PERTH, AUSTRALIA--(Marketwired - Aug. 20, 2015) -

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Western Areas Ltd. (ASX:WSA) ("Western Areas" or the "Company") is pleased to announce a strong financial result for the year ended 30 June 2015 (FY15), with increased profitability and shareholder dividends.

Net Profit after Tax (NPAT) was A$35.0m for FY15, representing an increase of 37.5% or A$9.6m over the prior year (FY14). This is an exceptional result despite the challenging nickel price environment where the Company's realised nickel price fell 4% or A$0.33/lb compared to the previous year.

Operating cashflow for the year was A$148.5m, up A$31.4m on FY14 demonstrating the significant inroads made with operational cost savings and a reduction in interest expense from the repayment of convertible bonds at the beginning of FY15. Net cash increased A$60.0m to A$70.4m at 30 June 2015, putting the Company's balance sheet in its strongest ever position.

A fully franked 4 cent per share final dividend has been declared, which brings total fully franked dividends for the year to 7 cents (FY14: 5 cents), meeting the Company's commitment to increase dividends responsibly. The payout ratio for FY15 is 46.6% of NPAT and the directors believe this strikes the right balance in recognising a strong FY15, whilst also balancing the current nickel price environment and investment for growth into FY16.

Highlights:

- Sales revenue of A$312.7m (A$320.1m)
- Reported NPAT of A$35.0m (A$25.5m)
- Operating cashflow of A$148.5m (A$117.0m)
- Operating cashflow (after all capital expenditure) of A$76.7m (A$63.7m)
- Net cash of A$70.4m (A$10.3m)
- Unit cash costs of nickel in concentrate A$2.31/lb (A$2.50/lb)

(Comparisons in brackets refer to FY14)

Full Year Highlights	FY 2014	FY 2015
Mill Production (tonnes Ni)	25,700	25,801
Recovery	89%	90%
Sales Volume (tonnes Ni)	25,756	26,036
Cash Costs (A$/lb)	2.50	2.31
Realised Nickel Price (A$/lb)	8.20	7.87
Nickel Revenue	320,078	312,680
EBITDA ('000)	155,914	131,469
EBIT ('000)	69,319	65,408
NPAT ('000)	25,460	35,013
Operating Cashflow	117,030	148,469
Net Cash ('000)	10,337	70,355
Dividend (cents)	5.0	7.0

Western Areas Managing Director, Dan Lougher welcomed the considerable improvement in earnings for FY15 and the increased dividend payment.

"This year has been extremely successful on a number of fronts for Western Areas with profit improving year on year, an LTI rate of zero, guidance fully delivered, significantly reduced cost base, repayment of debt, increased cashflow and ultimately a lift in shareholder dividends," said Mr Lougher.

"Our reported NPAT of A$35.0m is up 37.5% on FY14 despite a lower realised nickel price, which significantly impacted our revenue and potential NPAT. Western Areas has experienced these nickel swings before, and with the nickel price base being set low for FY16, any nickel price increase from the spot price today would result in a positive impact to NPAT as in previous years."

"Whilst analyst and consensus pricing for nickel is seen to be increasing in FY16 and beyond, shareholders should take comfort in the underlying business operating efficiently and the Company remains profitable into the new financial year."

"The Company's cashflow performance was exceptional for FY15, with operating cashflow of A$148.5m driven by a reduction in absolute operating costs and a reduction in interest costs following the repayment of convertible bond debt in July 2014. It is this cashflow which has our balance sheet in the strongest position ever, having gone debt free in July 2015."

"Off the back of profitable operations and strong cashflow, the Board is pleased to meet its objective of increasing dividend returns to shareholders by announcing an increase in the final dividend to 4 cents per share, fully franked. This brings our payout ratio to slightly below 50%, and total dividends for the year to 7 cents, up 40% over FY14. Including payment of the final dividend, the Company has now paid out cumulative dividends of A$107.4m."

"We are of the firm belief that the consistent production outcomes and the delivery of these results are not achievable without safe operations. To this end, the Board would like to acknowledge the operational team whose safety reporting metrics continue to improve, with a highlight being ZERO lost time injuries for the year."

"We look forward to FY16 as we grow the business and drive further efficiencies within the Company. We will settle the acquisition of the Cosmos Nickel Complex and commence exploration, undertake the Mill Recovery Enhancement Project, increase our overall investment in exploration and look to reap the benefits when the anticipated nickel price rise occurs," said Mr Lougher.

Nickel Price Impact and Quotational Pricing Adjustments

Nickel price volatility during delivery periods can lead to a material impact on the Company's revenue and in turn NPAT. This volatility is typically reflected through quotational pricing (QP) adjustments which impact revenue recognition on nickel sales. In this regard, the average spot nickel price received on sales for any given month is ultimately determined by a future price, being between one and three months following delivery. The nickel price trended downwards throughout FY15 and beyond year-end, accordingly QP adjustments resonated through a reduced realised nickel price compared to FY14. The realised nickel price fall from A$8.11/lb in the first half of FY15 to A$7.63/lb in the second half has resulted in a negative QP adjustment to revenue of A$10.7m in the second half. Together with the $17.0m revenue impact as reported in the first half, total QP adjustments for FY15 were negative A$27.7m Conversely, a rising nickel price will see positive impacts to QP, revenue and NPAT as was the case in FY14 where a positive movement of A$26.7m on revenue was recorded. A steady nickel price rise in FY16 would see positive QP adjustments.

FY16 Guidance

Consistent with past practice to coincide with the reporting of full year results, the Company is pleased to provide its guidance for FY16 as follows:

Guidance	FY15 Actual	FY16 Guidance
Mine Production (Nickel in Ore - tonnes)	26,524	25,000 to 27,000
Nickel in Concentrate Production (tonnes)	25,801	24,000 to 25,000
Unit Cash Cost of Production (In Concentrate)	A$2.31/lb	A$2.30/lb to A$2.50/lb
Sustaining Capex	A$57.5m	A$45.0m
Forrestania and Regional Exploration	A$14.2m	A$15.0m
Mill Enhancement*	n/a	A$22.0m
Cosmos Exploration and Study Work	n/a	A$7.0m

** assumes project is fully completed in FY16*

In formulating FY16 guidance, the Company has maintained an aggressive approach to cost management with the range being A$2.30/lb to A$2.50/lb, which compares favourably to FY14 original guidance of A$2.70/lb to A$2.80/lb. This also allows for some subtle shifts in costs from capital to operating as we reduce the sustaining capital requirements and move to paste fill at Flying Fox.

This year, capital expenditure has been broken down in greater detail as the Company invests in growth capital projects such as the Mill Enhancement and Cosmos exploration and study work.

Sustaining capital reduces in FY16, mainly at Flying Fox as the mine has completed the bulk of its capital development. In this regard, the next five years will see sustaining capital at Flying Fox and Spotted Quoll continue to fall. For example, included in the sustaining capital in FY16 is the Spotted Quoll return airway ventilation build, which is a one-off cost of A$6.7m.

The Company also maintains flexibility to reduce its discretionary capital and exploration spend. As an example, should it be required, mine development can be curtailed given that development at both mines is close to two years ahead of mining reserves. The Company successfully curtailed mine development at Flying Fox during FY14 for around six months when the AUD was trading at parity and above to the USD.

Mine and mill production guidance is broadly consistent with FY15. The Company has the flexibility to increase production. However, given the short term nickel price, the optimal mining rate to maximise margin has been incorporated into our FY16 plans.

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: "shareholders should take comfort in the underlying business operating efficiently and the Company remains profitable into the new financial year" and "We will settle the acquisition of the Cosmos Nickel Complex and commence exploration, undertake the Mill Recovery Enhancement Project, increase our overall investment in exploration and look to reap the benefits when the anticipated nickel price rise occurs"" and "A steady nickel price rise in FY16 would see positive QP adjustments".

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 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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