

**20 February 2018****ASX: WSA****News Release****FY2018 HALF YEAR FINANCIAL RESULTS**

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to announce the Company’s financial results for the half year ended 31 December 2017 (“1HFY18”).

Western Areas has delivered a robust financial result, with a return to underlying profitability despite a volatile nickel price during the period. Key financial metrics have improved, including strong EBITDA and EBITDA margin growth which have flowed through to the reported NPAT. Importantly, the Company is in a sound financial position to fund and complete several organic growth projects being either commissioned or under active consideration, in the immediate and near term.

The first half is on track to meet all full year operational guidance metrics. The Company advises that guidance for the year ending 30 June 2018 remains unchanged.

Key Metrics for 1HFY18:

- **Strong balance sheet with cash at bank of A\$132.6m, supplemented by a further A\$21.5m in receivables and a Kidman equity position of A\$32.8m;**
- **Sales revenue of A\$115.8m (A\$113.4m);**
- **Average realised price of nickel (before payability) of A\$6.81/lb (A\$6.59/lb);**
- **EBITDA of A\$36.4m (underlying A\$28.9m¹);**
- **EBITDA margin increased to 31.4% (25.5%)**
- **NPAT increased to A\$3.5m (A\$0.5m, including \$3.6m gain on Bluejay Mining equity sale);**
- **Primed for growth with construction completion of the Mill Recovery Enhancement Project (MREP) and the Odysseus Project to be larger with a longer mine life**

(Comparisons in brackets refer to the corresponding period 1HFY17)

Western Areas delivered on its stated objective to focus on value over volume, cost efficiency and driving value from non-core assets. To this end, EBITDA has substantially improved, with 1HFY18 being 26% higher than underlying EBITDA for 1HFY17 and 59% higher than underlying EBITDA in 2HFY17², despite a planned reduction in sales volumes in 1HFY18. In addition, EBITDA margin has progressively improved to 31.4% which is a reflection of absolute cost reduction, the impact of successful new offtake contracts and a marginal increase in nickel prices.

1HFY18 saw the commencement of an exciting era for the Company with the MREP construction completed on time and on budget, whilst Western Areas’ other main growth asset, Odysseus, is expected to be a larger and longer mine life project. Whilst these two projects are different in nature, with the MREP utilising our world class bacterial processing intellectual property and the second being the development of a new underground mine, the common thread has been the substantive interest from the electric vehicle battery (“EV”) sector in securing offtake from both projects. We firmly believe the shortage of clean nickel sulphides for the EV sector is a looming issue that the market has only recently acknowledged. Combined with forecasted growth in nickel demand, the LME and SHFE nickel stockpiles have dramatically reduced and the spot nickel price is now trading around A\$7.60/lb. Notwithstanding, the Company believes that the nickel price will remain volatile over the near term.

¹ 1HFY17 underlying EBITDA excludes A\$3.6m gain from the sale of equity in Bluejay Mining Plc. 1HFY18 EBITDA has no underlying figure, as there are no one off equity disposals or recognitions.

² 2HFY17 underlying EBITDA excludes A\$29.5m of gains from the sale of equity in Bluejay Mining Plc (A\$22.0m) and recognition of Kidman equity (A\$7.5m). 1HFY18 EBITDA has no underlying figure, as there are no one off equity disposals or recognitions.

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With cash at bank of \$132.6m and no debt, Western Areas remains in a strong financial position. The Company generated positive cashflow from operations of \$31.6m for the half, supporting the planned capital investment. Consistent with FY18 guidance provided in August 2017, 1HFY18 was projected to be a more capital intensive than usual (total capital spend A\$33.7m) as the Company completed construction of the MREP and the Spotted Quoll ventilation shaft. Furthermore a A\$5.5m dividend was paid in October 2017.

Western Areas has focussed on delivering value from non-core assets. Following the successful sale of equity in Bluejay Mining in FY17 which yielded A\$32.1m in net cash proceeds, the Company executed a tenement sale and earn-in arrangement with Kidman Resources Ltd (“Kidman”), which culminated in 17.429m Kidman shares being allocated to Western Areas. The value at half year end of Western Areas’ investment in Kidman was A\$32.8m.

2HFY18 will be an exciting period for the Company, as exploration activities for base metals and gold prospects are ramped up at Forrestania, Cosmos and Western Gawler. The Company expects to complete commissioning of the MREP at the end of March, which will result in the Company bringing a new style of nickel concentrate to market grading 45-50% nickel that is attracting global offtake attention. Looking forward, the success of the MREP will open up opportunities for the Company to exploit growth projects such as New Morning.

At Odysseus, the DFS is scheduled to be released in July 2018 and is expected to deliver a larger and longer mine life project beyond 10 years. During the June quarter, the Company will consider whether an early works program should commence, given the positive disposition towards the project, the nickel price outlook, offtake interest and the Company’s clear ability to fund such a program.

Given the strong organic pipeline of opportunities, the Board has decided to defer any dividend decision to the end of FY18. No interim dividend was declared for 1HFY17.

A **Results Presentation** has been released today and will be followed by a **conference call at 9.30am AEDT**, details of which were announced on 13 February 2018.

Key Metrics

Half Yearly Snapshot	1H FY18	1H FY17	2H 2017
Mill Production (tonnes Ni)	10,865	11,607	11,398
Sales Volume (tonnes Ni)	10,614	11,437	11,202
Cash Costs (US\$/lb)	1.94	1.84	1.75
Cash Costs (A\$/lb)	2.49	2.44	2.33
Exchange Rate USD / AUD	0.78	0.75	0.75
Nickel Price (US\$/lb)	5.31	4.94	4.30
Realised Price (A\$/lb)	6.81	6.59	5.69
Nickel Revenue (\$'000)	115,812	113,432	100,488
EBITDA (\$'000)	36,384	28,937	22,921
Underlying NPAT/(NLAT) (\$'000)	3,506	(3,091)	(8,433)
Pre-tax Investment Income (\$'000)	-	3,607	29,456
Reported NPAT (\$'000)	3,506	516	18,783
Growth & Sustaining Capex ('\$'000)	33,670	11,086	22,880
Net Cashflow (\$'000)	(7,742)	28,067	36,521
Cash at Bank (\$'000)	132,552	103,773	140,294
Dividend (cents)	0.0	0.0	2.0

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Western Areas Managing Director, Dan Lougher, said that the Company welcomed the improved financial metrics following a number of challenging years for the nickel price.

“Western Areas continues to efficiently operate its core assets and has a busy twelve months ahead, with a number of exploration programs to commence, commissioning of the MREP, completion of the Odysseus DFS and multiple other organic growth opportunities.”

“A significant amount of the heavy lifting has been completed to enable the Company to fund growth and, with our strong balance sheet, we are determined to take advantage of favourable market conditions. However, this cannot be done without operating our core assets safely and efficiently, and I wish to acknowledge our entire team for now delivering thirty consecutive quarterly reports, or over seven consecutive financial years, of either meeting or exceeding guidance. This is an outstanding result.”

“From a nickel market perspective, we continue to field strong interest for nickel concentrates, both from existing operations and Odysseus. Based on our market intelligence, we believe there is a global shortage of quality, clean nickel concentrates which places our company in an enviable position. A significant proportion of offtake interest is derived from parties involved or associated with the production of EV batteries, and, to this end, upon commissioning the MREP, our focus will turn to securing new offtake agreements for this ultra-premium product ,” said Mr Lougher.

FY18 Guidance (unchanged from original 22 August 2017 announcement)

Category	FY18 Guidance	1st Half FY18
Mine Production (Nickel tonnes in Ore)	23,500 to 25,000	11,825
Nickel tonnes in Concentrate Production	21,500 to 22,500	10,865
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.40/lb to A\$2.65/lb	A\$2.49/lb
Sustaining and Mine Development Capital Expenditure*	A\$30.0m to A\$36.0m	A\$17.2m
Mill Recovery Enhancement Project (MREP)	A\$14.0m	A\$11.5m
Feasibility Studies	A\$3.0m	A\$1.2m
Exploration	A\$12.0m	A\$3.8m

* Includes Spotted Quoll ventilation shaft completion and mechanical fit-out (A\$5.8m)

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**FORWARD LOOKING STATEMENT:**

This release contains certain forward-looking statements including nickel production and cost 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 firmly believe the shortage of clean nickel sulphides for the EV sector is a looming issue “and, “At Odysseus, the DFS is scheduled to be released in July 2018 and is expected to deliver a larger and longer mine life project beyond 10 years”.

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.