

6 July 2015

ASX: WSA

News Release

**MAJOR DRILLING PROGRAM COMMENCED AT WESTERN GAWLER PROJECT,
SOUTH AUSTRALIA**

The Board of Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce the commencement of a major drilling campaign on the Western Gawler JV Project in South Australia, which is considered a highly prospective and underexplored region. Key highlights include:

- ✓ **Project wide aeromagnetic survey completed – nearly 3,000km² recently covered;**
- ✓ **Detailed geological interpretation and target generation completed with high priority targets identified;**
- ✓ **Heritage agreements signed;**
- ✓ **Two month air-core/RC drilling program for up to 10,000m planned;**
- ✓ **South Australian Government contributing up to A\$100k; and**
- ✓ **Up to A\$3m exploration program for Western Gawler in FY16**

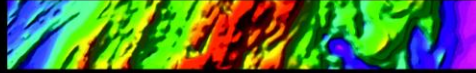
The drilling program has been designed using results of the recently completed airborne magnetic survey and reinterpretation of the area which highlighted numerous features that are interpreted to represent large mafic-ultramafic intrusions, in areas of known gabbroic rocks. These features have been ranked and prioritised based on a number of key criteria and their prospectivity will be evaluated in the upcoming drilling program.

Western Areas Managing Director, Mr Dan Lougher commented that the drilling program is the first step of what is expected to be a long term investment in the Gawler Craton.

“Our initial airborne surveys were focussed on generating a quality dataset from which we could develop a strong suite of initial exploration targets, and I am pleased to report this initial stage has been successful. We’ve highlighted a number of under explored prospective areas which we will now proceed to test with drilling in a diligent and disciplined manner.”

“The Western Gawler represents an important part of our medium to long term growth pipeline, which when combined with Forrestania and Cosmos exploration activities generates an exciting portfolio of opportunities for the Company,” said Mr Lougher.

The drilling will also be aimed at gathering further geological and geochemical information within the broader project area and potentially highlighting other future drilling targets. This program follows the execution of separate Farm-in and Joint Venture Agreements (the Agreements) with Strandline Resources Limited (STA – formerly Gunson Resources Ltd) and Monax Mining Limited (MOX), and the execution of an Access Agreement with the Far West Coast native title holders (FWC). The earn-in Agreements provide a staged program for Western Areas to acquire up to a 90% interest in the project tenure, of which the total area is approximately 2,746km² (see Figure 1).



Background and details on the drilling program

The recent aeromagnetic survey has enabled a detailed assessment of the potential of the area for prospective mafic-ultramafic intrusions. Nickel sulphide mineralisation (+/- copper and Platinum Group Elements (PGEs)) may be hosted by these types of intrusions in similar tectonic settings to the Western Gawler.

The interpretation of the magnetic data, combined with a detailed review of historic drill core and previous limited exploration, has provided an improved understanding of the area. The interpretation has revealed numerous features that may represent mafic/ultramafic intrusions, many of which are clustered in potential 'camps' (Figure 1). These features, which have been ranked and prioritised, will be evaluated in the upcoming drilling program.

Due to the variable depth of cover over the project area (minimal to 100m), air-core/RC drilling will be utilised for initial assessment of both specifically targeted features and the broader litho-geochemical and target generation work. The drilling will be partly funded (up to \$100,000) by the SA Government as part of the PACE Discovery Drilling 2015 program. Any positive results will be followed up with further RC and diamond drilling, and geophysics.

The air-core/RC drilling program, comprising up to 10,000m, will take approximately two months to complete. WSA continues to expand its relationships with the traditional owners and the Aboriginal Land Council, and ongoing dialogue may open new areas for access that will facilitate sustained exploration.

Western Gawler Region of South Australia

The Western Gawler Project is located in an under-explored Proterozoic terrain in South Australia, approximately 150km west of Ceduna. The project comprises two tenement packages, respectively held by Monax and Strandline, in what is essentially a first mover terrain. The area has been targeted by Western Areas as a single project to capture the continuity of the stratigraphy and is believed to be prospective for mafic-ultramafic hosted nickel-copper-PGE deposits, as well as iron oxide copper gold (IOCG), e.g. Olympic Dam, and Proterozoic gold deposits, e.g. Tropicana. Importantly, the tenure is close to existing infrastructure including roads and port.

The tenement package covers the interpreted prospective margin of the western Gawler Craton, which hosts deep-seated structures with a complex long-lived Proterozoic tectonic and intrusive history. The area is known to host mafic-ultramafic intrusive rocks and determining the extent, exact age and prospectivity of these will be the first key objective of initial exploration. The area is tectonically related to the Musgrave (Nebo/Babel and Succoth) and Albany-Fraser (Nova/Bollinger) Orogens. The Company considers the area has the potential to host significant mafic-ultramafic intrusive related deposits (such as Eagle, Voisey's Bay, and Tamarack). These styles of deposit differ from the komatiitic-hosted deposits at Forrestania, with individual deposits being typically larger and poly-metallic (nickel, copper +/- PGEs).

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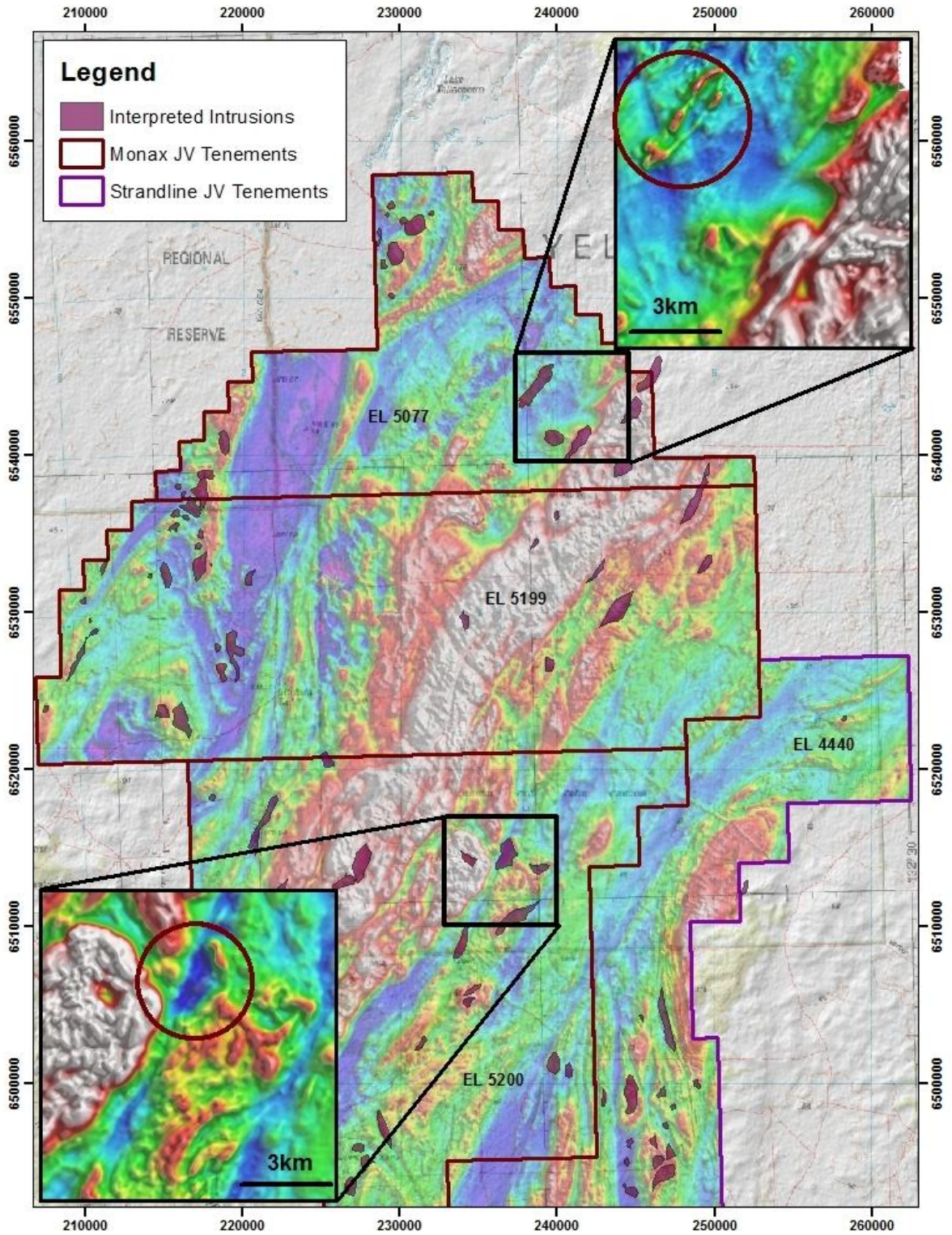
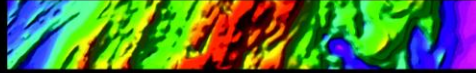


Figure 1: Western Gawler JV Project magnetic imagery (Colour RTP) highlighting two of the potential clusters “camps” of interpreted mafic-ultramafic intrusions

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DISCLAIMER AND QA-QC STATEMENT: The information within this report as it relates to geological and drilling data is based on information compiled by Mr Charles Wilkinson of Western Areas Ltd. Mr Wilkinson is a member of AusIMM and is a full time employee of the Company. Mr Wilkinson has 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Wilkinson consents to the inclusion in the report of the matter s based on the information in the form and context in which it appears.

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: "We've highlighted a number of under explored prospective areas which we will now proceed to test with drilling in a diligent and disciplined manner", and "The area is tectonically related to the Musgrave (Nebo/Babel and Succoth) and Albany-Fraser (Nova/Bollinger) Orogens. The Company considers the area has the potential to host significant mafic-ultramafic intrusive related deposits (such as Eagle, Voisey's Bay, and Tamarack)".

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 or the Musgrave JV Project 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.

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.