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News Release

ANNUAL GENERAL MEETING 2016 – CHAIRMAN’S ADDRESS

On behalf of the Board of Directors, I am pleased to welcome you to the 2016 Annual General Meeting.

Western Areas has again delivered a solid performance from the Company’s nickel producing assets. We successfully met our production and cost guidance and maintained an excellent safety record. This operational performance coupled with our strong balance sheet and high grade assets leaves the Company extremely well positioned to capitalise on any sustained nickel price rise.

Our resilient operations delivered record mill throughput and record ore tonnes mined from the Spotted Quoll mine for the 2016 financial year. Western Areas is a consistent performer and is pleased to have met or exceeded its production guidance for the last 6 years. The Company is also extremely proud of its peer leading safety record which boasts over two years without a lost time injury.

We continue to be extremely focussed on controlling costs and further optimising the business in response to the nickel price environment. Continued operational efficiency and cost reduction programs have delivered lower cash costs of production with positive operating margins and cash flow from the Forrestania operation. This is an outstanding achievement, in what has been a challenging period for the nickel price. In the coming year the focus on cash margins and cost control will continue.

The nickel price has had a significant impact on profitability, having both a direct impact on revenues and an indirect impact on expenditure and impairments on some non-core assets. In light of this, the Board decided not to pay a final dividend for the full year, a decision consistent with the previous half and the Company’s dividend policy. Western Areas has a track record of paying dividends over the last five years and while it is the Board’s desire to pay dividends it must consider the prevailing nickel price and future capital requirements.

Western Areas has been a prudent manager of shareholder capital, ensuring the Company retains the financial strength to weather nickel price cycles, such as the decade low price environment we faced in the second half of the 2016 financial year. To provide further balance sheet strength, Western Areas completed a capital raising of \$75 million during the year and deferred \$34 million of capital costs into FY17. These measures have given the Company flexibility at a time of low nickel prices and allowed us to remain debt free at the end of the year. Western Areas is now extremely well positioned with \$81 million in cash at bank and no debt.

There is no doubt that the nickel price environment encountered during the past year was challenging. In fact, the nickel price recently traded below the 50th percentile on the cost curve, implying that more than 60% of producers are losing money. That said, the Company’s high grade assets and low cost of production places us in a favourable position to deal with nickel price weakness.

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While commodity prices remain volatile, during the past few months the nickel price has staged somewhat of a recovery, albeit from a very low base. The price increase appears driven by growth in stainless steel melt rates, especially in the nickel rich 300 series product, and mining policy announcements from both the Philippines' and Indonesia that are likely to curtail nickel exports from those countries. In the medium to longer term, the nickel outlook remains bright with many analysts predicting nickel demand to outstrip supply, this in part driven by fast growing new markets for nickel such as the battery sector.

Going forward, the Company will continue to focus on preserving and improving its financial strength and managing operations carefully with a specific emphasis on cash generation rather than raw production numbers. Western Areas is also looking to the future and remains committed to development of the Cosmos project and continued exploration across the regional tenement holdings. At Cosmos the initial base line exploration programs have identified significant discovery opportunities that will be advanced in the near term with approval and permitting now well advanced.

At a corporate level, we are extremely pleased to have announced that Dr Natalia Streltsova will soon be joining the Western Areas Board. Natalia has significant international resources experience in technical evaluation and business development activities. Her substantial nickel processing and marketing knowledge will be an incredibly valuable and complimentary addition to the Board skill set.

In closing, I would like to acknowledge and thank the Company's Managing Director, Dan Lougher, the executive team and all of the employees, contractors and suppliers of Western Areas for their hard work and dedication throughout the year. To my fellow Board members I also thank them for their valuable insights and hard work which has been instrumental in keeping the focus on the core business of low cost, long life nickel production and new mineral discoveries for Western Areas.

-ENDS-

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