

WESTERN AREAS LTD



SYDNEY MINING CLUB PRESENTATION

21 FEBRUARY 2019

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



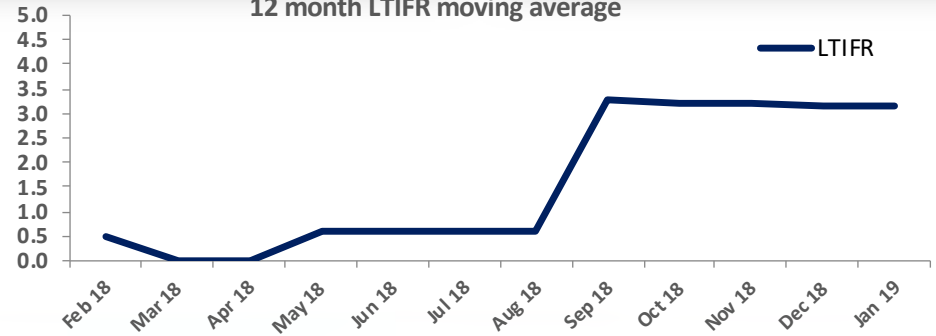
WESTERN AREAS ARE SAFE AREAS



Days LTI free

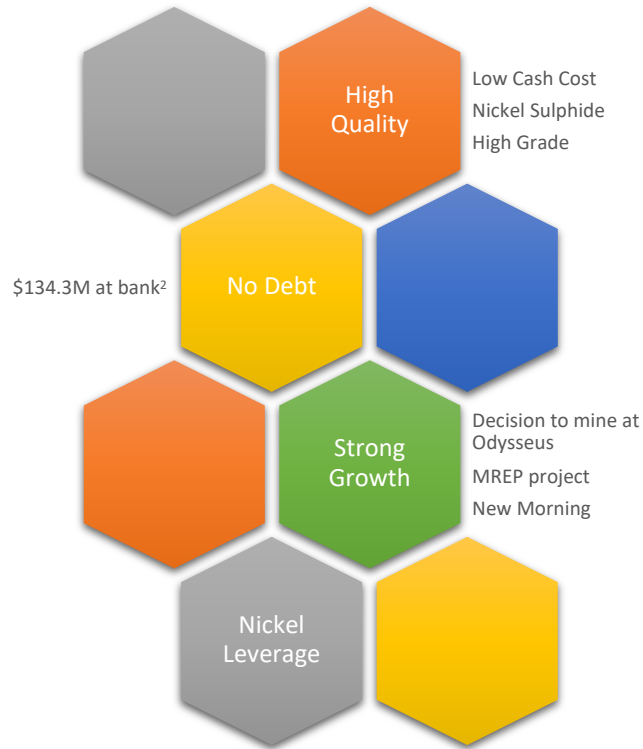
| | | |
|-------------------------|-------|----------------------|
| Spotted Quoll | 2,851 | Aug-11 |
| Cosmos | 1,218 | Oct-15 (no injuries) |
| Flying Fox | 690 | May-17 |
| Cosmic Boy Concentrator | 146 | May-18 |
| Exploration | 132 | Sep-18 |

12 month LTIFR moving average



Safe operations make efficient operations

CORPORATE OVERVIEW



| | |
|--------------------------------|-------|
| ASX code | WSA |
| Share price | 2.50 |
| Shares outstanding (m) | 273.5 |
| Market Cap (A\$m) ¹ | 683.7 |
| Cash (A\$m) ² | 134.3 |

COSMOS Complex

592kt Ni Mineral
Resources
165kt Ni Ore Reserves
DFS complete
FORRESTANIA

Flying Fox

4.9kt Ni mined HY19
23.7kt Ni reserves
80.0kt Ni resources

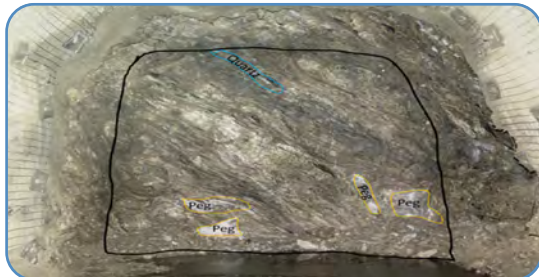
Spotted Quoll

6.8kt Ni mined HY19
63.3kt Ni reserves
88.2kt Ni resources



1. Based on share price on 18 February 2019 2. As at 31 December 2018

KEY TAKEAWAYS – 1H FY19



Operations

- Consistent reliable production, 10.8kt Ni concentrate
- 10.4kt Ni concentrate sales
- FY19 production & unit cash cost guidance on track, unchanged
- One LTI – LTIFR at 3.2

Financial

- Cash at bank A\$134.3m, no debt
- Positive cashflow from operations A\$43m
- Sales revenue A\$123.7m
- Realised Ni price A\$7.45/lb
- Cash costs A\$3.07/lb
- EBITDA of A\$30.6m, 25% margin
- NPAT of A\$0.2m

Future Growth

- Odyssey DFS completed. Decision to mine. Odyssey is a long life, low AISC project
- A\$21.5m invested in Odyssey early works
- MREP premium grade sulphide product sales into spot market
- A\$9.3m exploration

OPERATIONS

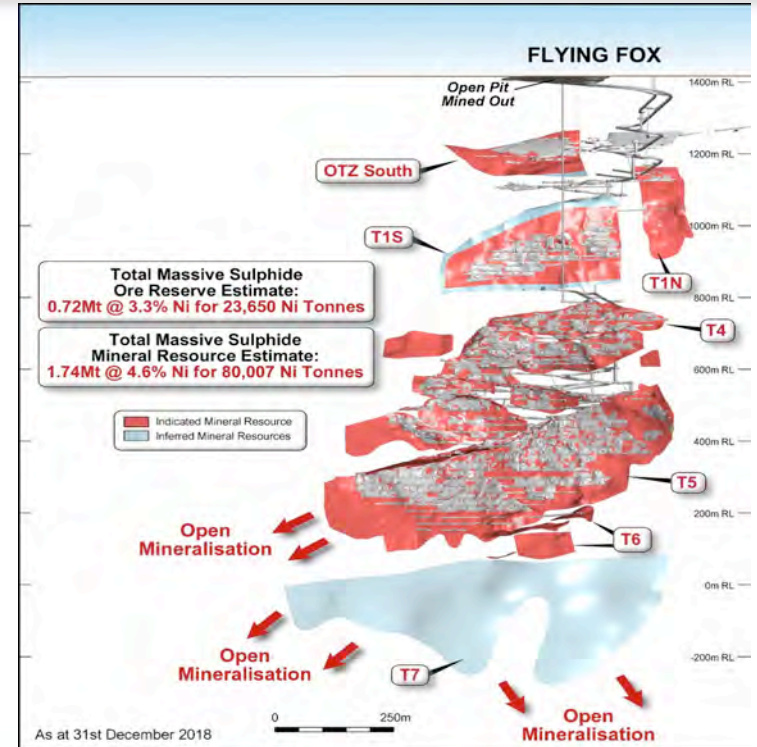


FLYING FOX MINE

| | |
|-------------------------|------------------|
| Reserve | 0.72Mt @ 3.3% |
| Contained nickel | 23,650 Ni tonnes |
| Resource | 1.74Mt @ 4.6% |
| Contained nickel | 80,007 Ni tonnes |
| Mine life (on reserves) | 3 years |

Key points

- FY18 production – 10k Ni tonnes
- Has been operating for over 12 years
- Significant low grade disseminated resource – Heap leach evaluation underway



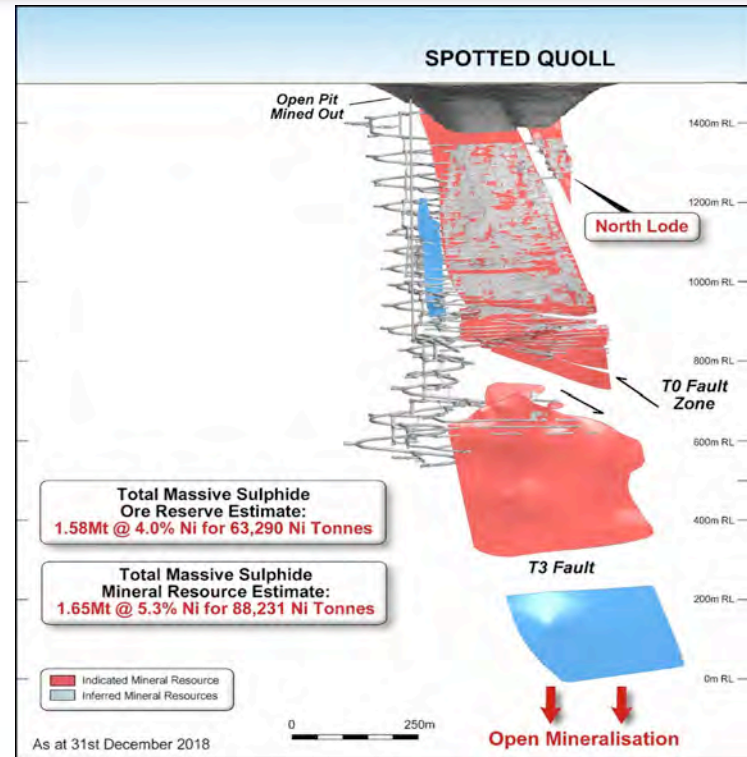
WSA foundation asset within Forresteria

SPOTTED QUOLL MINE

| | |
|------------------|------------------|
| Reserve | 1.58Mt @ 4.0% |
| Contained nickel | 63,290 Ni tonnes |
| Resource | 1.65Mt @ 5.3% |
| Contained nickel | 88,231 Ni tonnes |
| Mine life | 7 years |

Key points

- Has never recorded an LTI
- FY18 annual production – 14.4k Ni tonnes
- Production has outperformed reserve tonnes and grade consistently
- Top down mining with paste fill
- Resource extension drilling commenced – first drill hole since 2009



WSA Explored, Discovered and Developed

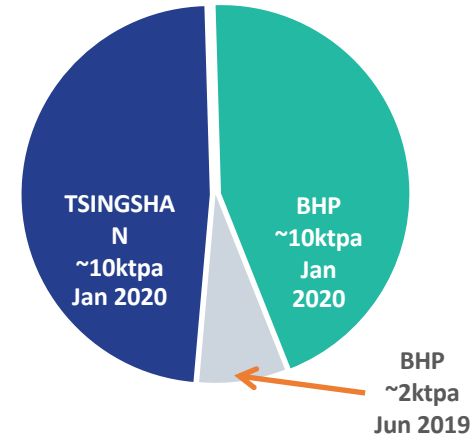
COSMIC BOY NICKEL CONCENTRATOR

Concentrator Summary

- Mill processed an annual record of 616,598 tonnes of ore in FY18, for 21,060 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



Offtake agreements under 1 year to expiry

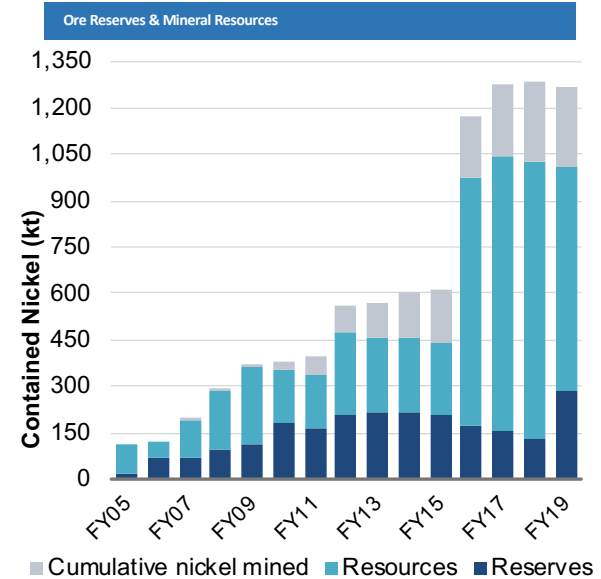
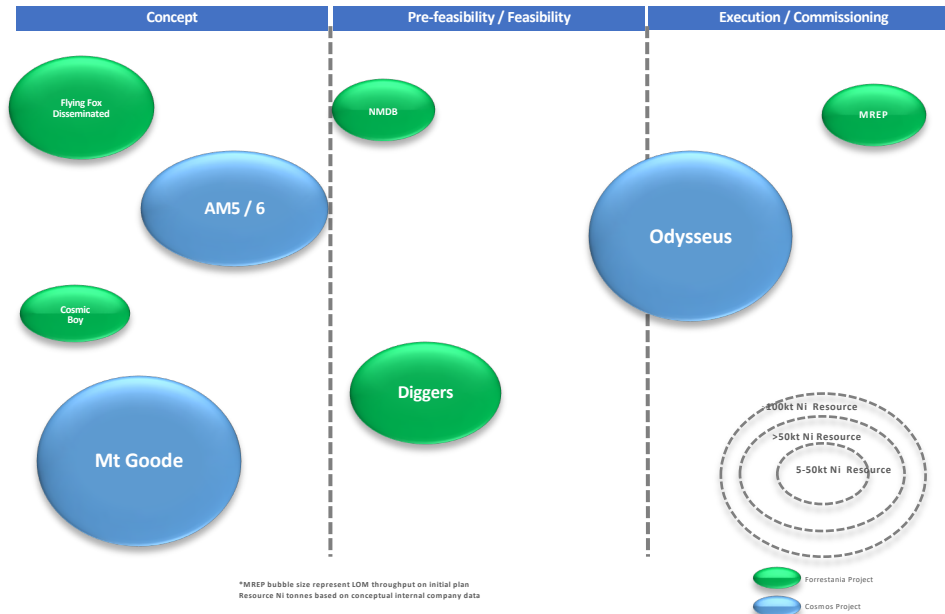
Our Partners:

- **BHP:** 55%
 - **Tsingshan:** 45%
- ✓ China's largest stainless steel producer
 - ✓ Consumes ~25% of China's nickel demand
 - ✓ Utilises roasting technology

GROWTH & EXPLORATION OUTLOOK



NICKEL GROWTH PIPELINE



- Many projects in the pipeline to drive nickel production well into the future
- Ore Reserves have substantially increased in FY19 with Odyssey

ODYSSEUS – EARLY WORKS PROGRESSING WELL

Early Works Activities

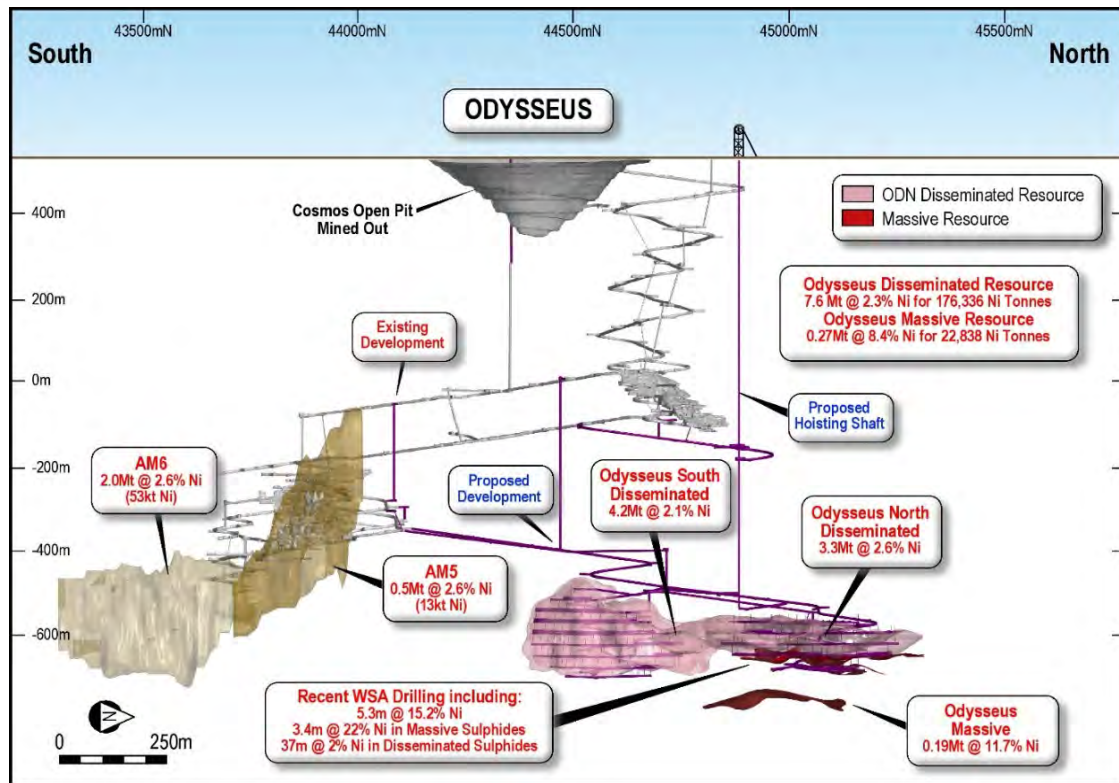
- Decline rehabilitation commenced
- Water Management Ponds all constructed and operational
- De-watering of open pit on schedule
- Schlumberger pump for underground dewatering operational
- Camp commissioned with over 150 rooms available (out of 520), gym, wifi and all amenities



ODYSSEUS – NOW A LARGER PROJECT

Western Areas Second Operational Hub

- Large, long life, low cost
 - ✓ Ore Reserve 8.1mt @ 2.0% for 164kt nickel
 - ✓ Mine life > 10 years
 - ✓ AISC A\$3.50/lb
- Once ramped up, average nickel in concentrate production >13.0ktpa (14.6ktpa from FY24-FY31)
- DFS released 22 October 2018
- **Pre-production capex A\$299m includes:**
 - ✓ Shaft hoisting
 - ✓ Larger mill (900ktpa immediately)
- **Significant upside:**
 - ✓ AM5 & AM6 deposits contain an Indicated Mineral Resource of 57.6kt of nickel (not included in DFS)
 - ✓ Record massive sulphide intersections
 - ✓ Regional drilling success at Neptune



SHAFT INFRASTRUCTURE

- WSA has secured a high quality, second hand head gear and winder
- Shaft infrastructure will be dismantled, refurbished in South Africa and shipped to Perth



MILL RECOVERY ENHANCEMENT PROJECT (MREP) RAMPING UP

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

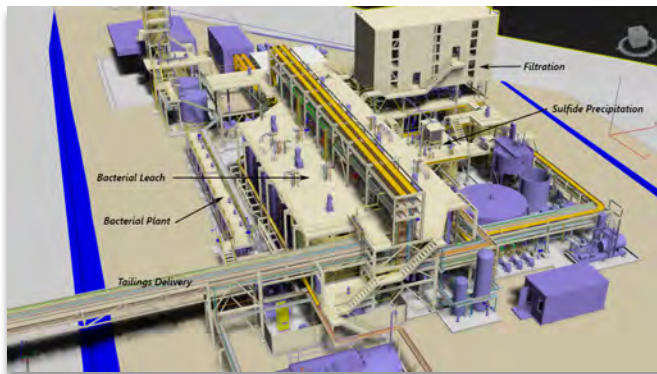
Generating value from waste tailings

New customers - EV battery market

- Construction completed on time and on budget
- Product specification achieved. Now ramping up volume to nameplate capacity (1,400t nickel pa max)
- Filtration and bagging facilities to sell a new high grade nickel sulphide product complete
- Premium payables versus concentrate
- Back-end of plant capable of up to 4,000t of nickel pa – New Morning and Flying Fox to potentially provide future feed

Front End – BioHeap Leach

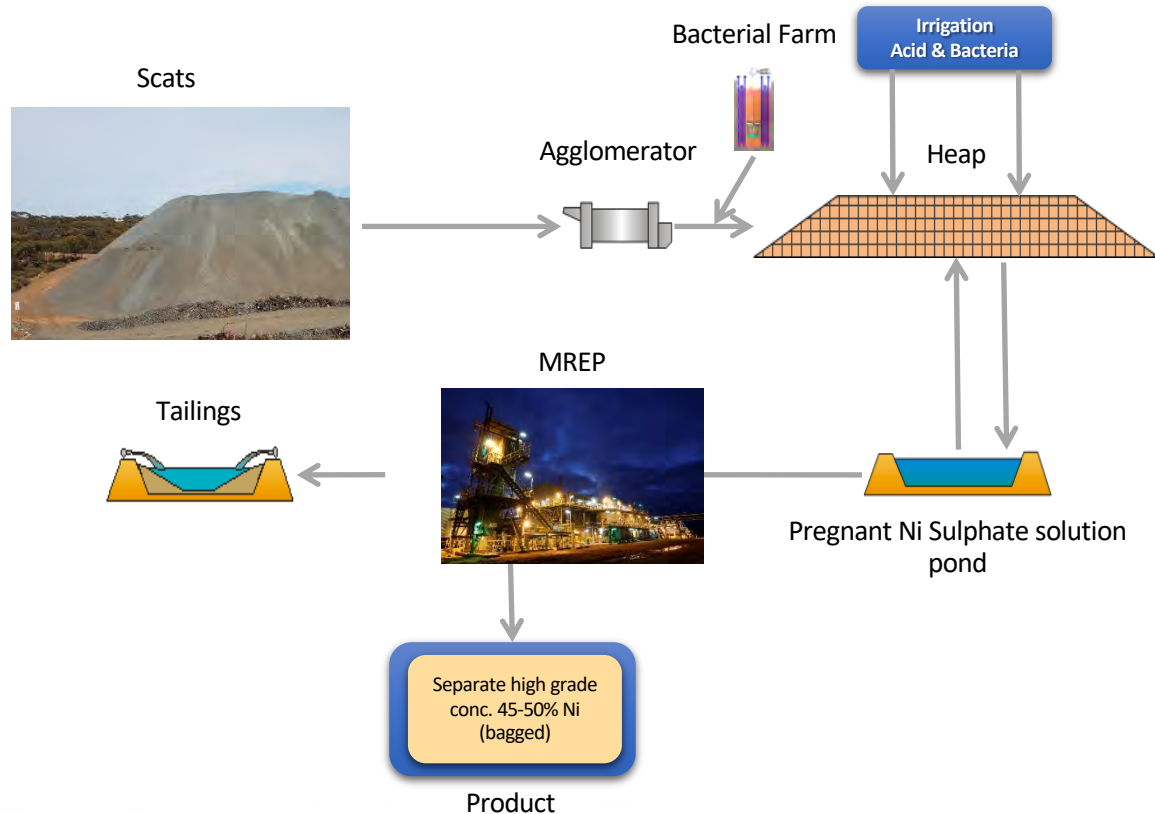
- 1400 tpa capacity
- Tailings stream from Cosmic Boy - applies BioHeap Leach, then passes to precipitation



Back End – Precipitation

- 4000 tpa capacity
- 1400 tpa - leached material from BioHeap front end
- 2600tpa - other sources of nickel in solution eg. heap leach elsewhere in Forrestania, or scats treatment

NICKEL SCATS-CONCEPTUAL FLOWSHEET



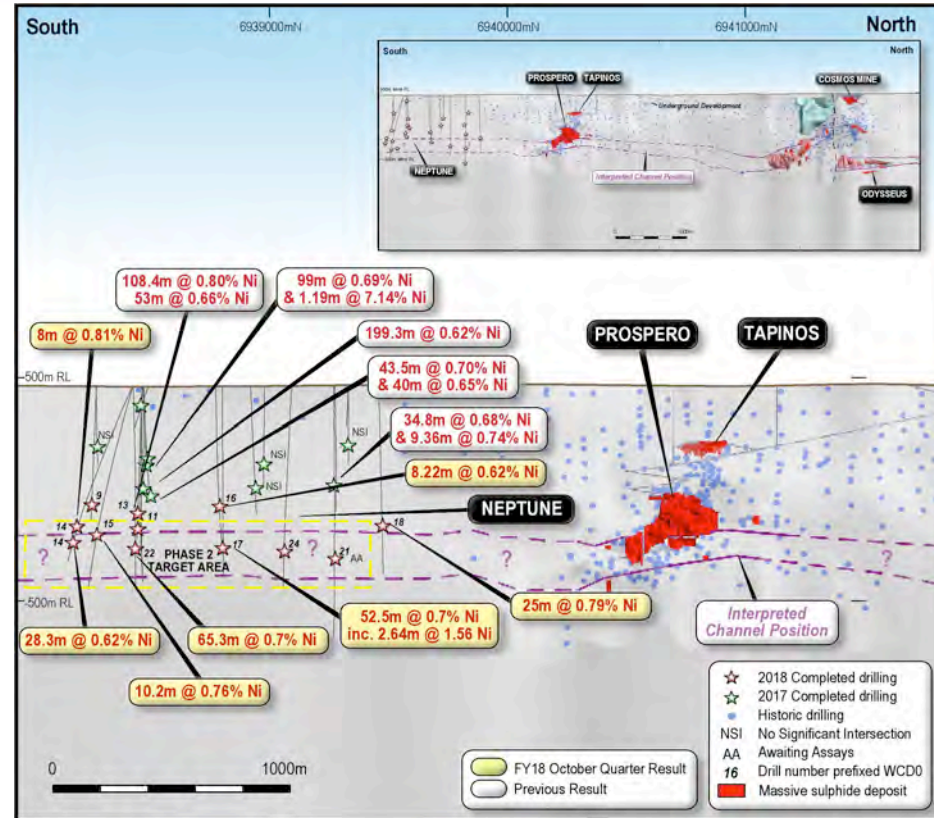
COSMOS EXPLORATION

Drilling Results - Neptune

- Phase 2 drilling campaign at Neptune well advanced with mineralisation confirmed over 1km along strike including
- 108.4m @ 0.8% Ni, including 0.3m @ 4.64% Ni
- 16.5m @ 0.72% Ni; and
- 0.55m @ 6.83% Ni

Drilling Results - Odysseus

- 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
 - ✓ Opportunities for a roasting concentrate



WESTERN GAWLER PROJECT

Prospective Greenfields Exploration Asset

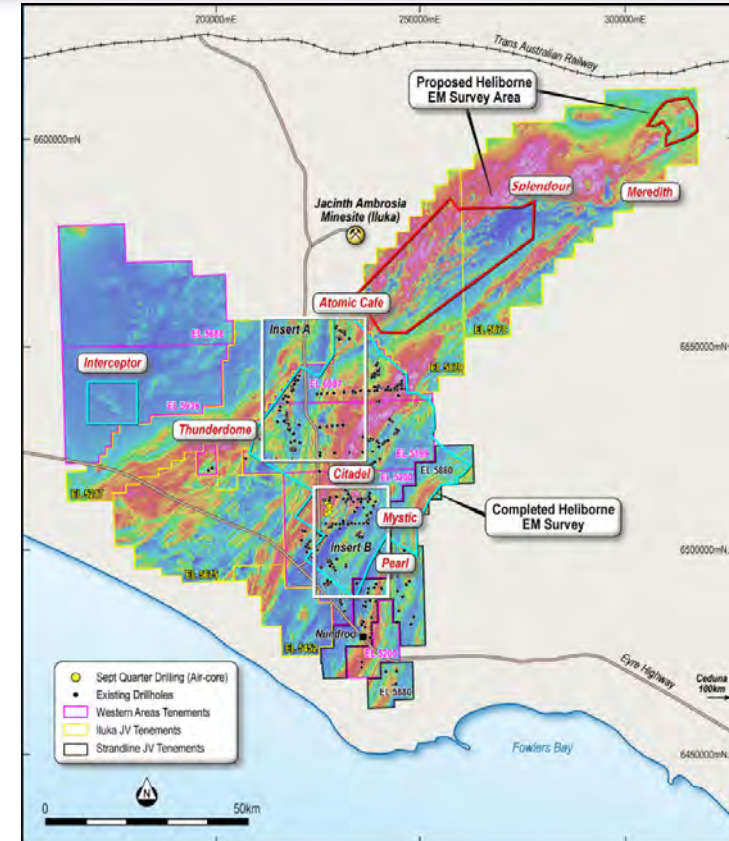
- 4,450km² WSA tenement holding
- Ramp-up of exploration activities across FY18
 - 217 drill holes.
 - 149 line kilometers of Moving Loop EM ground surveys
- Regional scale SkyTEM airborne EM survey completed in early FY19
- Identification of Thunderdome as emerging prospective corridor hosting numerous mafic intrusions

Strategic agreement with Iluka

- Five lease covering an additional 5,070km²
- Two stage Farm-in earning up to 75% base and precious metals rights
- Effectively representing close to 100% of the highly prospective Fowler Domain

Ramp-up of Exploration Activity

- Elevated funding support in FY19.
- Integrated series of belt scale exploration campaigns planned
- Strong pipeline of targets identified



NICKEL MARKET



WHAT WE ARE SEEING

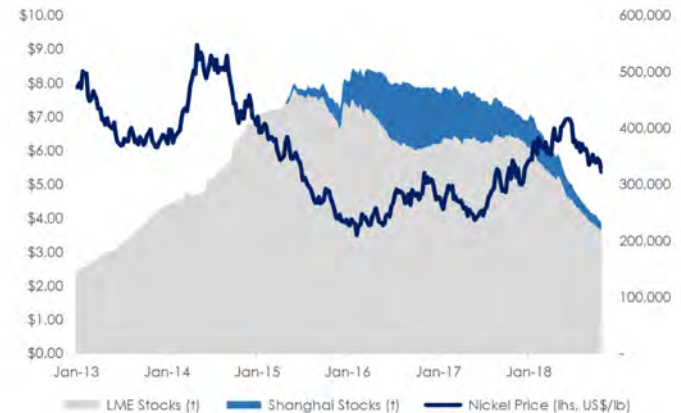
- **Significant increase in inbound off-take enquiries** for Nickel Sulphide concentrate post current contract period, primarily linked to the Electric Vehicle battery sector.
- **Our partner, China's largest stainless steel producer, Tsingshan, has strong growth plan** which will require significant additional nickel units – **reinforcing industry wide trend.**
- **Technology change to NCM 811** which requires even more nickel
- **Current nickel price too low** to incentivise new project development. New mine development can take 3 years – the nickel “pie” is not expanding.
- **May see divergent market in nickel supply** emerging between stainless steel and EV
- **LME and other stockpiles shrinking** on the back of current stainless demand



Estimated electrification impact per vehicle (avg NMC battery)

| | |
|---------------|---|
| 40-50kg Ni | 50-75kg Cu |
| 5-15kg Co | + Cu for charging point + Cu for grid access |

LME and SHFE Nickel Stocks vs Nickel Price*



* GMR Research 2018

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