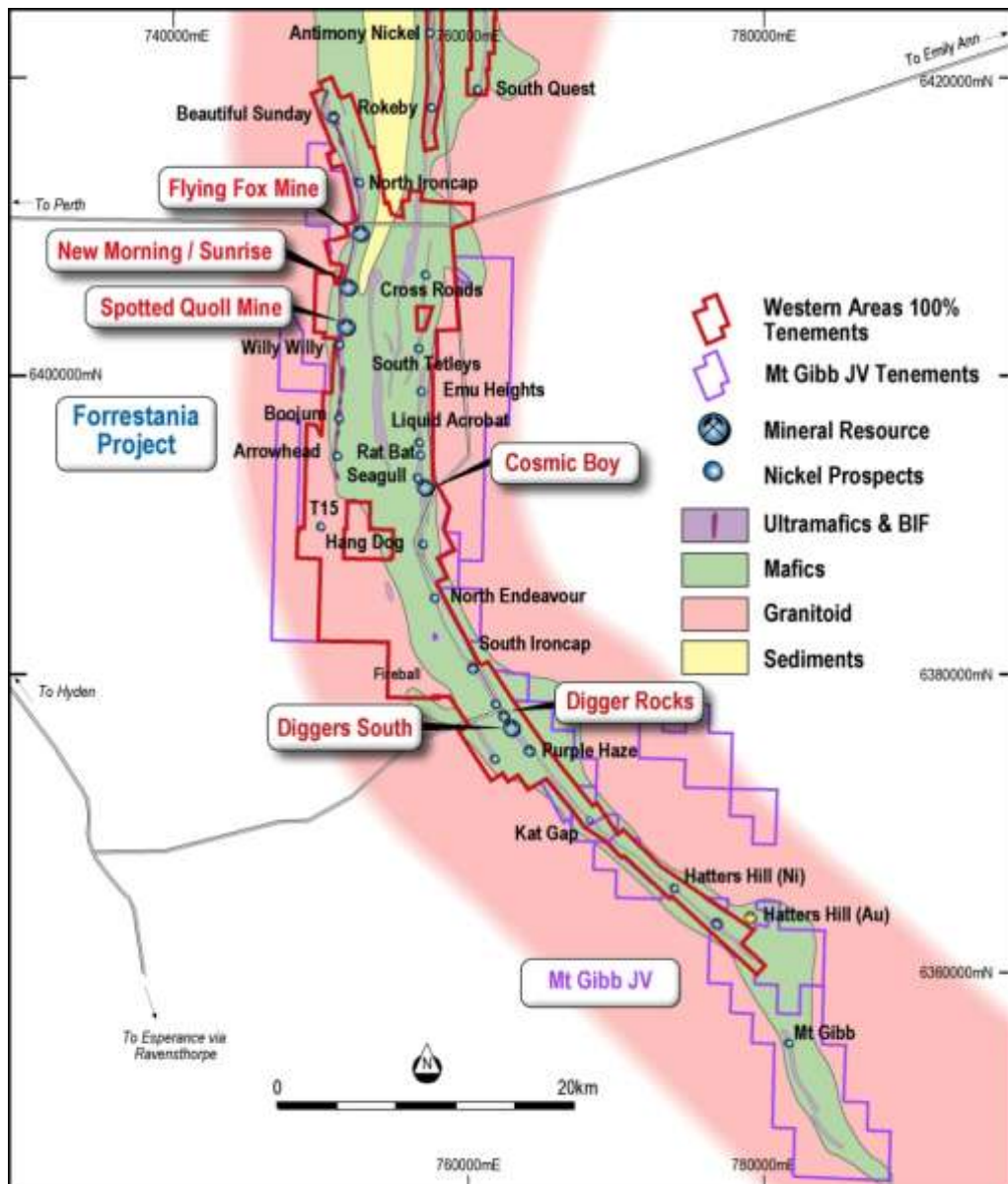


Figure 5: Plan showing Forrestania tenements; mines and key prospects

Forrestania Projects

New Morning

Testing for extensions of the New Morning mineralisation below the currently defined resources continued in the June Q, (see Figure 6 below). The exploration efforts again 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.

NMD182 was drilled from the footwall in order to test the modelled plate from the DHEM interpretation from the initial intercept in NMD177 (**3.0m at 6.3% nickel, including 2.4m at 7.6% nickel** from 1237.2m), and test the extent of the intersected sulphides. The technical challenges of completing the drilling resulted in the decision to complete future drilling in the footwall, rather than from the hangingwall. The footwall hole allows; subsequent wedges to be drilled with increased efficiency, drilling to occur in more favourable ground conditions, and early assessment of footwall ground conditions if underground mining in this area was to proceed.

NMD182 successfully intersected high grade nickel sulphides, released on 19 July 2013, intersecting **1.7m at 5.6% Ni from 1241.9m**. Initial geological interpretations indicate that as the intercept lies close to the position of the reverse fault it may be attenuated in a similar manner to that seen at the T4 mineralisation –T3 fault junction at Flying Fox

Now that the footwall hole has been established it now represents an ideal platform to test the down plunge extent of the sulphides, as well as lateral extent of the modelled DHEM plate. The first of these wedges, NMD182W1, is in progress and a number of these wedges are anticipated to be completed during the Sept Q.

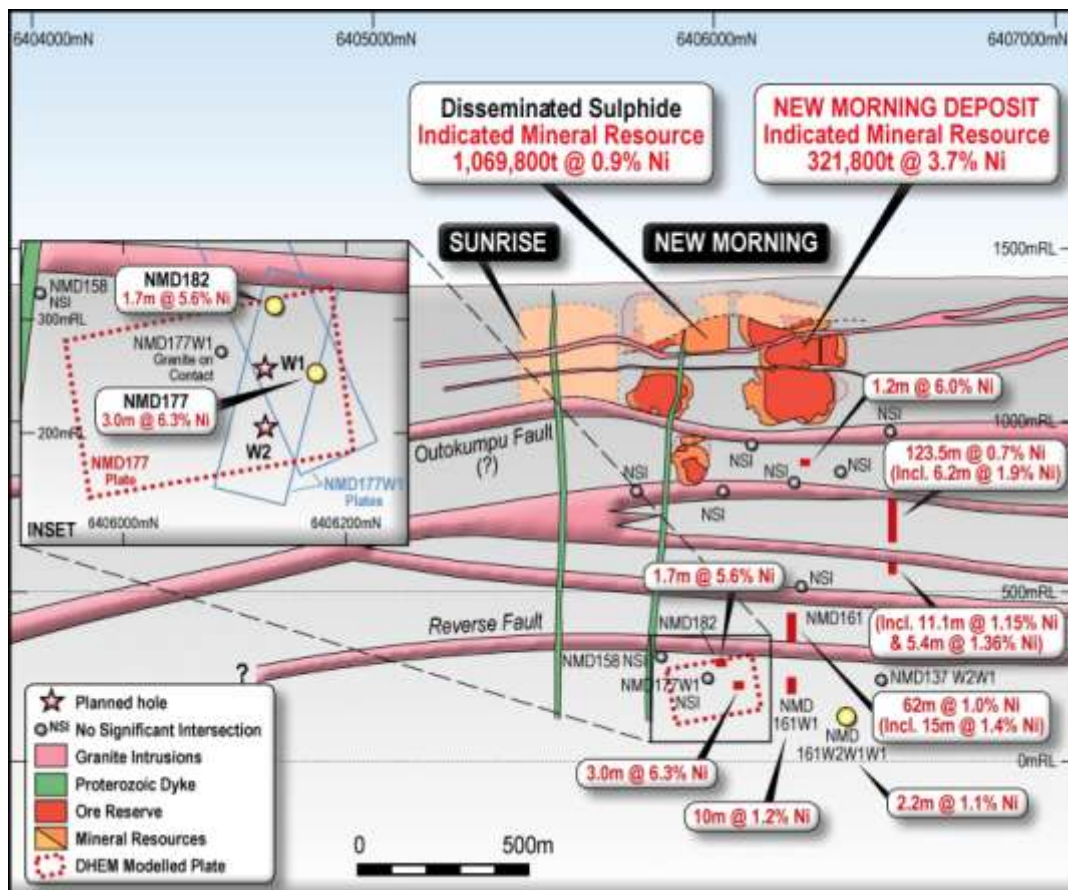


Figure 6: Interpreted Long Projection of the Footwall contact at New Morning showing recent drilling and proposed drill targets



Following a review of the interpreted down plunge component of the New Morning mineralisation, two holes NMD161W2W1W1 and NMD137W2W1 were completed to test targets approximately 140m and 330m north of NMD161 (See Figure 6). NMD161W2W1W1 intersected a number of granites at or close to the contact. As a result of granites obscuring the contact, further exploration work is required to determine the exact nature of the contact.

The presence of a zone of disseminated to stringer sulphides (2.2m @ 1.1% Ni from 1,336m) above one of the hangingwall granites indicates the mineralised system is still present at this northing. Initial interpretation of the DHEM data indicates there are no strong conductors close to the hole at the interpreted position of the contact, although this is complicated by not knowing the true nature of the contact. Further work will be planned once the results of the DHEM are fully interpreted and integrated with the geological and assay results.



Geological staff examining drill core at New Morning

Lounge Lizard South

As part of the evaluation of the 6km corridor between Spotted Quoll and Flying Fox mines (see Figure 7), the Company has begun assessment of the approximate 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 Limited (Kagara), but was acquired as part of the purchase of Kagara's nickel tenements in 2012.

Drilling has now commenced testing the 1.5km zone of ultramafic contact previously held by Kagara. As indicated previously any mineralisation discovered here will benefit from the economies of scale and significant infrastructure investment in the area. To date three very shallow holes (no significant nickel sulphides intersected) have been drilled to date with deeper holes, drilled at the equivalent level of the T1/T2 Flying Fox mineralisation, planned for the coming quarter.

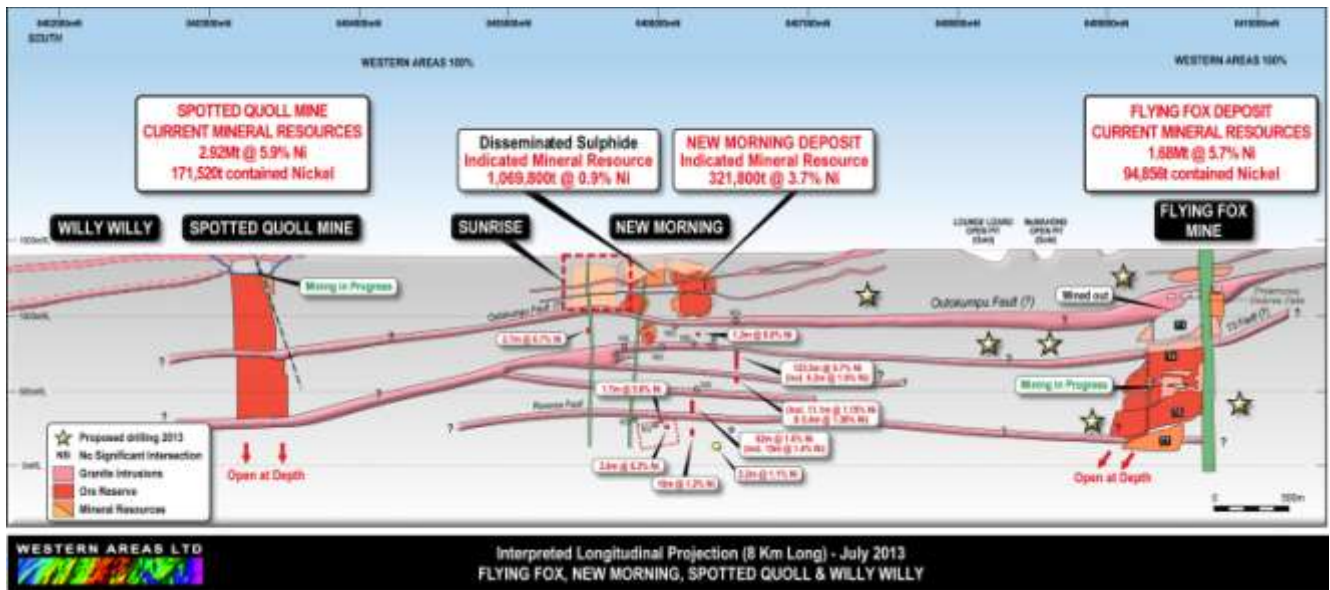


Figure 7: Interpreted Long Projection of the Western Belt footwall contact extending 6km from Spotted Quoll to Flying Fox

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 June Q. Exploration activities, including drilling, were undertaken at Beautiful Sunday, Boojum, T15 and Arrowhead South targets (see Figure 5).

At Beautiful Sunday, located some 8km north of Flying Fox and on the northern end of the WUB, drilling was commenced to test the extent and plunge direction of the existing mineralisation. Minor nickel sulphides were intersected in the first hole, with assays pending. As this work is at an early stage, it is not possible to determine the significance of the results. This evaluation work is expected to continue through the September Q.

As part of the purchase of Kagara's nickel tenements, approximately 4.5km of the southern portion of the WUB was acquired in the T15, Arrowhead and Boojum areas. Previous exploration of this area has been limited. Evaluation of this area, some 10km south of Spotted Quoll, continued with the drill testing of EM/DHEM anomalies at the T15 prospect and targets where cumulate ultramafics are known to occur at the other prospects. Although the presence of cumulate ultramafics was confirmed, the EM anomalies were shown to be sourced from non nickeliferous massive sulphides. Further work will be planned once the geological logging has been completed and assay results have returned.

Exploration activities, including drilling, were also undertaken at a number of prospects outside the WUB in the Forrestania area, including at Hatters Central on the Mt Gibb Joint Venture (2 DDH holes for 205.1m). The two holes at Hatters Central targeted gold intersections from the previous RC drilling. Twinning (HCD003) of the previous hole HCRC005 (which intersected 9m at 1.9 g/t from 43m, including 5m at 3.0 g/t from 47m) returned 10.5m at 3.06 g/t from 48.5m, including 5m at 5.25 g/t from 53m, and 6m at 1.17 g/t from 78m. Data from the holes is currently being collated to determine the future activities.

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

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. 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 the Company announced the execution of a Farm-in and Joint Venture Agreement with Traka Resources Limited. 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 have already commenced, initially involving a program of Moving-Loop Electro-Magnetic (MLEM) surveys over the most prospective target areas (see Figure 8). Additionally, further target definition work will be undertaken on an existing EM anomaly (Finlay) that has been confirmed with ground geophysics recently undertaken by Traka. It is anticipated these activities will continue through the September Q and into the December Q.

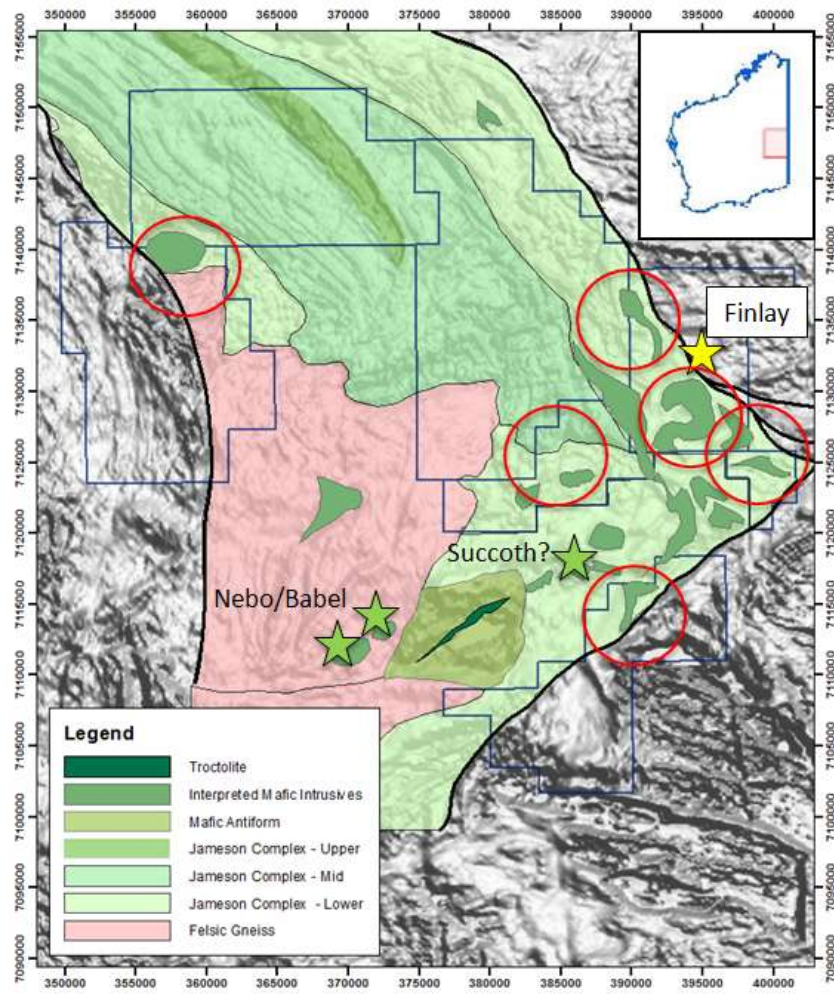


Figure 8: Interpreted geology of the JV tenure (blue), indicating known Ni-Cu deposits (green stars), Finlay untested EM anomaly and priority target areas (red circles)



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

Exploration activities within the Southern Cross Goldfields Nickel Joint Venture during the June Q included program planning (including drilling) within the Southern Cross and Marda areas for the coming quarter.

Lake King Nickel Joint Venture (WSA 70% interest)

Exploration during the June quarter consisted of stratigraphic Air-core drilling (68 drill holes for 3,271m) and minor orientation geochemical sampling. The work included testing the potential extensions to the Hurricane Hollow prospect where nickel mineralisation had been previously identified. Although further anomalism was identified at Hurricane Hollow, the recent work indicates that the coincident Ni-Cu—PGE geochemistry may be the result of the interaction between lateritic development over the adcumulate ultramafic, sedimentary sulphides and PGE rich phases within the footwall gneisses. The stratigraphic drill successfully identified further ultramafic rocks, some along the prospective 'Nickel Hill' trend, and these will be the focus of the next phase of exploration during the coming quarter.

Koolyanobbing Nickel Project (100% WSA)

Exploration during the quarter included RC drilling (for approximately 700m) to test the extents of the nickel mineralisation and EM anomalies that were identified during the previous phase of exploration. No significant anomalism was returned from the drilling and no further work is planned.

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 2013 drilling program is centered on two key projects, the Outokumpu Copper Project and Hammaslahti VMS Project, 50km east of Outokumpu where high priority drilling targets have been identified. Both projects have substantial past mine production, potential for significant new discoveries and well established infrastructure. FinnAust has a dominant position in both projects holding approximately 30km of the 40km long Outokumpu copper belt, plus the 45km Hammaslahti belt.

The work for the quarter concentrated on drilling within the Hammaslahti VMS Project area, testing for potential extensions and repetitions. The current phase of drilling (7 holes for 758.70m) concentrated on evaluating the poorly drilled area 2km east of the existing mine, where a strong ZTEM conductor is interpreted to occur in a favourable structural setting. The drilling intersected a number of conductive zones (the interpreted source of the ZTEM anomaly). Most importantly, the work showed the area is covered by a variable thickness of till and the nature of the bedrock lithology, both of which are highly important for further geophysical modelling (see Figure 9).

At the end of the drilling program the two last drill holes intersected a similar lithological contact to that which hosts the Hammaslahti Cu-ore deposit. Hydrothermal alteration on the contact is not as strong as at the Hammaslahti mine, but this alteration zone remains completely untested along strike and with depth. Further geophysical modelling and drilling is required to test this zone in the future.

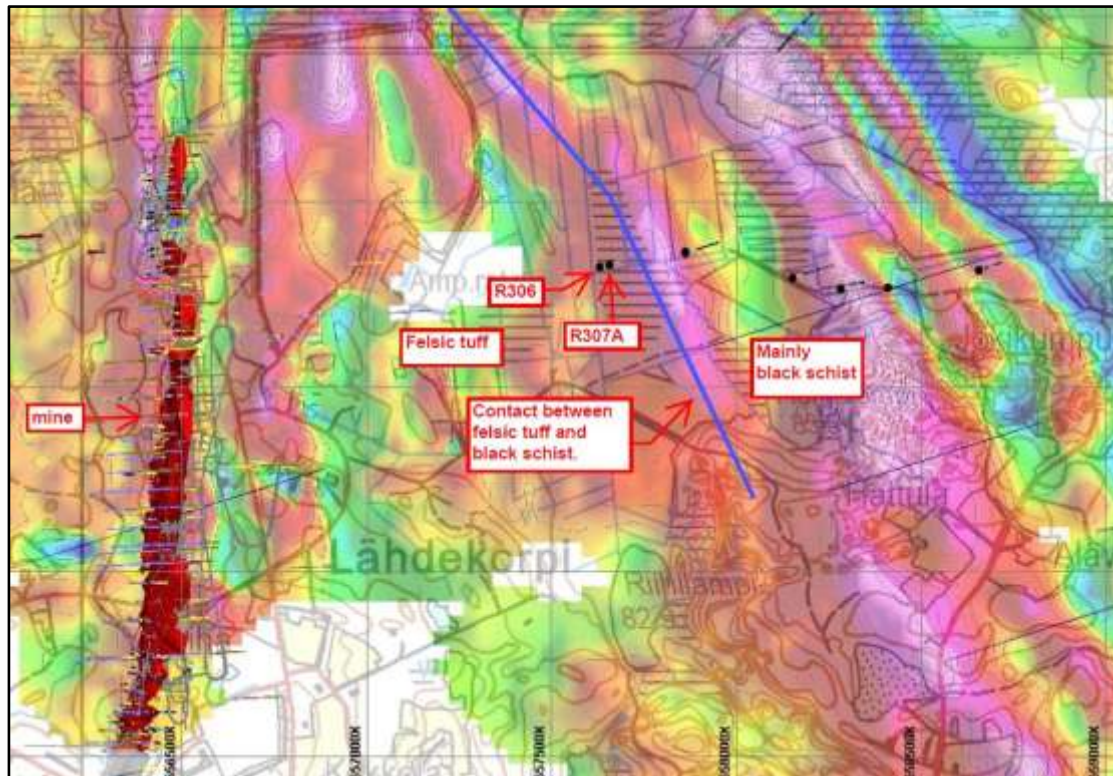


Figure 9: The blue line in the figure shows the geological contact between felsic tuff in the west and black schist in the east. Locations of drill holes R306 and R307A, which were drilled in May are also shown on the ground magnetic map.

-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 "demonstrates the ability of Western Areas to generate strong cashflows despite the impact of the weak nickel price", and "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 a free cashflow generated or mix of cash and the facility" and "an updated Mineral Resource Estimate for Spotted Quoll to be finalised in the September Q" and "The first of these wedges, NMD182W1, is in progress and a number of these wedges are anticipated to be completed during the Sept Q".

This announcement does not include reference to all available information on the Company or the Forrester Nickel Project or the Regional Nickel Projects of 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 June 2013				
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area	1,670,900	4.0	67,000	Probable Ore Reserve
2. Spotted Quoll	2,898,500	4.2	121,400	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	6,678,400	3.3	219,200	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South	65,600	3.9	2,580	Indicated Mineral Resource
	35,200	4.9	1,720	Inferred Mineral Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource
	12,700	4.8	610	Inferred Mineral Resource
T4 FF	147,000	5.0	7,380	Indicated Mineral Resource
	14,680	3.9	580	Inferred Mineral Resource
T5 FF Massive Zone	562,500	6.2	34,860	Indicated Mineral Resource
	12,400	4.3	540	Inferred Mineral Resource
LL Massive Zone	628,800	5.8	36,560	Indicated Mineral Resource
	82,100	5.6	4,560	Inferred Mineral Resource
T6	-	0.0	-	Inferred Mineral Resource
T7 FF	60,593	5.4	3,268	Indicated Mineral Resource
	9,514	3.1	298	Inferred Mineral Resource
Total High Grade FF- LL	1,676,487	5.7	94,856	
T5 FF Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
	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	6,659,487	2.0	135,906	
New Morning / Daybreak				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning / Daybreak	2,143,900	1.4	30,700	
Spotted Quoll	2,379,500	6.0	144,010	Indicated Mineral Resource
	539,700	5.1	27,510	Inferred Mineral Resource
Total Spotted Quoll	2,919,200	5.9	171,520	
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT	12,202,587	2.8	344,846	
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	22,606,687	2.0	453,366	