



25 November 2015

ASX: WSA

News Release

CHAIRMAN'S ADDRESS - 2015 ANNUAL GENERAL MEETING

Financial year 2015 was a very strong year operationally for Western Areas which I am pleased to report led to increased profits, cash flow and dividends to shareholders over and above that of financial year 2014. This year, three significant milestones were reached. Firstly, we have ended the 2015 financial year with our strongest-ever balance sheet position, then in July we became debt free after the final repayment of the convertible bonds and lastly, we have delivered on the most important metric for our company - zero lost time injuries for the year that continues up to the time of releasing this address.

Western Areas' 2015 financial results enabled the Board to declare a healthy dividend for shareholders with a total of 7 cents fully franked per share, or 47% of net profit after tax, being paid out to shareholders, I note this was achieved despite a continued weak nickel price in the second half of the 2015 financial year. Western Areas has now paid in excess of \$100 million in dividends since declaring its maiden dividend in March 2010.

We have been able to drive balance sheet improvements which have allowed us to take active steps to position Western Areas for future growth, and to be well placed to deal with the currently unsustainable nickel price, whilst having the ability to respond to any future nickel price upswing.

The nickel market has remained a challenge as the price continues to move through a cyclical low. The supply side of the market continues to adjust to structural changes that began in January 2014, as Indonesia moved to ban exports of unprocessed nickel ore.

Despite initial predictions that this would lead to an immediate tightening of supply, it transpired that Chinese nickel pig iron producers have steadily eaten away at a very large domestic stockpile of higher grade Indonesian nickel ore. From evidence available in the market, we believe that this stockpile rundown has now largely run its course, giving some cause for optimism on the price front and the market pointing toward a deficit in nickel supply emerging perhaps as soon as midway through 2016.

That said, the nickel market continues to be affected by lower growth in stainless steel production and a longer than usual destocking period. This, coupled with the lack of any significant nickel supply reductions, continues to be a drag on the anticipated price recovery. There are however, some early encouraging signs for nickel with the LME refined stockpile falling over 10% from recent highs and a reduction in nickel pig iron output from China. We are also witnessing good growth estimates from China for 300 series stainless steel, which has the highest nickel content, whilst growth in the battery market continues to grow at double digit rates.

WESTERN AREAS LTD



We are assembling a platform that builds upon the strong base of our production assets at Flying Fox and Spotted Quoll through additional development ready projects such as Odysseus, the Mill Enhancement Project and New Morning. We have also built in long term production growth and exploration potential through the acquisition of the Cosmos Nickel Complex and the exploration farm-in at the Western Gawler JV in South Australia. These projects sit alongside our already considerable discovery prospects at Forrestania.

Furthermore, we have recently announced some prudent and responsible capital expenditure deferrals totalling A\$32.6m relating to some development projects and discretionary capital expenditure. These deferrals are only possible due to the investments we've made at our mines over the prior 18 months and reflect the forward planning of the Company. It is important to note that should the nickel price support stronger near term cash generation, these projects can be recommenced quickly.

We also continue to work at lowering our operating cost base and with the support of our employees and long term service providers we continue to make inroads into our cost base through a raft of initiatives, including productivity improvements and mine efficiency gains. These results are evidenced through our quarterly results, and I can assure you the Western Areas team are focussed on this on a daily basis.

I would again like to thank the team at Western Areas for all their hard work over the year, led by Managing Director, Dan Lougher. All of the employees, contractors and supporters of Western Areas have again delivered an exceptional operational result through their efforts throughout the year. I also thank my fellow directors and look forward to the coming year with a continued strong performance and a more positive nickel price going forward.

Ian Macliver
Chairman - Western Areas Ltd

-ENDS-

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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.

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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