



27 August 2013

ASX: WSA

News Release

WESTERN AREAS FULL YEAR RESULTS

- Financial Year 2013 Revenue of A\$306.5m;
- EBITDA of A\$125.9m;
- Underlying Net Profit After Tax (NPAT) of A\$5.6m – profitable underlying operations despite impact of significantly weaker \$A nickel price;
- Reported Net Loss After Tax (NLAT) of A\$94.1m after non-cash post tax impairment charges of A\$99.7m;
- Positive cash flow from operations of A\$112.1m despite challenging nickel price environment and strong Australian dollar;
- Cashflow pre-financing cost and repayments¹ (after all capital expenditure and exploration) of A\$33.0m;
 - This compares to A\$35.4m on the same measure for FY12 which had the benefit of a significantly higher nickel price - cash management initiatives are delivering;
- Repayment of A\$150.5m in Convertible Bonds and borrowings;
- Unit cash costs of A\$2.68/lb (nickel in concentrate), retaining the Company's standing in the lowest quartile of global nickel production costs;
- Spotted Quoll Underground successfully ramped up ahead of schedule and on budget with no commissioning issues.

Key Metrics

Full Year Highlights (\$'000)	FY 2012	FY 2013
Mine Production (tonnes Ni)	31,102	27,639
Mill Production (tonnes Ni)	25,641	26,918
Recovery	92%	91%
Sales Volume (tonnes Ni)	26,637	27,819
Cash Costs (A\$/lb)	2.43	2.68
Exchange Rate USD/AUD	1.03	1.03
Nickel Price (U\$/tn)	17,791	16,112
EBITDA ('000)	186,662	125,867
Underlying EBIT ('000)	94,981	40,599
Underlying NPAT ('000)	40,236	5,590
Reported NPAT ('000)	40,181	(94,105)
Cash Flows from Operations ('000)	159,253	112,115
Cash at Bank	165,502	80,719
Dividend (cents)	11.0	2.0

¹ This is a non IFRS measure, provided to aid understanding of management initiated changes to cash flow within the operations compared to the previous year, prior to cash used for financing activities. A cash flow statement detailing the calculation is in the presentation document.



Western Areas Ltd (ASX:WSA, “Western Areas” or “the Company”) today announces the Company’s Full Year Results for the year ended 30 June 2013.

In all, against a backdrop of a challenging year for all nickel companies with a falling nickel price and high Australian dollar, Western Areas reported a net loss after tax of \$94.1m. This result was impacted by a tax effected non-cash impairment charge of \$99.7m which predominately related to historical exploration. Excluding the impairment, the Company recorded an Underlying Net Profit after Tax of \$5.6 million.

Western Areas Managing Director, Mr Dan Lougher, said “that it was pleasing to report that in a difficult commodity price environment Western Areas, with the quality of its assets, has remained profitable at an operating level and continues to generate solid cash flow.” Outside of the nickel price challenges, this year would rate extremely well for operational excellence. We met or exceeded all guidance metrics including record sales and we did so safely.”

“The Company reacted swiftly to a changing price environment and our pre financing cash flow for FY13 was almost the same as the previous financial year which had the benefit of substantially higher nickel prices. I am proud of how our team and partners promptly reacted to the challenges posed by the current price environment. We’ve adjusted the business framework by reducing exploration expenditure and mine development, whilst also successfully ramping up production at the Spotted Quoll underground mine.”

“Without doubt the main driver on underlying NPAT of A\$5.6m compared to the previous year was a sustained weaker nickel price and strong Australian dollar which resulted in a negative quotational price adjustment in the 2nd half of \$14.0m before tax. However, since the beginning of this month, we have seen some encouraging signs with the nickel price improving off the 30 June lows, whilst the Australian dollar has remained stable at around the US 90 cent level,” said Mr Lougher.

Having regard to a statutory reported Net Loss After Tax resulting from the impairment charge and in recognition of the prevailing nickel price, the Board has decided not to pay a final dividend this year. With a view to retaining balance sheet flexibility, the Board believes this represents a continued disciplined approach to prudent capital management, and notes that dividends declared for the year (2 cents per share interim dividend) represents a payout ratio of approximately 70% of underlying NPAT.

A presentation outlining more detail on the full year results has also been released to the market today.

FY14 Guidance

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 the FY14 exploration budget. The Company remains committed to the strategy of focussing exploration efforts near mine at Forrestania due to the twin benefits of the substantial existing investment in infrastructure and the proven prospectivity of the area given the high grade nickel endowment and successful discoveries to date. The Company is also conducting active exploration in several joint ventures and is excited about



the new Farm-in JV with Traka Resources Ltd in the Musgraves area of Western Australia where a Moving-Loop Electro-Magnetic survey is underway.

Whilst the Company cannot control the nickel price or the US dollar exchange rate, the absolute focus remains on safety, cost control, production and sales. In collating the FY14 budget, the Company considered multiple production scenarios in order to ascertain the most favourable margin outcome, when coupled with operating cost saving initiatives. Accordingly the Company provides the following guidance for FY14:

Target	Metric
Mine Production (Nickel in Ore)	25,000 to 26,000 tonnes
Nickel in Concentrate Production	23,000 to 24,000 tonnes
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.80/lb to A\$2.90/lb
Capital Expenditure & Mine Development	A\$45m
Exploration	A\$15m

-ENDS-

For further details, please contact:

Dan Lougher
 Managing Director – Western Areas Ltd
 Telephone +61 8 9334 7777
 Email: dlougher@westernareas.com.au

David Southam
 Executive Director – Western Areas Ltd
 Telephone +61 8 9334 7777
 Email: dsoutham@westernareas.com.au

Shane Murphy
 FTI Consulting
 Telephone +61 8 9485 8888 / 0420 945 291
 Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: “since the beginning of this month we have seen some encouraging signs with the nickel price improving off the 30 June lows, whilst the Australian dollar has remained stable at around the US 90 cent level”, and, “Western Areas with the quality of its assets has remained profitable at an operating level and continues to generate solid cash flow”.

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.