

# Western Areas Half Year Results

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## Highlights:

- EBITDA of A\$61.6m for the six months ending 31 December 2012 (1H 2013);
- Reported Net Profit After Tax (NPAT) of A\$2.1m on the back of a significantly reduced Australian dollar nickel price;
- Underlying NPAT of \$6.5m;
- Positive cashflow from operations of A\$48.1m;
- Repayment of A\$105.5m in July for the 2012 Convertible Bonds;
- Fully franked interim dividend of 2c per share;
- Better than guidance unit cash costs of A\$2.69/lb (nickel in concentrate), retaining the company's standing in the lowest quartile of global nickel production costs;
- Substantial increase in Flying Fox Reserves to 72,200t of high grade nickel;
- New high grade discoveries at New Morning and Sunrise;
- Lost time injury frequency rate (LTIFR) of 0.78 (now zero at 31 January 2013);
- Operations on track to better current production and cash cost guidance; and
- Final payment of US\$15m to retire the life of mine Outokumpu Royalty.

PERTH, AUSTRALIA -- (Marketwire - Feb. 22, 2013) - [Western Areas Ltd](#) (ASX:WSA) ("Western Areas" or "Company") is pleased to announce continued profitable operations in the first half of FY2013 despite the challenges of a depressed Australian dollar nickel price.

Western Areas has reported NPAT of A\$2.1m, with the largest impact on profitability for the half year being the further deterioration in realised nickel price from an average US\$8.29/lb in 2H 2012 to US\$7.56/lb in 1H 2013.

## Key Metrics

Half Yearly Snapshot	1H 2012	2H 2012	1H 2013
Mine Production (tonnes Ni)	16,230	14,872	14,461
Mill Production (tonnes Ni)	13,045	12,596	13,673
Recovery	93%	91%	91%
Sales Volume (tonnes Ni)	11,595	15,042	13,752
Cash Costs (US\$/lb)	2.23	2.77	2.79
Cash Costs (A\$/lb)	2.17	2.69	2.69
Exchange Rate USD/ AUD	1.03	1.03	1.04
Nickel Price (US\$/tn)	18,761	18,276	16,664
EBITDA ('000)	96,633	89,950	61,619
EBIT ('000)	52,814	42,088	17,433
NPAT ('000)	24,102	16,079	2,117
Cashflow from Operations ('000)	64,412	94,841	48,076
Net Debt ('000)	(179,844)	(220,198)	(194,354)
Cash at Bank	160,856	165,502	85,846
Dividend (cents)	5.0	6.0	2.0

Reported NPAT was also impacted by a A\$4.4m (post tax) impairment charge following the company's exit from the Sandstone JV with Troy Resources Ltd. In the absence of this charge, underlying NPAT was A\$6.5 million.

The Company, despite the challenging environment, has remained profitable throughout the nickel price cycle and is pleased to announce a fully franked dividend of 2c per share. Western Areas has now paid seven consecutive dividends totalling 44c per share (A\$79.4m).

Western Areas' Managing Director, Mr Dan Louher, said that the main driver on headline NPAT compared to the previous halves was a sustained weak nickel price and strong Australian dollar.

"Production at the Forrestania operation is travelling very well which has lead to the increase in our production guidance for the full year. Looking to the second half of the year, the company wants to maintain the strict cost control which achieved unit cash costs remaining consistent at A\$2.69/lb in concentrate, despite the completion of the low cost Spotted Quoll open pit and the ramping up of the new underground operations at Spotted Quoll," said Mr Louher.

"I am especially proud of the Company's magnificent achievements in safety with the LTIFR standing at zero today. Combined with ten consecutive quarterly reports with no downside operational surprises, our workforce and contractors are to be congratulated."

### **Dividend Payment**

The Board has declared a fully franked dividend of 2c per share. The Board is pleased to be able to return a significant percentage of NPAT to shareholders in the form of dividends whilst maintaining balance sheet strength through the retirement of the A\$105.5m convertible bond during the half and repaying the ANZ Facility of A\$45.0m subsequent to the half year end.

Key dates for the interim dividend will be:

- Record Date, 15 March 2013
- Payment date, 4 April 2013

### **Forward Looking Activities**

The Forrestania Nickel Project remains Western Areas' core project and will be its primary focus in pursuing the Company's growth path, including allocation of the majority of FY13 exploration budget. This strategy has already delivered two discoveries to date, New Morning (recent intersection announced from drill hole NMD177 of 3.0m @ 6.3% nickel) and Sunrise, which provide exciting organic growth opportunities in an area where permitting and extensive infrastructure already exists.

Whilst the Company cannot control the nickel price or the US dollar exchange rate, our absolute focus remains on safety, cost control, production and sales. Western Areas is on track to better the current guidance for mine production, concentrate production and costs this financial year. Consequently guidance has been updated as follows:

1. Mine production - 27,000t of nickel in ore
2. Concentrate production - 25,500t of nickel in concentrate
3. Unit cash cost of production in concentrate -

### **COMPETENT PERSON STATEMENT**

The information within this report as it relates to exploration, mineral resources and mine development activities is based on information compiled by Mr Charles Wilkinson and Mr Daniel Louher of Western Areas Ltd. Mr Wilkinson and Mr Louher are members of AusIMM and are full time employees of the Company. Mr Wilkinson and Mr Louher 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 Wilkinson and Mr Louher 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: "Production at the Forrestania operation is travelling very well which has lead to the increase in our production guidance for the full year. Looking to the second half of the year, the company wants to maintain the strict cost control which achieved unit cash costs remaining consistent at A\$2.69/lb in concentrate", and "Operations on track to better current production and cash cost guidance", and "Western Areas is on track to better the current guidance for mine production, concentrate production and costs this financial year".*

*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 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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