PERTH, AUSTRALIA--(Marketwired - Feb. 21, 2017) -

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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 2016 ("1HFY17") and an upgrade to certain guidance metrics for the financial year (FY17).

The Company is pleased to report a return to profitability, strong free cashflow generation, EBITDA improvement of 58% over the prior corresponding half and a debt free balance sheet with A$103.8m cash at bank. Furthermore, FY17 guidance metrics for mine production, mill production and unit cash cost of production have all been materially improved following a strong first half performance.

Key Metrics:

- Cash at bank and receivables of A$124.7m (A$46.7m) and debt free;
- Pre-financing cashflow of A$22.5m an improvement of A$42.0m versus 1HFY16
- Sales revenue of A$113.4m (A$105.9m);
- Average realised price of nickel increased by 16% to A$6.59/lb (A$5.70/lb);
- EBITDA of A$29.4m (A$18.6m), representing an increase of 58%;
- Reported Net Profit After Tax (NPAT) of A$0.5m (A$20.0m NLAT);
- Unit cash cost of production A$2.44/lb (A$2.25/lb) at the lower end of FY17 guidance; and
- Capital expenditure and exploration cash spend reduced by A$24.6m
  (Comparisons in brackets refer to the corresponding period 1HFY16)

The first half included a number of achievements and milestones that assisted with the significantly improved financial results and will underpin the future of the Company. These included ZERO lost time injuries, an increase in the realised nickel price, mine grade performance above plan, record Spotted Quoll nickel output, improved offtake terms for the next three years and early encouragement from exploration activities at Cosmos.

Western Areas notes that post 31 December 2016, there has been significant volatility in the nickel price following geo-political decisions in Indonesia and the Philippines. We do not expect the issues surrounding the differing positions of these countries to resolve in the very short term, but do expect to see clarity in the coming months. We are however encouraged by other fundamentals such as the continuing growth in production of 300 series stainless steel in China which contains the highest contribution of nickel and the growing battery market which also requires nickel as a key input.

A fall in the January 2017 average nickel price, from the December 2016 price, resulted in NPAT being impacted by A$2.9m due to a quotational price (QP) adjustment. The nickel price was adversely affected following the Indonesian announcement of the relaxation of its nickel ore export ban.

Given the recent volatility of the nickel price, the Company has elected not to pay an interim dividend for the half year, however is positively disposed to reinstating a dividend payment at financial year end should the nickel price consolidate around current levels.

Key 1st Half Highlights ($'000)	1H FY 2017	1H FY 2016
Mine Production (tonnes Ni)	13,224	13,977
Mill Production (tonnes Ni)	11,607	12,508
Recovery	89%	89%
Sales Volume (tonnes Ni)	11,437	12,514
Cash Costs (US$/lb)	1.84	1.63
Cash Costs (A$/lb)	2.44	2.25
Exchange Rate USD/ AUD	0.75	0.72
Realised Nickel Price (A$/lb)	6.59	5.70
Nickel Revenue	113,432	105,947
EBITDA	29,378	18,647
NPAT / (NLAT)	516	(20,036)
Net Cash	103,773	29,882
Pre-financing Cashflow	22,481	(19,513)

Western Areas Managing Director, Dan Lougher, said that the Company welcomed the nickel price improvement compared to the prior corresponding period, but it was the delivery of significant EBITDA improvements and mine performance metrics that were most pleasing.

"Western Areas set in place a management plan for FY17 with a view to maintaining a strong financial position and priority given to maximising cash generation rather than raw production volume. Successful implementation of this plan in the first half has resulted in A$28.1m free cashflow generated post all capital expenditure, tax, royalties and corporate costs," said Mr Lougher.

"Despite 1HFY17 nickel sales being 1,077 nickel tonnes lower than 1HFY16 (but ahead of guidance), the Company generated a further A$10.7m in EBITDA which in part is a reflection of the improved nickel price but also dedicated cost management."

"All of this has been achieved by our workforce which has not wavered or been distracted by the external challenges. The Company has now operated without a LTI for 1,057 days and we continue to innovate in areas such as blasting techniques, nickel sulphate marketing potential and industry leading nickel offtake contracts."

"The Company took decisive action in August 2016 when announcing the deferral of capital expenditure and some exploration activities into the first half of FY17. Following this period of consolidation, we have now re-commenced normal development activities at both mines in line with plan."

"With over A$100m in cash at bank and no debt, I believe the Company is exceptionally placed to weather external policy changes and nickel price volatility. Importantly the second half will see the impact of much improved offtake terms, further exploration results at Cosmos and the completion of the pre-feasibility study at Odysseus," said Mr Lougher.

FY17 Guidance

Metric	Updated FY17 Guidance	Original FY17 Guidance
Mine Production (Nickel tonnes in Ore)	25,000 to 26,000	22,500 to 24,500
Nickel tonnes in Concentrate Production	22,000 to 23,000	20,200 to 22,000
Unit Cash Cost of Production (Ni in Conc.)	A$2.35/lb to A$2.50/lb	A$2.40/lb to A$2.75/lb
Sustaining Capex*	No Change	A$22.0m to A$24.0m
Forrestania and Regional Exploration	No Change	A$8.0m
Odysseus PFS	No Change	A$2.0m

**Includes one-off ventilation shaft at Spotted Quoll for A$6.0m in the 2nd half of FY17*

Western Areas is pleased to upgrade certain guidance metrics for FY17. A number of improvement projects were implemented at the beginning of the year to achieve the strong first half improvements in grade (particularly at Spotted Quoll) and ore recovery compared to original forecasts. The Company also delivered higher ore grades than Reserve which had a flow on impact into mill production and unit cash costs.

As part of the original FY17 guidance Western Areas detailed a number of capital expenditure management initiatives which were implemented successfully. Of note is that the main deferral item, being vertical development at Spotted Quoll, has now re-commenced at a normal run rate as of 1 January 2017.

At this point in time the Company believes capital expenditure and exploration costs will be in line with guidance, however we remain flexible to increase the exploration spend based on success, given the robust balance sheet. Furthermore, with the expected release of the Odysseus PFS this quarter, should a definitive feasibility study be approved by the Board, this will be a small addition to the capital expenditure guidance, but will be detailed in any subsequent announcements.

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: "the second half will see the impact of much improved offtake terms, further exploration results at Cosmos and the completion of the pre-feasibility study at Odysseus".

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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