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 HD **Australia's Western Areas to finalize nickel offtake by Q4**
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Australia's Western Areas has received expressions of interest from 25 parties from **China**, Europe, the US and Canada to buy the nickel concentrate it recently offered through tender and expects to finalize an offtake deal by the fourth quarter, the **company's** Managing Director Dan Lougher said in a conference call announcing its full-year financial results Monday.

Its current offtake deal for 26,000 mt over a two-year period with **China's** Jinchuan Group expires this December.

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Lougher said the **company** was seeing very strong demand from traders in **China** and well-established traders in Europe who are very active currently to secure positions.

"We're also seeing interest from new European **mining** companies who have mines, smelters and are trying to secure resources," he said.

Interest also came from nickel pig **iron** producers in Finland, Canada and the US wanting to use the nickel concentrate to test roasting technologies, he added.

Meanwhile, Lougher said he expects the nickel market to remain strong, with prices likely to rise to as high as \$9.50/lb by the middle of next year, mainly on the back of Indonesia's ban on nickel laterite **ore** exports.

However, he warned that if prices hit \$13-14/lb, then substitutions would have to enter the market. Nickel prices averaged around \$6.32/lb over July-December, but had risen to average \$7.50/lb over January-June after Indonesia banned **ore** exports in January, he said.

Stainless steel demand to lend support

Other than Indonesia, Western Areas also cited fears of a global supply deficit in 2015, higher cost and capacity of **Chinese** nickel pig **iron** production and rising stainless steel demand as factors supporting nickel prices.

Lougher expects global stainless steel demand to rise by around 6-7% in fiscal year 2015 ending June 30, 2015, saying the fundamentals are also there for further growth.

Western Areas also has an offtake agreement selling 12,000 mt/year of nickel in concentrate to BHP Billiton's Nickel West Kambalda **operations** in Western Australia until 2017.

Last week, BHP said it would continue to try and sell its Nickel West mine and smelter, as the operation was not a good fit for either BHP or its proposed new **company** currently known as NewCo.

"Anything that happens with BHP strengthens us, as we're not impacted by the **sale** or closure of Nickel West," Western Area's executive director David Southam said in the conference call.

Western Areas produced 28,686 mt of nickel in **ore** in fiscal 2014, up from 27,639 mt in fiscal 2013. The **company**'s nickel in concentrate output reached 25,700 mt in fiscal 2014, down from 26,918 mt in the year-ago period.

The **company** expects to produce 24,500-25,000 mt of nickel in concentrate during fiscal 2015 at cash costs of A\$2.70-2.80/lb (\$2.51-2.61/lb), from A\$2.50/lb in fiscal 2014, it said.

Western Areas posted a net profit after tax for the full year ended June 30, 2014 of A\$25.5 **million**, compared with a loss of A\$94.1 **million** in the year-ago period.

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CO bkhlp : BHP Billiton Ltd | wearea : Western Areas Limited | bltplc : BHP Billiton PLC

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NS c21 : Output/Production | ccat : Corporate/Industrial News

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