

# Western Areas Announces December 2011 Quarterly Activities Report

23.01.2012 | [Marketwired](#)

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## **Record Mine Production and Major Increase in Mineral Resources**

PERTH, AUSTRALIA -- (Marketwire - Jan. 23, 2012) - [Western Areas NL](#) (TSX: WSA) (ASX: WSA) - The December Q was another outstanding period with record production at low cash costs from the Flying Fox and Spotted Quoll mines. Combined production from these mines was 8,572 tonnes of nickel in ore confirming the high quality of these assets. Nickel sales were substantially higher quarter on quarter and we expect this to continue to improve into the March Q 2012. Following a competitive tender process, Western Areas entered into a new agreement to sell 15,000 tonnes of nickel in concentrate over a 12 month period to Jinchuan Group, China's largest nickel smelting and refining company.

During the quarter, first ore was produced from the Spotted Quoll underground mine which will replace open pit production during the March Q. In addition, drilling below the Stage One underground mine has resulted in a 78% increase in contained nickel in total mineral resources at Spotted Quoll. Total contained nickel estimated in high grade mineral resources at Spotted Quoll has now been revised to 179,000 tonnes nickel. This excellent result is well above the Company's expectations and confirms the exceptional continuity of the deposit which remains open at depth and along strike.

On 7th November, Managing Director Mr Julian Hanna announced he will be stepping down at the end of January, 12 years after the Company was founded. Mr Hanna will become a non executive director of the Company and part time consultant to assist in developing Western Areas' substantial base metal assets in Finland. On 3rd January, the Company announced that following a rigorous and competitive process to find a suitable candidate, Western Areas' Operations Director Mr Dan Lougher was appointed as the new Managing Director of the Company effective 1 February 2012. Mr Lougher has been with Western Areas for almost six years and has considerable executive experience in mining and project development.

## **December Q 2011 Highlights**

1. Combined mine production was 8,572 tonnes (18.9M lbs) nickel at an average grade of 4.8% nickel. This is a record for the Forrestania Project to date.
2. Flying Fox mine production (excluding Lounge Lizard) was 100,647 tonnes of ore mined at 4.9% nickel for 4,920 tonnes (10.8M lbs) contained nickel.
3. Production from the Tim King Pit at Spotted Quoll was 71,406 tonnes of ore mined at 4.8% nickel for 3,455 tonnes (7.6M lbs) contained nickel.
4. 138,360 ore tonnes were milled to produce 6,632 tonnes (14.6M lbs) nickel in concentrate. Average plant recovery was 92%.
5. Average cash cost (before smelting/refining charges) was US\$2.18/lb nickel, well below long term guidance of US\$2.50/lb, despite the impact of a strong AUD.
6. Total nickel sales during the September Q were 44,679 tonnes of nickel concentrate containing approximately 6,479 tonnes (14.3M lbs) nickel.
7. Mineral Resources at the Spotted Quoll mine increased 78% to a total 3,054,900 tonnes at an average grade of 5.9% nickel, containing 179,000 tonnes nickel.
8. Scoping studies are reviewing potential to increase production at Spotted Quoll up to 15,000tpa nickel and increase capacity of the nickel concentrator.
9. Major exploration drilling programs are underway or planned in March Q at Forrestania, regional Western

Australia, East Bull Lake in Canada and in Finland.

10. FinnAust Mining (WSA 79%) acquired historic Hammaslahti copper/zinc mine and expanded holdings for Gabbro hosted nickel/copper deposits in Finland.

The full activities report can be viewed at the Company's website [www.westernareas.com.au](http://www.westernareas.com.au).

#### **QA-QC STATEMENT:**

Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr Charles Wilkinson from Western Areas are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrester Nickel Project. Surface diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument together with a comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. Samples of quarter core from the drill holes described in this release are prepared and analysed by ALS Chemex Ltd laboratory in Perth for nickel, copper, cobalt and other elements. Core samples are crushed and pulverised to 90% passing 75 microns then analysed for nickel by ore grade determination using the ALS OG-62 method. Assays standards are routinely inserted in the sample stream by Newexco for quality control.

The information within this report as it relates to mineral resources, ore reserves and mine development activities is based on information compiled by Mr John Haywood, Mr Tim Peters, Mr Dan Lougher and Mr Julian Hanna of Western Areas NL. Mr Haywood, Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Peters is a member of AusIMM and is a consultant to Western Areas. Mr Haywood, Mr Peters, Mr Lougher and Mr Hanna have 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Haywood, Mr Peters, Mr Lougher and Mr Hanna consent 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. 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 "Scoping studies are reviewing potential to increase production at Spotted Quoll up to 15,000tpa nickel and increase capacity of the nickel concentrator", and "The 334 RL diamond drill drive cuddy continues to be utilised as an optimal position to delineate potential extensions to the lower T5 and T6/T7 ore zones".

This announcement does not include reference to all available information on the Company or the Forrester Nickel Project or the Regional Nickel Projects of FinnAust Mining Plc and should not be used in isolation as a basis to invest in Western Areas. 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.

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Die URL für diesen Artikel lautet:

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