

**SE** News Stories; Ferroalloys & Steel  
**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 December quarter, the **company's** Managing Director Dan Lougher said in a conference call announcing its full-year financial results on August 25.

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

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Lougher said the **company** was seeing very large demand from traders in **China** and well-established traders in Europe, who are being very active in securing positions.

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

Interest also came from Finland, Canada and the US and nickel pig **iron** producers in **China** 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 (\$20,944/mt) by the middle of next year, mainly because of the effect on global supply from Indonesia's ban on nickel laterite **ore** exports, which came into force in January. 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 2013, but rose to an average of \$7.50/lb over January-June 2014 after Indonesia imposed the ban, he said.

Other than the Indonesia ban, Western Areas also cited other factors that are likely to support nickel prices, including ongoing fears of a global supply deficit in 2015, higher costs and increased capacity of **Chinese** nickel pig **iron** production, as well as rising stainless steel demand.

Lougher expects global stainless steel demand for nickel to rise by around 6-7% in fiscal 2015, ending June 30, 2015, saying the fundamentals were also in place 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-earlier 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), up 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 fiscal 2013.

Marnie Hobson

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

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