



4 August 2014

ASX: WSA

News Release

WESTERN AREAS TENDER OF NICKEL CONCENTRATE OFFTAKE CONTRACT COMMENCES

The Board of Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) today announced the commencement of the nickel concentrate tender process associated with the upcoming expiry of the Jinchuan Group (Jinchuan) contract in late 2014.

The commencement of the tender is consistent with the Company’s prior market disclosures and is a process that has been successfully utilised in the past to provide improved returns for Western Areas’ shareholders.

The Jinchuan contract is for 26,000 tonnes of nickel in concentrate. The volume or term for the next offtake contract with the successful bidder is both open and flexible.

Western Areas Managing Director, Mr Dan Lougher, said that it was an opportune time to be launching the tender.

“We are in the midst of a resurgent nickel sector where market conditions are very favourable to the Company. There is currently a global shortage of quality nickel concentrates that are in such high demand by nickel smelters. The Indonesian ban on the export of unprocessed nickel laterite also sees us heading towards a forecast global nickel supply deficit in calendar year 2015,” Mr Lougher said.

“The Company has already fielded expressions of interest from new market participants, however we also expect to see strong competition from nickel smelters, global commodity traders, other nickel producers and stainless steel companies looking to secure future supplies.

“I should also be clear that Jinchuan Group has been an excellent customer, demonstrating a firm commitment to the vision of our Company, and we therefore expect Jinchuan to be highly competitive in this process,” Mr Lougher said.

Western Areas produces a premium nickel concentrate grading between 14% to 15% nickel with a very high iron to magnesia (Fe:MgO) ratio (on average >15:1), which is keenly sort by smelters. As a general rule, smelters prefer nickel concentrate with a minimum Fe:MgO ratio of 5:1. A significant amount of global nickel concentrate produced today is well below this 5:1 threshold, meaning Western Areas’ nickel concentrate is in high demand as a premium blending product.

The Company reserves the right to alter or cease the tender process at any time, maintaining the ability to accept an offer without notice. Assuming the tender runs the full process, Western Areas expects to be able to announce the successful off-take party early in the December quarter this year.

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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.