

Western Areas Ltd. Announces December 2013 Quarterly Activities Report

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Strong Cost Management and Cashflow

PERTH, AUSTRALIA -- (Marketwired - Jan. 27, 2014) - [Western Areas Ltd.](#) (WSA or the Company) (ASX:WSA) is pleased to report another strong quarterly performance on costs, operational metrics and positive free cashflow generation. Unit cash cost of production was A\$2.54/lb of nickel in concentrate for the quarter. Consequently, for the same measure, half year unit cash costs came in at A\$2.41/lb, being well below the full year guidance range of A\$2.80/lb to A\$2.90/lb.

Consolidated cash at bank increased by A\$14.8m to A\$100.1m. This includes A\$5.8m of funds held by the majority owned FinnAust Mining Plc which was listed on the London AIM in December 2013. Of the funds held by FinnAust, Western Areas contributed A\$3.2m to support the listing in December.

Total mine production for the quarter was 7,407 tonnes of nickel in ore at an average head grade of 4.7% nickel, with the Flying Fox mine contributing 3,791 tonnes and Spotted Quoll mine 3,616 tonnes of nickel in ore respectively. As a result half year mine production totalled 15,697 tonnes of nickel in ore. Concentrate sales were 6,409 tonnes of contained nickel for the quarter resulting in half year sales of 12,963 tonnes of contained nickel.

On 12 of January 2014, the Indonesian government imposed a ban on the export of nickel laterite ore. The main industry to suffer from the ban will be Chinese Nickel Pig Iron (NPI) producers who are totally dependent on the importation of high grade laterite (1.8%-2%) from Indonesia to substitute nickel metal in the manufacture of stainless steel. WSA believes the ongoing ban should have a positive impact on the price of nickel going forward.

December Quarter 2013 Highlights:

1. There were zero Lost Time Injuries for the quarter. The LTIFR now stands at 1.83 clearly indicating the Company's strong focus on safety.
2. Pre-consolidated Western Areas cash at bank increased by A\$9.0m to A\$94.3m despite a low nickel price environment.
3. Continued focus on cost reduction initiatives facilitated another excellent quarter result with average unit cash cost of nickel in concentrate of A\$2.54/lb (US\$2.36/lb), which is substantially better than guidance.
4. Flying Fox mine production was 83,095 tonnes of ore mined at 4.6% for 3,791 tonnes (8.3M lbs) contained nickel.
5. Spotted Quoll mine production was 74,720 ore tonnes at 4.8% for 3,616 tonnes (8.0M lbs) of contained nickel.
6. Total nickel sales comprised 43,400 tonnes of concentrate containing 6,409 tonnes (14.1M lbs) of contained nickel.
7. Exploration efforts continue in the New Morning area to delineate the extent of the mineralised zone below the T3 fault.
8. An updated mineral resource estimate was completed for Spotted Quoll, being 3.3Mt of ore at a grade of 5.5% nickel for 182kt of nickel.
9. Drilling has commenced at the highly prospective tenements in the West Musgraves JV with Traka Resources Ltd, with early indications of promising sulphide mineralisation.

The full activities report can be viewed at the Company's website www.westernareas.com.au.

COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to exploration results is based on information compiled by Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr Charles Wilkinson from Western Areas. They are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania 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 Andre Wulfse and Mr Dan Louher of Western Areas Ltd. Mr Wulfse and Mr Louher are members of AusIMM and are full time employees of the Company. Mr Wulfse 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 Wulfse 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 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 "WSA believes the ongoing [Indonesian] ban should have a positive impact on the price of nickel going forward".

This announcement does not include reference to all available information on the Company, the Forrestania Nickel Project, the Regional Nickel Projects or 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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