

# Western Areas Maintains Strong Profits and Declares Dividend

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PERTH, AUSTRALIA -- (Marketwire - Feb. 14, 2012) - The Board of [Western Areas](#) (TSX: WSA) (ASX: WSA) is pleased to announce a Net Profit After Tax (NPAT) of \$24.1m for the six months to 31 December 2011, demonstrating the ability of the Company to generate strong profits despite a downswing in commodity prices over the period. The Board has determined to pay an interim dividend of 5 cents per ordinary share (representing 37% of NPAT).

## Highlights for first half FY2012 include:

- Excellent cost and operational management resulting in unit cash costs of A\$2.17/lb (nickel in concentrate), compared to A\$2.27lb for the previous six months;
- Record mine production in the December quarter resulting in 16,230t of nickel mined for the six month period;
- Revenue from nickel sales was A\$149.1m, on Earnings before interest and tax (EBIT) of A\$52.8m;
- EBITDA margin maintained at 65%; and
- Substantial increase in high grade resource inventory at Spotted Quoll underground to a total (inferred + indicated) mineral resource of 3,054,900 tonnes at an average grade of 5.9% nickel containing 179,000t tonnes nickel (refer full JORC resource statement).

The following table provides key financial and operational metrics for the period:

1st Half Highlights	1H 2011/12	
Mine Production (tonnes Ni)	16,230	
Mill Production (tonnes Ni)	13,045	
Recovery 93	%	
Sales Volume (tonnes Ni)	11,587	
Cash Costs (US\$/lb)	2.23	
Cash Costs (A\$/lb)	2.17	
Exchange Rate USD/ AUD	1.03	
Nickel Price (US\$/tn)	18,761	
EBITDA (\$'000)	96,633	
EBIT (\$'000)	52,814	
NPAT (\$'000)	24,102	
Cashflow from Operations \$('000)		64,412
Cash at Bank (\$'000)	160,856	
Dividend (cents)	5.0	

Key dates for the interim dividend will be:

- Record Date, 15 March 2012
- Payment date, 4 April 2012

Western Areas Managing Director, Mr Dan Lougher, said he was pleased to report a continuing strong profit performance over the half year, particularly against the backdrop of a 25% fall in the price of nickel.

"Maintaining a reputation for delivery is important to us and the results for the first half of the financial year demonstrate the hard work from all people involved at Western Areas. We've managed our costs well with a

reduction in costs per pound nickel and demonstrated that our high quality assets will perform well throughout the nickel price cycle“ said Mr Lougher.

“Operationally we have seen the sixth straight quarter of consistent, on budget production as well as again returning a profit margin at the EBITDA level of 65%“.

“On the resource growth front, we have also increased the Spotted Quoll mineral resource to 179,000 tonnes of nickel, setting that project up for well over 10 years of expected production life.“

“Nickel prices for January have already trended up significantly, heading towards US\$9.50 per pound. If this continues over the rest of the year, Western Areas shareholders can expect a strong finish to the financial year“ said Mr Lougher.

During the six month period the nickel price (in line with other base metals) trended down and averaged US\$8.51/lb compared with US\$11.61/lb in the comparative six month period. Consequently NPAT for the half includes a negative quotation price movement of A\$13.3m.

The Board has determined that an interim dividend payment of 5 cents per share is an appropriate return to shareholders at this time. This balances the need to provide a return to shareholders whilst maintaining sufficient funds to invest in the Company's future growth. The dividend payment represents 37% of NPAT compared with the prior full year average of 33.2%.

### **Activities over next twelve months**

Western Areas will focus on the following targets:

1. Increasing mineral resources at Flying Fox following strong drilling intersections at the T7 level;
2. Complete full mine optimisation and mill expansion studies to accommodate an increase in Spotted Quoll mine production of up to 15ktpa;
3. Focused drilling on the Forrestania asset base (near mine) and regionally within the extensive tenement portfolio;
4. Enhance the value of the international assets in Finland and Canada;
5. Continued disciplined fiscal management of controllable costs

### **COMPETENT PERSON STATEMENT:**

The information within this report as it relates to mineral resources and mine development activities is based on information compiled by Mr John Haywood and Mr Daniel Lougher of Western Areas NL. Mr Haywood and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Haywood and Mr Lougher 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 and Mr Lougher 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. Examples of forward-looking statements used in this release include: “We've managed our costs well with a reduction in costs per pound nickel and demonstrated that our high quality assets will perform well throughout the nickel price cycle“, and, “Nickel prices for January have already trended up significantly, heading towards US\$9.50 per pound. If this continues over the rest of the year, Western Areas shareholders can expect a strong finish to the financial year“ and, “Increasing mineral resources at Flying Fox following strong drilling intersections at the T7 level“ and, “Complete full mine optimisation and mill expansion studies to accommodate an increase in Spotted Quoll mine production of up to 15ktpa“.

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 Forrestania Nickel Project or the Spotted Quoll, Flying Fox or Diggers South deposits 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.

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