



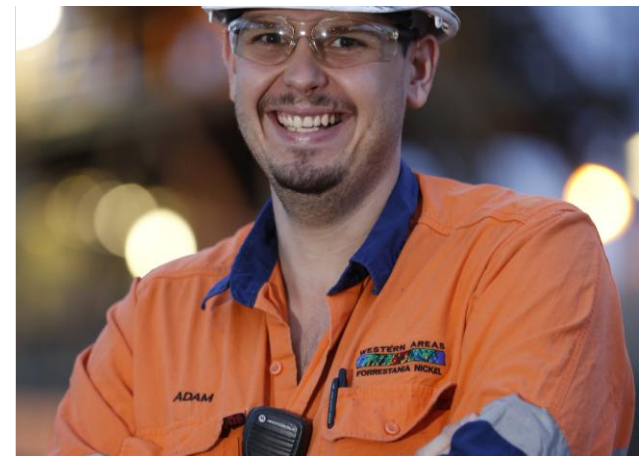
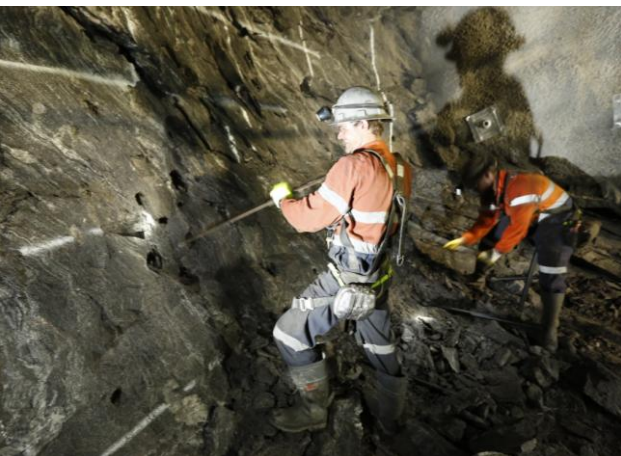
WESTERN AREAS LTD



DIGGERS & DEALERS PRESENTATION

"SHOW ME THE NICKEL"

4 AUGUST 2014





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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.

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.



AGENDA

- Introduction
- Operations
- Offtake & Nickel Market
- Corporate
- Exploration & Growth Outlook

Explore



Mine



Produce



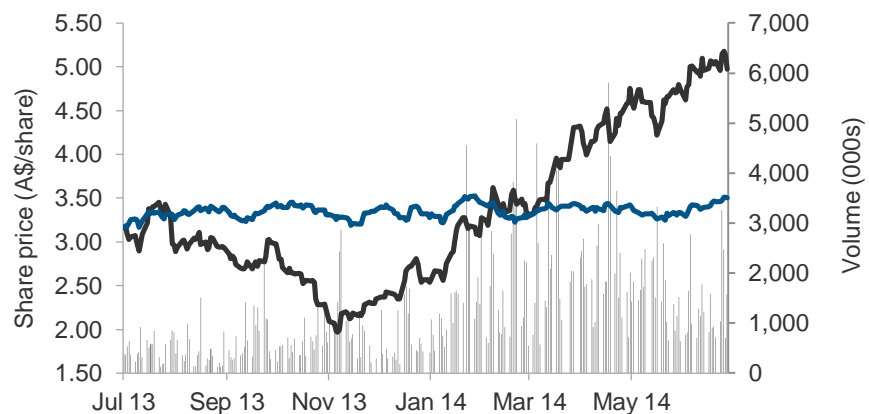
Sales





CORPORATE OVERVIEW

WSA vs ASX 200 Resources (FY14 YTD)¹



■ WSA Volume — WSA — ASX 200 Resources (rebased to WSA)

Key Information

as at 30 July 2014

Share price	5.08
52 week high/low (A\$)	5.20 / 1.97
Shares outstanding (m)	232.3
Market Capitalisation (A\$m)	1,179.6
Cash (A\$m) ²	230.5
Debt (A\$m) ²	220.2
Undrawn ANZ Facility	125.0

Board & Senior Management

Name	Position
Ian Macliver	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
Craig Readhead	Independent, Non-Executive Director
Tim Netscher	Independent, Non-Executive Director

1. ASX 200 Resources Index rebased to WSA Share Price
2. Cash as at 30 June 2014 and convertible bond debt

WESTERN AREAS LTD



OPERATIONS

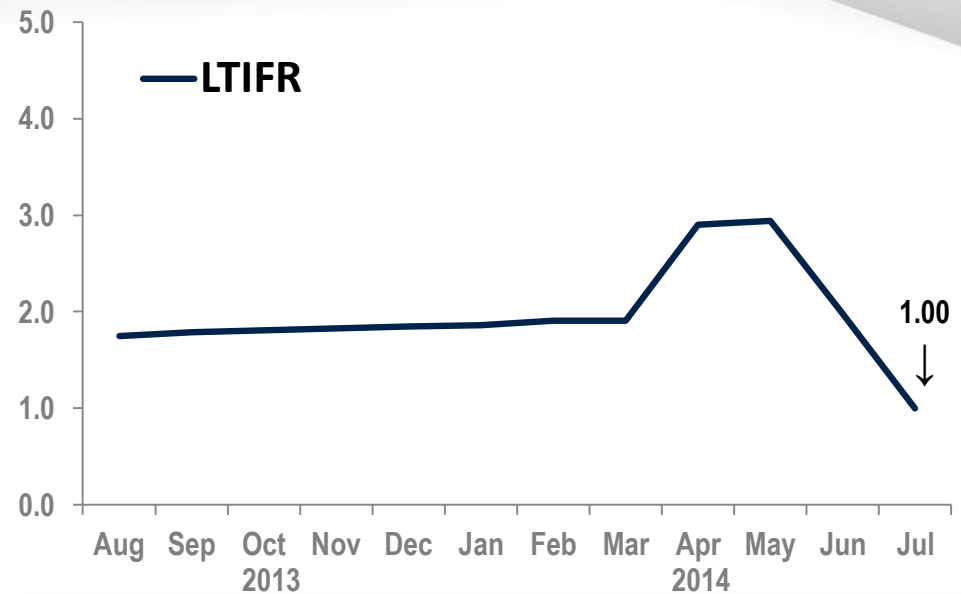




WESTERN AREAS ARE SAFE AREAS

Continuous Safety Improvement

- LTIFR 1.00
- Flying Fox >350 days LTI free
- Spotted Quoll >1,170 days LTI free
- Exploration >2,060 days LTI free
- Cosmic Boy Concentrator >370 days LTI free
- 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

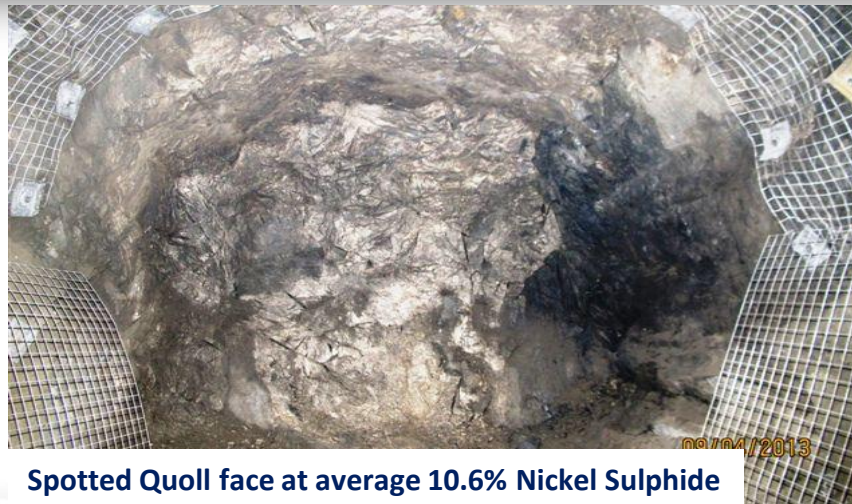




OPERATING HIGH GRADE MINES



Lounge Lizard 10m wide face of 7% Massive Nickel Sulphide



Spotted Quoll face at average 10.6% Nickel Sulphide



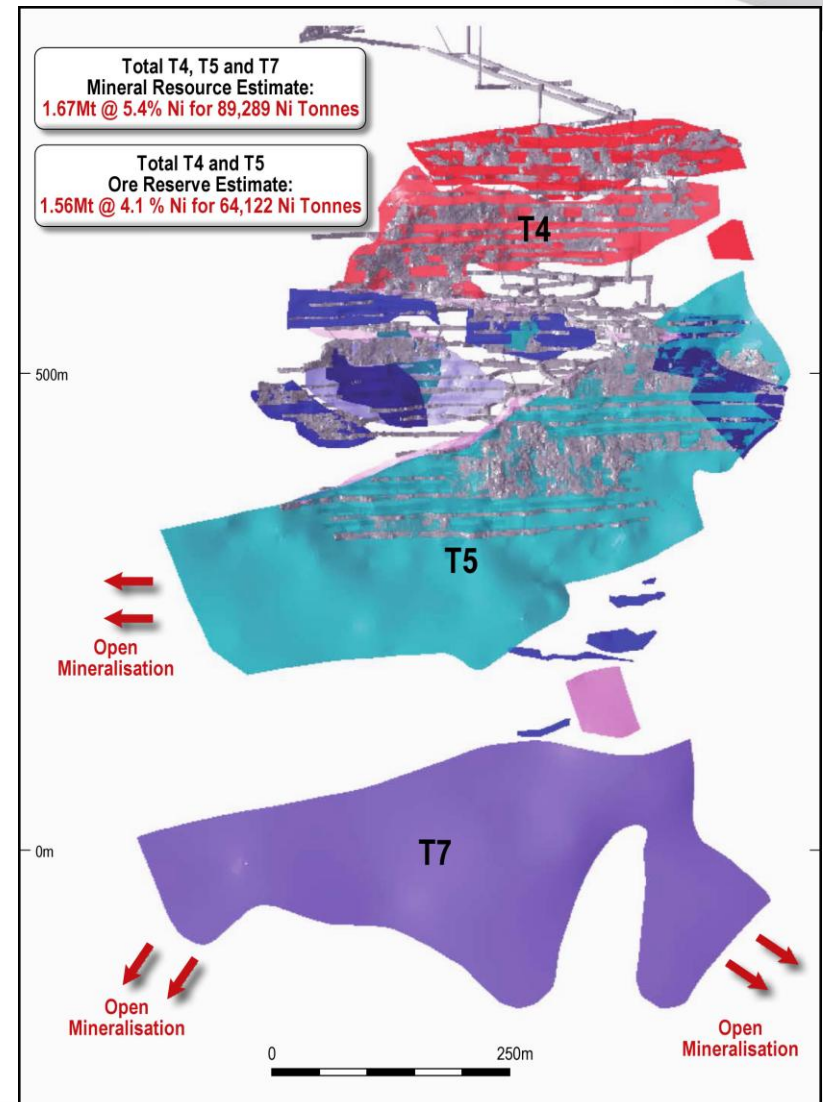
FLYING FOX MINE

Mineral Resource and Ore Reserve

- Reserve upgrade announced today:
 - Added 7,572t nickel grading 6.5%
- High Grade (excluding disseminated sulphide resource) **Mineral Resource: 1.67Mt @ 5.4%** Ni containing 89,289 Ni Tonnes
- **Ore Reserve: 1.56Mt @ 4.1%** Ni containing 64,122 Ni Tonnes
- Underground drilling program to extend Mineral Resource remains a focus

Production

- FY2014 – 317,031t @ 4.6% Ni for 14,713t nickel
- Low cash cost operation





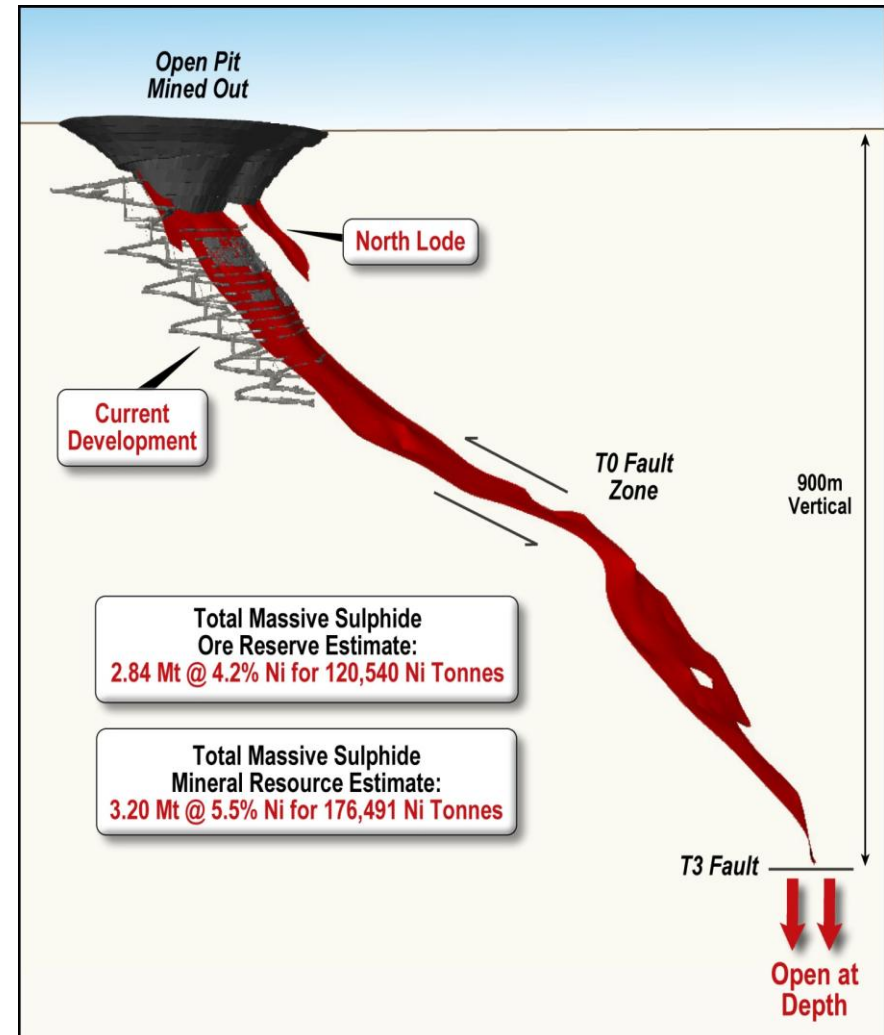
SPOTTED QUOLL MINE

Mineral Resource and Ore Reserve

- **Mineral Resource: 3.20mt @ 5.5% Ni** containing 176,491 Ni tonnes
- **Ore Reserve: 2.84mt @ 4.2% Ni** containing 120,540 Ni tonnes
- Remains open at depth and to the North
- Already around a 10 year mine life on Reserve
- New Spotted Quoll North Indicated and Inferred Resource of 140kt @ 9.3% for 12,906t nickel

Production

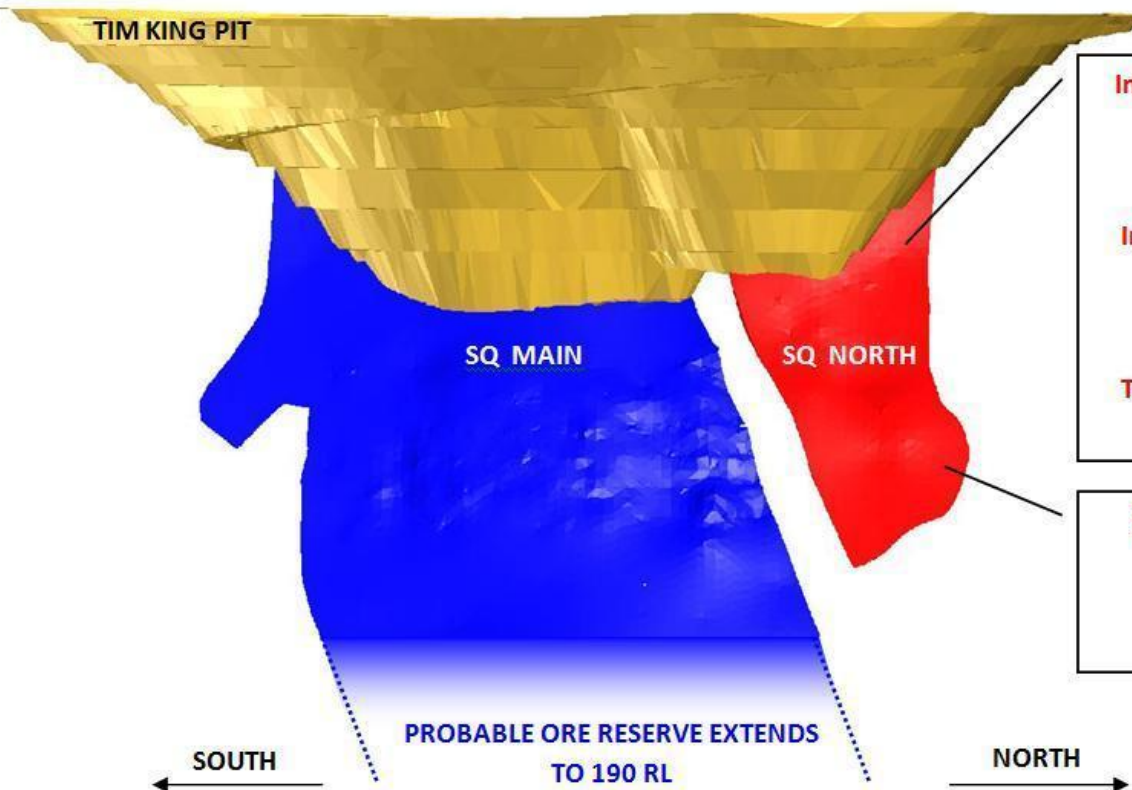
- **Record in FY2014** – 281,928t @ 5.0% Ni for 13,972t nickel
- Successfully ramped up nickel production to a sustainable 12ktpa run rate in FY2014
- Top-down mining using paste fill





SPOTTED QUOLL NORTH

SPOTTED QUOLL NORTH - RESOURCE/RESERVE - DECEMBER 2013



Indicated Mineral Resource
118,414t @ 8.9% Ni
[10,539t Ni]
and
Inferred Mineral Resource
21,520t @ 11.0% Ni
[2,367t Ni]

TOTAL CONTAINED NICKEL
12,906 tonnes

PROBABLE ORE RESERVE
168,000t @ 5.7% Ni
[9,600t Ni]
CONTAINED NICKEL



FORRESTANIA NICKEL CONCENTRATOR

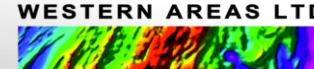
Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore but is achieving throughput 9% above capacity
- 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
- 14,000t of concentrate storage capacity

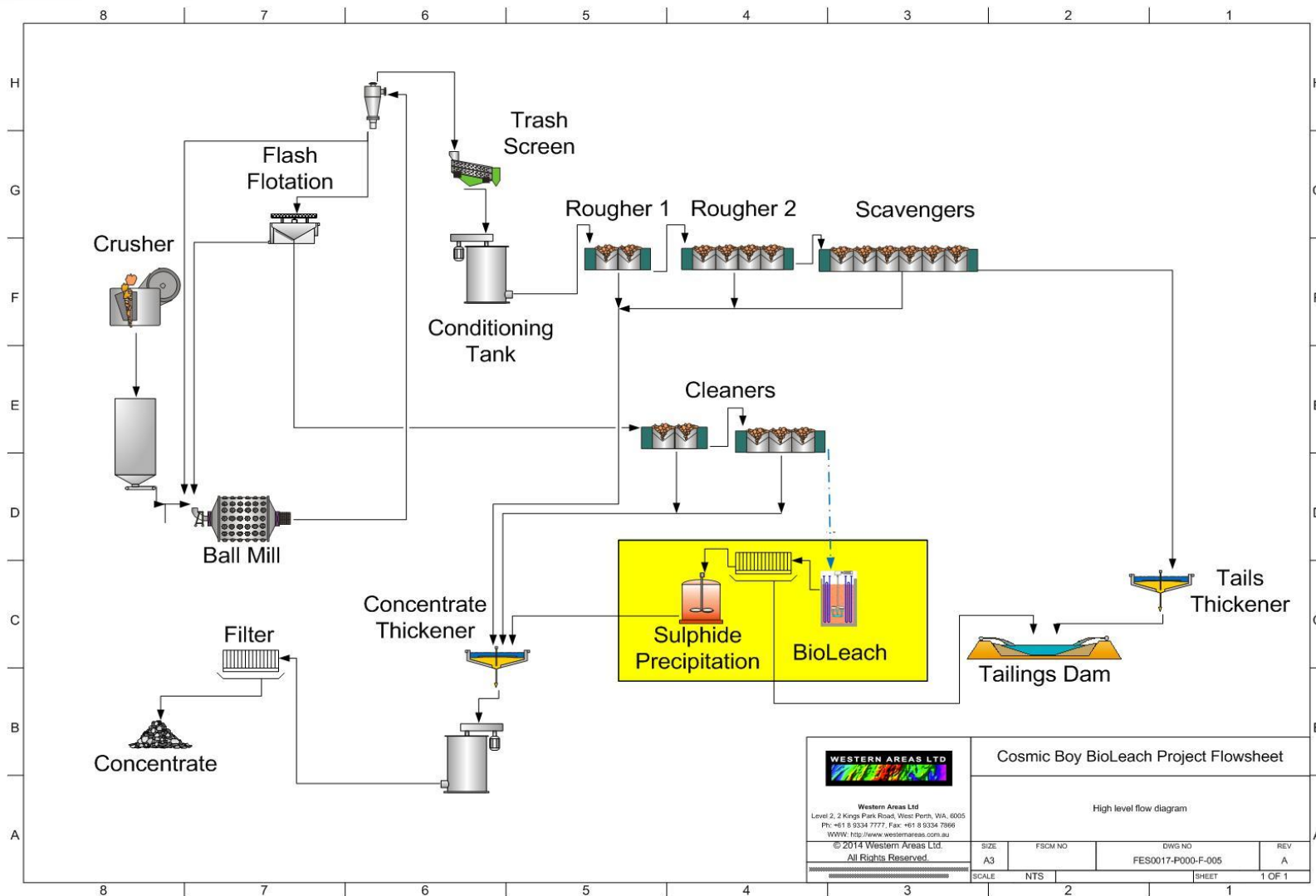
Export Infrastructure and Logistics

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





MILL RECOVERY ENHANCEMENT PROJECT

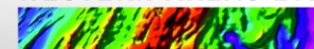




MILL RECOVERY ENHANCEMENT PROJECT

- Currently progressing through feasibility study
- Increase average nickel recoveries from 89% up to 93%
- Approximately 6 month construction time
- Early indicative capex of <A\$20m
- Quick payback & potentially operational at the end of FY15
- The treatment of the Flash Cleaner Stream utilises the BioHeap® cultures on a continuous basis produced from a Bacterial farm
- Very short residence time of 5-7 days
- Operation at elevated pH eliminates the need for iron and arsenic precipitation circuits. Hence reduced CAPEX
- Sulphide precipitation circuit produces a high grade nickel sulphide product (~50% nickel)





JUNE QUARTERLY HIGHLIGHTS

Full Year Guidance Beaten

- Nickel in Ore Production of 28,686t
 - Record for Spotted Quoll - 13,973t
- Nickel in Concentrate Production of 25,700t
 - Record mill throughput - 599k tonnes
- Unit Cash Cost in Concentrate - A\$2.50/lb

Financials

- Capital Expenditure to be lower than guidance
- Free cashflow for the quarter of A\$40m
 - Highest in over 24 months
 - Excludes A\$17.7m equity raise
- Successful cost-out program resulted in savings of circa \$10m in FY14

Tonnes Mined		Jun Qtr	Full Year
Flying Fox			
Ore Tonnes Mined	Tns	67,966	317,031
Grade	Ni %	5.1%	4.6%
Ni Tonnes Mined	Tns	3,479	14,713
Spotted Quoll - Underground			
Ore Tonnes Mined	Tns	58,497	281,928
Grade	Ni %	4.8%	5.0%
Ni Tonnes Mined	Tns	2,801	13,973
Total - Ore Tonnes Mined	Tns	126,463	598,959
Grade	Ni %	5.0%	4.8%
Total Ni Tonnes Mined	Tns	6,280	28,686
Tonnes Milled and Sold		Jun Qtr	Full Year
Ore Processed	Tns	151,232	598,152
Grade	%	4.7%	4.8%
Ave. Recovery	%	89%	89%
Ni Tonnes in Concentrate	Tns	6,336	25,700
Ni Tonnes in Concentrate Sold	Tns	6,374	25,756
Total Nickel Sold	Tns	6,374	25,756
Financial Statistics		Jun Qtr	Full Year
Cash Cost Ni in Con (***)	A\$/lb	2.61	2.50
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.43	2.28
Exchange Rate US\$ / A\$		0.93	0.91

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OFFTAKE CONTRACTS AND NICKEL MARKET





INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

Offtake Contracts

- FOB Terms
- Very competitive payable percentage of LME

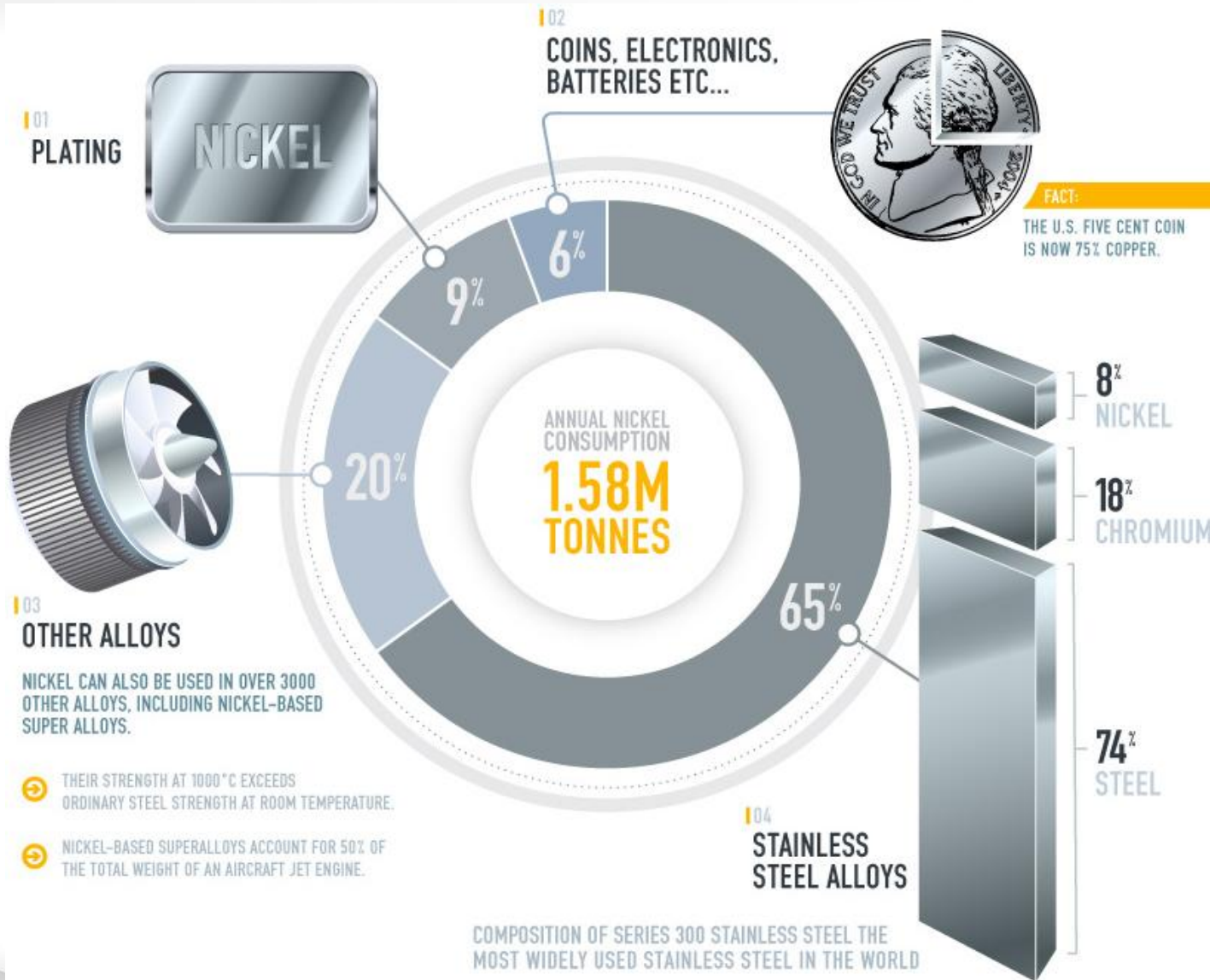
Offtake Tender Announced

- Expressions of Interest already received
- Aiming to complete in the December quarter
- 1 to 2 year contract anticipated
- Tightness in smelter supply being experienced now
- New market entrants including traders, stainless steel producers and Nickel Pig Iron (NPI)
- Global nickel sulphide grades in decline
- Laterites and NPI do not fill the void – Indonesian Ban has severely impact NPI production





NICKEL INDUSTRY



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



NICKEL PRICE DRIVERS

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
4. Global stainless steel demand
5. Shorter term political factors



What we believe is occurring:

1. Many commentators believe nickel supply now in equilibrium or a small deficit heading into FY15 – a supply response began in CY13:
 - Glencore – all Australian sulphide production ceased, Falconado 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



NICKEL PRICE DRIVERS (cont'd...)

2. NPI production CY13 450kt to 500kt:

- RKEAF relies on Indonesian laterite
- Laterite must be $>1.8\%$ Ni and $<25\%$ Fe
- Philippine ore out of spec
- Total Chinese market for nickel between 800kt to 900kt pa

3. Indonesian ban implemented and exports have ceased:

- China stockpiles running low*
- Appears to be no political opposition
- Impact on Indonesian GDP is minor
- Potential exists to raise laterite export taxes
- Believe there is now a cap on NPI production at worse

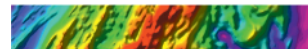
4. Stainless steel demand remains strong in China

5. European stainless steel demand is improving



* Based on global bank and industry publications and multiple research sources, plus estimates based on discussions with Chinese counterparties

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CORPORATE





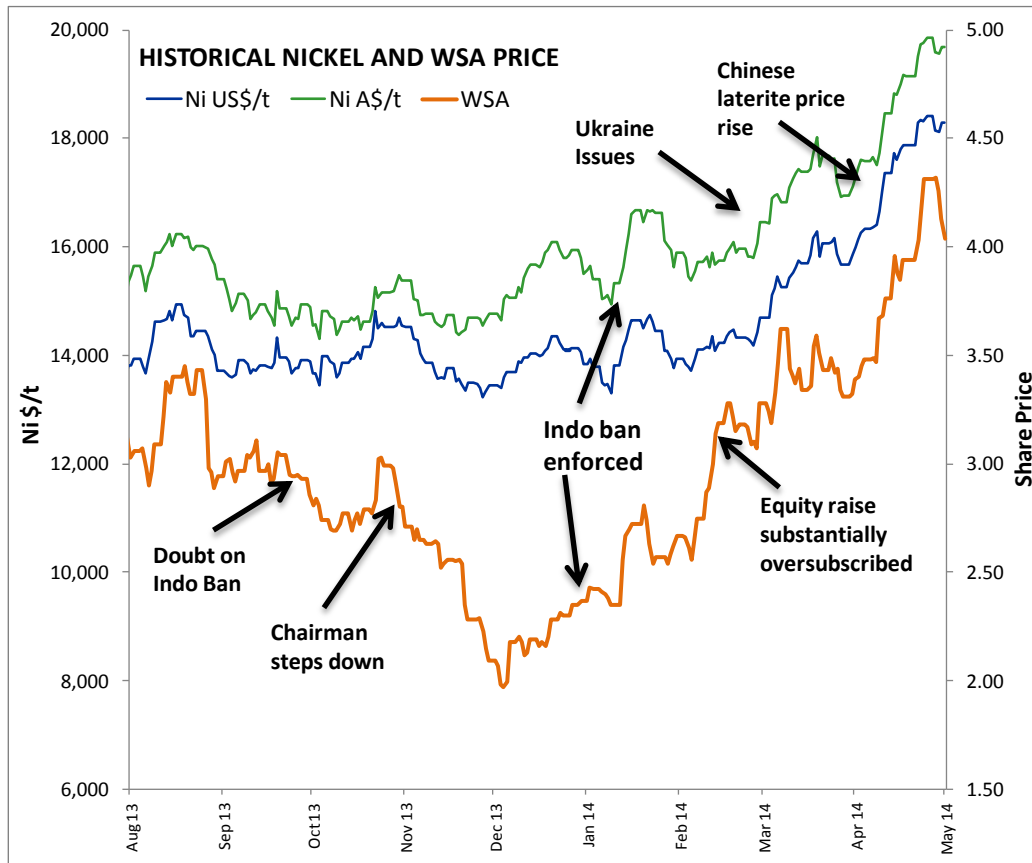
STRONG BALANCE SHEET

- Highly nickel price sensitive – circa A\$35m per A\$1/lb increase
- Company is now Net Cash of A\$10.3m – first time in 10 years
- Debt Reduction Plan is being executed:
 1. **Retired A\$105.5m on 2 July 2012** from cash
 2. **Retired A\$110.2m on 2 July 2014** from cash (ongoing Net Profit Before Tax saving of around A\$12m)
 3. **Plan to Retire A\$125.0m on 2 July 2015** from cash reserves (a further A\$12m saving)
- Balance Sheet is positioned for growth and quick payback capital projects
- Positive outlook for dividends with the current nickel price





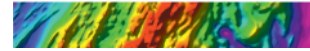
NICKEL PRICE AND WSA SHARE PRICE



WSA remains very sensitive to nickel price and AUD/USD fluctuations:

- WSA currently sells approx 55mlb of nickel in concentrate per annum
- Nickel price in AUD terms increased from approx A\$7/lb in Aug 2013 to A\$9/lb in July 2014
- Analyst consensus is WSA receives circa 70% payable price to LME
- Using the above assumptions it will increase free cashflow and EBIT by approx A\$70m on an annualised basis
- Nov 2013 to beginning of Jan 2014 was impacted by sentiment, rather than facts

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EXPLORATION AND GROWTH OUTLOOK

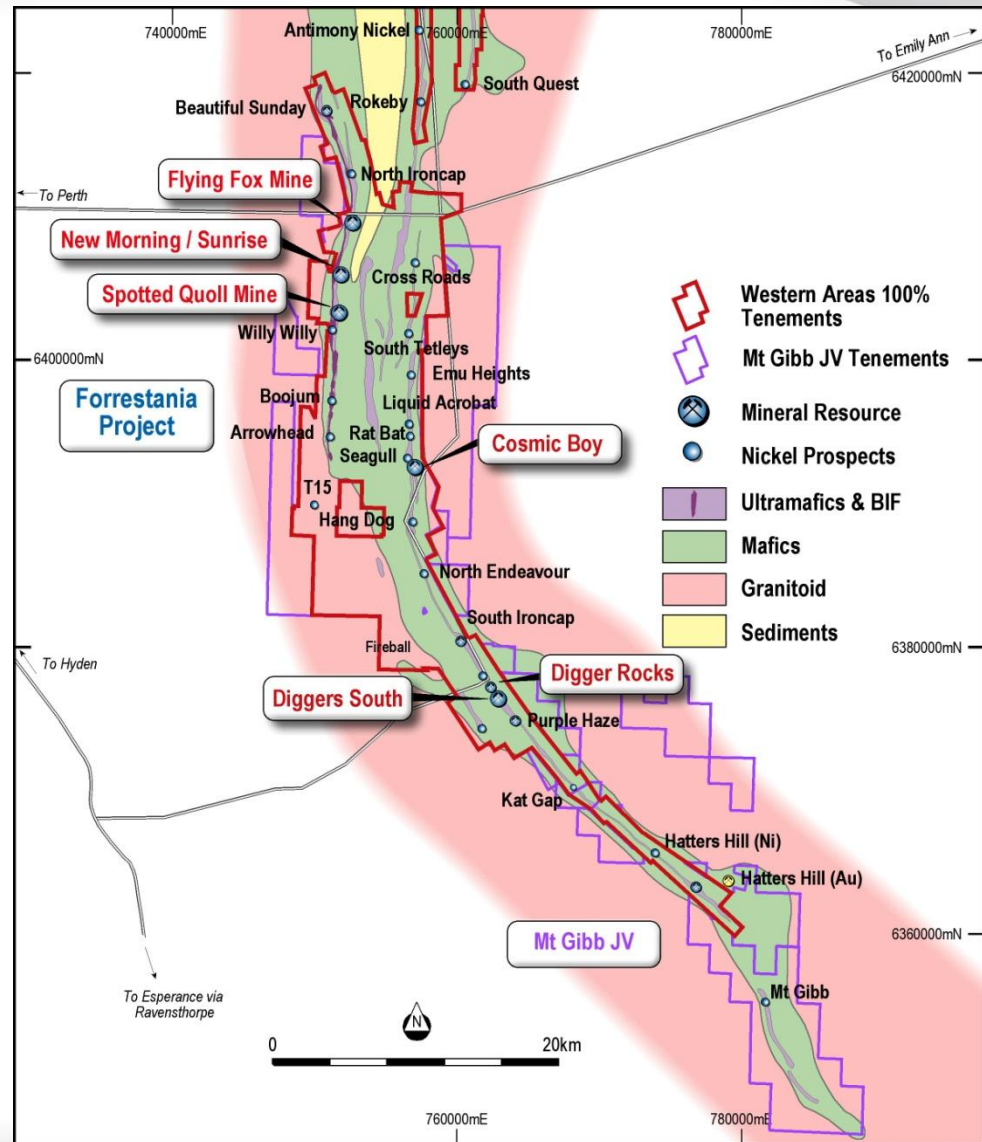




FORRESTANIA TENEMENTS

Regional Geology

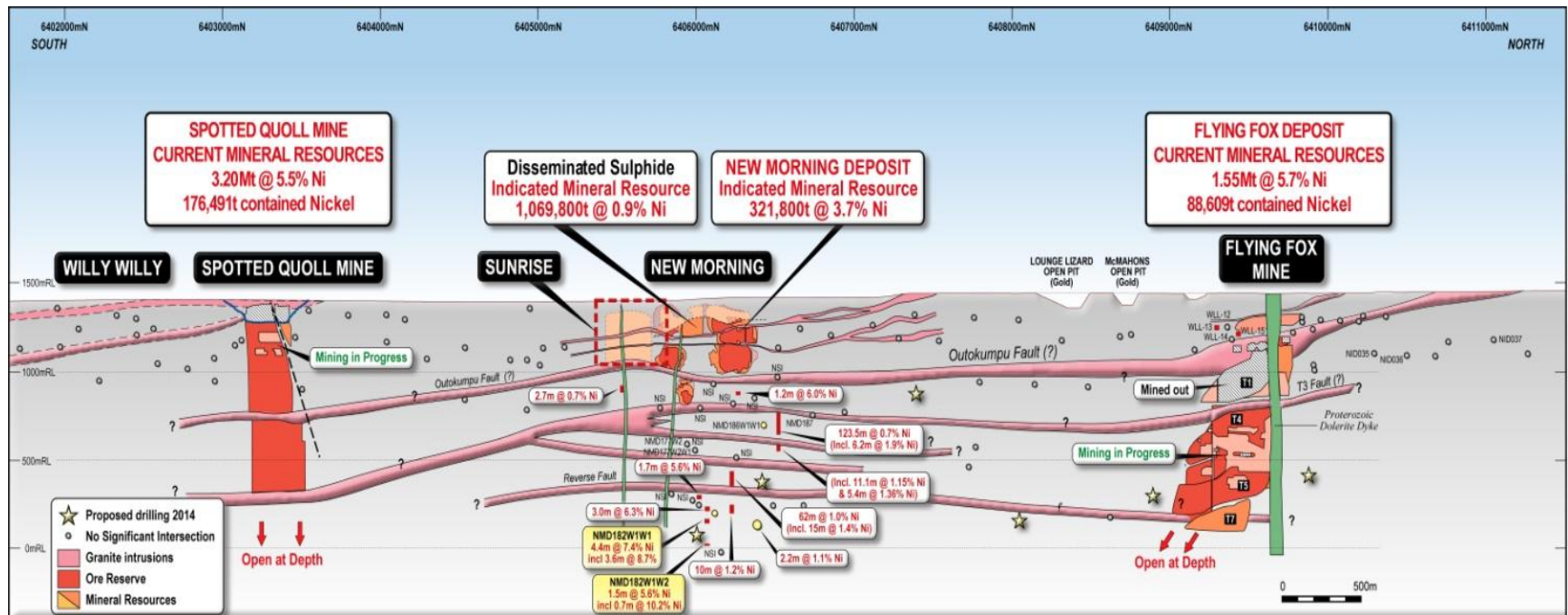
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Six ultramafic belts
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade Flying Fox, Spotted Quoll and new Morning deposits





SHORT TERM – NEAR MINE EXPLORATION

- Exploration spend in FY15 likely to increase beyond FY14 spend of A\$14m
- Drilling priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach



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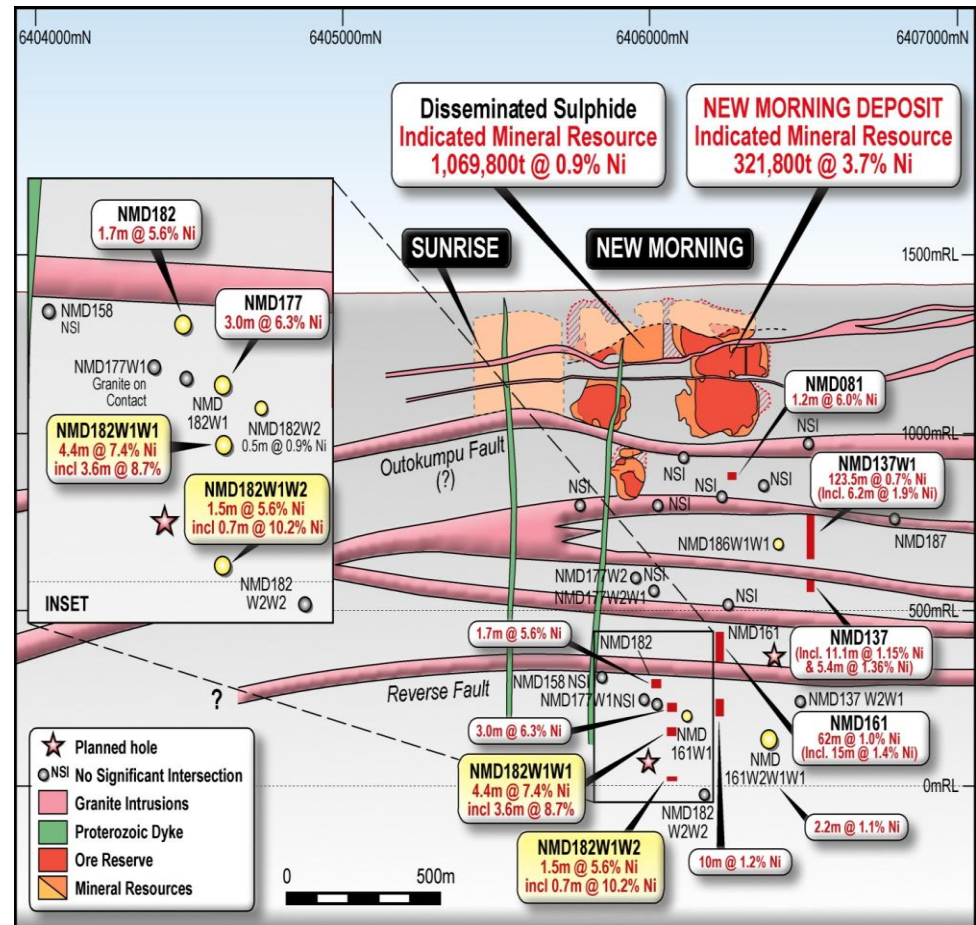
Interpreted Longitudinal Projection (8 Km Long) - July 2014
FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY

ANCP01318860



HIGH GRADE DISCOVERY AT NEW MORNING

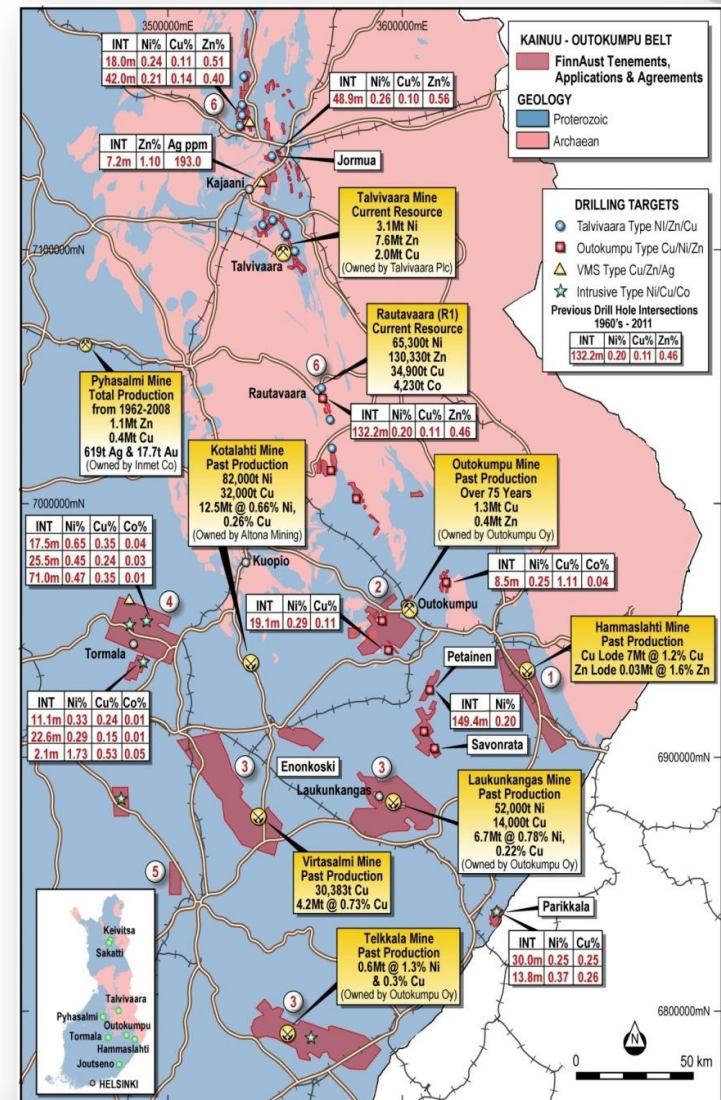
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings & accessible from either mine
- Massive sulphide discovered below New Morning:
 - 4.4m @ 7.4% nickel including 3.6m @ 8.7% nickel
 - 3.0m @ 6.3% nickel including 2.4m @ 7.6% nickel
 - 1.5m @ 5.6% nickel including 0.7m @ 10.2% nickel
- Significant disseminated intersections





FINLAND – FINNAUST MINING PLC PROJECTS

- Listing on AIM completed in December 2013 and 68% WSA owned post listing
- Current market cap circa A\$10m
- 300km long base metal province in Finland
- Numerous nickel/copper/zinc mines & occurrences
- Recent drilling at the Hammaslahti Project:**
 - 5.6m at 3.2% Cu, 2.7% Zn, 0.7% Pb, 71gpt Ag and 0.76 gpt Au from 196.80m downhole.**
 - Includes 8.65m at 2.2% Cu, 2.0% Zn, 0.5% Pb, 47gpt Ag and 0.50 gpt Au.**
- Drilling commenced for potential extensions and repetitions to known copper deposits
- Geophysics proving very effective in defining targets - ZTEM survey completed





INVESTOR EQUATION

- 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



- Looming shortage of nickel post Indo ban

Nickel Price Primed for Upside



- New mine successfully brought on in 24 months

History of Discovery and Development

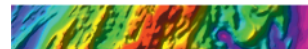


- Flexibility in meeting future demands or opportunities

Strong Balance Sheet



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QUESTIONS?

