

WESTERN AREAS LTD



SYDNEY MINING CLUB PRESENTATION

22 FEBRUARY 2018

www.westernareas.com.au



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The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to exploration results, mineral resources or ore reserves was prepared by Mr Graeme Gribbin, Mr Andre Wulfse or Mr Marco Orunesu-Preiata respectively. Mr Gribbin, Mr Wulfse and Mr Orunesu-Preiata are full time employees of Western Areas Ltd. Mr Gribbin is a member of Australian Institute of Geoscientists (AIG). Mr Wulfse and Mr Orunesu-Preiata are members of Australian Institute of Mining and Metallurgy (AusIMM) and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’(2012 JORC Code). Mr Gribbin, Mr Wulfse and Mr Orunesu-Preiata consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

AGENDA

Corporate



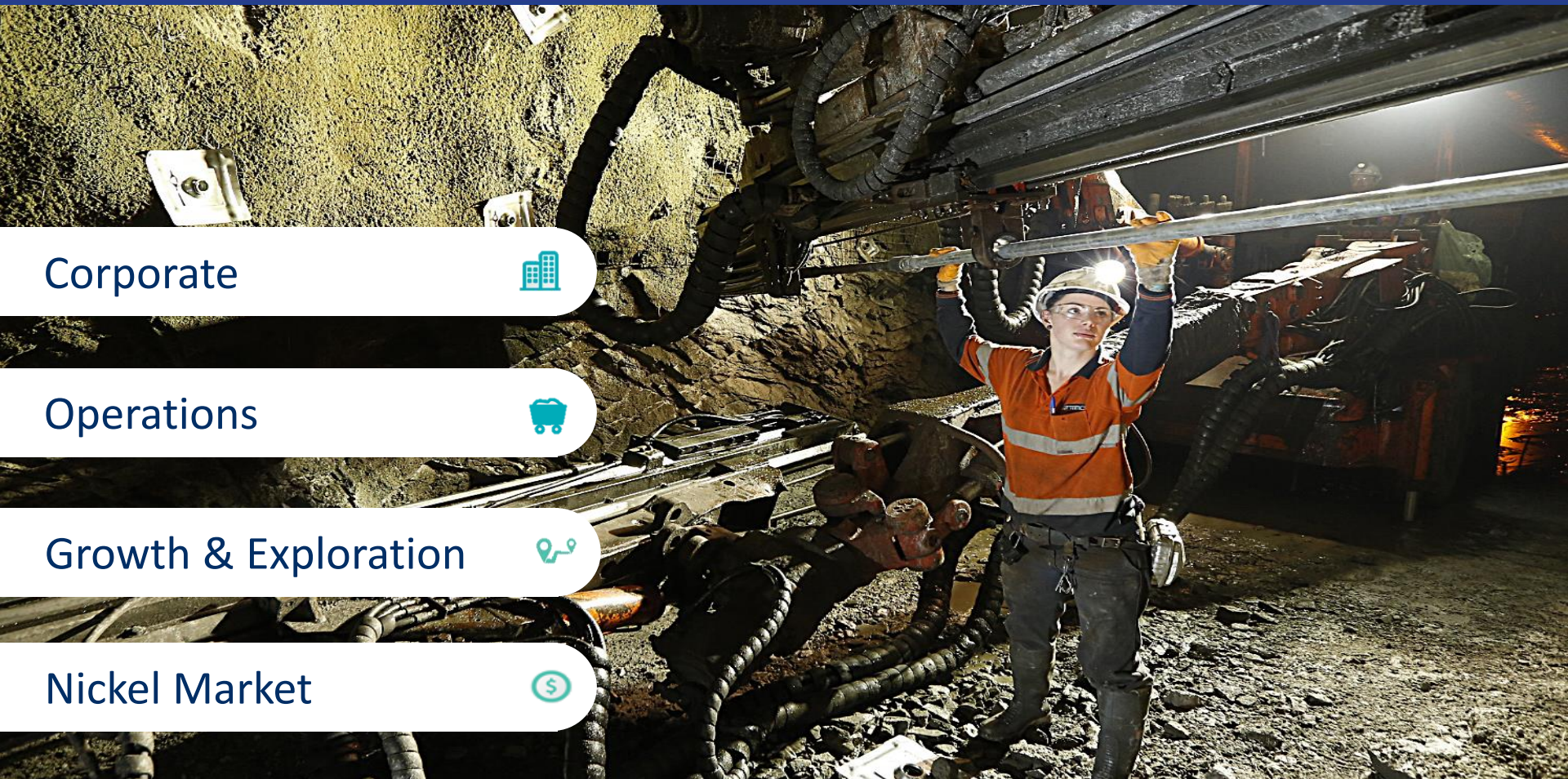
Operations



Growth & Exploration



Nickel Market



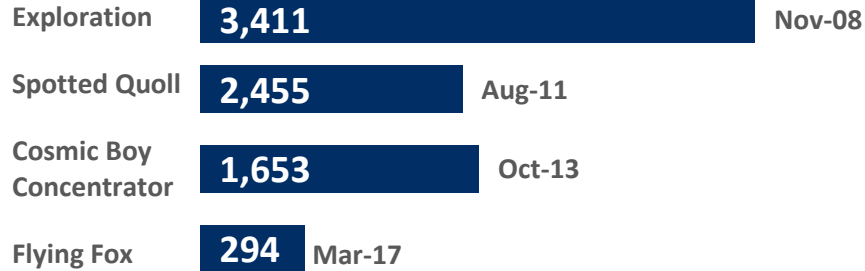
CORPORATE



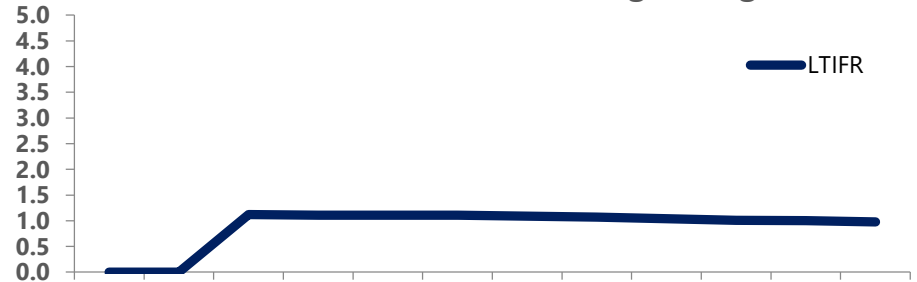
WESTERN AREAS ARE SAFE AREAS



Days LTI free



12 month LTIFR moving average



Safe operations make efficient operations

CORPORATE OVERVIEW

High quality assets

- Highest grade, low cash cost nickel producer
- Free cashflow positive

No debt, clean balance sheet, low costs

- Low unit cash cost producer
- A\$131.9m cash at bank

Organic growth options and innovation

- Exciting exploration intersections
- Odysseus DFS and Mill Enhancement project

Positioned for nickel recovery

- A\$1/lb lift in nickel price = circa A\$30m EBITDA
- New and improved offtake contracts implemented

ASX code	WSA
Share price	3.13
Shares outstanding (m)	272.7
Market Cap (A\$m) ¹	853.6
Cash (A\$m) ²	132.6

Cosmos Nickel Complex

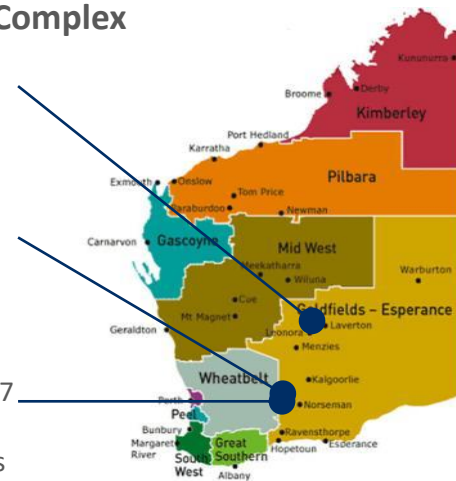
592kt Ni resources
PFS complete
DFS underway

Flying Fox

10kt Ni mined FY17
33.7kt Ni reserves
94.1kt Ni resources

Spotted Quoll

15.5kt Ni mined FY17
79.7kt Ni reserves
111.7kt Ni resources



A leading mid-tier base metal producer

1. Based on share price on 13 February 2018 2. Cash as at 31 December 2018 3. As at 31 December 2018

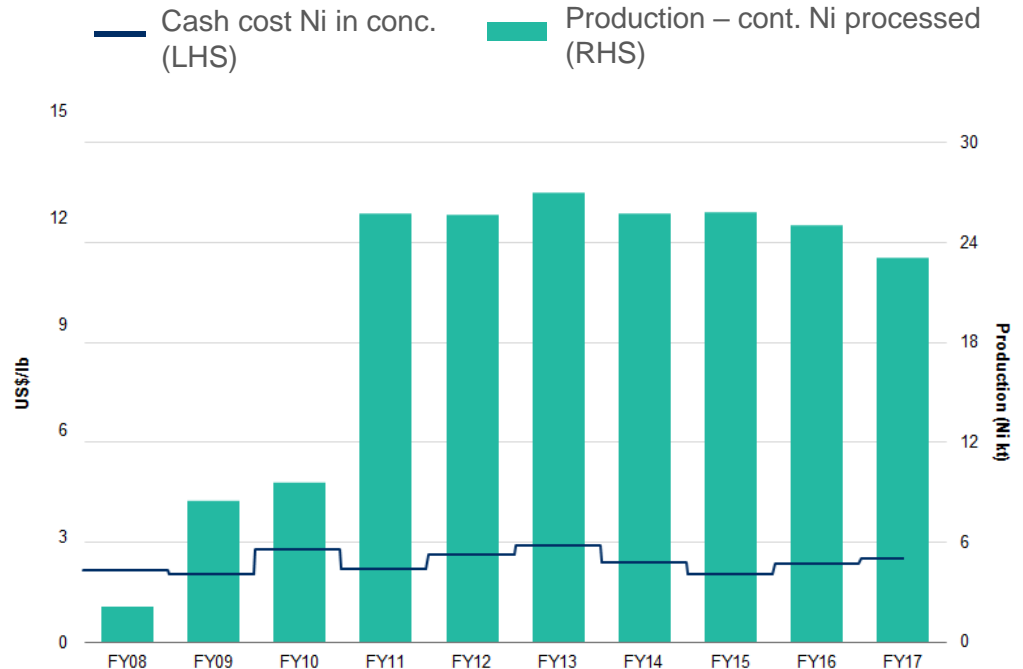
KEY TAKEAWAYS – HALF YEAR

- **No lost time injuries in 1HFY18 - LTIFR at 0.97**
- **Liquid assets of A\$179.3m (cash at bank, receivables and Kidman equity) and ZERO debt**
- **10,865 and 10,614 nickel tonnes in concentrate produced and sold respectively**
- **Realised nickel price of A\$6.81/lb an increase of 3% from 2HFY17 (spot at 19/2/18 – A\$7.65/lb)**
- **EBITDA of A\$36.4m:**
 - Increase of 59% over 2HFY17*, despite sales volume reduced by 588 nickel tonnes
 - Increase of 26% over 1HFY17*, despite sales volume reduced by 823 nickel tonnes
- **Reported Net Profit After Tax (NPAT) of A\$3.5m:**
 - Substantial improvement over prior halves when excluding Bluejay and Kidman adjustments
- **Net Cashflow of -A\$7.7m:**
 - Includes A\$5.5m final dividend from FY17
 - Growth capital on MREP A\$11.5m
- **FY18 Guidance Metrics remain unchanged (see slide 12)**
- **Organic growth project pipeline full and delivering value:**
 - MREP to be commissioned by end of March quarter – entering the EV market space
 - Odysseus a larger project with mine life extensions – DFS in July
 - New Morning gaining momentum on the back of MREP

* Bluejay and Kidman EBITDA impact 1HFY17: A\$3.6m and 2HFY17: A\$29.5m

CONSISTENT DELIVERY

- Over seven years delivering or exceeding guidance
- Remains debt free
- Consistent low cost producer
- Mill performs well above nameplate capacity
- Last few years – value over volume logic



A management team that consistently delivers on guidance

OPERATIONS

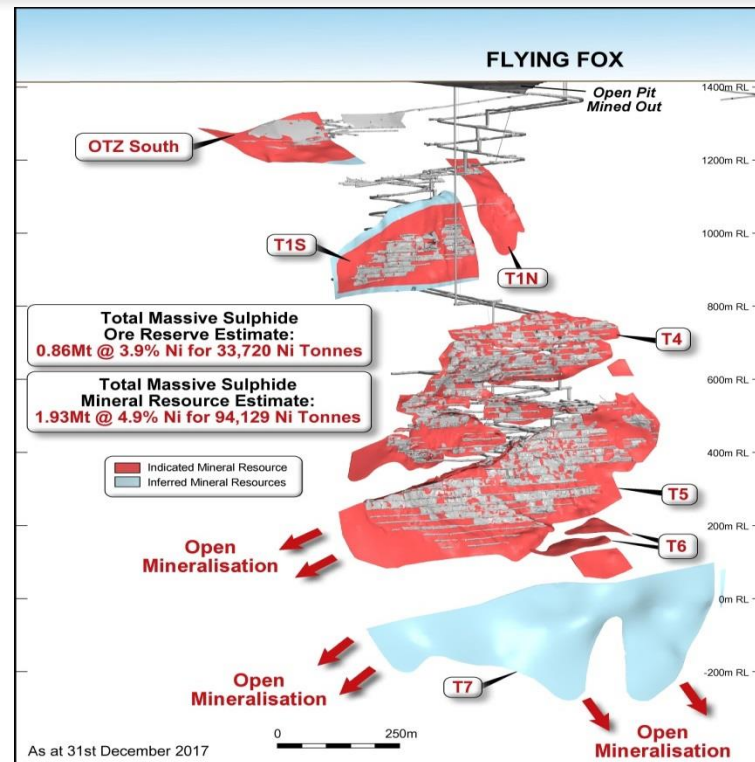


FLYING FOX MINE

Reserve Contained nickel	0.86Mt @ 3.9% 33,720 Ni tonnes
Resource Contained nickel	1.93Mt @ 4.9% 94,129 Ni tonnes
Mine life (on reserves)	4 years

Key points

- FY17 production – 10,486 Ni tonnes
- Added OTZ South Massive Zone – 182,898t @ 4.1% Ni for 7,417 nickel tonnes
- Recent resource extension drilling into T6 domain has been encouraging, **including 8.0m @ 10.7% Ni**
- Has been operating for over 12 years
- Drilling program below the current reserve planned for 2HFY18



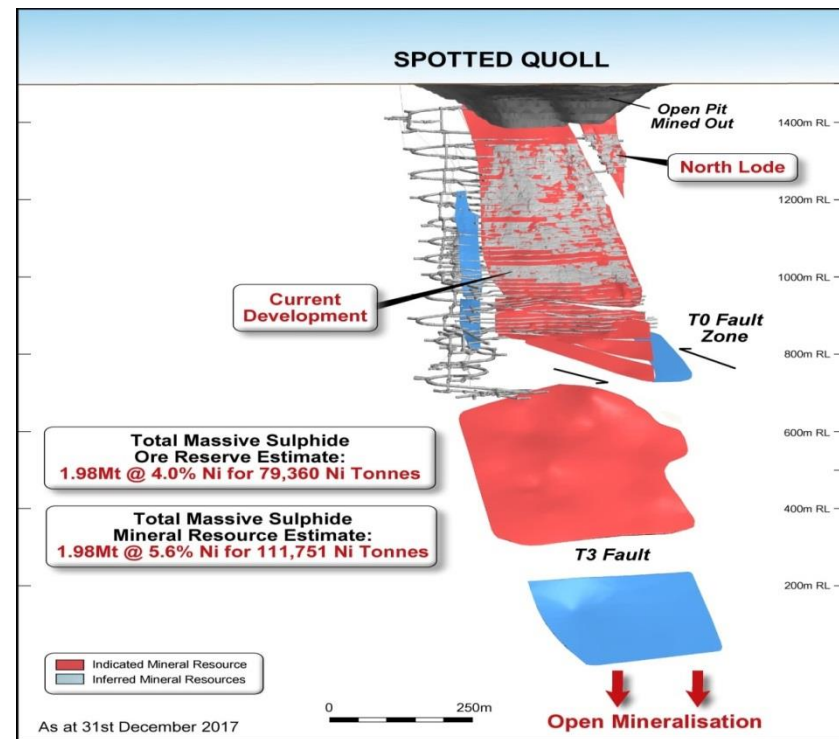
WSA foundation asset within Forrestania

SPOTTED QUOLL MINE

Reserve	1.98Mt @ 4.0%
Contained nickel	79,360 Ni tonnes
Resource	1.98Mt @ 5.6%
Contained nickel	111,751 Ni tonnes
Mine life	7 years

Key points

- Has never recorded an LTI
- FY17 record annual production – 15,510 Ni tonnes
- Remains open at depth and to the North
- Production has outperformed reserve tonnes and grade consistently
- Top down mining with paste fill



WSA Explored, Discovered and Developed

COSMIC BOY NICKEL CONCENTRATOR

Concentrator Summary

- Mill processed an annual record of 617,808k tonnes of ore in FY17, for 23,005 nickel tonnes
- 12% above name plate capacity of 550,000 tpa
- Concentrate grades of between 15.0% to 16.0% Ni
 - Premium blending product (Fe/Mg ratio >15:1)
 - Desirable to smelters and roasters

Export Infrastructure and Logistics

- Export concentrate transported to Esperance Port in containers and shipped through to China
- BHP Nickel West concentrate delivered to Kambalda by road



WSA produces a high quality and in demand nickel concentrate

NEW AND IMPROVED OFF-TAKE CONTRACTS

Opening new markets

Superior commercial terms

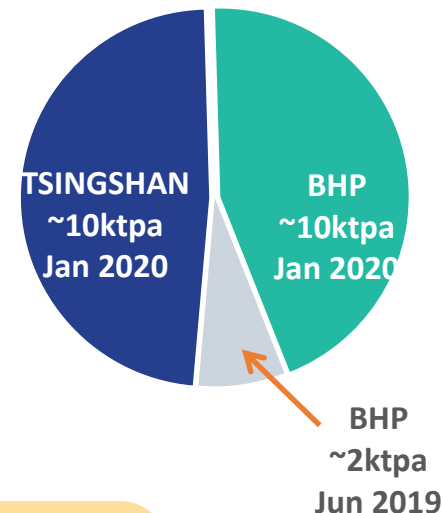
Creating more value from the same nickel product

Our Partners:

- **BHP:** 55%
 - **Tsingshan:** 45%
- ✓ China's largest stainless steel producer
 - ✓ Consumes ~25% of China's nickel demand
 - ✓ Revenue RMB85 billion in 2015, 20k employees

Roasting

- Creates a high grade nickel oxide that can be blended with laterite ore
- By-product of sulphuric acid for 'pickling' stainless steel
- Most concentrates do not suit roasting
- Proven process - opening up opportunities with Tsingshan



GROWTH & EXPLORATION OUTLOOK



ORGANIC GROWTH PROFILE

Large holding in 2 significantly endowed nickel provinces

Forrestania Operations – Western Australia

- New Morning project – Near mine leveraging existing infrastructure with leaching studies underway
- History of reserve/resource extension
- Mill Recovery Enhancement Project – lift metallurgical recoveries by 3-5%
- Evaluating Lithium potential at the Forrestania tenements

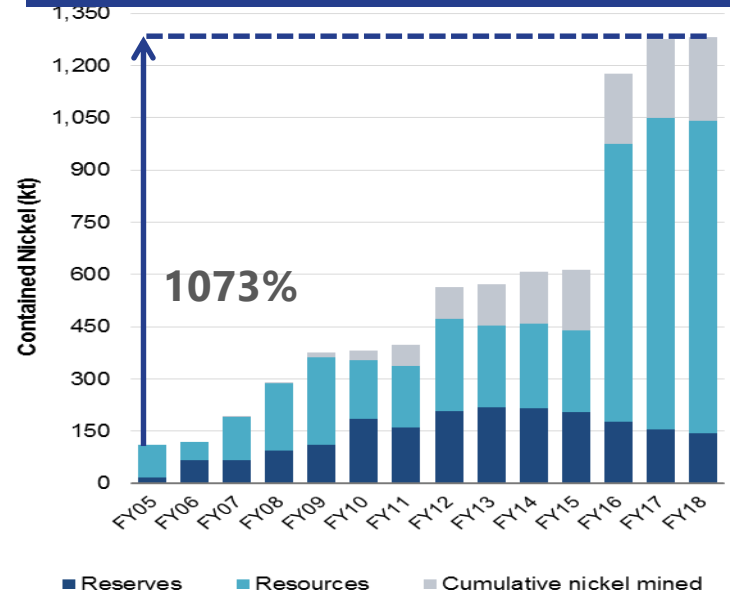
Cosmos Nickel Complex / Odyssey – Western Australia

- Existing resources and infrastructure (previous Glencore/Xstrata/Jubilee Mines operation)
- Odyssey DFS underway with >10 year mine life expected

Western Gawler – South Australia

- First mover advantage
- Intrusive style and geologically similar to Nova

Historic reserves & resources



WSA has a track-record of discovery and development

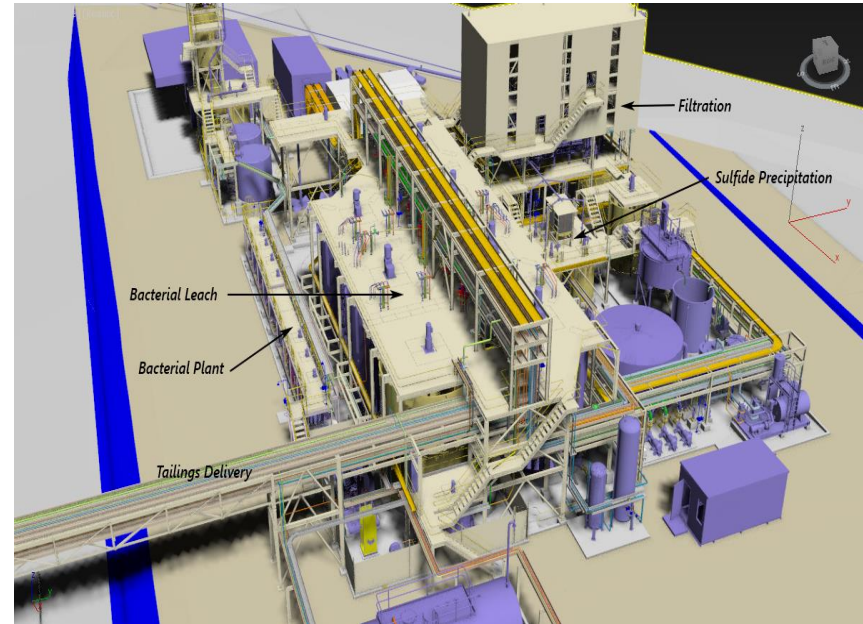
MILL RECOVERY ENHANCEMENT PROJECT (MREP)

Produces additional new higher-grade product (45%-50% Ni)

Generating value from waste tailings

New customers - EV battery market

- Located next to Cosmic Boy Nickel Concentrator
- Construction complete
- First production of high grade nickel sulphide in Q1 2018
- Utilises BioHeap® process to leach waste tailings
- Unit cost A\$2.44/lb, 3 year payback

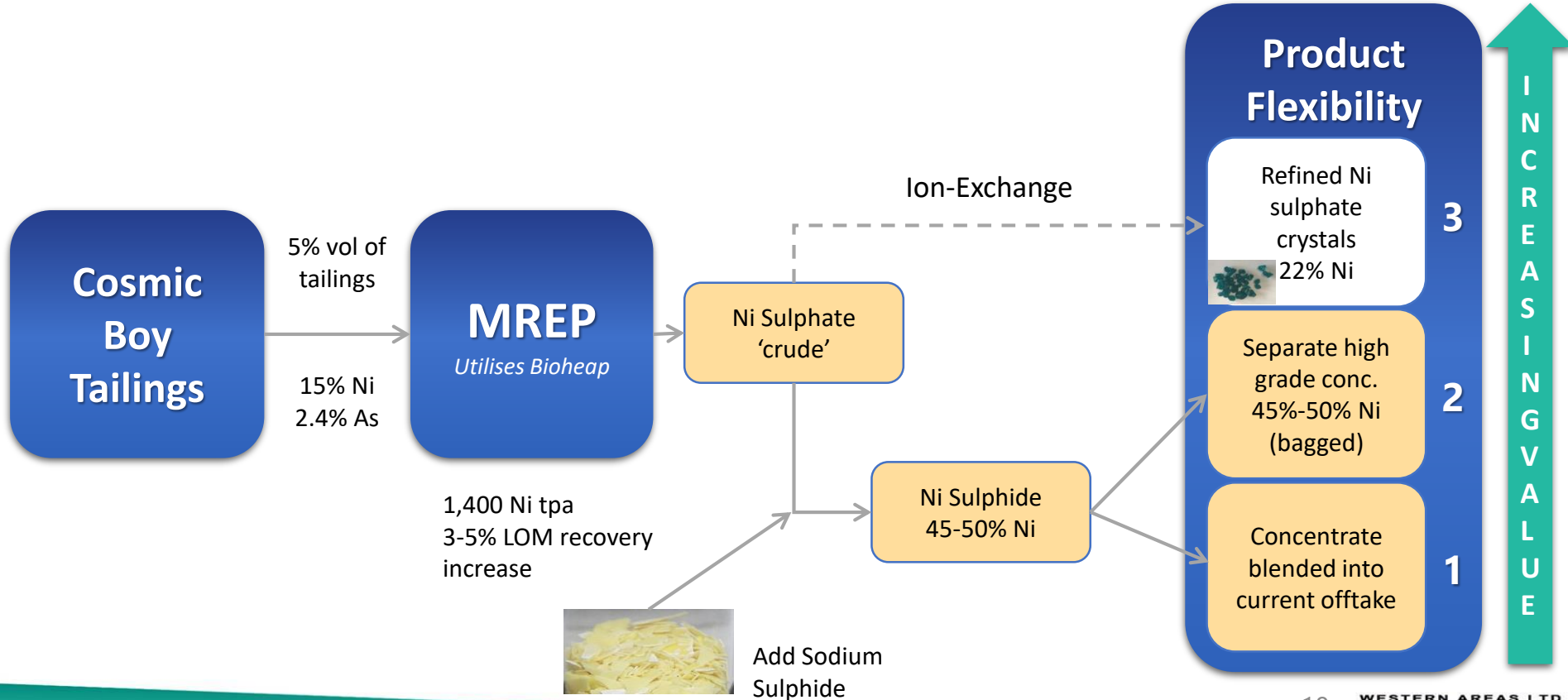


MREP – CONSTRUCTION COMPLETED



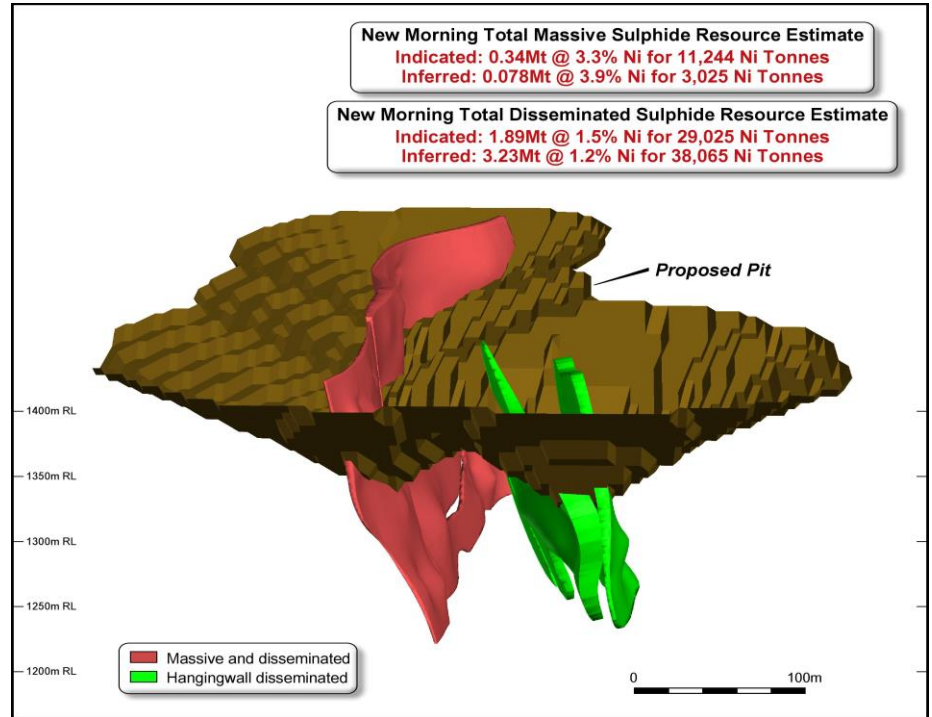
- Construction completed on time and on budget
- Commissioning commenced and aiming for completion by end of March quarter
- A\$2.5m remaining at 31 December 2017
- No incidents

MREP FLOWSHEET

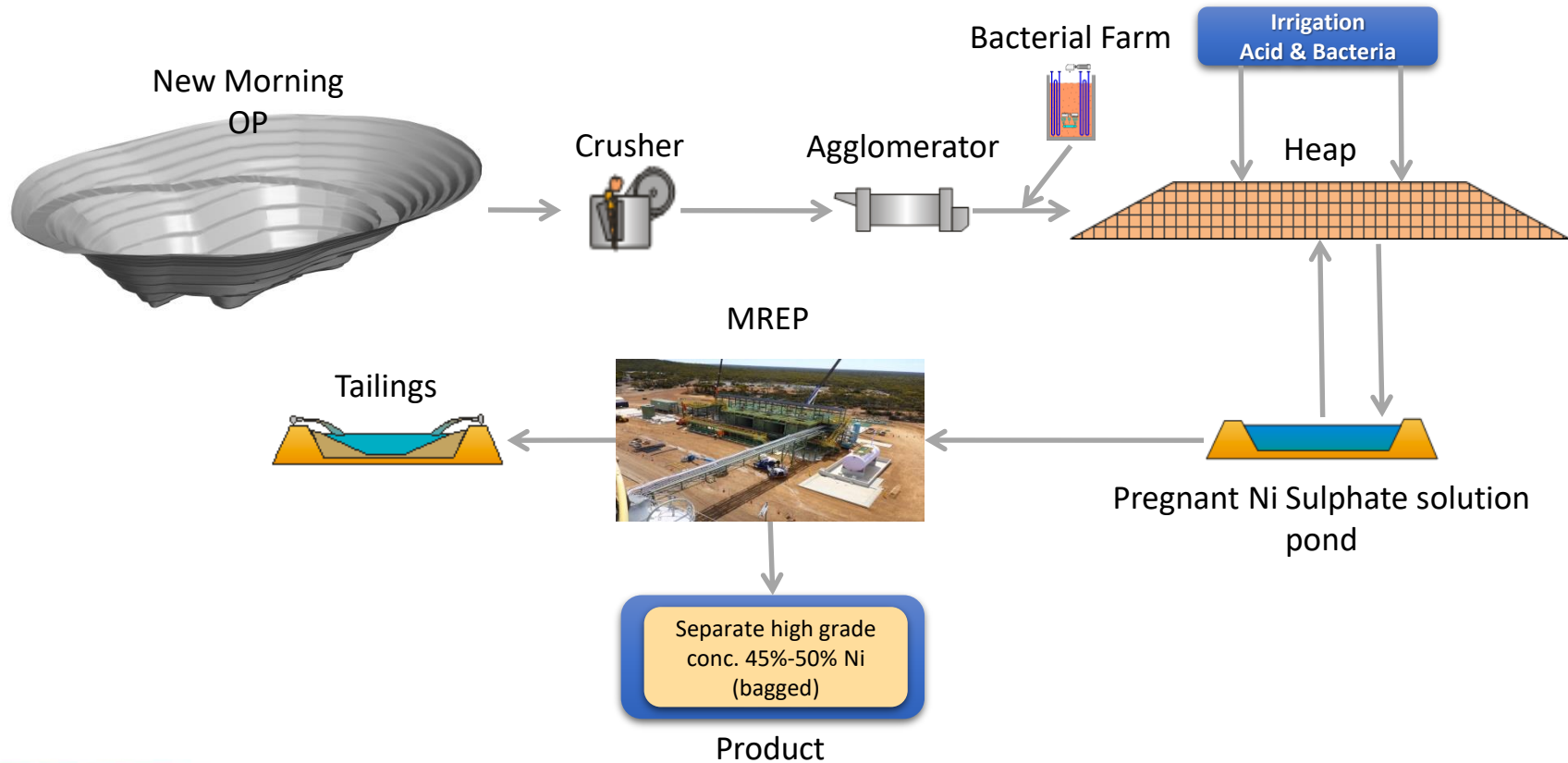


NEW MORNING PROJECT

- **Massive sulphide resource of 418kt @ 3.4% for 14,249 nickel tonnes**
- **Low grade resource (at 0.5% Ni COG) of 5.1m tonnes @ 1.3% for 67,090 nickel tonnes**
- Located 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Open Pit Scoping Study commenced
- BioHeap[®] testwork ongoing to evaluate heap leach criteria



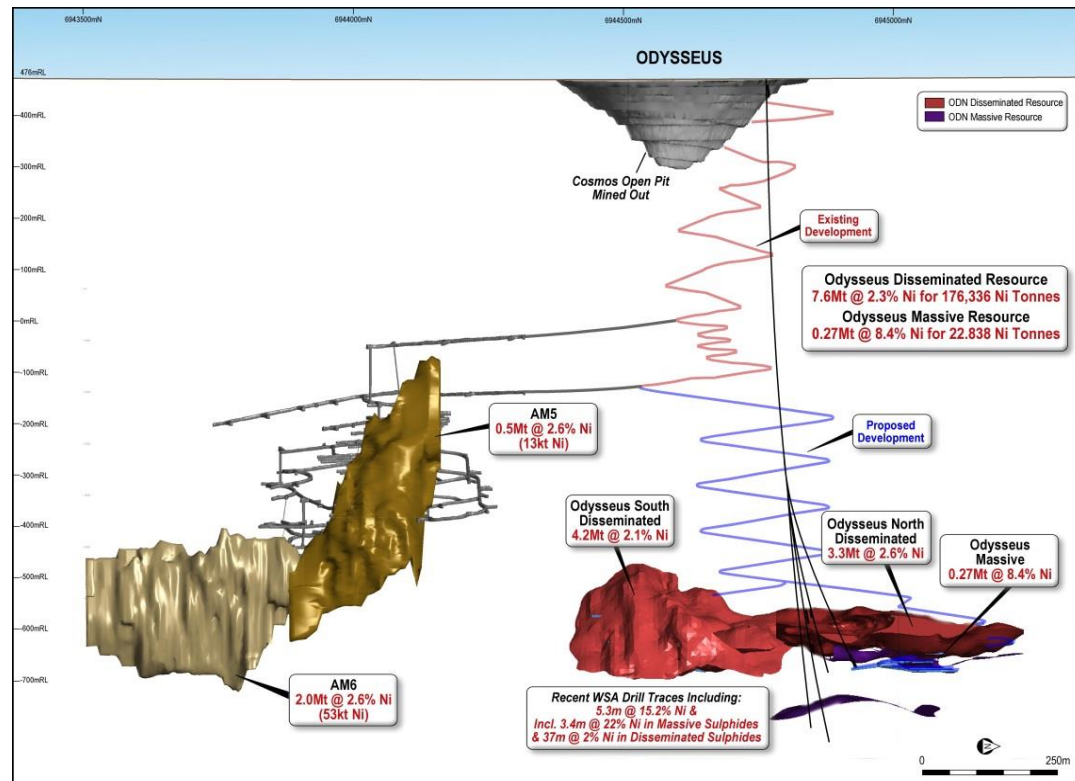
CONCEPTUAL NEW MORNING NICKEL FLOWSHEET



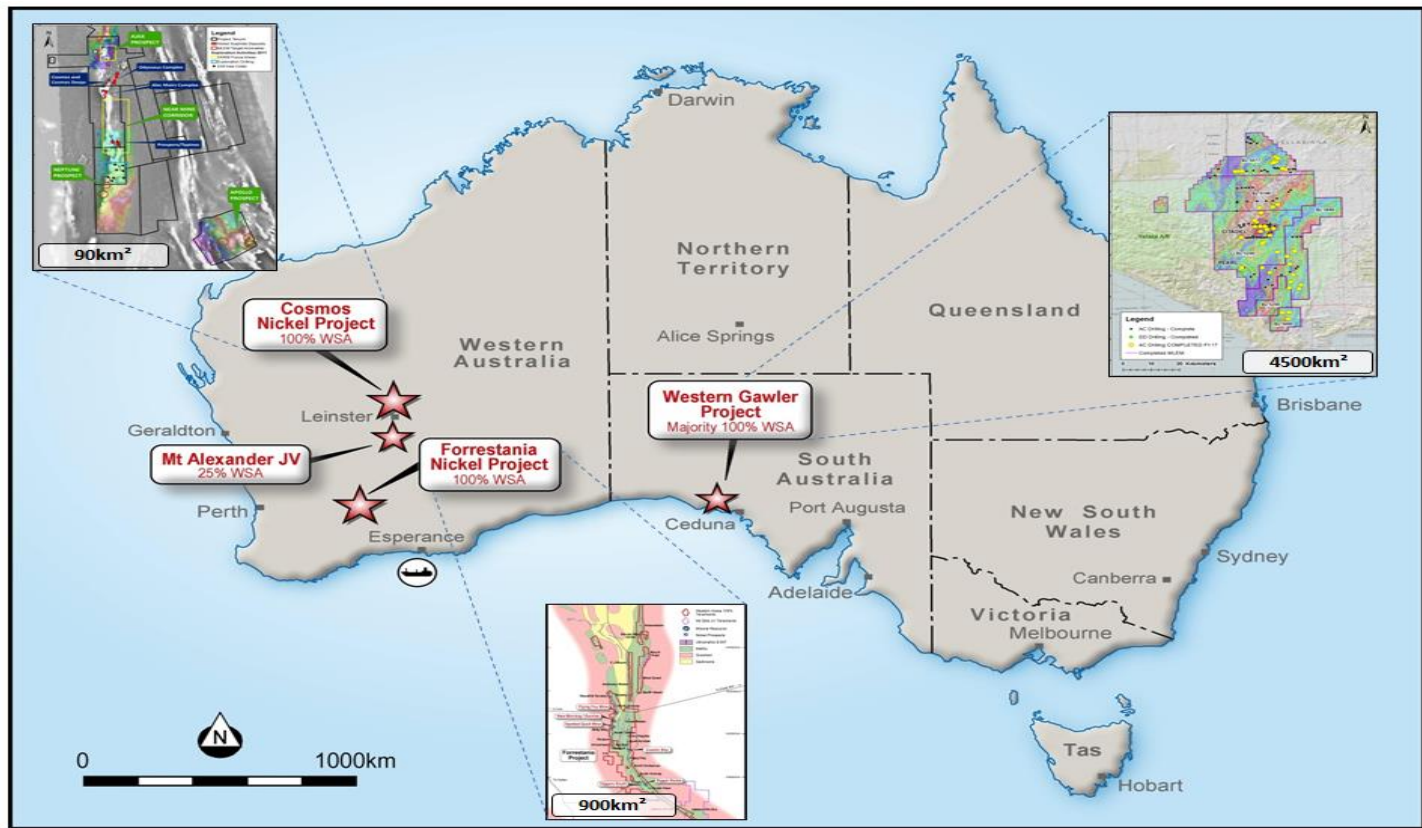
COSMOS - ODYSSEUS – NOW A LARGER PROJECT

A potential new (third) nickel operation on the horizon...

- Odysseus PFS shows financially and economically robust project and nickel production metrics
- Very low sustaining capital expenditure after initial pre-production capex
- Very low all-in unit sustaining costs **of A\$3.69/lb (US\$2.70/lb)**
- Odysseus DFS to be completed by release of June 2018 quarterly report
- Expected mine life now beyond 10 years
- Very high grade drill results at Odysseus North, extension to project resource
- **Significant exploration upside:**
 - ✓ AM5 and AM6 orebodies (53kt of contained nickel)
 - ✓ Recent massive sulphide drilling success beneath Odysseus
 - ✓ Regional drilling success at Neptune
 - ✓ Opportunities for a roasting concentrate



EXPLORATION UPSIDE – KEY TENEMENT HOLDINGS



WESTERN GAWLER PROJECT

Large-Scale Greenfields Exploration Asset

- 4,450km² tenement holding
- Majority 100% owned
 - With Strandline farm in agreement – WSA earning up to 90%
- Underexplored margin of the Gawler Craton - camp scale opportunities preserved

Right Address

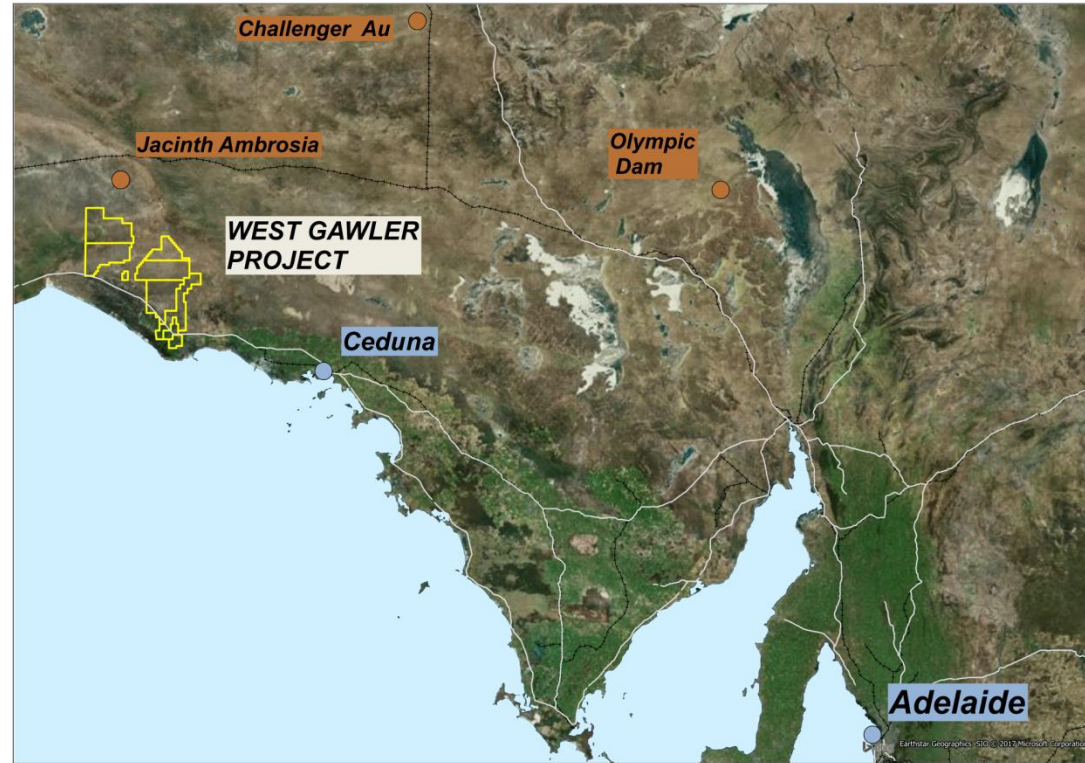
- Multi-commodity - Nickel- Copper- Gold
- Multitude of untested targets
- Analogous to Fraser Range

Right Rocks

- Fertile mafic-ultramafic intrusive rocks throughout area
- Magmatic nickel sulphides confirmed

Right Signatures

- Anomalous values returned from drilling



NICKEL MARKET



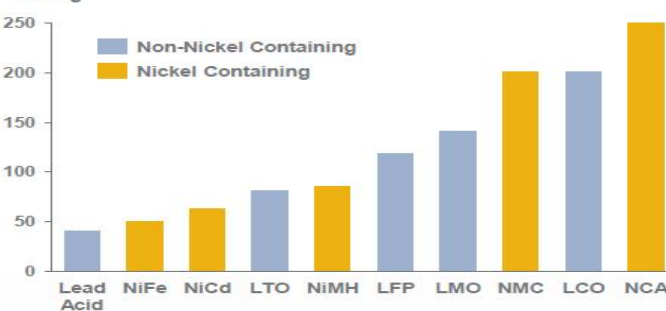
NICKEL IS A KEY INGREDIENT IN LITHIUM-ION BATTERIES (~50KG NI PER CAR)



Why Nickel?

Nickel battery formulations offer highest energy density

Energy Density
Wh/kg

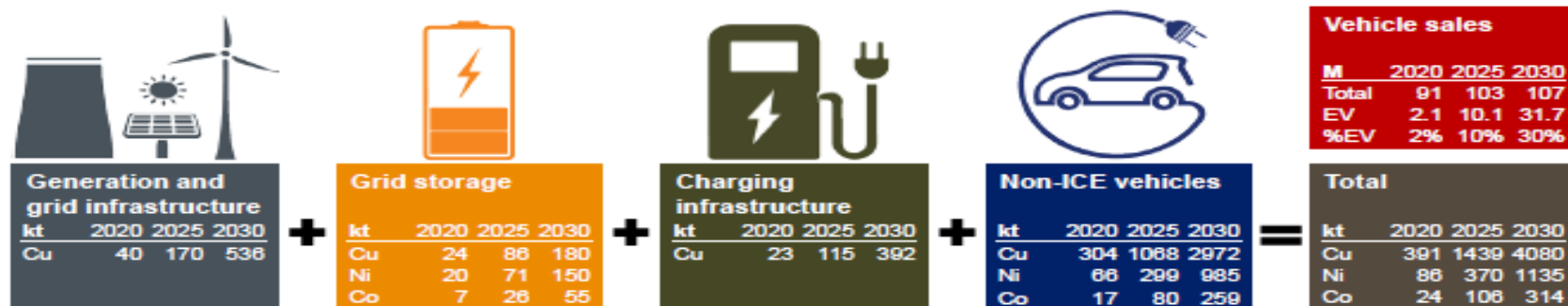


"Our cells should be called Nickel-Graphite, because primarily the cathode is nickel and the anode side is graphite with silicon oxide... [there's] a little bit of lithium in there, but it's like the salt on the salad," Tesla CEO Elon Musk

THE WORLD IS CHANGING; ELECTRIC VEHICLES WILL BE A DISRUPTIVE FORCE

How much metal is required to realise the Electric Vehicles Initiative target ¹ of 30 million electric vehicle sales by 2030?

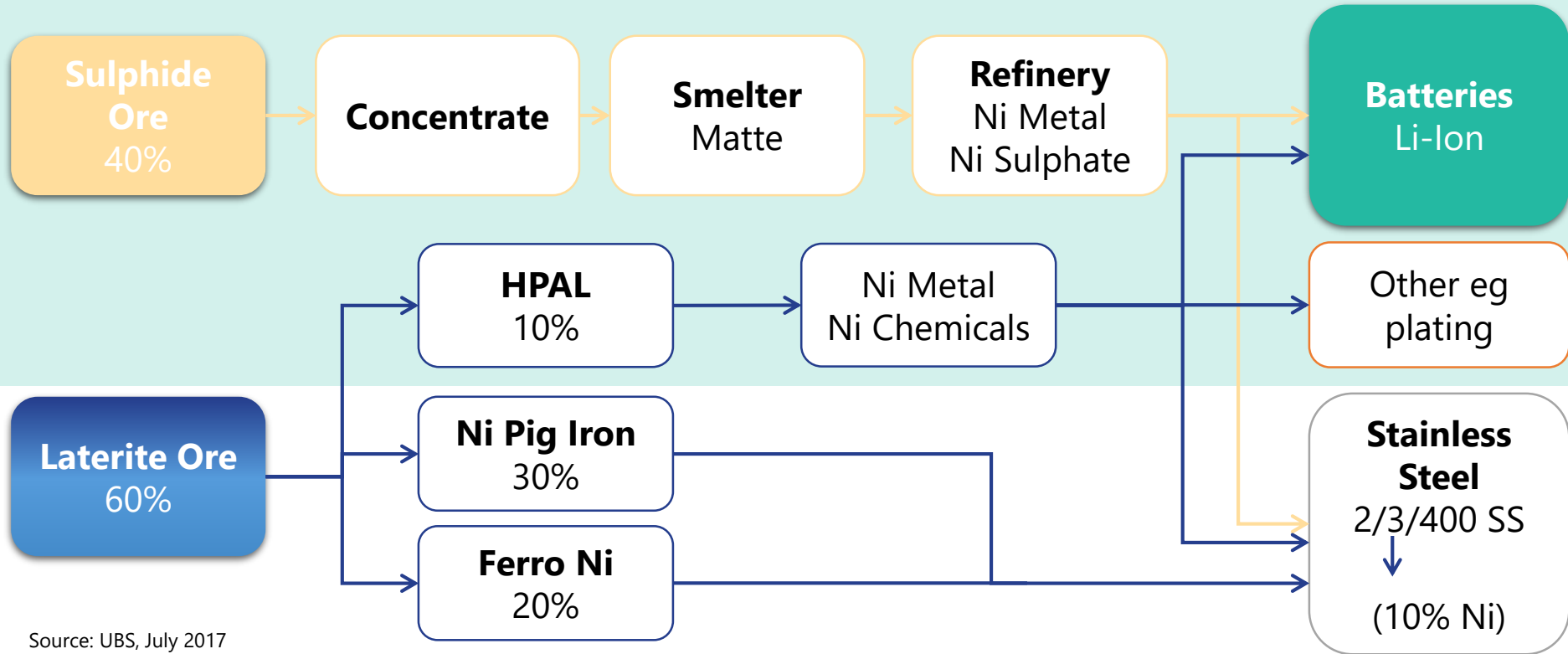
- In 2030, forecast metal requirements are c.4.1Mt of copper (18% of 2016 supply), c.1.1Mt of nickel (56% of 2016 supply) and 314kt of Cobalt (314% of 2016 supply).
- As early as 2020, forecast EV related metal demand is becoming material, requiring an additional c.390kt of copper, c.85kt of nickel and 24kt of cobalt.
- Transportation/mobility will be transformed –driven by environmental pressures, political mandates, consumer experience and technological progress.



Source: Glencore Investor Update, 12th December 2017

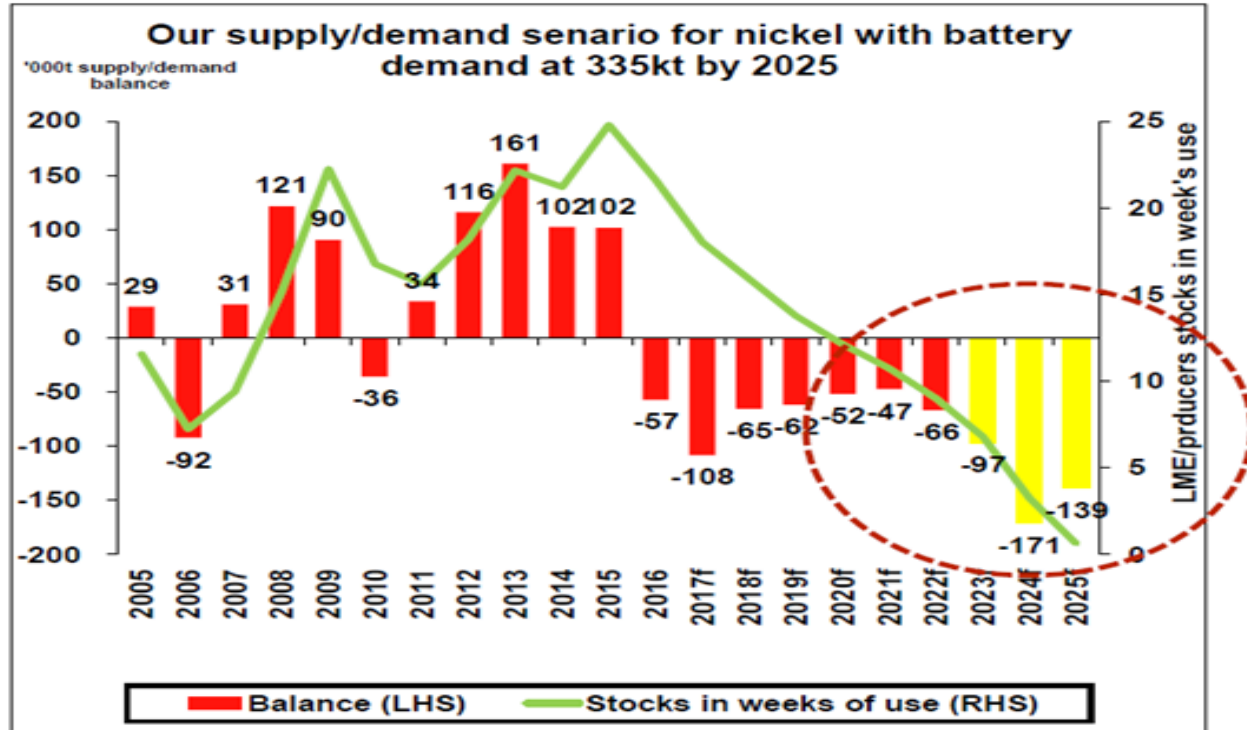
(1) The Electric Vehicles Initiative is a multi-government policy forum comprising Canada, China, Finland, France, Germany, India, Japan, Korea, Mexico, Netherlands, Norway, Portugal, South Africa, Sweden, UK and USA. <http://www.cleanenergyministerial.org/News/new-cem-campaign-aims-for-goal-of-30-new-electric-vehicle-sales-by-2030-85068>.

ONLY ~50% OF NICKEL WILL BE AVAILABLE FOR EV ?



Source: UBS, July 2017

NICKEL DEFICITS ON THE HORIZON !



Source: CRU, INSG, Macquarie Research, October 2017

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