



20 March 2017

ASX: WSA

News Release

LITHIUM FARM-IN AND JOINT VENTURE AGREEMENT WITH KIDMAN RESOURCES LTD

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce the completion of a farm-in and joint venture agreement (“Agreement”) with Kidman Resources Ltd (“Kidman”) for lithium and lithium by-product rights over the Company’s northern Forrestania tenements.

Key Agreement Terms

- **Western Areas to receive 6,318,044 ordinary shares in Kidman, escrowed for six months;**
- **Western Areas will become a substantial shareholder of Kidman at 5.2% (including the previous share issue for the tenement sale announced 28 February 2017);**
- **Kidman to earn-in on the following basis;**
 - **Stage 1 – Kidman can earn 50% by spending A\$5.0m over three years with a minimum of A\$1.5m being spent in the first twelve months;**
 - **Stage 1 – at the end of Stage 1, Western Areas has the right to co-contribute with further exploration expenditure on a 50:50 basis with Kidman;**
 - **Stage 2 – Where Western Areas elects not to co-contribute at the end of Stage 1, Kidman may elect to spend a further A\$4.0m over two years to earn 70%; and**
 - **Western Areas is free carried to a decision to mine should Stage 2 be completed**
- **All non-lithium rights over the tenements retained by Western Areas; and**
- **Western Areas has the right to appoint a non-executive director to the Kidman board within 3 months from the date of the Agreement.**

Western Areas Managing Director, Dan Lougher, said that the Agreement was a logical outcome for the Company following the sale of two tenements to Kidman late last month.

“This is another excellent outcome for Western Areas as it allows the Company to realise early value for lithium prospectivity from our northern tenements at Forrestania, whilst providing free carried exposure to any exploration success. With a significant ownership interest in Kidman, now over 5%, Western Areas will keenly follow progress on Kidman’s development plans for the Earl Grey deposit.

“We believe that Kidman is the right exploration joint venture partner for Western Areas, with the capacity and motivation to build a robust lithium business through exploration on our pegmatite rich tenements.” said Mr Lougher.

Details

The northern tenements, the subject of the Agreement, are detailed in Figure 1.

The Agreement with Kidman follows the Company’s announcement on 28 February 2017, which stated Western Areas’ objective of focussing on the core base metals business, whilst gaining immediate value and upside exposure to the lithium prospectivity at Forrestania. Western Areas retains all non-lithium rights over the tenements and also retains an option to unwind the transaction, should the value of Kidman’s shares be materially adversely affected in limited circumstances.

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Western Areas remains committed to base metal exploration in the Forrestania region and continues to fund exploration activities, both near mine and on a regional basis. Pursuant to the focus on the core base metals business, Western Areas is also assessing options for the lithium mineral rights over the southern area of the Forrestania Project.

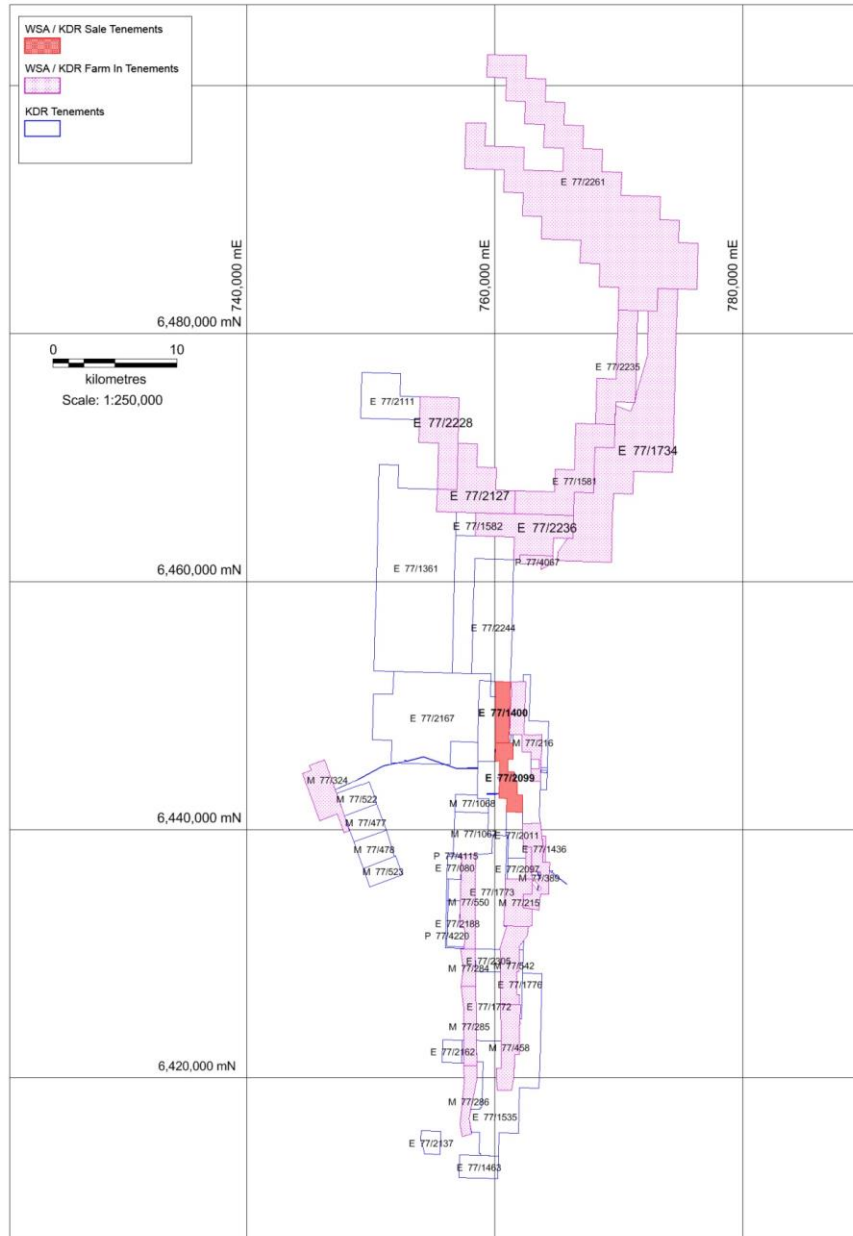


Figure 1 – Forrestania northern tenement map showing the earn-in tenements.

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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: “Western Areas is also assessing options for the lithium mineral rights over the southern area of the Forrestania Project”.

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.