



9 October 2014

ASX: WSA

News Release

**WESTERN AREAS CONTINUES REGIONAL EXPLORATION  
STRATEGY WITH FURTHER AGREEMENTS**

The Board of Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce a further continuation of the Company’s regional exploration strategy via the execution of Farm-in and Joint Venture Agreements (the Agreements) with Gunson Resources Limited (ASX: GUN, “Gunson”) and Monax Mining Limited (ASX: MOX “Monax”).

Pursuant to the objectives of the regional exploration strategy, the Agreements provide a staged program for Western Areas to acquire up to a 90% interest in a number of key tenements within the Western Gawler region of South Australia. The total area included under the proposed Western Gawler JV Projects is approximately 2,746km<sup>2</sup> (see Figure 1).

Western Areas’ regional exploration strategy, which covers exploration programs external to the “near mine” Forrestania tenements, is predicated on utilising the Company’s strong cashflow position to effectively evaluate early to mid-stage exploration opportunities in an efficient and cost effective manner.

The program targets opportunities with significant discovery potential for high grade massive sulphide poly-metallic mineralisation, as well as the ability for Western Areas to leverage its strong balance sheet position to enter the projects on suitable terms. Ultimately, Western Areas is aiming to increase the Company’s significant existing resource inventory through additional exploration success, in conjunction with other ongoing growth initiatives.

Western Areas has identified the Western Gawler area as a highly prospective region in line with the Company’s regional exploration strategy, and accordingly has entered into the Agreements to allow exploration activities to commence in the coming weeks.

Western Areas Managing Director, Dan Lougher commented: “Western Areas has been conducting due diligence on a number of farm-in and joint venture opportunities over the last six months as part of our regional exploration strategy and we believe the Western Gawler opportunity offers the significant discovery potential we are looking for.”

“Regional exploration sits alongside our Forrestania exploration program and we have been very clear that with our positive cashflow generation that we would look to take first mover style opportunities where the initial investment is relatively low, but the potential rewards are high. Our exploration team is ready to immediately begin a work program aimed at identifying high priority drill targets,” said Mr Lougher.

The initial work program is planned to consist of detailed airborne geophysical surveys (Magnetics) over the project area to facilitate the geological interpretations, and allow for initial target generation using the higher resolution data. A combination of drilling and further geophysics will then be used to screen the initial targets and generate further targets for detailed assessment.



Western Areas plans to build on the results generated by the exploration activities of both Gunson and Monax, as well as utilising its extensive in-house experience to focus on the discovery of polymetallic ore-bodies. A number of potentially prospective mafic-ultramafic intrusions have already been identified using the existing geochemical and geophysical datasets.

**Key Terms of the Agreement with Gunson:**

Western Areas may earn interests in the Gunson JV tenement (EL4440) by spending as follows:-

- **Stage 1:** Western Areas may acquire 75% interest in the tenement by expending \$0.8 million within 2.5 years of the Agreement date. Western Areas may withdraw at any time without having any residual interest.
- **Stage 2:** Western Areas can elect to earn an additional 15% interest in the tenement by the additional expenditure of \$0.4 million within an additional 18 month period. If Western Areas elects to cease expenditure during this stage, a joint venture will be formed with the Parties' initial participating interests being Western Areas 75% and Gunson 25%.
- **Stage 2 Completion:** Following the completion of Stage 2, a joint venture will be formed with the Parties' initial participating interests being Western Areas 90% and Gunson 10%. Gunson may convert its remaining 10% tenement interest to a 1% net smelter royalty.

**Key Terms of the Agreement with Monax:**

The terms of the Monax agreement (tenements EL5077, EL5199, EL5200) are the same as those of the Gunson agreement except for a minimum committed expenditure of \$0.4 million, over 1.5 years within Stage 1, before Western Areas may withdraw.

**Geological Setting:**

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 sulphides, as well as iron oxide copper gold (IOCG), e.g. Olympic Dam, and Proterozoic gold deposits, e.g. Tropicana. Importantly the tenure is located close to existing infrastructure including roads and port. Both joint ventures would fill part of the greenfields portion of regional exploration project portfolio.

The tenement package covers an interpretive prospective craton margin containing deep seated structures, with a complex and long lived structural and Proterozoic intrusive history. The area is known to host mafic-ultramafic intrusive rocks, and the extent, exact age and prospectivity of these will be the first key goal of the initial exploration. The area is tectonically related to the Musgrave (Nebo/Babel and Succoth) and Albany-Fraser Orogens (Nova/Bollinger), and has the potential to host mafic-ultramafic intrusive related deposits (such as Eagle, Voisey Bay, and Tamarack). These styles of deposits are different from the komatiite hosted deposits at Forrestania with individual deposits being typically larger and multi-commodity (nickel, copper and +/-PGEs).

-ENDS-

**For further details, please contact:**

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**COMPETENT PERSON STATEMENT:**

The information within this report as it relates to geological data and exploration programmes 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 undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results. Mr Wilkinson consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

**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: "the Western Gawler opportunity offers the significant discovery potential we are looking for".

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 Ltd. Potential investors should refer to Western Areas' 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.

# WESTERN AREAS LTD

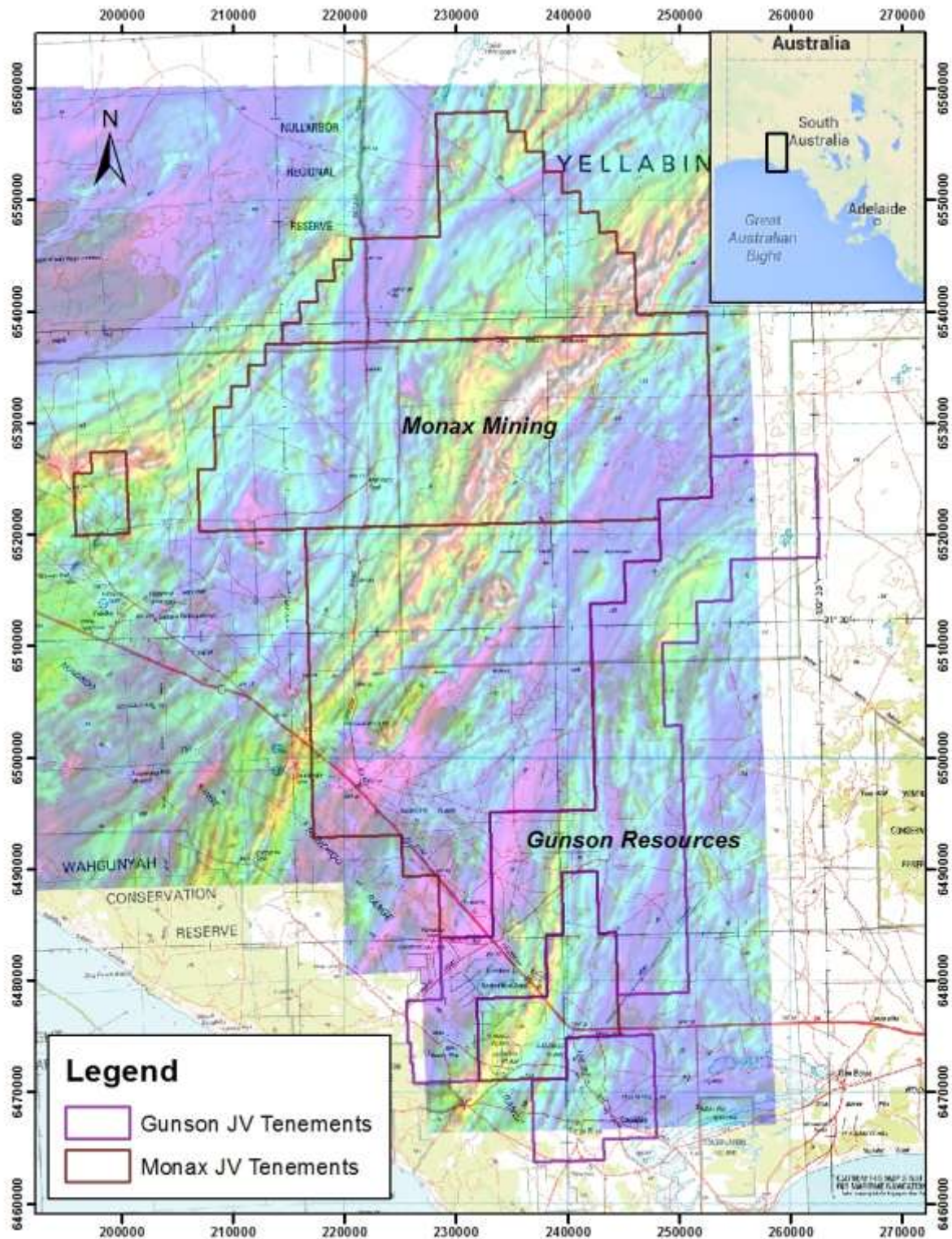


Figure 1: Project tenure and existing deep drilling, overlaying magnetics (TMI). Scale – ticks are 10km