



10 April 2018

ASX: WSA

News Release

EARLY WORKS TO COMMENCE AT THE ODYSSEUS PROJECT

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce that an early capital works program for the Odysseus Project at Cosmos has been approved by the Board.

- **Demonstrates confidence that Odysseus will become Western Areas’ third operating mine and second production centre.**
- **Eighteen-month program with an estimated cost of A\$32m to commence later this month.**
- **Program focused on evaporation ponds, mine camp readiness, dewatering and decline rehabilitation.**
- **Tender process for the larger work packages has commenced.**
- **Key government approvals in place.**
- **Early works program will bring Odysseus to development ready status.**
- **DFS scheduled to be released in the September quarter with an expanded mine life and production profile.**

Western Areas Managing Director, Dan Lougher, said that the Company is proud that the counter cyclical decision to purchase Cosmos in late 2015 is now rapidly crystallising into a significant organic growth project, with Odysseus to be the catalyst for our second production hub in Western Australia.

“We are very excited by both the Odysseus Project and the regional exploration potential that the greater Cosmos Nickel Complex demonstrates in both base and precious metals. We have taken this decision to commence early works, prior to the release of the DFS, due to our confidence in the overall project and just as importantly, our confidence in the nickel sulphide market.”

“The demand for Class 1 nickel sulphides in the battery and electric vehicle (EV) market is forecast to grow substantially over coming years. We believe that Odysseus is one of a very few select nickel sulphide projects that will be coming into production in a timeframe that will enable it to deliver into that growing demand profile, which we are seeing validated by the strong inbound interest from potential offtake parties and project investors,” said Mr Lougher.

Early works program

The early works program will comprise three major work groups staged over an eighteen-month period, commencing late this month.

The first work program will include the refurbishment of existing evaporations ponds, pipeline upgrades and continuation of pit de-watering. The existing mine camp, with a 520 person capacity, will also be upgraded in readiness to cater for up to 100 contractors and employees.

The second work program will involve construction of two new evaporation ponds and dewatering of the decline.

The final work program will encompass infrastructure required to support the rehabilitation of the decline from the portal to 500 metres below surface.



Once the work programs are complete, Odysseus will be development ready based on the Prefeasibility Study schedule. Importantly, the Company will maintain complete flexibility to suspend the program at any time should there be an unforeseen requirement to do so.

A breakdown of the costs, split into the work programs, is summarised in the table below:

Program	Description	A\$m
1	Village Readiness, Refurbish Existing Ponds and In-Pit Pumping	8.3
2	Construct Evaporation Ponds and Decline Dewatering	10.5
3	Decline Infrastructure and Rehabilitation	13.2

The cashflow spend over the eighteen-month program is forecast to be split approximately 60:40 over two nine-month periods. Given the last reported cash at bank balance was in excess of A\$130m, the Company has significant headroom to self-fund the staged expenditure profile.

Definitive Feasibility Study Update

The DFS is progressing well and as recently announced, the Company expects Odysseus to have a mine life beyond ten years with average production in excess of 12,000tpa of contained nickel in concentrate. It is important to note that the DFS will not include the 66,000 nickel tonne Mineral Resource contained in the adjacent AM5 and AM6 deposits, nor the potential upside revealed from the significant massive sulphide intersections beneath Odysseus. The mine life extensions or increased production optionality associated with these will be considered in optimisation studies post the DFS, which is scheduled for release in the September quarter.

-ENDS-

For further details, please contact:

Dan Lougher
Managing Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dlougher@westernareas.com.au

David Southam
Executive Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dsoutham@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9485 8888 / 0420 945 291
Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

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: “Demonstrates confidence that Odysseus will become Western Areas’ third operating mine and second production centre.” and “DFS scheduled to be released in the September quarter with an expanded mine life and production profile.”

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.

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.