



21 June 2017

ASX: WSA

News Release**WESTERN AREAS END OF FINANCIAL YEAR UPDATE**

Western Areas Limited (“Western Areas” or the “Company”) provides the following end of financial year (“FY17”) update on a number of key metrics.

Guidance Update

The Company is pleased to report that nickel production will be towards the top end of previous guidance, and unit cost of production will be at the lower end of guidance. This follows from a strong operational performance in the second half of FY17, innovation around dilution controls, efficiency improvements and cost reduction activities.

Category	FY17 Guidance
Mine Production (Nickel in Ore tonnes)	25,000 to 26,000
Nickel Tonnes in Concentrate Production	22,000 to 23,000
Unit Cash Cost of Production (In Concentrate)	A\$2.35/lb to A\$2.50/lb

The Company further advises that due to crane maintenance at the Port of Esperance, the export shipment to Tsingshan scheduled for late June 2017 may not cross ship’s rail (effective sale point) now until early July 2017. Should this eventuate, nickel in concentrate sales from this shipment of approximately \$A9m will report into the following financial year for both revenue recognition and cashflow receipt.

Cash Balance Forecast

Cash at bank is now forecast at between A\$128m and A\$130m for FY17, which provides an indicative free cashflow range of A\$16m to A\$18m in the current quarter. This follows completion of the sale, and cash receipt, of the Company’s interest in Bluejay Mining plc (“Bluejay”) which was announced earlier this month.

Should the final export shipment cross ship’s rail prior to close of business 30 June 2017, the cash balance will increase by approximately \$A9m (to between A\$137m to A\$139m), resulting in an indicative free cashflow quarter of A\$25m to A\$27m.

The estimated cash balance remains subject to final movements in foreign exchange and finalisation of year end working capital movements.

Increase in FY17 Earnings from Lithium Interest Transactions

As previously reported, the Company executed two separate agreements with Kidman Resources Ltd (“Kidman”) in February and March 2017. These agreements allowed the Company to realise early value for lithium prospectivity from tenements at Forrestania, whilst providing free-carried exposure to any exploration success.

Both transactions included upfront equity consideration that was issued to Western Areas at the time of execution of the individual agreements. This resulted in Western Areas owning a 5.2% equity interest in Kidman. Consequently, the Company expects to record an after tax gain of A\$5m for



these Kidman transactions in FY17, which remains subject to completion of the full year statutory financial audit

Following the initial recognition of the Kidman equity consideration received, any future marked to market valuation adjustments will be recognised via an equity reserve in accordance with Accounting Standards, rather than affecting group earnings.

The earnings upgrade associated with Kidman is in addition to the recently announced after tax earnings increase of A\$26m from the sale of the Company's interests in Bluejay.

-ENDS-

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FORWARD LOOKING STATEMENTS:

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. Indications of, and guidance on future earnings, cash flow, costs, financial position and performance are also forward looking statements.

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: “Cash at bank is now forecast at between A\$128m and A\$130m for FY17” and “the Company expects to record an after tax gain of A\$5m for these Kidman transactions in FY17”.

This announcement does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company”.