

Western Areas Ltd

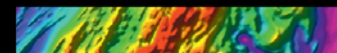
Mines and Money HK – March 2014

“Think Nickel, think Western Areas”



Disclaimer and Forward Looking Statements

WESTERN AREAS LTD



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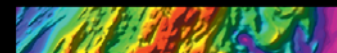
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The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. Andre Wulfse. Mr. Lougher and Mr. Wulfse are full time employees of Western Areas Ltd. Mr. Lougher and Mr. Wulfse 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. Lougher and Mr. Wulfse consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears. The information contained in this presentation in relation to the Flying Fox Mine was prepared and first disclosed under the 2004 Edition of the JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

For the Purposes of Clause 3.4(e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

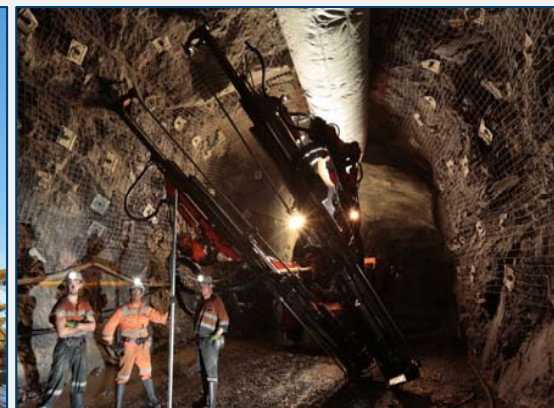


“Western Areas has an enviable track record of exploring, finding, developing and producing profitable mines.”

- Introduction
- Operations
- Financials & Balance Sheet
- Nickel industry
- Growth Outlook



Explore



Develop



Sales



Produce

“Think Nickel, think Western Areas”



WSA vs ASX 200 Resources (FY14 YTD)¹



Top Shareholders³

Name	(%)
Schroder Investment Management	9.3
JCP Investment Partners	8.8
Commonwealth Bank	8.0
Terry Streeter	7.7

Key Information

as at 20 March 2014

Share price	3.51
52 week high/low (A\$)	4.70 / 1.97
Shares outstanding (m)	226.5
Market Capitalisation (A\$m) ⁴	795.0
Cash (A\$m) ²	200.0
Debt (A\$m) ²	235.2
Undrawn ANZ Facility	125.0

Board & Senior Management

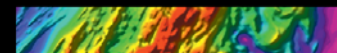
Name	Position
Ian MacIver	Independent Non-Executive Chairman
Dan Lougher	Managing Director & CEO
David Southam	Executive Director
Joseph Belladonna	Chief Financial Officer & Company Secretary
Julian Hanna	Non-Executive Director
Richard Yeates	Independent, Non-Executive Director
Robin Dunbar	Independent, Non-Executive Director

Notes: Market data as at [10 February 2014]

1. ASX 200 Resources Index rebased to WSA Share Price
2. Cash as at 31 December 2013 half yearly report, plus \$89m Equity Raise and convertible bond debt
3. Based on Beneficial Owner analysis and ASX substantial shareholder notices (Form 604)
4. Market cap includes 29.5m shares to be issued on 25/2/14 from the Placement completed on 19/2/14



- **A high grade and low unit cash cost nickel producer**
- **A proven explorer**, developer and operator led by an experienced management team
- **An S&P/ASX 200** index member
 - Market cap of approximately A\$800m million at current prices
- **Profitable**, through the current low nickel price
- **Balance Sheet**, flexibility and strength
- **A proven dividend** payer
- **Strategic owner** of sought after nickel in concentrate from traders and smelter operators. Offtake tender due to commence second half of CY2014
- **Employer of approximately 500 staff**, either directly or through contractors
- **14 consecutive** quarterly reports with no downside operational surprises
- **Committed** to stable organic growth from the current solid platform
- **Improving nickel price sentiment and outlook**



Production Assets

Flying Fox

- 1st nickel mine
- 15kt nickel per annum

Spotted Quoll

- 2nd nickel mine
- 10kt to 15kt nickel per annum

Cosmic Boy

- Nickel concentrator – treats ore from both mines

Exploration & Growth

Forrestania & WA Regional

- Nickel
- Traka JV

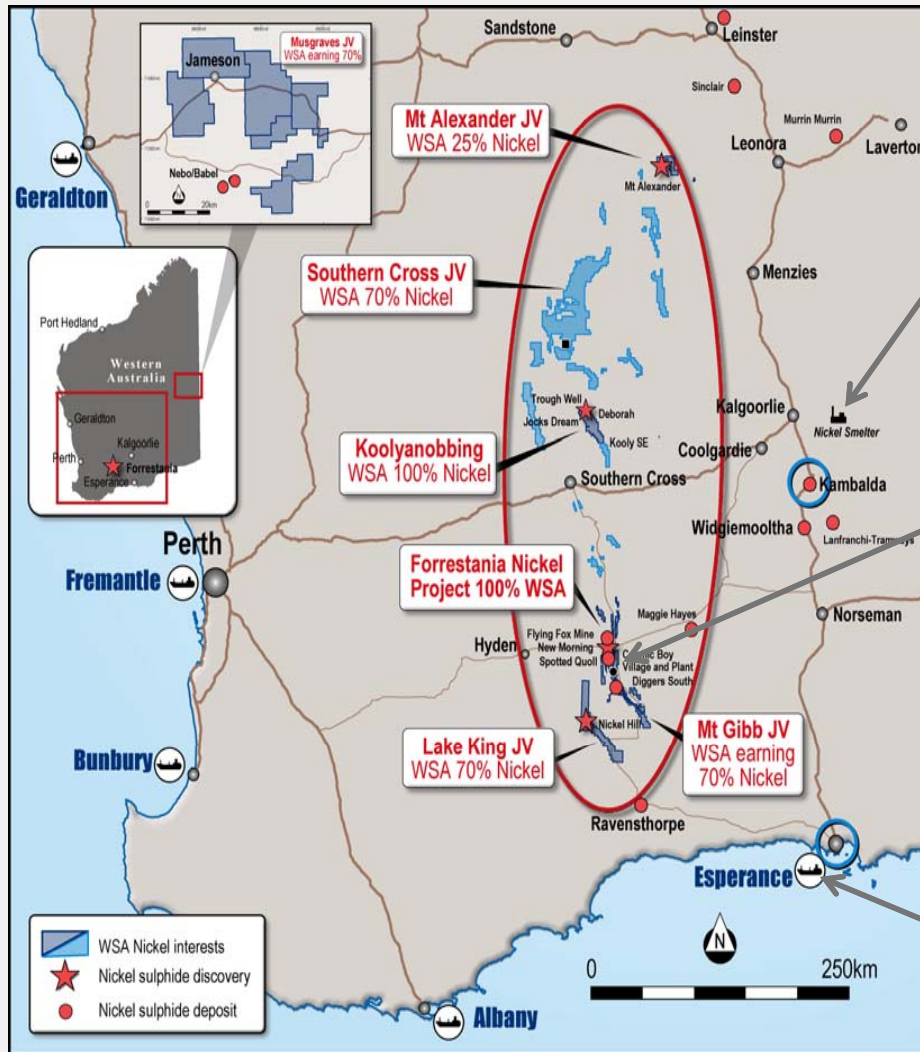
Canadian Assets

- Nickel/Copper
- PGEs

Finland

- VMS
- Outokumpu Cu

**Disciplined
Acquisition
Potential
(Nickel &
Base Metals)**



WSA concentrate to
BHP Billiton



WSA operations

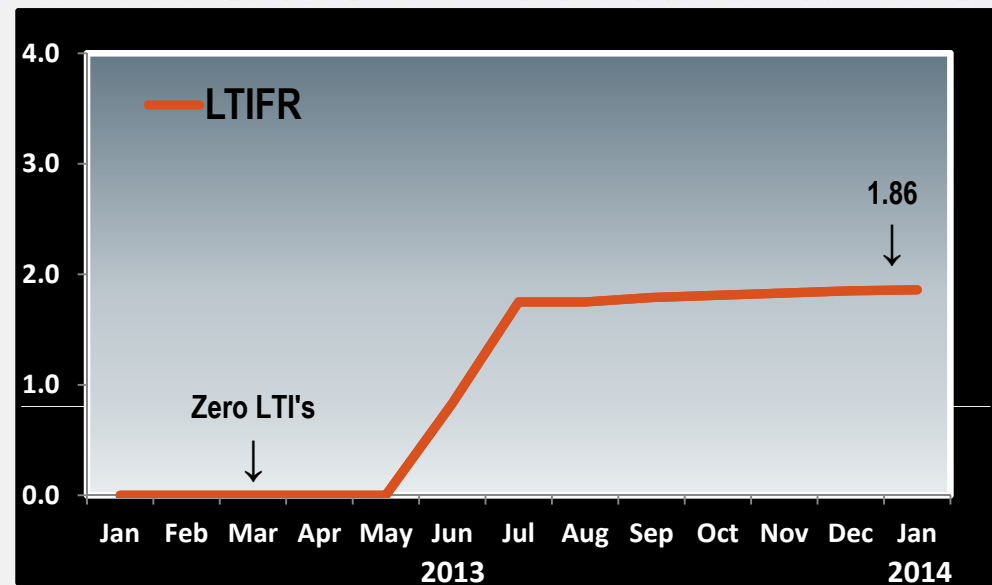


WSA
concentrate
exports



Continuous Safety Improvement

- LTIFR 1.86
- Flying Fox >206 days LTI free
- Spotted Quoll >1021 days LTI free
- Exploration >1,918 days LTI free
- Cosmic Boy Concentrator >223 days LTI free
- MTIFR 7.46
- Contractors and employees fully integrated into a site wide commitment.



Environment & Social

- No environmental breaches
- Strong local commitments from the Hyden Respite Centre, Perth Zoo (Northern Quoll) and Starlight Children's Foundation WA



December Quarterly - Outperformance



Tonnes Mined		2012/2013		2013/2014		HY
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Flying Fox						
Ore Tonnes Mined	Tns	82,668	73,716	86,642	83,095	169,737
Grade	Ni %	4.9%	4.7%	4.8%	4.6%	4.7%
Ni Tonnes Mined	Tns	4,081	3,447	4,200	3,791	7,991
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	59,335	53,465	77,097	74,720	151,817
Grade	Ni %	5.2%	4.8%	5.3%	4.8%	5.1%
Ni Tonnes Mined	Tns	3,066	2,584	4,090	3,616	7,706
Total - Ore Tonnes Mined	Tns	142,003	127,181	163,739	157,815	321,554
Grade	Ni %	5.0%	4.7%	5.1%	4.7%	4.9%
Total Ni Tonnes Mined	Tns	7,147	6,031	8,290	7,407	15,697
Tonnes Milled and Sold		2012/2013		2013/2014		HY
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Ore Processed	Tns	145,348	146,256	150,475	148,901	299,376
Grade	%	5.0%	5.1%	4.9%	4.9%	4.9%
Ave. Recovery	%	91%	89%	90%	88%	89%
Ni Tonnes in Concentrate	Tns	6,611	6,634	6,593	6,427	13,020
Ni Tonnes in Concentrate Sold	Tns	6,845	7,222	6,554	6,409	12,963
Total Nickel Sold	Tns	6,845	7,222	6,554	6,409	12,963
Financial Statistics		2012/2013		2013/2014		DEC
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	YTD
Group Production Cost/lb						
Mining Cost	A\$/lb	2.23	1.87	1.65	1.88	1.76
Haulage	A\$/lb	0.05	0.05	0.06	0.06	0.06
Milling	A\$/lb	0.41	0.38	0.40	0.44	0.42
Admin	A\$/lb	0.19	0.18	0.19	0.19	0.19
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
Cash Cost Ni in Con	A\$/lb	2.86	2.46	2.28	2.54	2.41
Cash Cost Ni in Con/lb	US\$/lb	2.97	2.44	2.09	2.36	2.22
Exchange Rate US\$ / A\$		1.04	0.99	0.92	0.93	0.92

Comments

1. Continued low unit cash costs for the Dec half. 10% down on previous half.
2. Positive reserve reconciliation on grade/tonnes plus cost reduction program delivering results.
3. Production of nickel in ore and concentrate remain ahead of the guidance run rate.
4. Cash at bank increased to A\$100m with A\$19m free cashflow for the half.
5. 14 quarters in a row of on target or better operational performance.

Bottom Quartile Producer



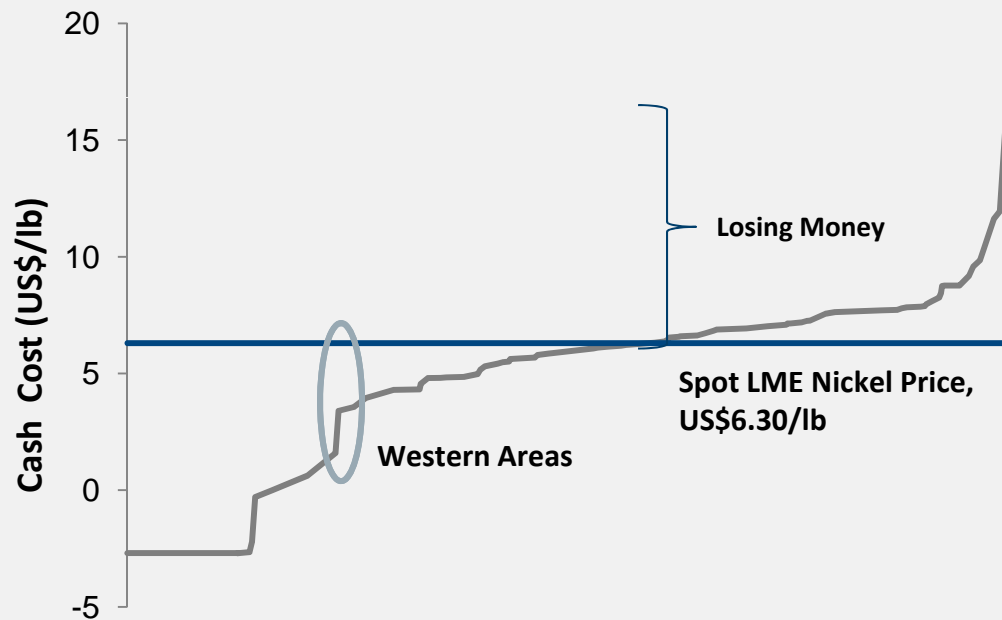
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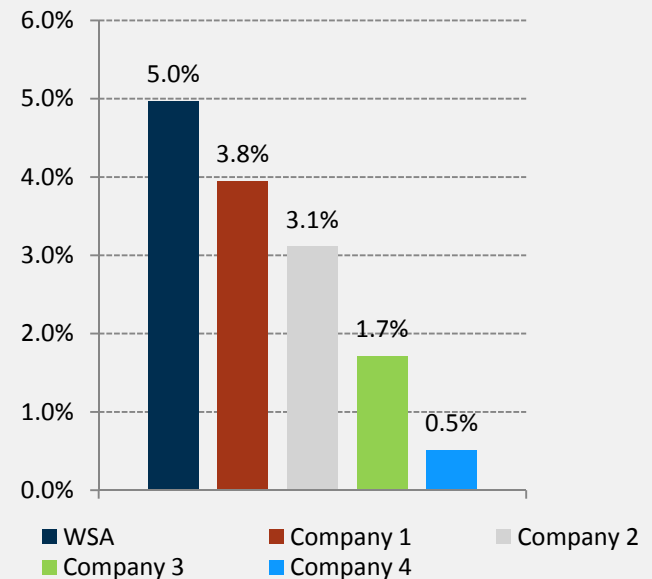
50% of nickel production
at a loss, including NPI

Grade is King

Top Tier assets will
survive



Nickel Grade Mined Comparison FY2013

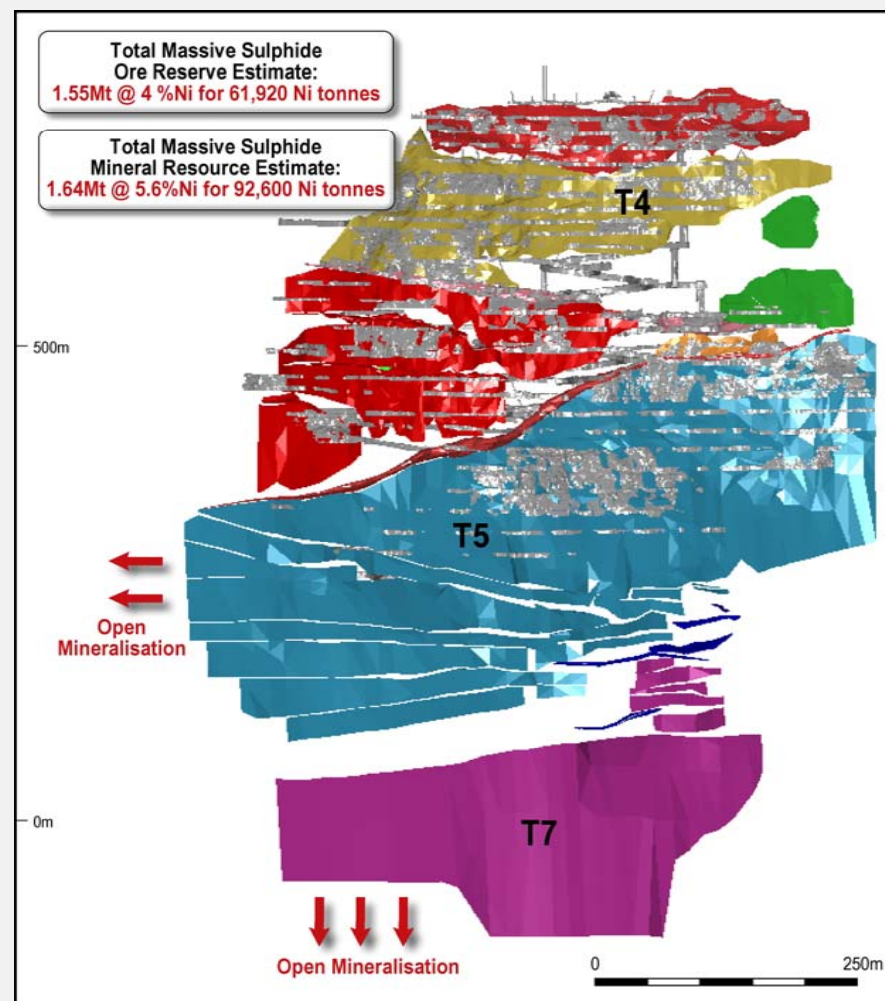


Mineral Resource and Ore Reserve

- High Grade (excluding disseminated sulphide resource) Mineral Resource: 1.64Mt @ 5.6% Ni containing 92,600 Ni Tonnes
- Ore Reserve: 1.55Mt @ 4.0% Ni containing 61,920 Ni Tonnes
- Underground drilling program to extend Mineral Resource is ongoing
- Over 700m strike length in T5

Production

- FY2013 – 348,448t @ 4.9% Ni for 17Kt nickel
- Low cash cost operation
- Estimated Life of Mine – 5-6 Years, extensional drilling in progress



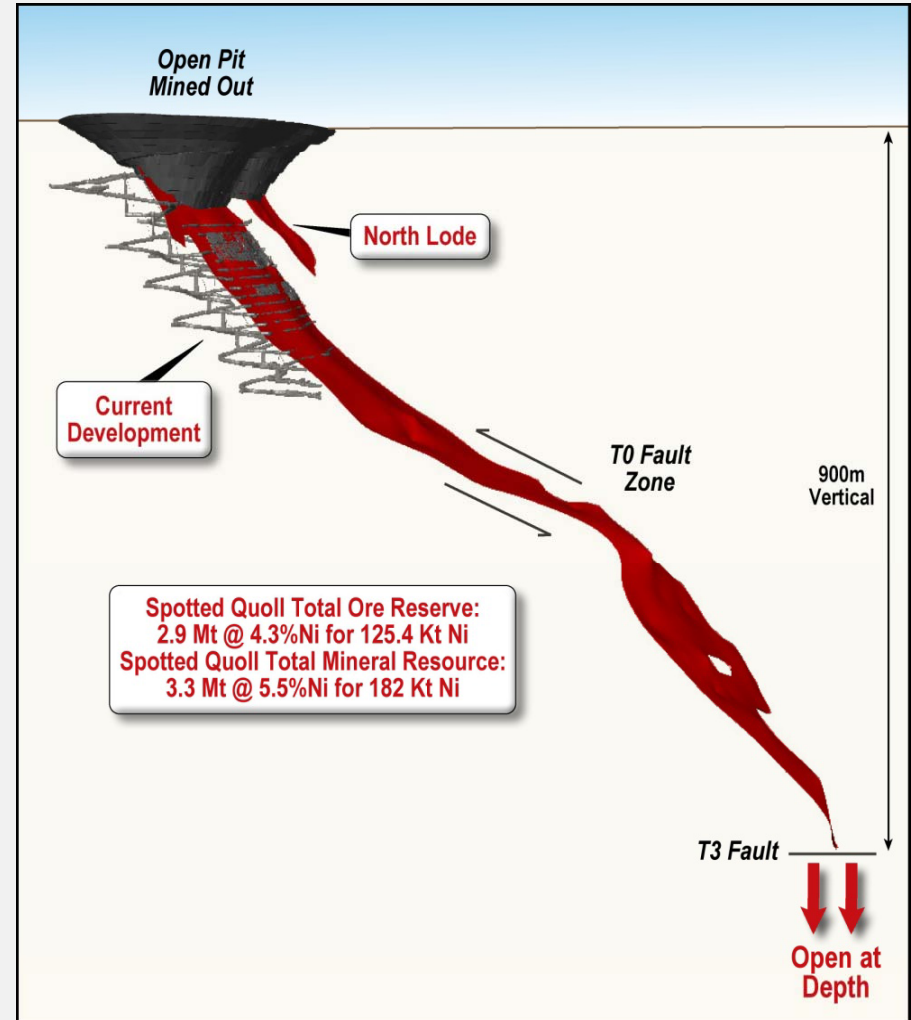


Mineral Resource and Ore Reserves

- Ore reserve now 2.9mt @ 4.3% containing 125,440t nickel
- Remains open at depth and to the North
- Surface drilling program complete to improve conversion of inferred resource to indicated resource
- Already >10 year mine life on reserve
- **New Spotted Quoll North Indicated and Inferred Resource of 140kt @ 9.3% for 12,906 nickel tonnes**

Production

- FY2013 – 207,288t @ 5.1% Ni for 10.6Kt nickel
- Successfully ramped up nickel production to a sustainable 12ktpa run rate in FY2014
- Top-down mining using paste fill. Plant fully operational





Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore (but being exceeded)
- Nickel concentrate output circa 25,000tpa Ni
- Concentrate grades of around 14.0% Ni
 - **Premium blending product (Fe/Mg ratio >15:1)**
 - Desirable to smelters as it enables lower quality concentrates to be economically utilised after blending
- 14,000t of concentrate storage capacity

Export Infrastructure and Logistics

- Access to >1400 sealed shipping containers
- No environmental issues
- Using 25 trucks for concentrate transportation
- Shipping contract in place, FOB Esperance Port





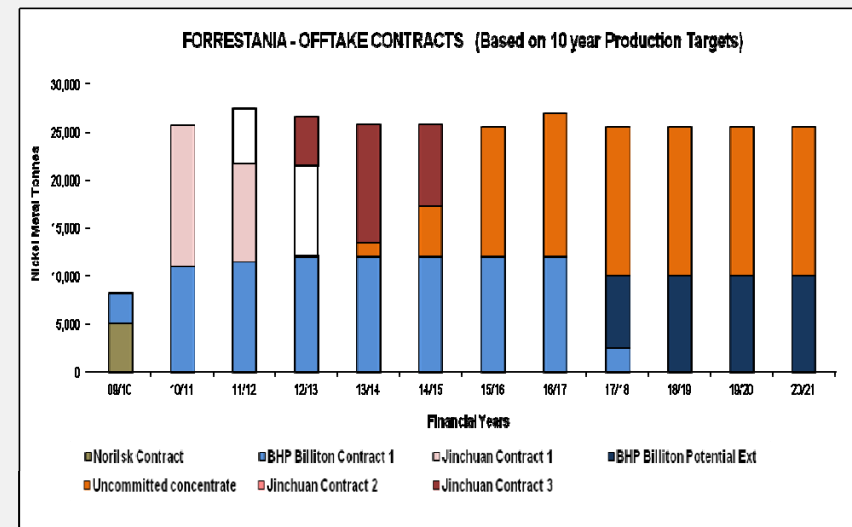
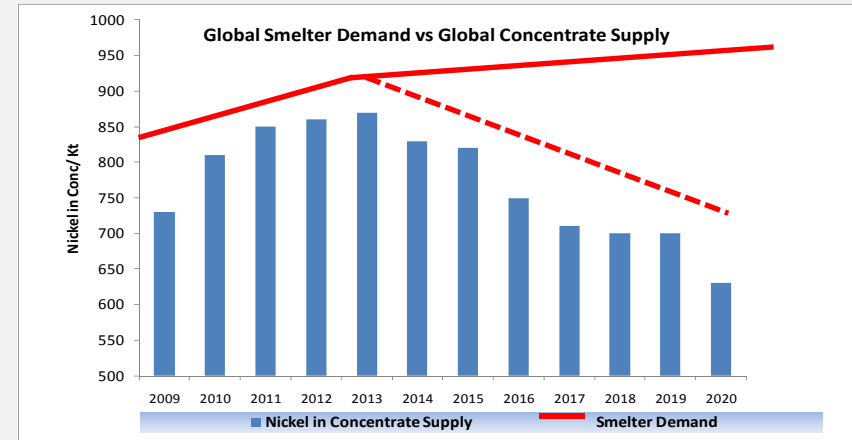
Concentrate Supply

- Tightness in smelter supply to be experienced from 2014. Closures have impacted supply
- Global nickel sulphide grades in decline
- Reliable nickel sulphide concentrate supply dwindling
- Laterites and Nickel Pig Iron do not fill the void – Indonesian ban should severely impact NPI production

Offtake Contracts

- Offtake to BHP 2017 – 12ktpa nickel in concentrate
- Offtake to Jinchuan expires around Feb 2015
- FOB Terms
- Very competitive payable terms
- WSA in a unique position being an independent producer
- Jinchuan tender will commence around Sept 2014, with expressions of interest already being lodged

NOTE: The graph **FORRESTANIA – OFFTAKE CONTRACTS** is based on Western Areas' 10 Year Production Targets. These Targets include estimates and assumptions on production rates of existing ore reserves, conversion of existing mineral resources to ore resources and assumptions on potential extensions to existing mineral resources, based on current information. These Production Targets may vary due to future drilling results, nickel prices, costs and market conditions. **Refer to Disclaimer and Forward Looking Statement in Presentation**



Key Takeaways – Half Year



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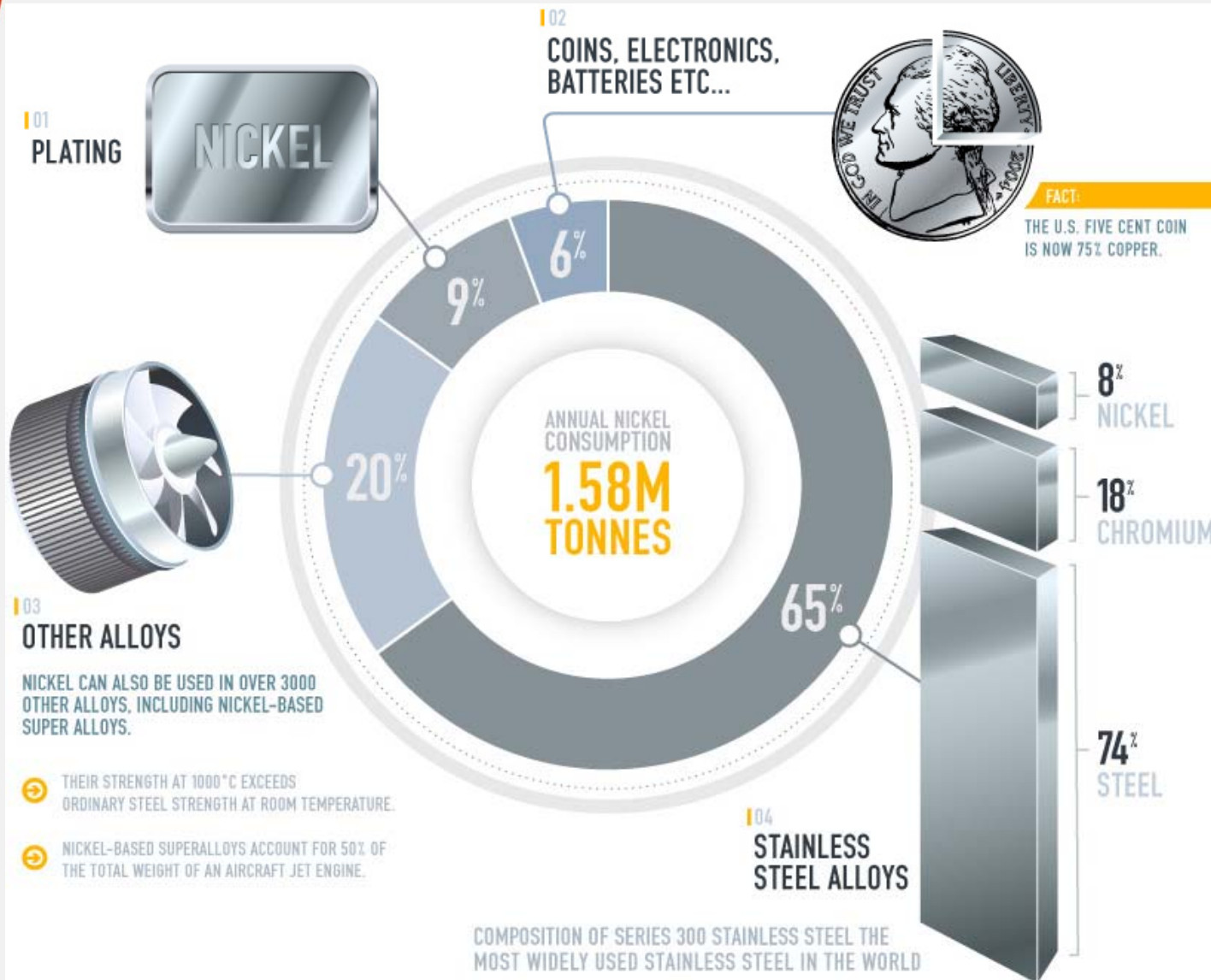
- **LTIFR** of 1.83 – one of the lowest in the hard rock mining industry
- 15,697t nickel in ore production, grade averaging 4.9% nickel
- Nickel in concentrate production of 13,020t
- Nickel in concentrate sales 12,963t to Jinchuan and BHP
- **A\$2.41/lb cash cost** in concentrate:
 - Remains best in class in Australia
 - 10% lower than FY13
- Capital and Exploration Expenditure incurred A\$25.8m – guidance now <A\$60m full year
- **EBITDA margin improved 20% to 45.6%** from 2nd half FY13:
 - Reflects impact of cost reduction activities and successful ramp up of Spotted Quoll underground
- **Underlying NPAT of A\$4.3m** on reported NPAT of A\$2.7m (post FinnAust expenditure):
 - 2nd Half FY13 was an underlying Net Loss after Tax of –A\$0.7m
 - Positive Quotation Period adjustment of A\$1.0m
 - Interim fully franked dividend of 1c per share
- **Free cashflow generation A\$19.2m:**
 - 2nd half FY13 was a net cash outflow of A\$5.1m

All ahead of guidance



Equity Raise Completed 19 January 2014

- Fully underwritten placement to institutional and sophisticated investors raised A\$88.6m (**“Placement”**)
- A share purchase plan to raise up to A\$15 million (**“SPP”**) was offered to retail shareholders together the **“Equity Raising”**. SPP offer closes late March
- Placement completed at A\$3.00 per share, being a 3.2% discount to 5 day VWAP
- Multiple times over subscribed – strong take-up of existing shareholders and entrance of quality new shareholders
- Funds raised from the Equity Raising will be used to:
 1. **Together with existing cash, repay the A\$110m convertible bond** due on 2 July 2014 and provide majority coverage for the July 2015 convertible bond of A\$125m
 2. **Provide earnings accretion to shareholders** – approx EBIT improvement A\$12m in FY15 and combined A\$24m EBIT in FY16. Reduced interest and bond accretion costs
 3. **Provide additional balance sheet flexibility for Western Areas** to consider value adding capital projects such as in-tank leaching (mill recovery enhancement)



Whilst best known for its use in coins, nickel has far more strategic uses

It can be alloyed with other metals to create truly extraordinary materials



There are a number of factors that influence the nickel price including:

1. Level of global nickel supply
2. Cost and capacity of Chinese nickel pig iron (“NPI”) production
3. Indonesian nickel laterite export ban – implemented January 2014
4. Stainless Steel demand in China, Europe and North America

What we believe is occurring:

1. Any perceived nickel oversupply is marginal – a supply response is beginning to occur:
 - Glencore – all Australian sulphide production ceased, Falcondo operation closed
 - Norilsk – all Australian operations ceased, ex-Russia projects up for sale
 - Votorantim – nickel smelter being closed down in South America
 - Talvivaara – well publicised production and funding issues
 - Large HPAL projects still facing technical and high cost issues



2. Chinese NPI production capped between 450kt to 500kt of contained nickel. Unit costs range from US\$6/lb to US\$9/lb:
 - Latest RKEAF technology relies on Indonesian laterite
 - Laterite must be >1.8% Ni and <25% Fe – Philippines laterite is out of spec
 - Large power consumer – power costs rising in China
 - Total Chinese market for nickel is estimated to be between 800kt to 900kt per year – with growth forecast to be at 5% per annum*
3. Indonesian ban implemented and exports have ceased:
 - China is estimated to have between 6 and 9 months of Indonesian laterite supply*
 - Uncertainty on ban staying in full force – Indonesian election process during April/ May
 - Potential exists to raise laterite export taxes
 - Believe there is now a cap on NPI production at worse
4. Stainless steel demand remains strong in China – moving to consumer based and building project demand
5. European stainless steel demand is muted, whilst US showing signs of a small recovery



Organic Growth

Western Ultramafic Belt:

- ✓ New Morning channel
- ✓ Between Spotted Quoll & Flying Fox

Selected Overseas Exploration

Leverage from WSA's Concentrate off-take

Joint Ventures

Traka Resources

Southern Cross

Base Metals – many opportunities being presented

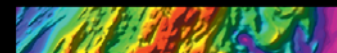
Acquisitions

Base Metals

Bottom Half of the Cost Curve

Use WSA expertise – exploration, development and operations

The 3 “D” – discipline and due diligence



- High Grade = Margin
- Survival ✓

Highest Grade
Nickel Globally



- Returns to shareholders in Dividends ✓

Cashflow
Positive



- Guidance continually met or exceeded ✓

Strong Track
Record of
Delivery



- Current global production at marginal cost ✓

Nickel Price
Primed for
Upside



- New mine successfully brought on in 24 months ✓

History of
Discovery and
Development



- Flexibility in meeting future demands or opportunities ✓

Strong Balance
Sheet



The End



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