

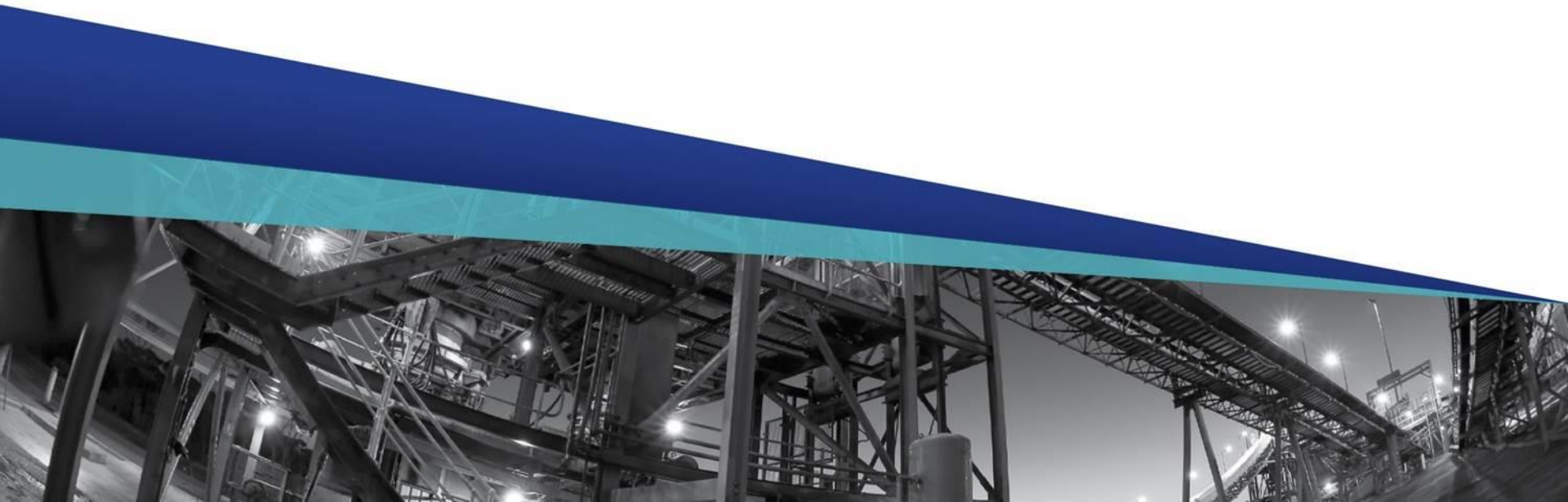
WESTERN AREAS LTD



CITI'S 9TH ANNUAL AUSTRALIAN AND NEW ZEALAND INVESTMENT CONFERENCE

OCTOBER 2017

www.westernareas.com.au



AGENDA

Corporate



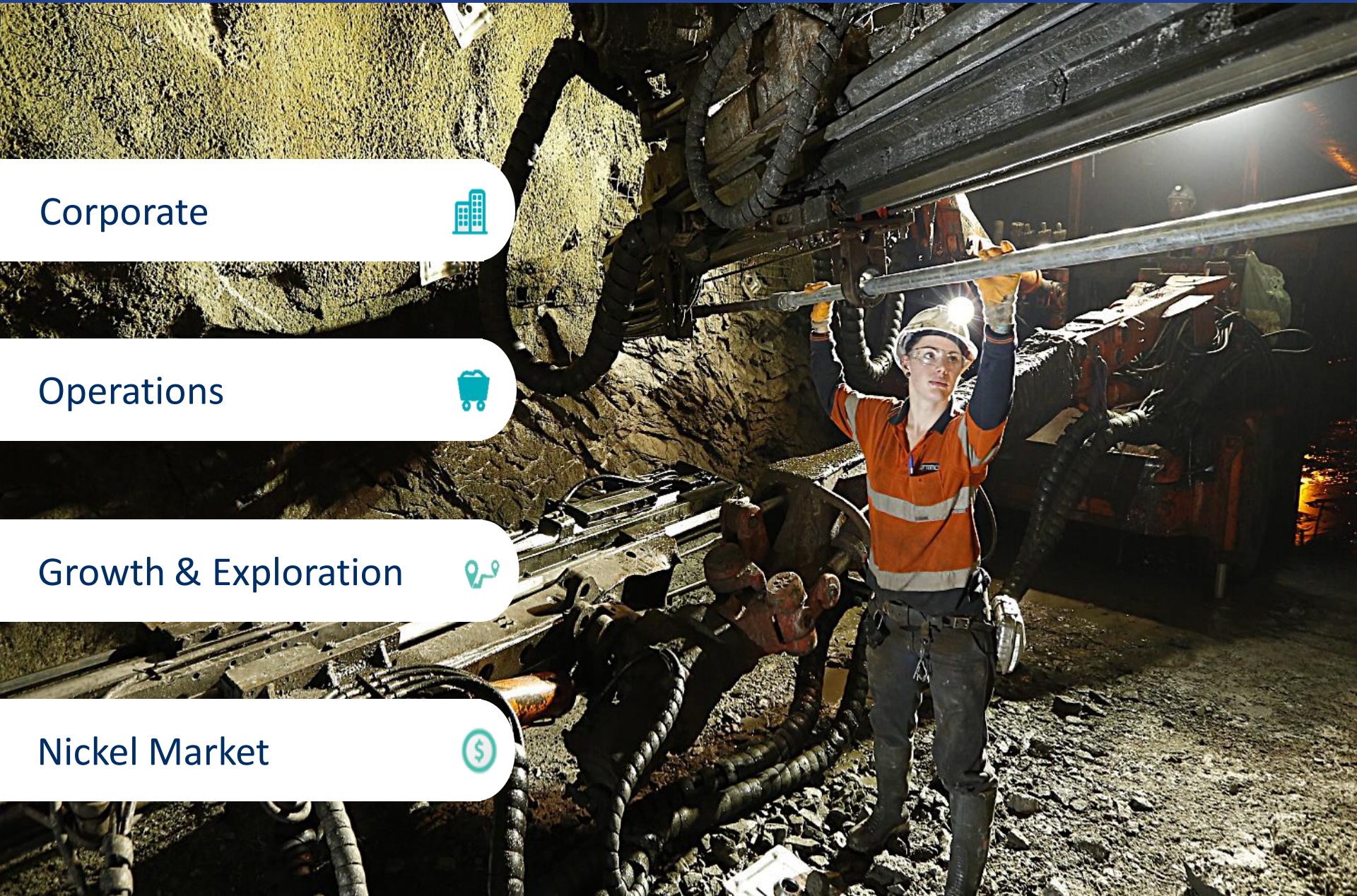
Operations



Growth & Exploration



Nickel Market



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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.

CORPORATE



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\$140.3m cash at bank

Organic growth options and innovation

- Exciting exploration hits
- Odysseus DFS and Mill Enhancement project

Positioned for nickel recovery

- A\$1/lb lift in nickel price = circa A\$35m EBITDA
- New and improved offtake contracts implemented

ASX code	WSA
Share price	2.92
Shares outstanding (m)	272.2
Market Cap (A\$m) ¹	794.8
Cash (A\$m) ²	140.3

Cosmos Nickel Complex

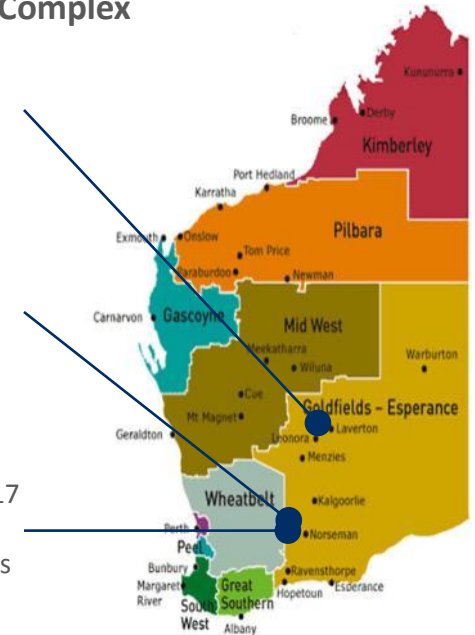
592kt Ni resources
PFS complete
DFS underway

Flying Fox

10kt Ni mined FY17
38kt Ni reserves
99.8kt Ni resources

Spotted Quoll

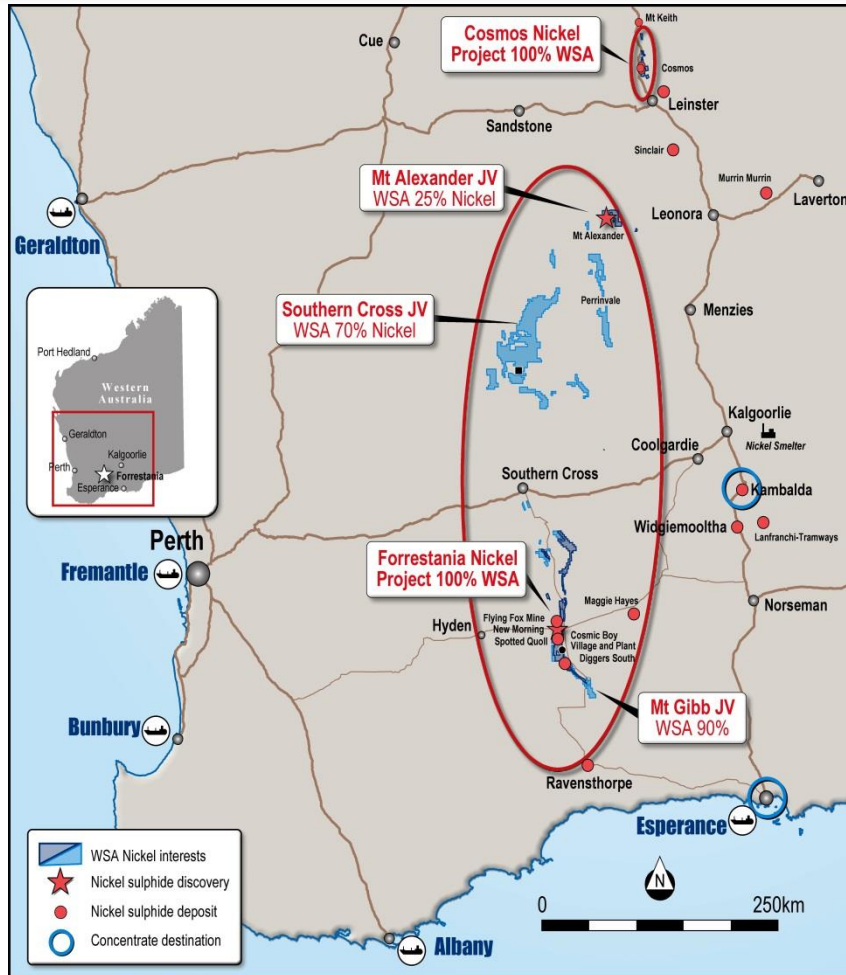
15.5kt Ni mined FY17
85.6kt Ni reserves
118.6kt Ni resources



A leading mid-tier base metal producer

1. Based on share price on 4 October 2017 2. Cash as at 30 June 2017

LOCATION – EASILY ACCESSIBLE SITES



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



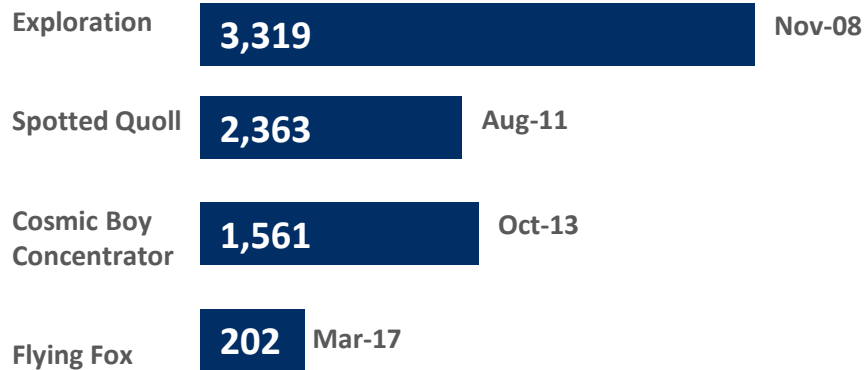
Spotted Quoll face at average 10.6% Nickel Sulphide

Premier and stable mining district with high quality mines growth options

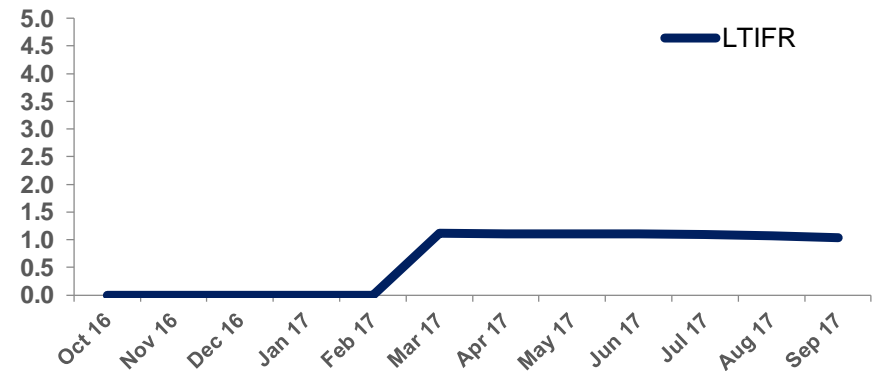
WESTERN AREAS ARE SAFE AREAS



Days LTI free



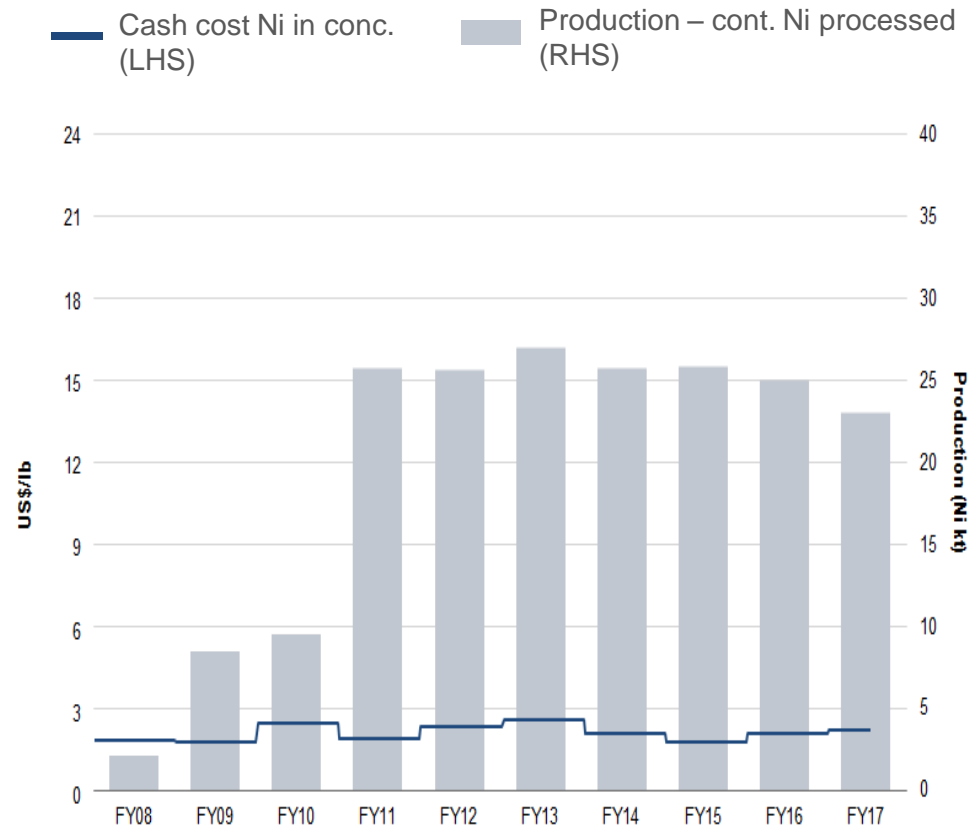
12 month LTIFR moving average



Safe operations make efficient operations

CONSISTENT DELIVERY

- Seven years delivering or exceeding guidance
- Remain debt free
- Consistent low cost producer
- Mill performs well above nameplate capacity
- Ore sorter initiative
- Innovation – ‘pinch valve’ and mining optimisation at SQ



A management team that consistently delivers on guidance

KEEPING ACTIVE IN A VOLATILE MARKET

Innovation, adding value, finding new opportunities, doing things differently...

New and improved
offtake deals

MREP – a new,
higher grade and
value product
stream

Advancing Cosmos
– a third potential
mine

Greater operational
efficiency

Lithium
investments

Value from non-
core assets

Delivering on our promises...

Targets	Completed
Offtake contracts	✓
Cost control	✓
Prudent capital management	✓
Innovation	✓
Building our portfolio	✓
New products and markets	✓

FY18 GUIDANCE

Category	FY18 Guidance
Mine Production (Nickel tonnes in Ore)	23,500 to 25,000
Nickel tonnes in Concentrate Production	21,500 to 22,500
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.40/lb to A\$2.65/lb
Sustaining and Mine Development Capital Expenditure*	A\$30.0m to A\$36.0m
Mill Recovery Enhancement Project (MREP)	A\$14.0m
Feasibility Studies	A\$3.0m
Exploration	A\$12.0m

* Includes Spotted Quoll ventilation shaft completion and mechanical fit-out (A\$5.8m)

Comments

- Focus is on value, not volume, using a nickel price assumption similar to the current spot price
- FY18 top end guidance for mine and concentrate production close to FY17 actuals
- Spotted Quoll contributes around 60% of production in FY18
- The lower end of FY18 guidance for unit costs is slightly lower than Q4 FY17 actual (A\$2.42/lb)
- Spotted Quoll decline capital back to normal rates. Flying Fox capex <A\$3.0m
- MREP commissioned in Q3 FY18 adding around 350 nickel tonnes for FY18
- Feasibility costs mainly relate to Odysseus DFS
- Exploration budget encompasses Cosmos, Western Gawler and Forrestania (with expenditure allocated to Flying Fox Resource conversion and mine life extension)
- Next guidance update planned to be with the half-year results release in February 2018

OPERATIONS

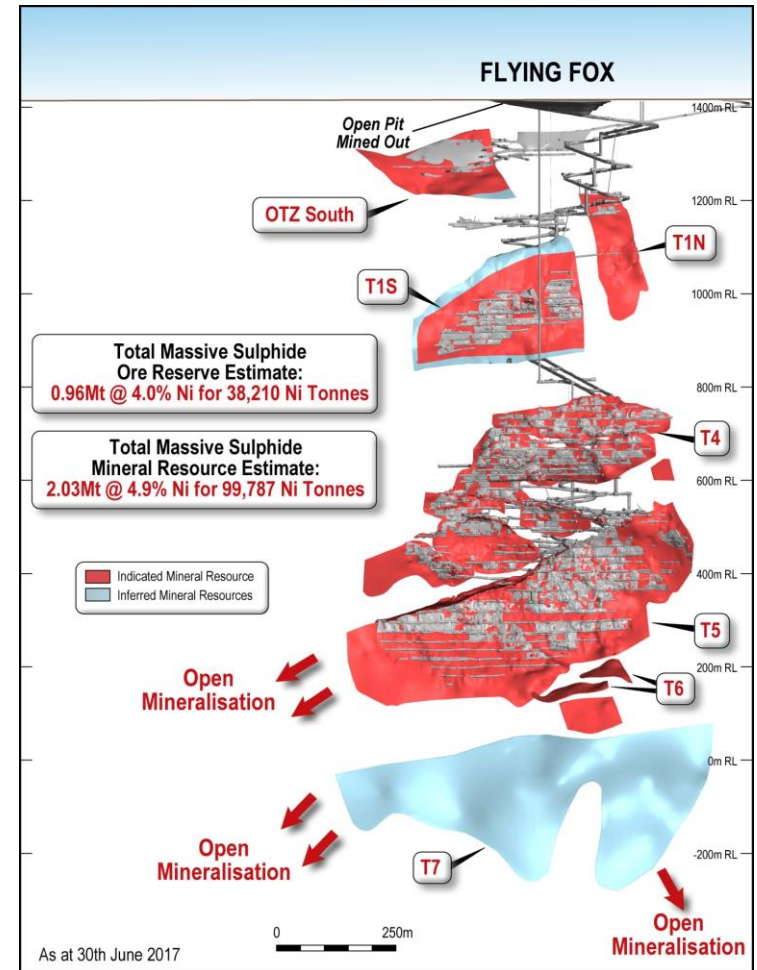


FLYING FOX MINE

Reserve Contained nickel	0.96Mt @ 4.0% 38,210 Ni tonnes
Resource Contained nickel	2.03Mt @ 4.9% 99,787 Ni tonnes
Mine life (on reserves)	4 years

Key points

- FY17 production – 10,486 Ni tonnes
- Reserve life has a demonstrated history of replenishment
- 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



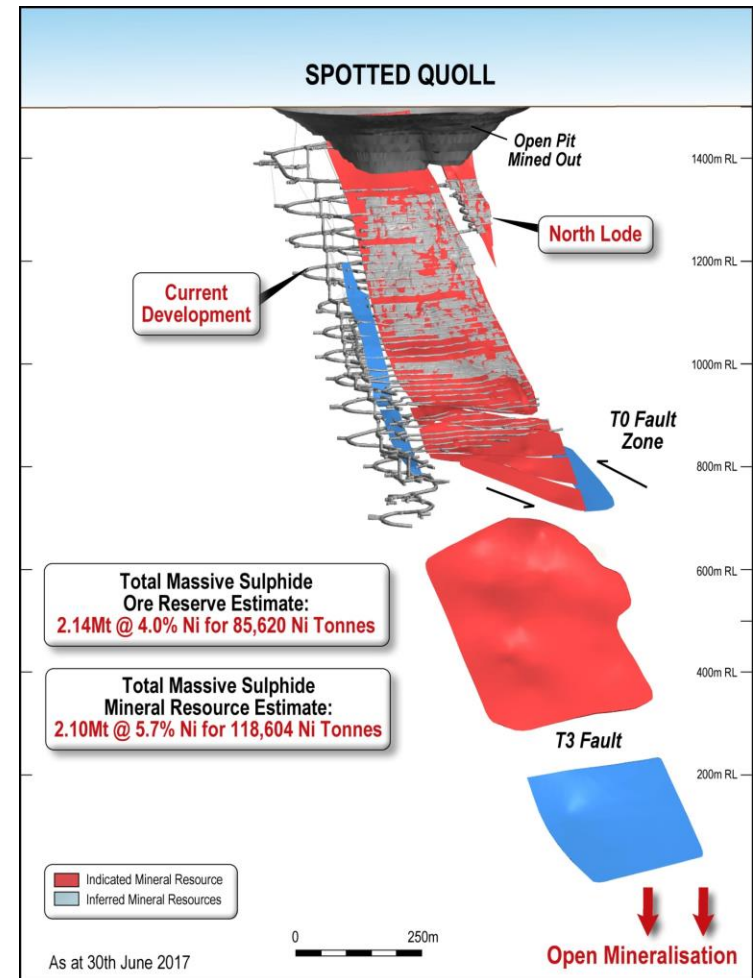
WSA foundation asset within Forresteria

SPOTTED QUOLL MINE

Reserve Contained nickel	2.14Mt @ 4.0% 85,620 Ni tonnes
Resource Contained nickel	2.10Mt @ 5.7% 118,604 Ni tonnes
Mine life	7 years

Key points

- March Mineral Resource upgrade +12,650 nickel tonnes
- 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 half height 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

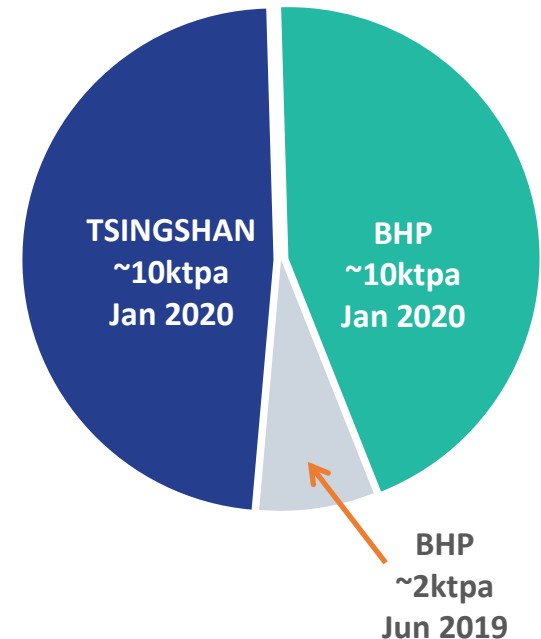
Opening new markets

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

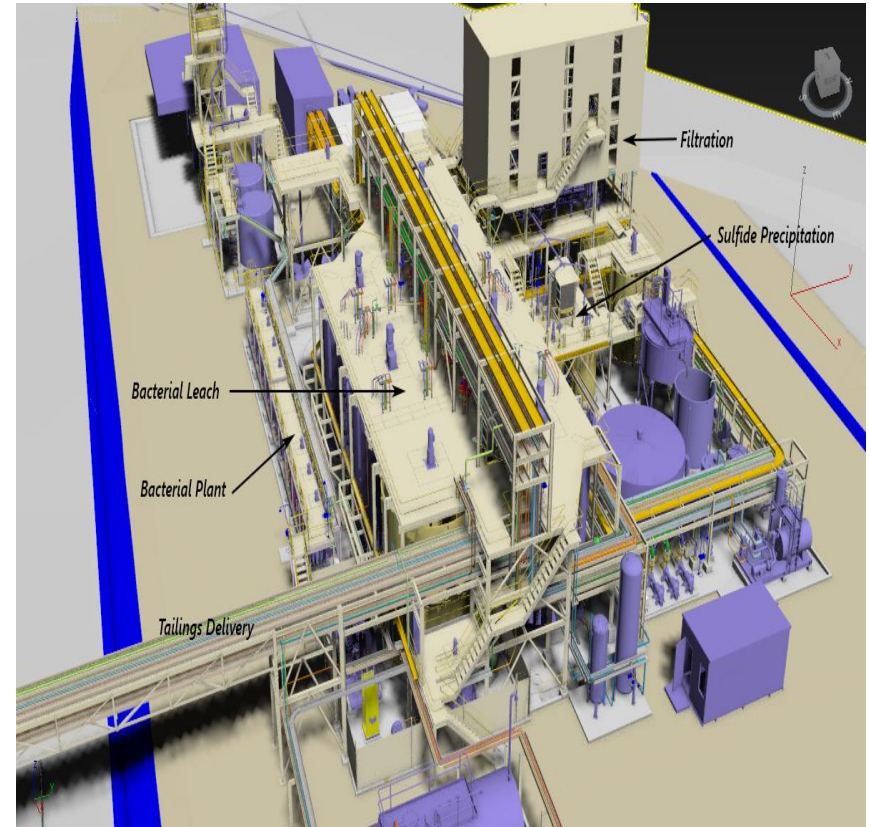
MILL RECOVERY ENHANCEMENT PROJECT (MREP)

Produces additional new higher-grade product

Generating value from waste tailings

New customers eg EV battery market

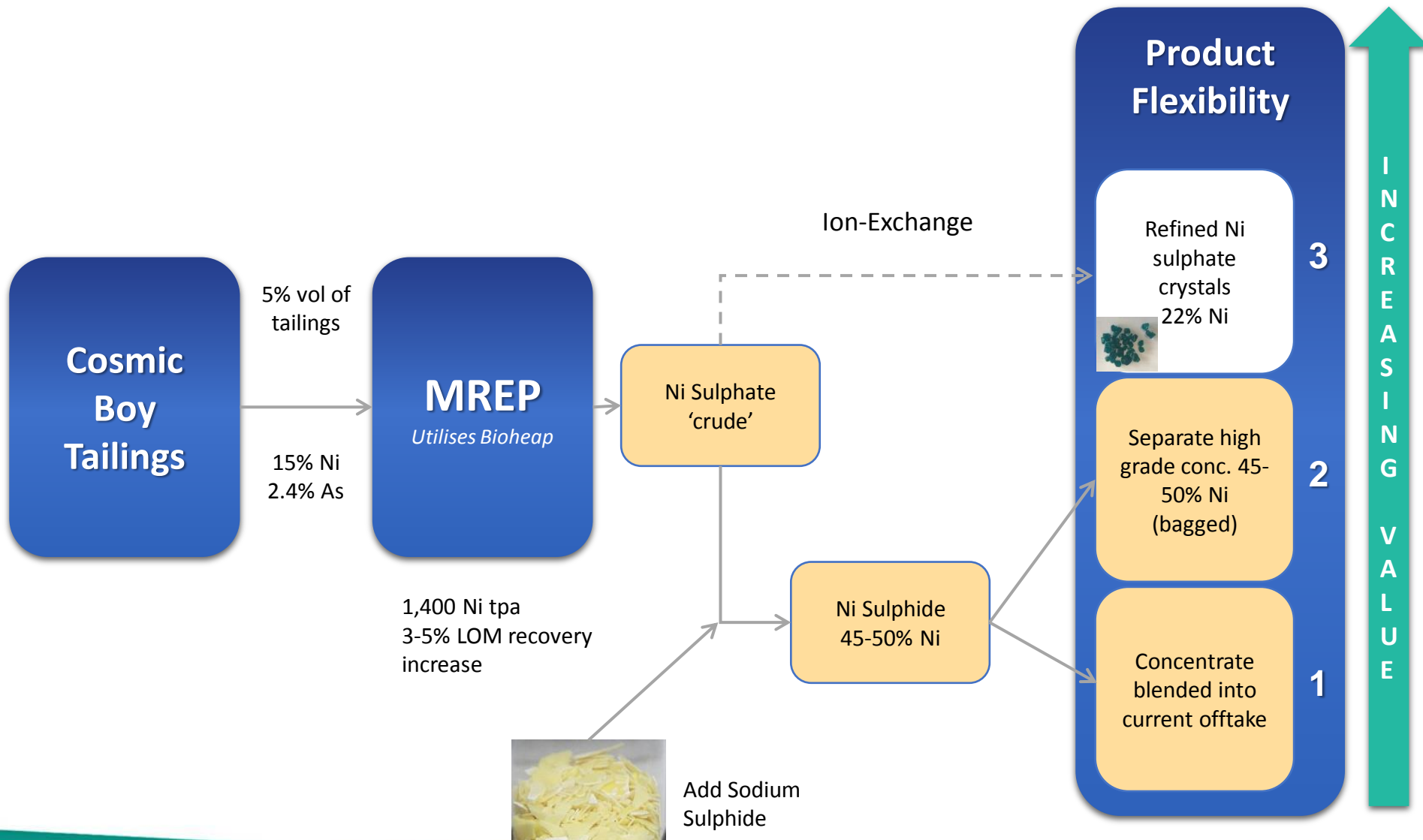
- Located next to Cosmic Boy Nickel Concentrator
- Construction has commenced on site
- First production of high grade nickel sulphide in Q1 2018
- Utilises BioHeap® process to leach waste tailings
- A\$17.5m completion cost, unit cost A\$2.44/lb, 3 year payback



MREP SITE WORKS – 6/10/17

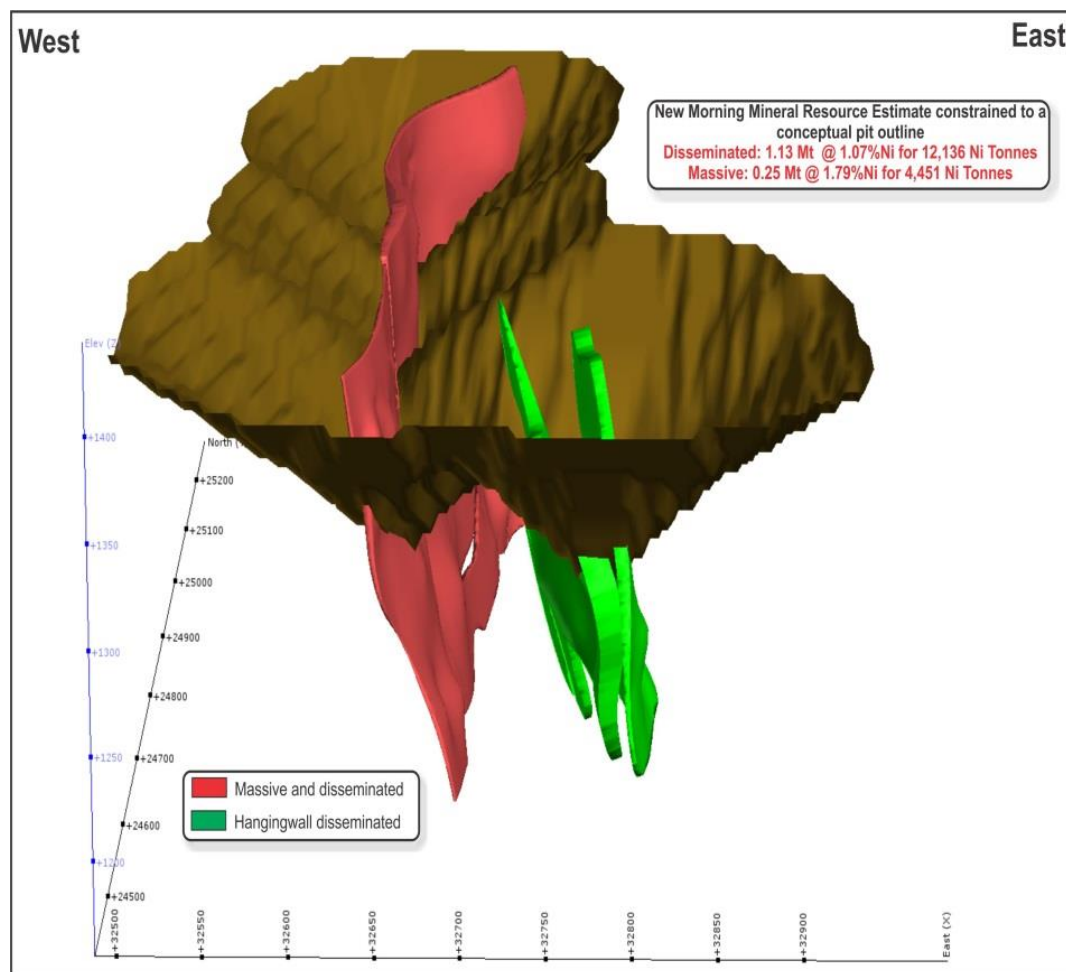


MREP FLOWSHEET

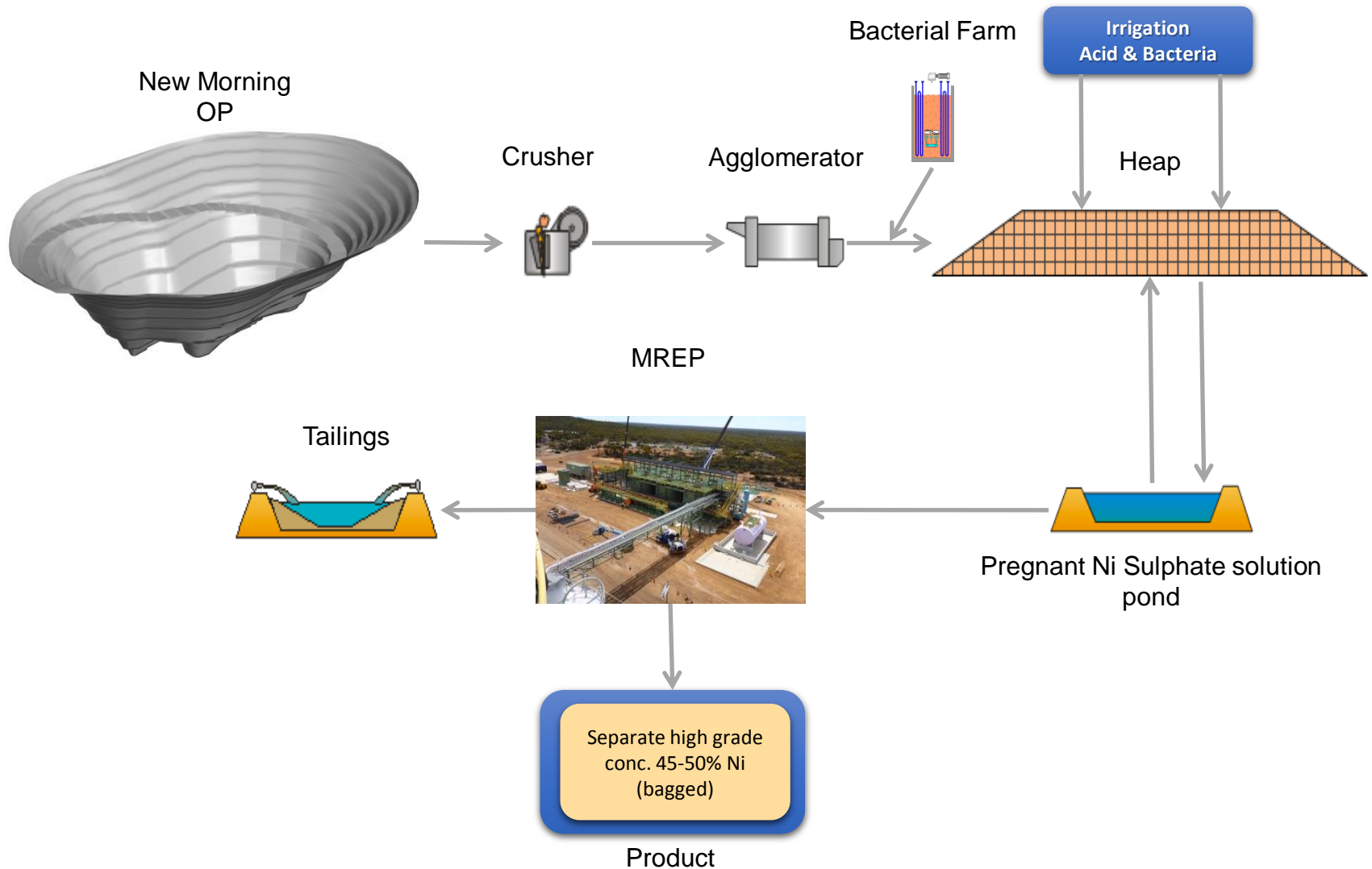


NEW MORNING / DAYBREAK

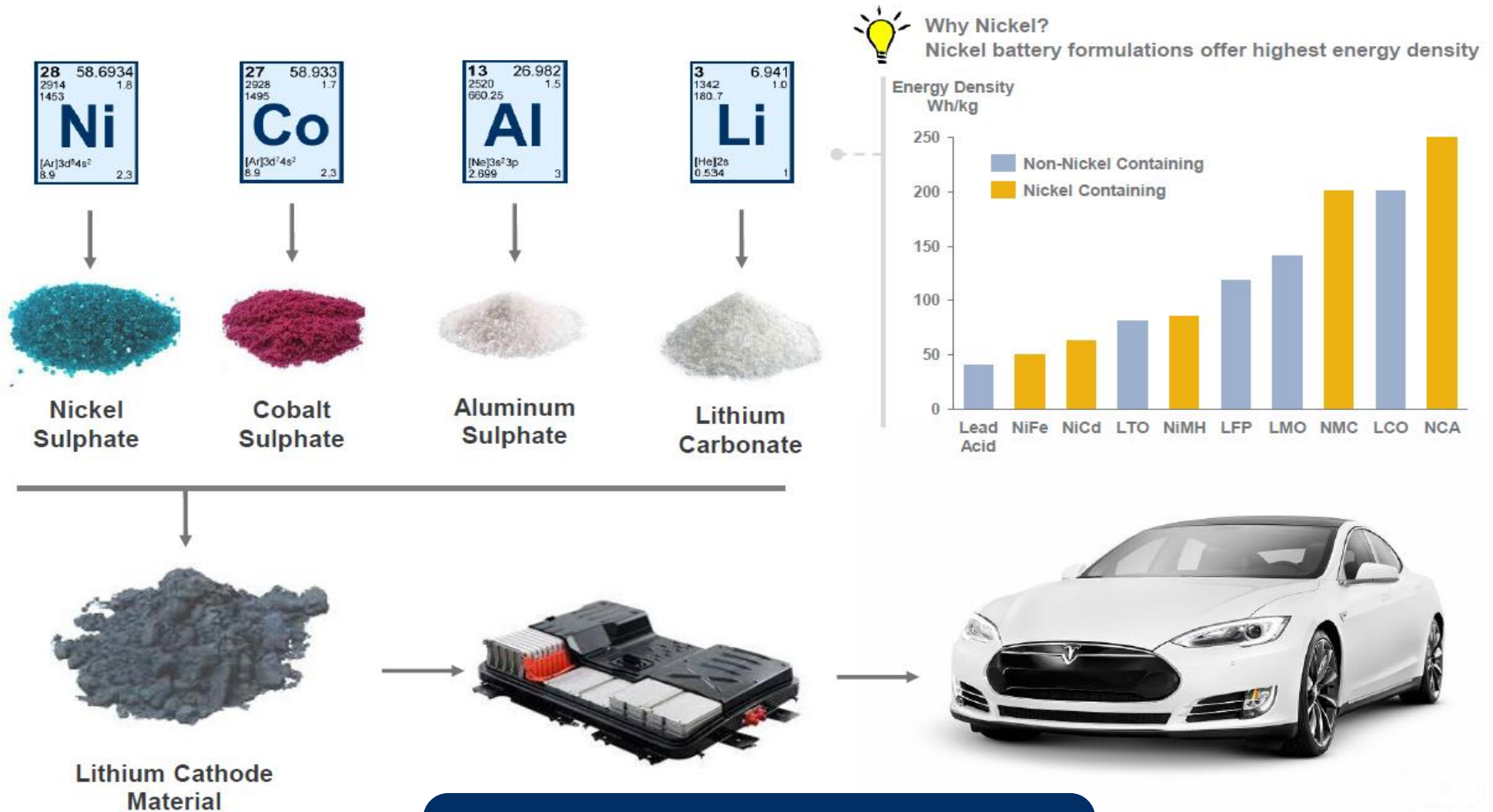
- Massive sulphide resource of 418kt @ 3.4% for 14,249 nickel tonnes
- Low grade resource (at 0.5% Ni COG) of 5.1m tonnes @ 1.3% for 67,090 nickel tonnes
- Located 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Open Pit Scoping Study commenced
- BioHeap® testwork ongoing to evaluate heap leach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



CONCEPTUAL NEW MORNING NICKEL FLOWSHEET



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



"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

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 studies underway
- History of reserve/resource extension
- Mill Recovery Enhancement Project – lift metallurgical recoveries by 3-5%
- Evaluating Lithium potential at the Forrestania tenements

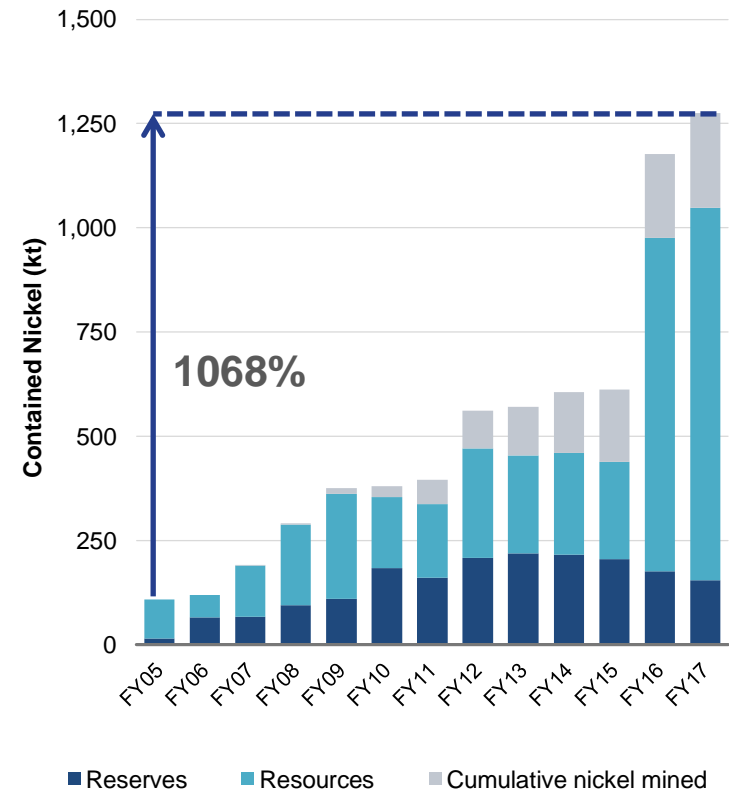
Cosmos Nickel Complex / Odysseus – Western Australia

- Existing resources and infrastructure (previous Glencore/ Xstrata/Jubilee Mines operation)
- Odysseus DFS underway with significant high grade intersections in latest drilling
- First pass drilling at Neptune successful

Western Gawler – South Australia

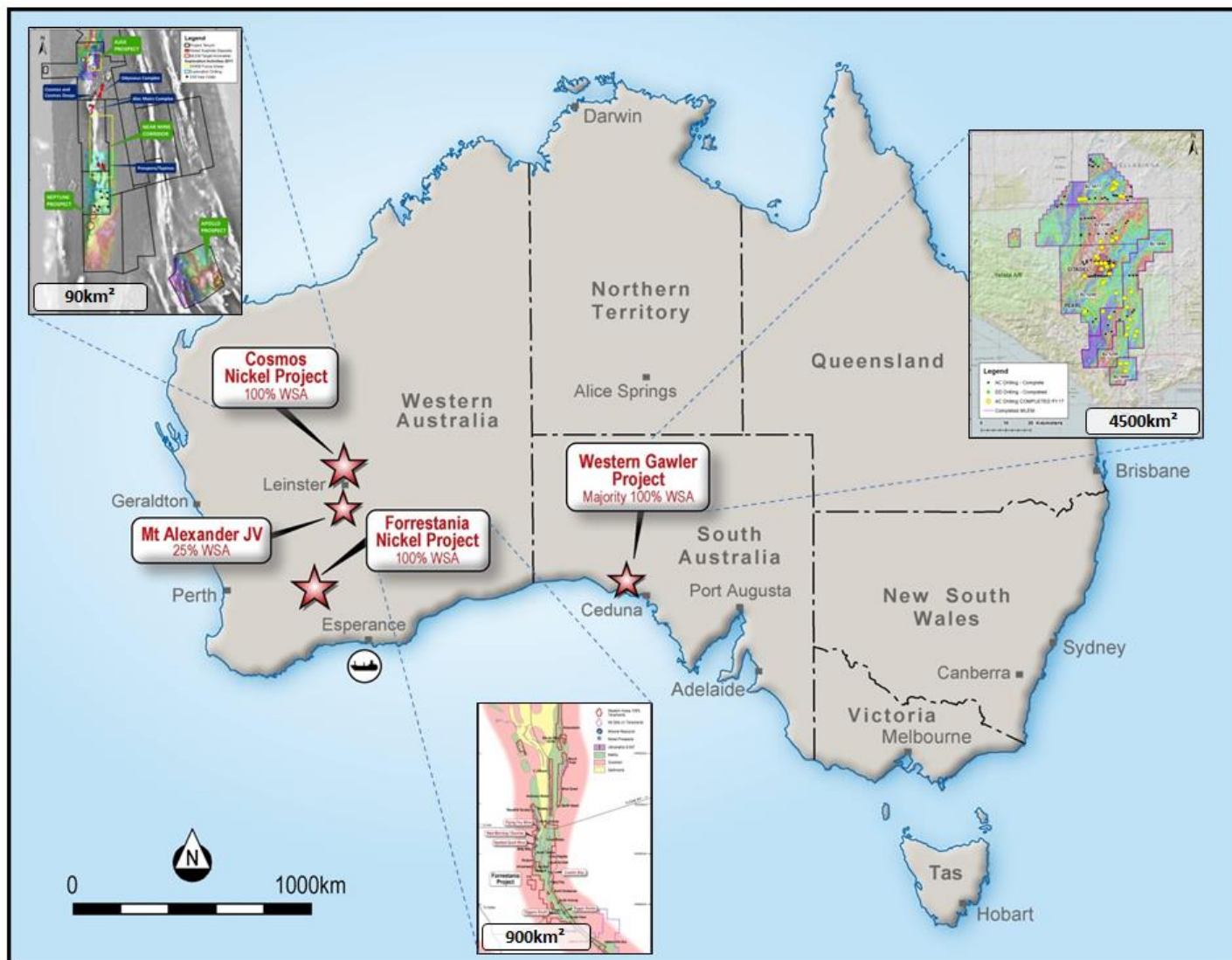
- First mover advantage
- Intrusive style and geologically similar to Nova

Historic reserves & resources



WSA has a track-record of discovery and development

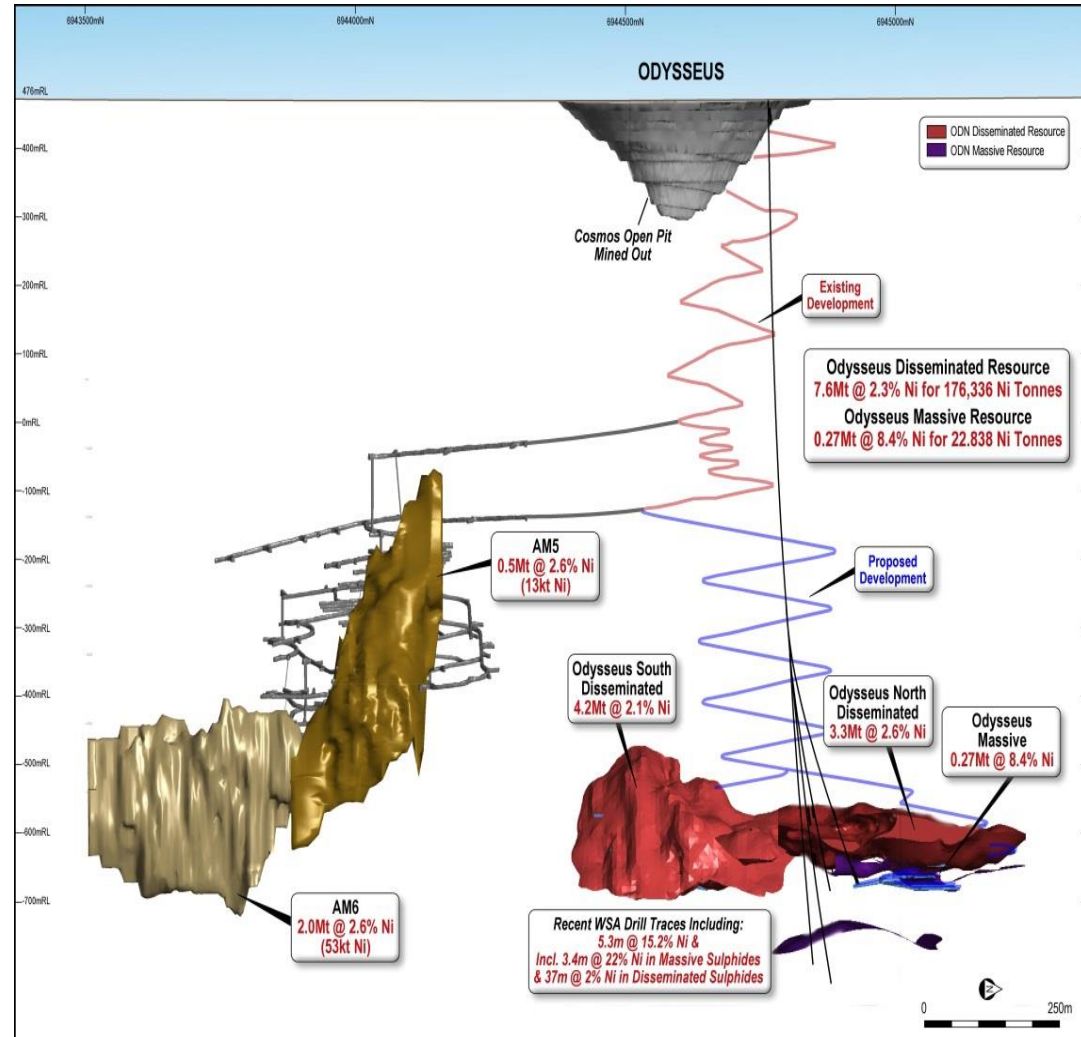
EXPLORATION UPSIDE – KEY TENEMENT HOLDINGS



COSMOS


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

- Covers 88km² in prolific nickel belt, including the Odysseus deposit
- 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 underway, to be completed March 2018
- 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




ODYSSEUS PRE-FEASIBILITY STUDY RESULTS

Key Metrics

ODYSSEUS SOUTH DISSEMINATED 


4.2Mt @ 2.1% for 88,200 Ni Tonnes



ODYSSEUS NORTH DISSEMINATED 

3.3Mt @ 2.6% for 85,800 Ni Tonnes




ODYSSEUS MASSIVE 

0.27Mt @ 8.4% Ni for 22,838 Ni Tonnes



PRODUCTION


 12,000 Ni Tonnes pa




MINE LIFE

 7.5 Years


PRE-TAX NPV

 A\$292M


PRE-TAX IRR

 28%

PAYBACK

 3.5 Years


NET CASHFLOW PRE TAX

 A\$580M

TOTAL CAPITAL COST

 A\$190 – \$210M

C1 CASH COSTS

 A\$3.21/lb (US\$2.41/lb)

ALL IN SUSTAINING COSTS

 A\$3.69/lb (US\$2.77/lb)

Assumptions:

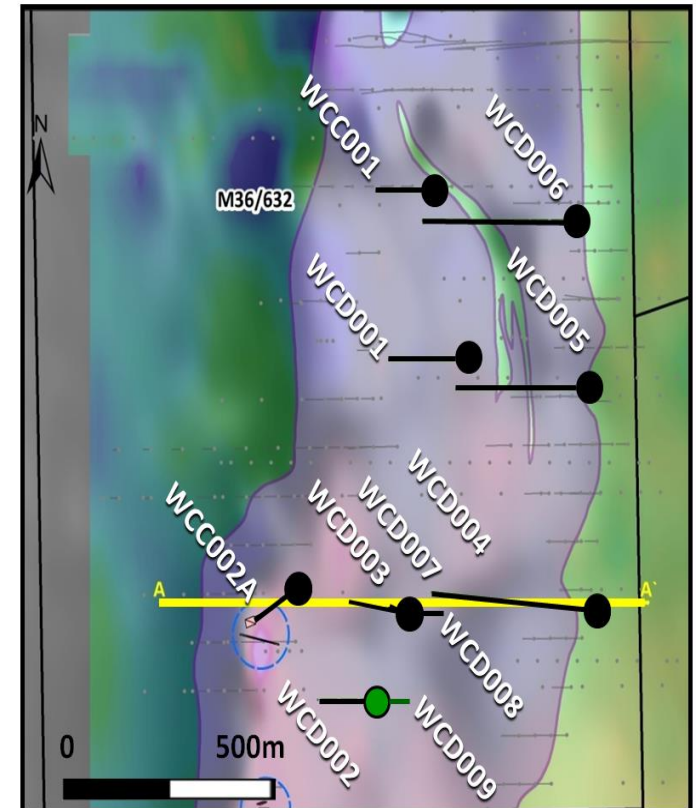
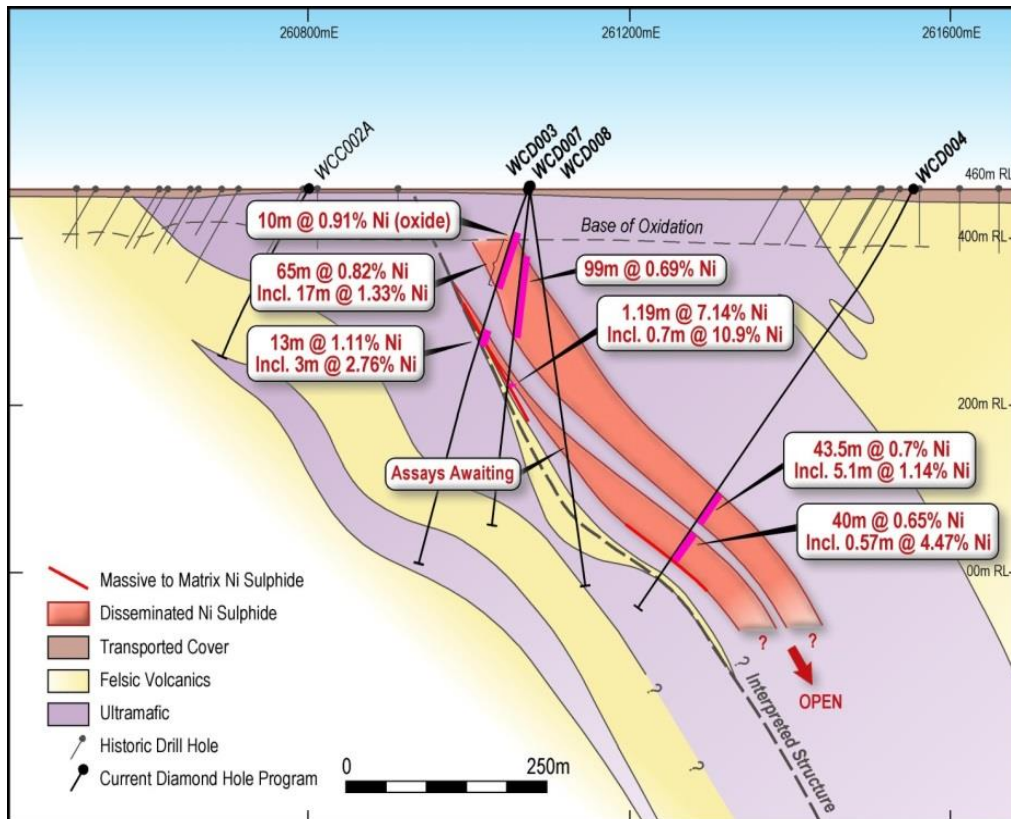
- Nickel Price of US\$7.50/lb;
- USD Exchange rate A\$0.75

For full pre-feasibility detail, see ASX announcement, 30 March 2017

COSMOS EXPLORATION - NEPTUNE

Drilling Results

- First drill program completed at Neptune and high grade nickel sulphides intersected
- 65.0m @ 0.82% Ni, including 17.0m @ 1.33% Ni
- 1.2m @ 7.1% Ni, including 0.7m @ 10.9% Ni**



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



EXPLORATION SUMMARY – WESTERN GAWLER

Broad scale prospectivity for Ni/Cu and Gold

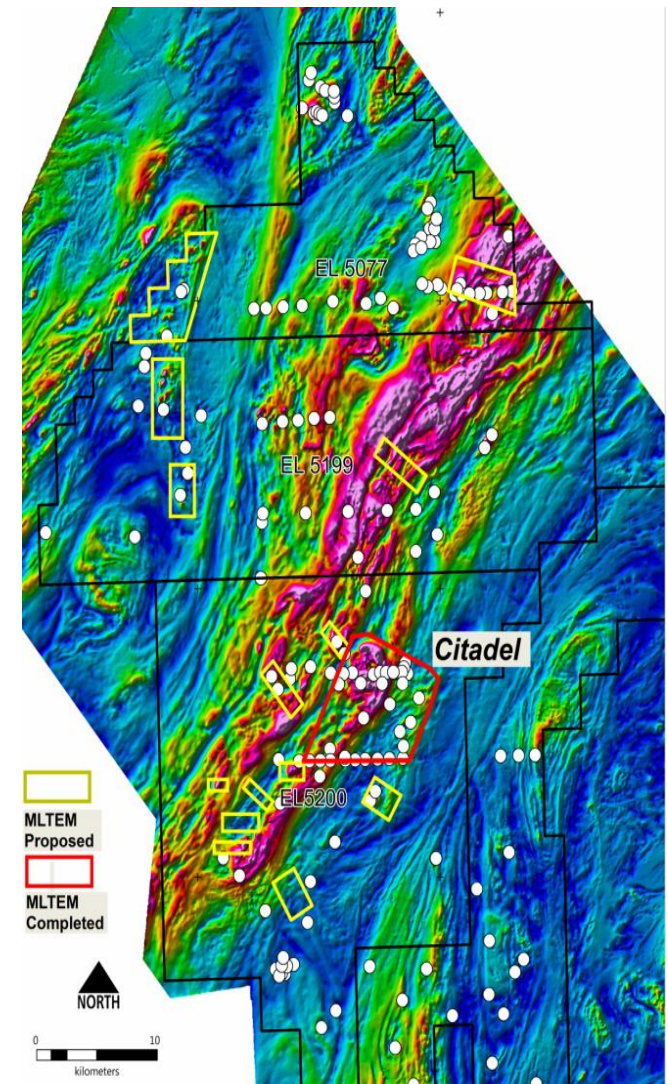
Successful first phase of exploration

- Regional AC/RC drilling completed in July 17
- Surface EM at Citadel completed
- Multiple mafic/ultramafic intrusions identified – priority targets

Planned exploration (next six months)

- Surface EM over priority areas underway
- Heritage Surveys booked for November 2017
- Follow-up AC/RC drilling planned in January quarter FY18
- Focused targets- Moving Loop EM, confirm geochemistry and intrusive extents

Community – Proactive engagement to support activities



NICKEL MARKET



GEO-POLITICAL FORCES, BUT STRONG DEMAND

Indonesia relaxes the laterite ore export ban implemented in 2014

- This is **not a reversal** of the ban and exports allowed under certain circumstances;
 - Exporter must show plans and demonstrate progress to constructing in-country processing facilities
 - Only impacts ore <1.7% nickel
 - Exporters must prove 30% of low grade is processed in-country
 - Rules on majority ownership transfer over 10 years
- **Only around 8.8 Mt of <1.7% nickel laterite approved to be exported - immaterial!**

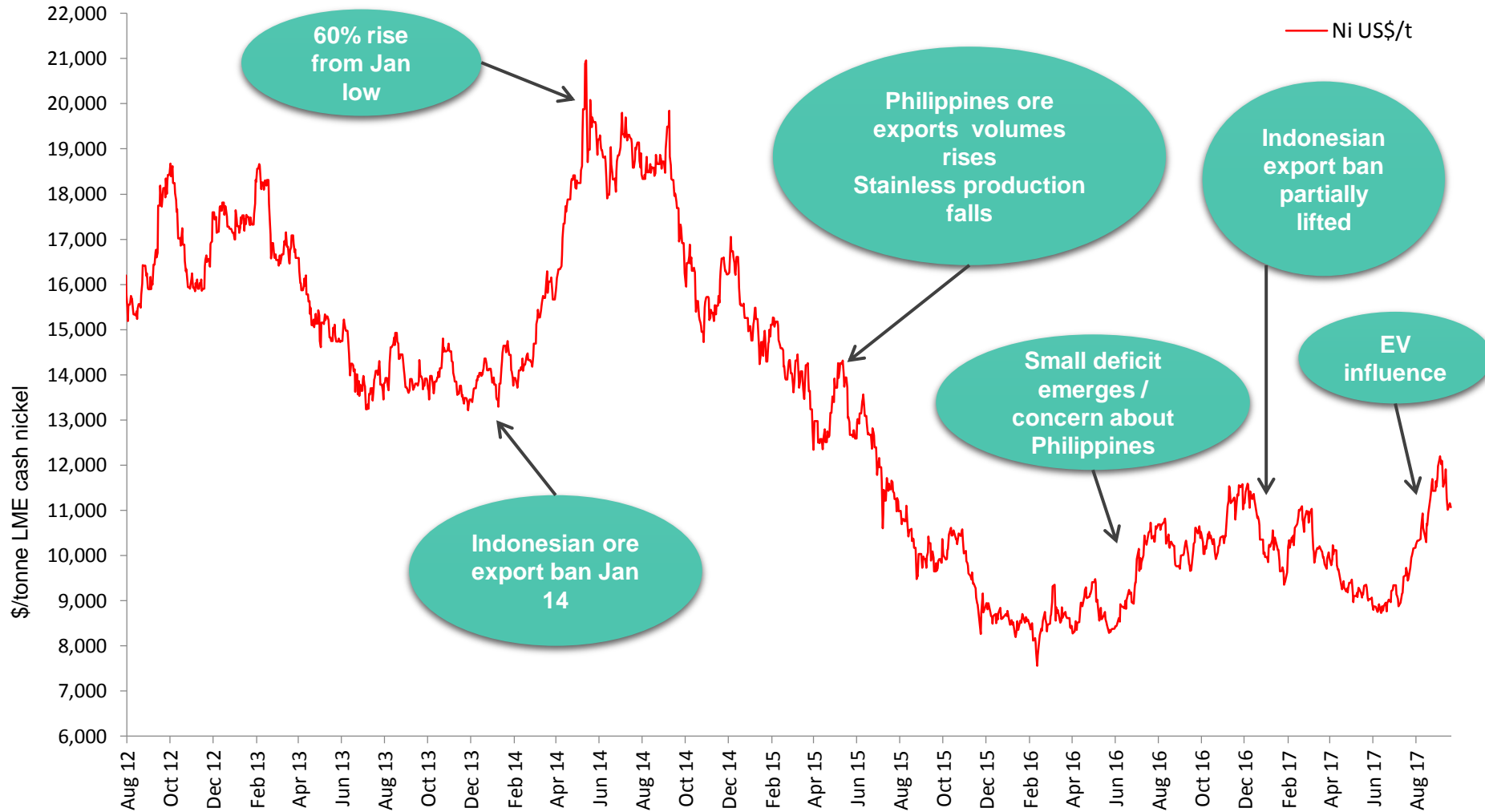


Philippines reviewing nickel mine closures and suspensions

- Mining and Resources Secretary Lopez announces closures and suspensions that could impact 50% of domestic laterite nickel exports (2 February 2017)
- Strong opposition from mining groups - Lopez not supported by Senate (2 May 2017) and replaced by Roy Cimatu
- Strong comments by Duterte and Cimatu regarding taxation of miners and continuation of environmental review (July 2017)
- Roy Cimatu appointed by law makers (October 2017)



NICKEL PRICE “ROLLER COASTER”



NI GROWTH FROM THE EV BATTERY SECTOR

- Nickel is a key ingredient in lithium-ion batteries (~50kg per car)
- EV battery manufacture could drive +10-40% of incremental nickel demand by 2025 – *UBS, July 2017*
- ~15m EV production in 2025 would mean an additional ~300- 900ktpa of incremental nickel demand – *UBS, July 2017*

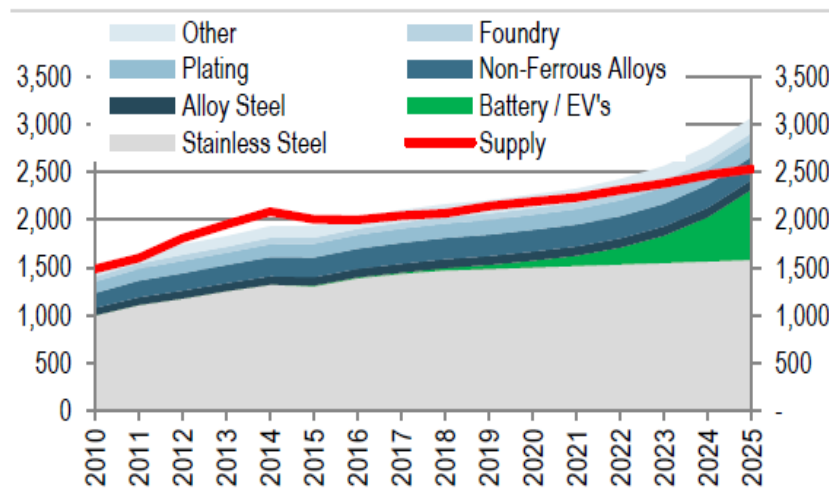
“It’s not just the demand for nickel – it’s the form as well”

Source: UBS Global Commodities – July 2017

“The company (VW) which aims to make up to three million EVs a year by 2025 ”

Source: Mitsui Bussan Commodities – September 2017

EV's create a new source of Nickel Demand (ktpa)



Source: Nickel Supply & Demand (ktpa); AME, WBMS, UBS.

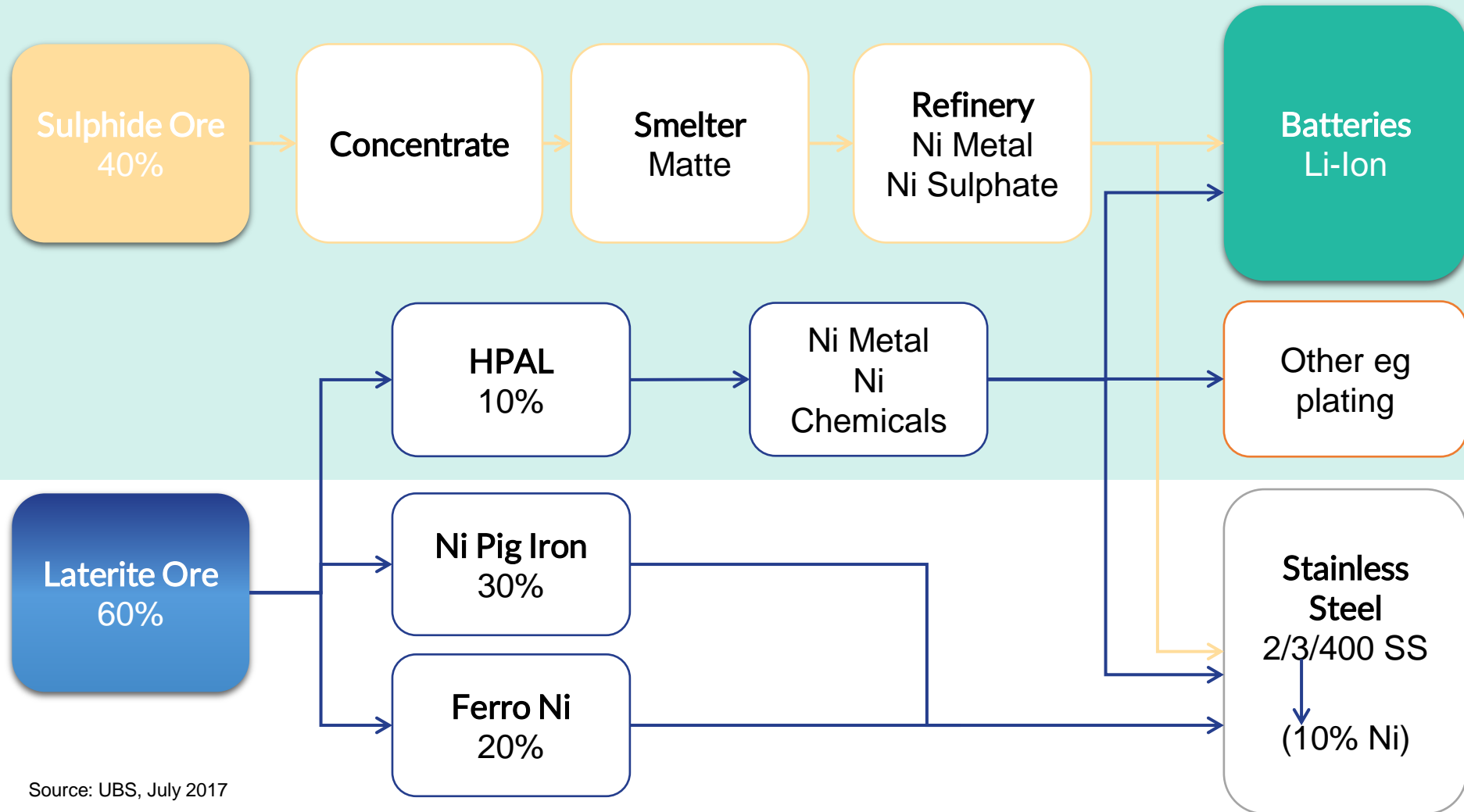
“Asian Battery Makers Eye Nickel Top-Up As Cobalt Price Bites”

Source: Mitsui Bussan Commodities - August 2017

“Big Winner from Electric Vehicles”

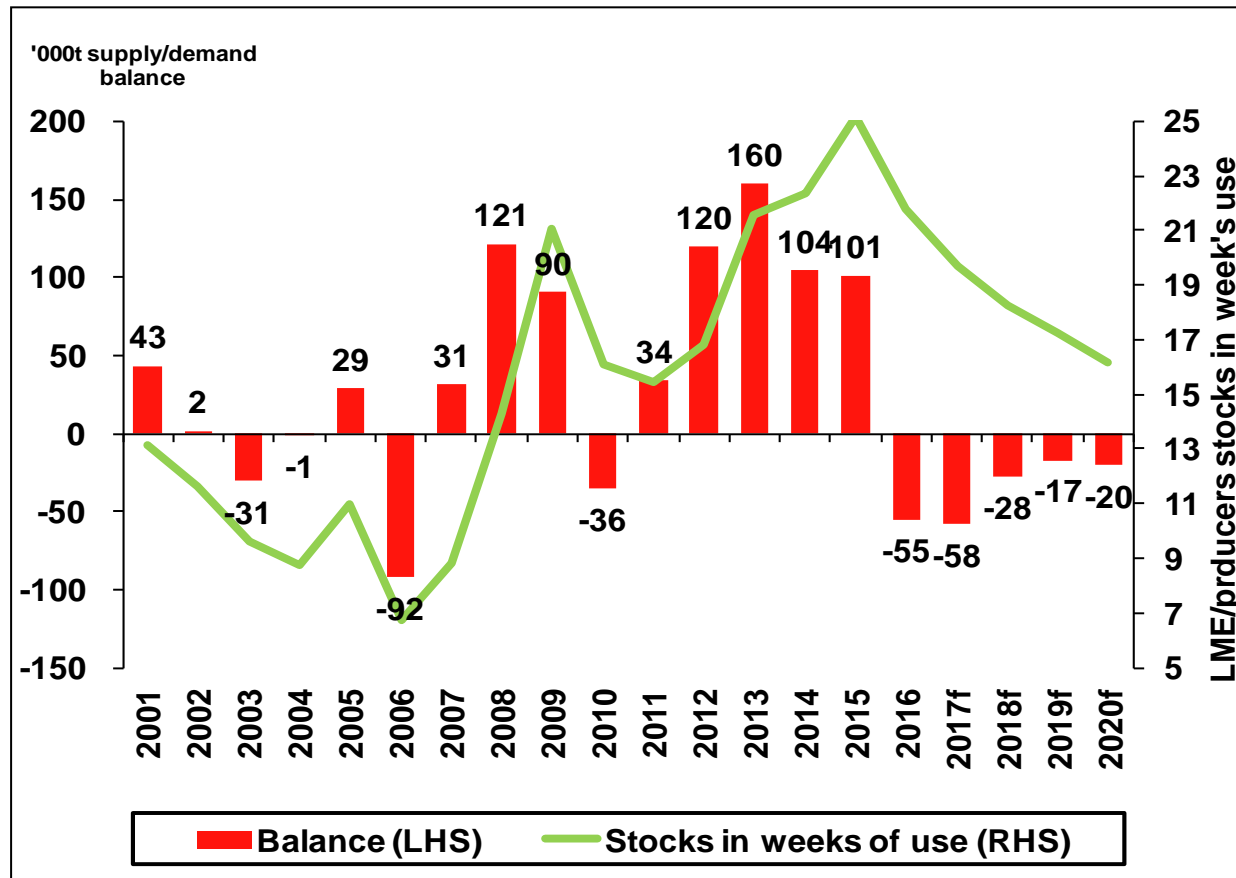
Source: UBS Global Commodities – July 2017

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



Source: UBS, July 2017

NICKEL DEFICITS ON THE HORIZON !



Source: CRU, INSG, Red Door Research, July 2017

THE YEAR AHEAD

- Spotted Quoll
- Flying Fox
- Cosmic Boy Concentrator

Production



- Complete Odysseus DFS
- Commission MREP
- New Morning Study

Development



- Cosmos Nickel Complex
- Western Gawler JV
- Forrestania

Exploration



- Markets for new product streams
- Battery market potential
- Potential for nickel to move to supply deficit

Market



WESTERN AREAS LTD



WWW.WESTERNAREAS.COM.AU | ASX:WSA
PO BOX 1891 West Perth 6872 | +61 8 9334 7777

