PERTH, AUSTRALIA--(Marketwired - Feb. 24, 2016) -

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Western Areas Ltd. (ASX:WSA) ("Western Areas" or the "Company") today announces the Company's financial results for the half year ended 31 December 2015 (1HFY16).

In a decade low nickel price environment, the average realised price for the Company fell 30% in Australian dollar terms versus the previous corresponding period (PCP), significantly impacting financial results with revenue falls going directly to the bottom line pre tax. The impact of the nickel price fall equates to an A$54.2m reduction in revenue.

The Company's reported net loss after tax (NLAT) of A$20.0m has also been affected by expenditure, write-offs and impairments on certain non-core and non-Forrestania exploration related activities totalling A$12.2m after tax. Prior to these charges, the underlying NLAT was A$7.8m.

Continued operational efficiency and cost reduction programs delivered a lower unit cash cost of production result of A$2.25/lb (US$1.63/lb) for the half year. This has seen Western Areas continue to deliver positive operating margins and cashflow from operations. This robust performance will enable the Company to continue through the current nickel price cycle and be well positioned to take full advantage of any potential future nickel price improvements.

A presentation of the results has been released today and will be followed by a conference call at 9.30am AEDT, details of which were announced on 18 February 2016.

Key Metrics:

- Sales revenue of A$105.9m (A$164.9m);
- Average realised price of nickel fell by 30% to A$5.70/lb (A$8.11/lb);
- EBITDA of A$18.6m (A$74.9m);
- Reported NLAT of A$20.0m (A$23.6m NPAT). Underlying NLAT of A$7.8m;
- Operating cashflow of A$14.6m (A$87.6m);
- Net cash of A$29.9m (A$53.7m); and
- Unit cash costs of nickel in concentrate A$2.25/lb (A$2.37/lb)

(Comparisons in brackets refer to 1HFY15)

Compared to the PCP, the greatest impact on revenue (A$59.0m reduction) and cashflow was the A$2.41/lb reduction in the nickel price, with a small sales volume variation of only 380 nickel tonnes.

Regardless of this, the Company has been able to repay all debt in the half year, fund all of its capital expenditure and exploration expenditure activities, whilst also meeting the first instalment for the acquisition of the Cosmos Project from existing cash reserves.

The after tax charges of A$12.2m referred to above, include write-offs of A$4.7m relating to a revaluation of a low grade stockpile and some regional exploration expenditure. The remaining A$7.5m is mainly associated with the impairment of historical exploration expenditure in the Company's 60% owned FinnAust Mining PLC.

In light of the current nickel price, the Board and Senior Management have agreed to take a 10% reduction in Board fees and salaries effective 1 March 2016. This reduction in fixed costs follows an aggressive period of variable cost reductions which has yielded positive outcomes with the support of the Company's many service providers and suppliers.

Consistent with previous Company commentary that dividends are fundamentally linked to nickel price, the Board has elected not to pay an interim dividend for the half year. Western Areas has an enviable track record of paying consistent dividends over the last five years, with close to A$107m paid to shareholders to date. The Board continues to have a desire to pay dividends and will make a judgement on the final dividend in August, based on full year results, the prevailing nickel price and future capital requirements.

Western Areas Managing Director, Dan Lougher acknowledged the significant impact of the nickel price environment, however highlighted the Company's many achievements in safety and controllable costs.

"Western Areas has previously experienced and seen through the challenges of a volatile nickel price. With the repayment of all

convertible bond debt, the lowering of our corporate and operating costs and our ability to defer capital expenditure, the Company is well positioned to take advantage of opportunities and an anticipated recovery in the nickel price," said Mr Lougher.

"Our underlying reported net loss of A$7.8m is entirely a function of the significant reduction in the nickel price, driving a reduction in revenue of A$59.0m. This reduction effectively drops to the bottom line and free cashflow before tax. Operationally, the Company delivered well for the year, with a lowering of our cost of sales by around $500 per tonne of nickel. We also continue to have positive cashflow from operations.

"It has also been a busy half year on many fronts, with the repayment of A$125m in convertible bonds, the purchase and completion of the acquisition of Cosmos and the commencement of exploration at the Western Gawler project in South Australia.

"Importantly, the Company has recorded ZERO LTIs in the six months and our LTIFR remains at ZERO. Our reporting of lead indicators continues to grow and I take this opportunity to congratulate all Western Areas' employees, suppliers and service providers for their commitment to safety. We remain of the firm belief that safety outcomes are intrinsically linked to strong production and cost performance.

"The Company took decisive action in October 2015 by announcing the deferral of capital expenditure and some exploration activities into FY17. These decisions are only possible due to prior period investments in the business and reflect the operational flexibility we've built into the business model.

"Given the circumstances, the Board has decided not to declare an interim dividend. We believe that our shareholders will understand that this is a responsible decision in the current environment.

"The Company's strategy of continuing to invest prudently in our medium and long term growth at Forrestania, Cosmos and Western Gawler will ultimately deliver returns to shareholders. In this regard, we are about to embark upon a highly targeted diamond drilling program at Cosmos, whilst early work on the high grade Odysseus project is indicating significant opportunities for capital and operating expenditure reductions from the previous Xstrata studies. More news flow on the Odysseus project will be provided later in the year," said Mr Lougher.

FY16 Guidance

The Company is pleased to advise that the updated guidance announced on 7 October 2015 is materially unchanged, excluding an A$0.05/lb improvement in unit costs which reflects the first half outperformance in cost management:

| FY16 Guidance | Updated Guidance |
|---|---|
| Mine Production (Nickel in Ore - tonnes) | 25,000 to 27,000 |
| Nickel in Concentrate Production (tonnes) | 24,000 to 25,000 |
| Unit Cash Cost of Production (In Concentrate) | A$2.25/lb to A$2.45/lb |
| Sustaining Capex | A$34.0m |
| Forrestania and Regional Exploration | A$11.0m |
| Mill Enhancement | A$7.4m |
| Cosmos Exploration and Study Work | A$4.0m |

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: "We also continue to have positive cashflow from operations" and, "the Company is well positioned to take advantage of opportunities and an anticipated recovery in the nickel price".

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.

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