

WESTERN AREAS LTD



ANNUAL GENERAL MEETING

23 NOVEMBER 2017

www.westernareas.com.au



AGENDA

Corporate



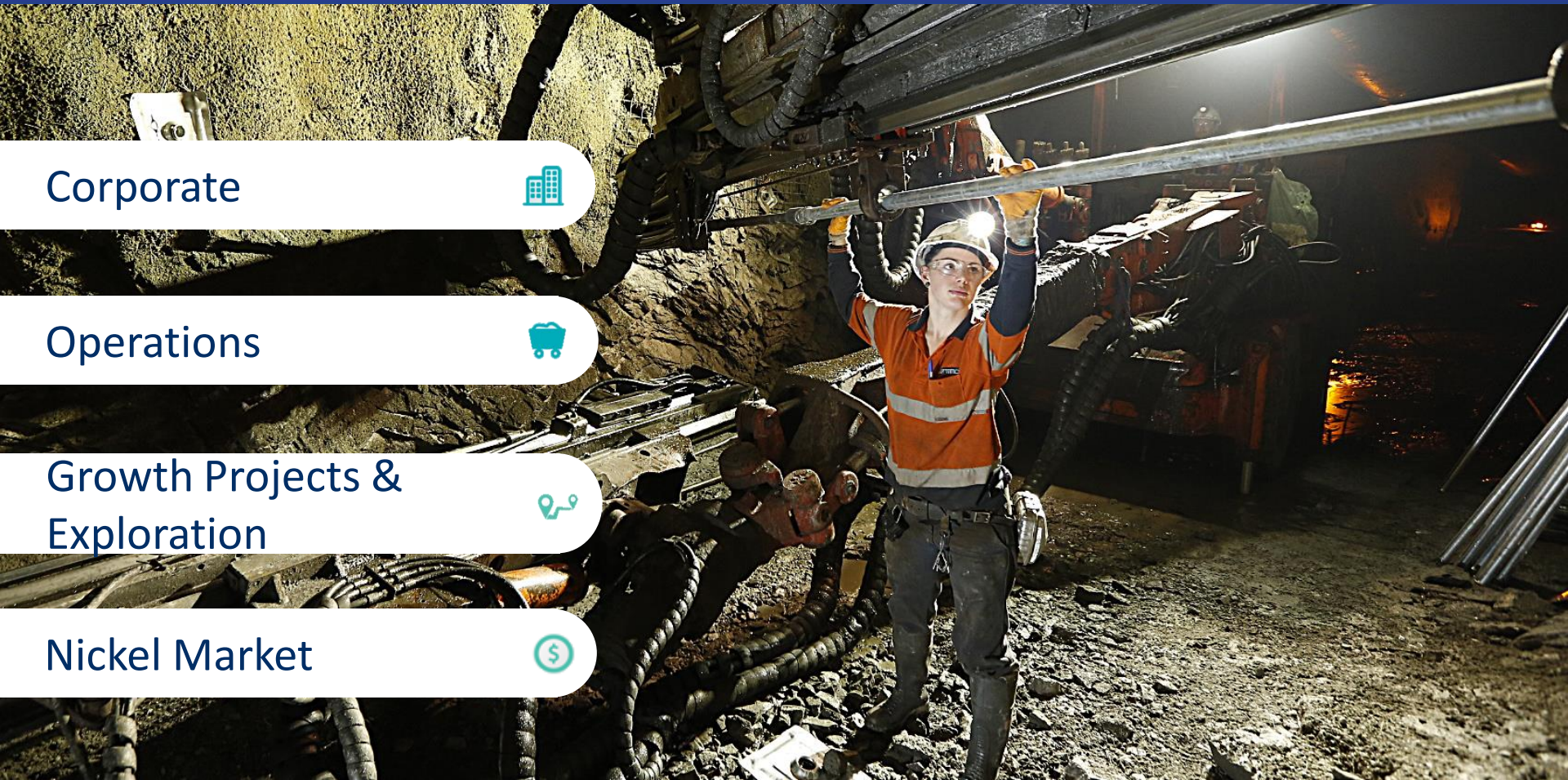
Operations



Growth Projects &
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



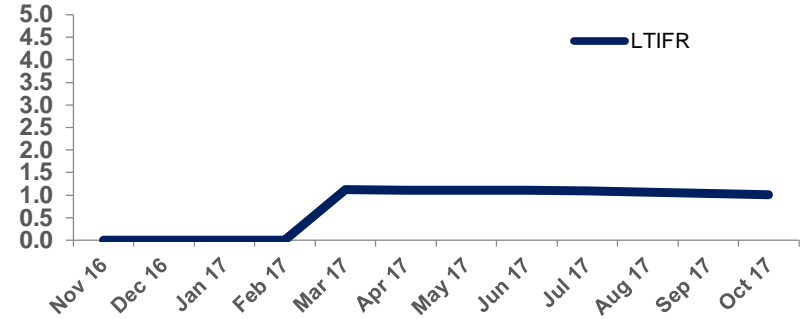
WESTERN AREAS ARE SAFE AREAS



Days LTI free

Exploration	3,350	Nov-08
Spotted Quoll	2,394	Aug-11
Cosmic Boy Concentrator	1,592	Oct-13
Flying Fox	233	Mar-17

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 results
- 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	3.28
Shares outstanding (m)	272.2
Market Cap (A\$m) ¹	892.8
Cash (A\$m) ²	131.9

Cosmos Nickel Complex

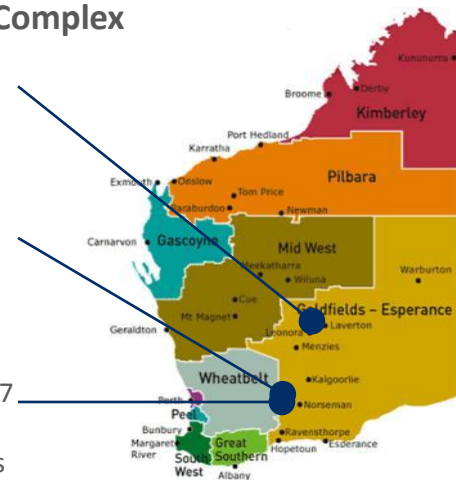
592kt Ni resources
PFS complete
DFS underway

Flying Fox

10kt Ni mined FY17
36.2kt Ni reserves
97.5kt Ni resources

Spotted Quoll

15.5kt Ni mined FY17
82.6kt Ni reserves
115.2kt Ni resources



A leading mid-tier base metal producer

1. Based on share price on 22 November 2017 2. Cash as at 30 September 2017

KEEPING ACTIVE IN A VOLATILE MARKET

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

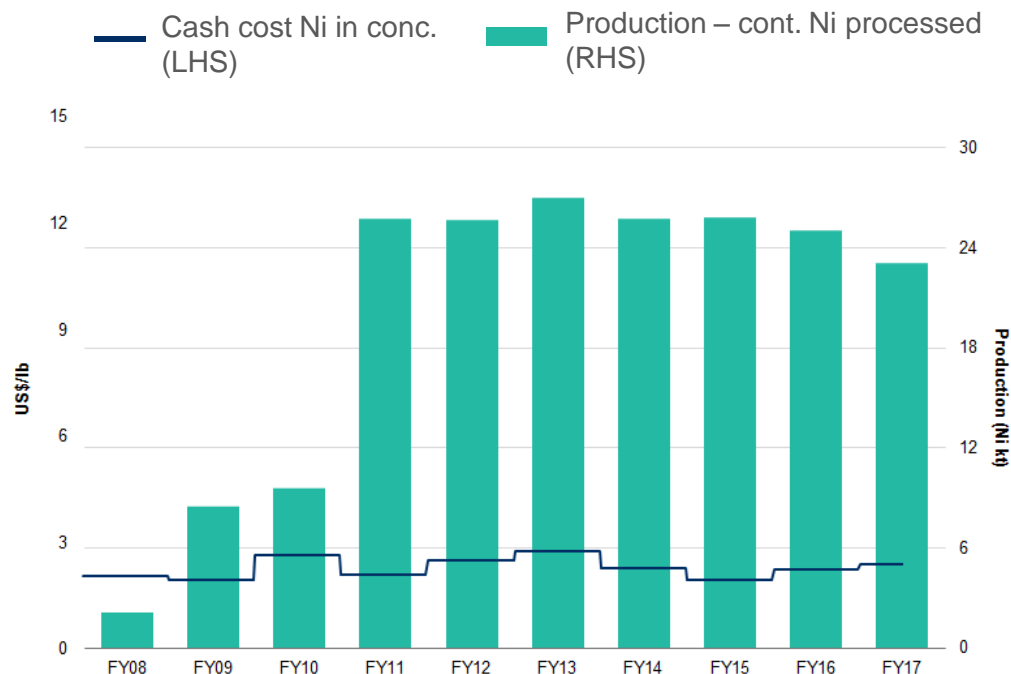
New and improved offtake deals	MREP – a new, higher grade and value product stream
Advancing Cosmos – a third potential mine	Greater operational efficiency
Lithium investments	Value from non-core assets

Delivering on our promises...

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

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

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

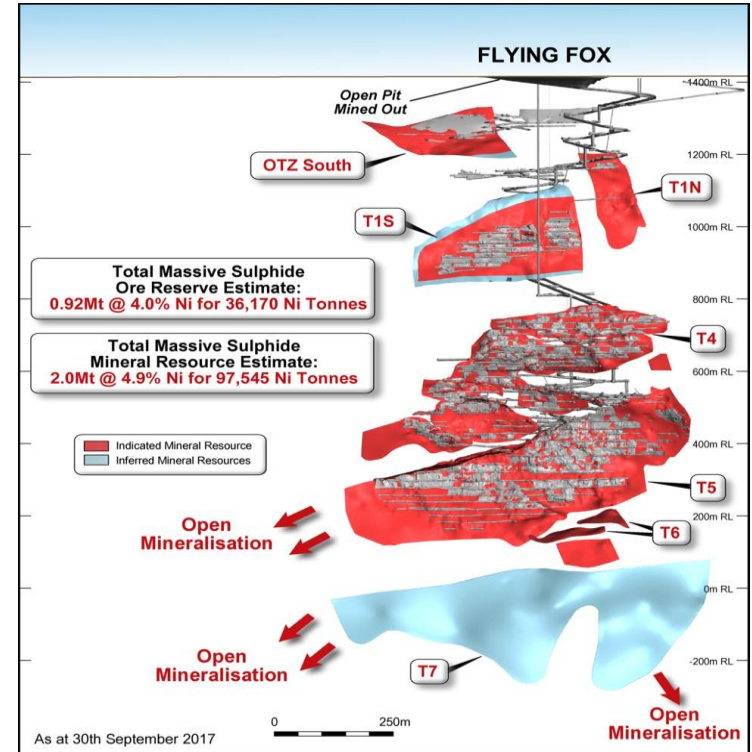


FLYING FOX MINE

Reserve	0.92Mt @ 4.0%
Contained nickel	36,170 Ni tonnes
Resource	2.00Mt @ 4.9%
Contained nickel	97,545 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



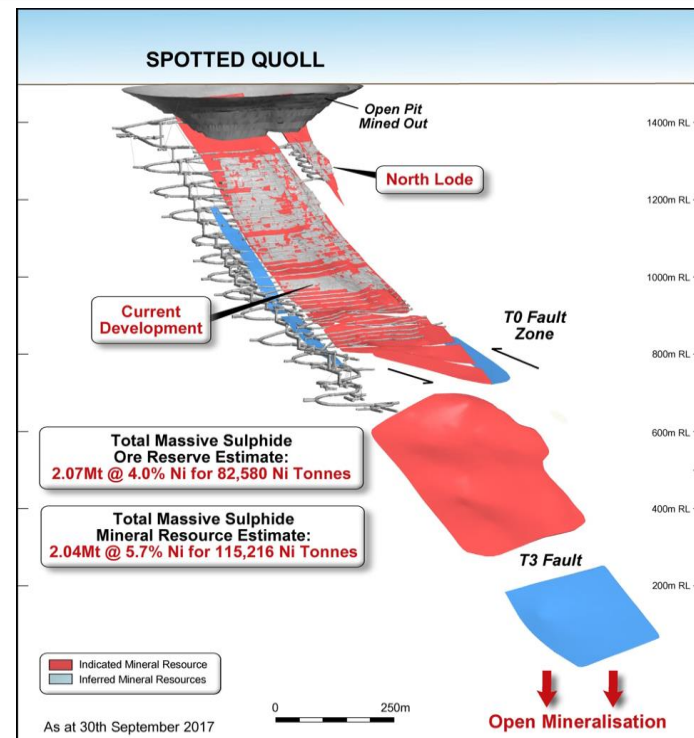
WSA foundation asset within Forrestania

SPOTTED QUOLL MINE

Reserve	2.07Mt @ 4.0%
Contained nickel	82,580 Ni tonnes
Resource	2.04Mt @ 5.7%
Contained nickel	115,216 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

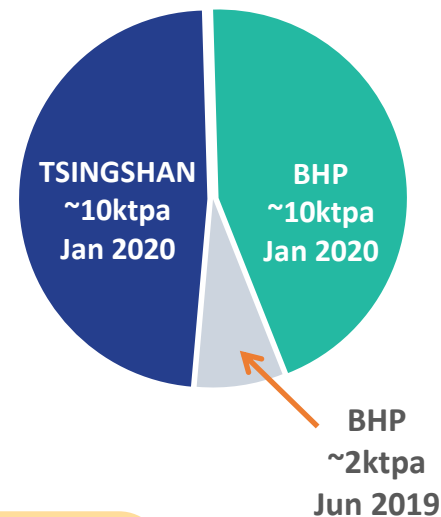
Creating more value from the same nickel product

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





GROWTH PROJECTS & 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 (MREP)** – lift metallurgical recoveries by 3-5%
- Evaluating Lithium potential at the Forrestania tenements

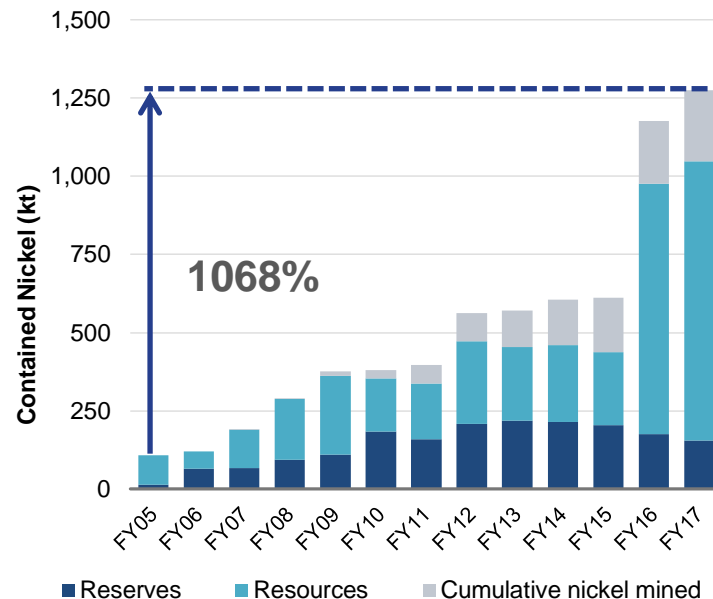
Cosmos Nickel Complex / Odysseus – Western Australia

- 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

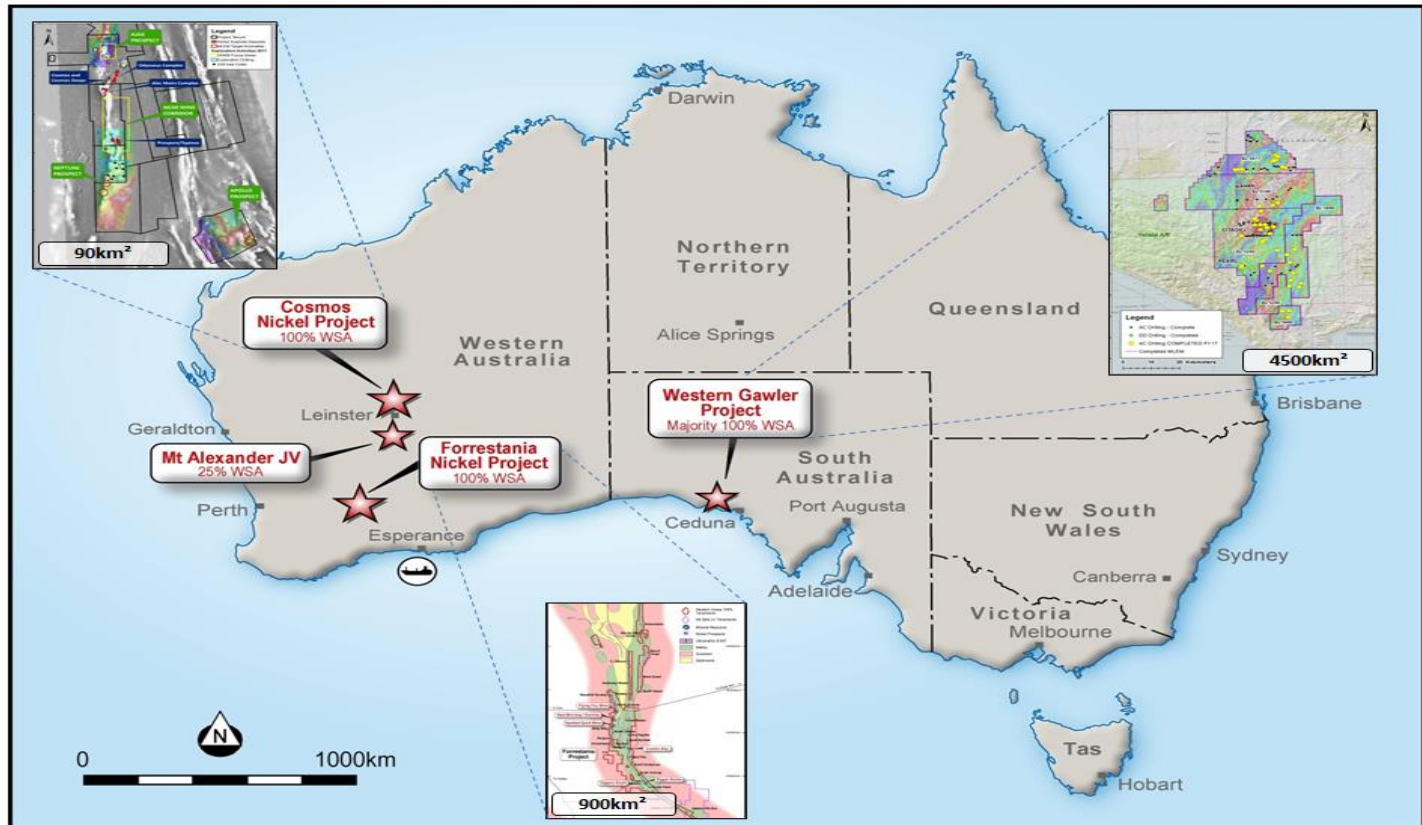
- First mover advantage
- Intrusive style and geologically similar to Nova

Historic reserves & resources



WSA has a track-record of discovery and development

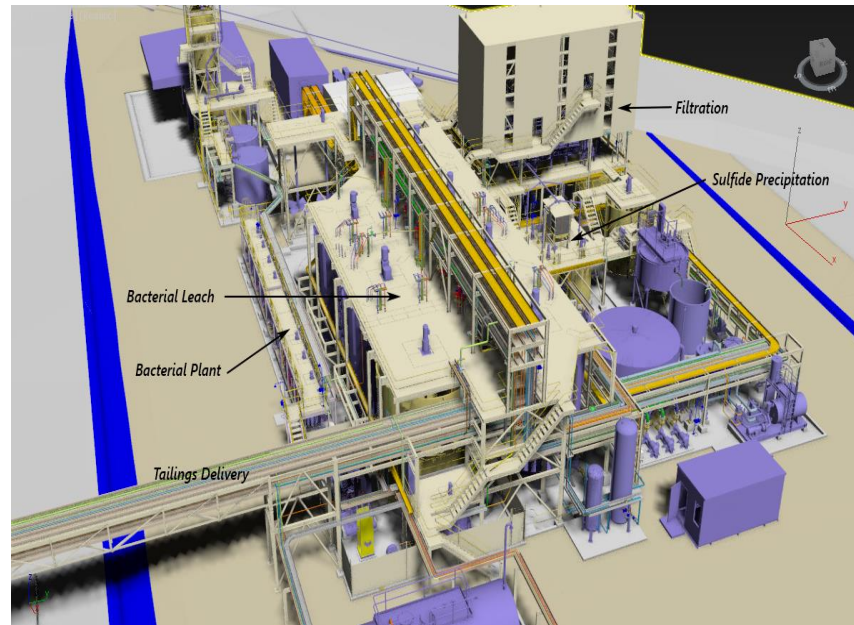
EXPLORATION UPSIDE – KEY TENEMENT HOLDINGS



MILL RECOVERY ENHANCEMENT PROJECT (MREP)

Produces additional new higher-grade product
Generating value from waste tailings
New customers eg EV battery market

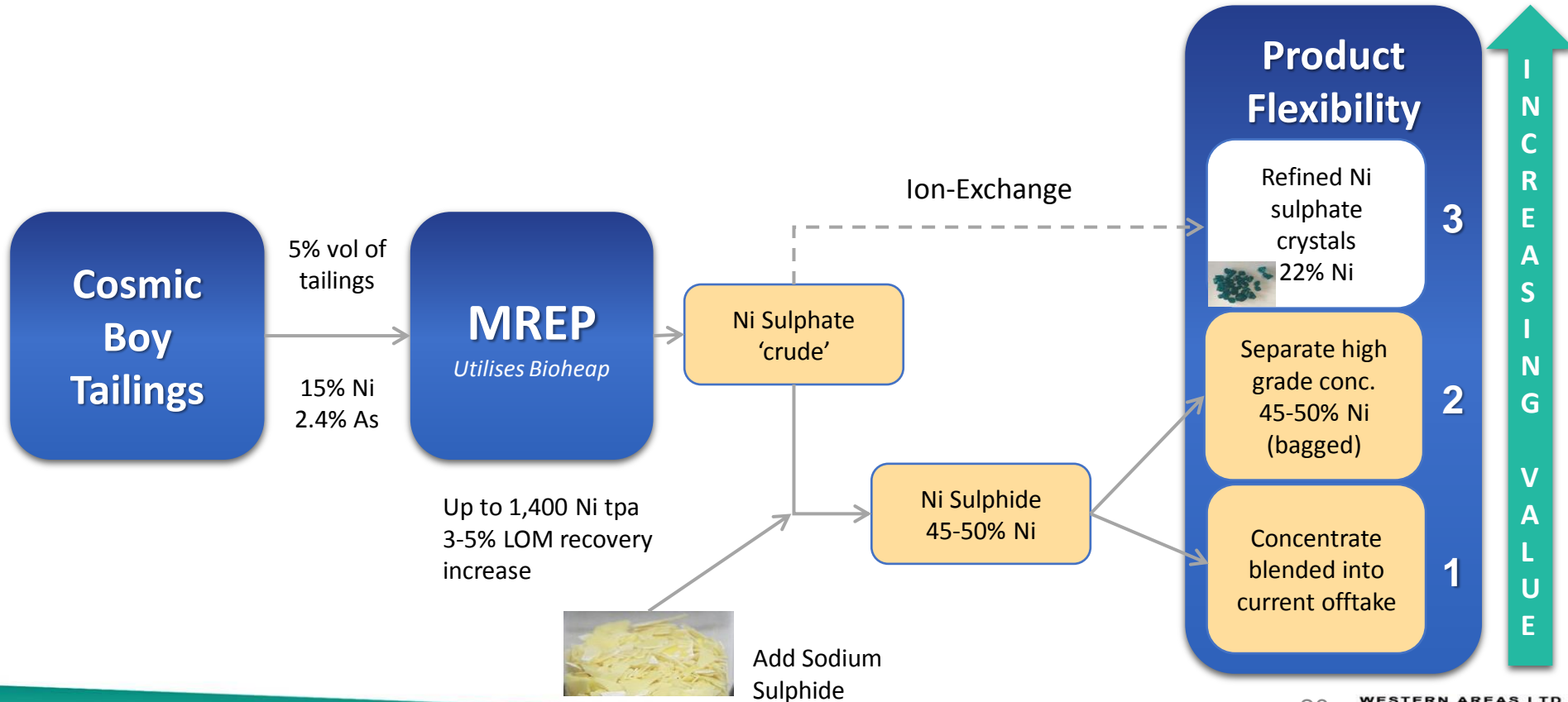
- Located adjacent to Cosmic Boy Nickel Concentrator
- Construction is now well advanced
- First production of high grade nickel sulphide in Q1 2018
- Utilises BioHeap® process to leach waste tailings
- A\$17.5m completion cost, unit cost A\$2.44/lb, 3 year payback



MREP SITE WORKS – 18 NOV 17

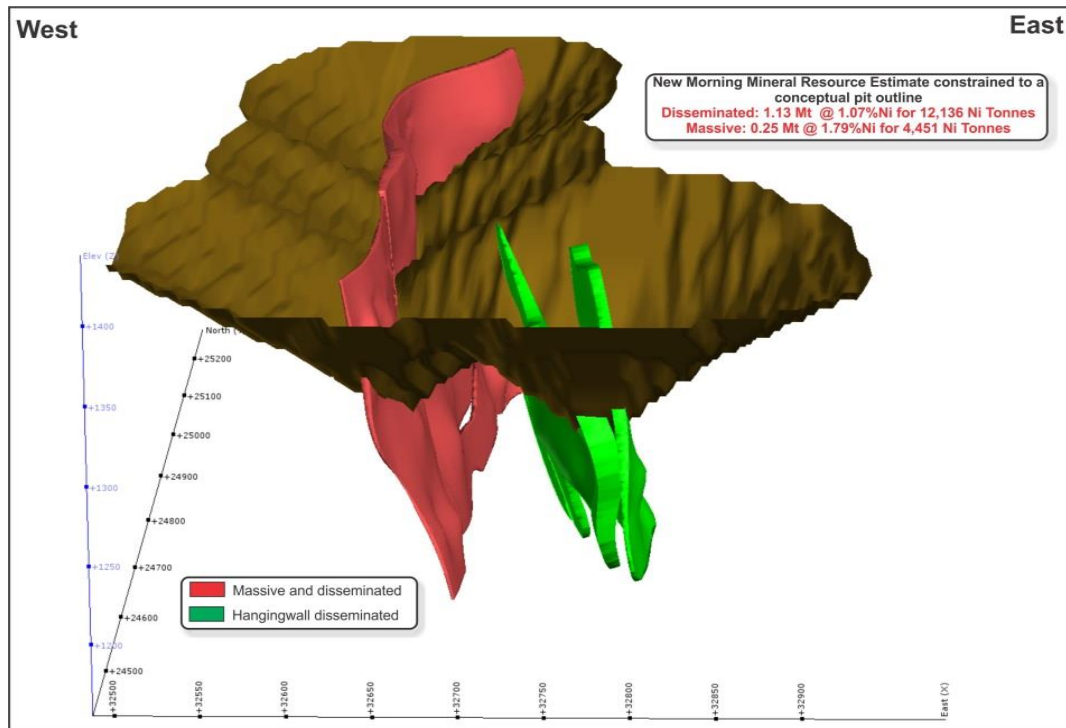


MREP FLOWSHEET

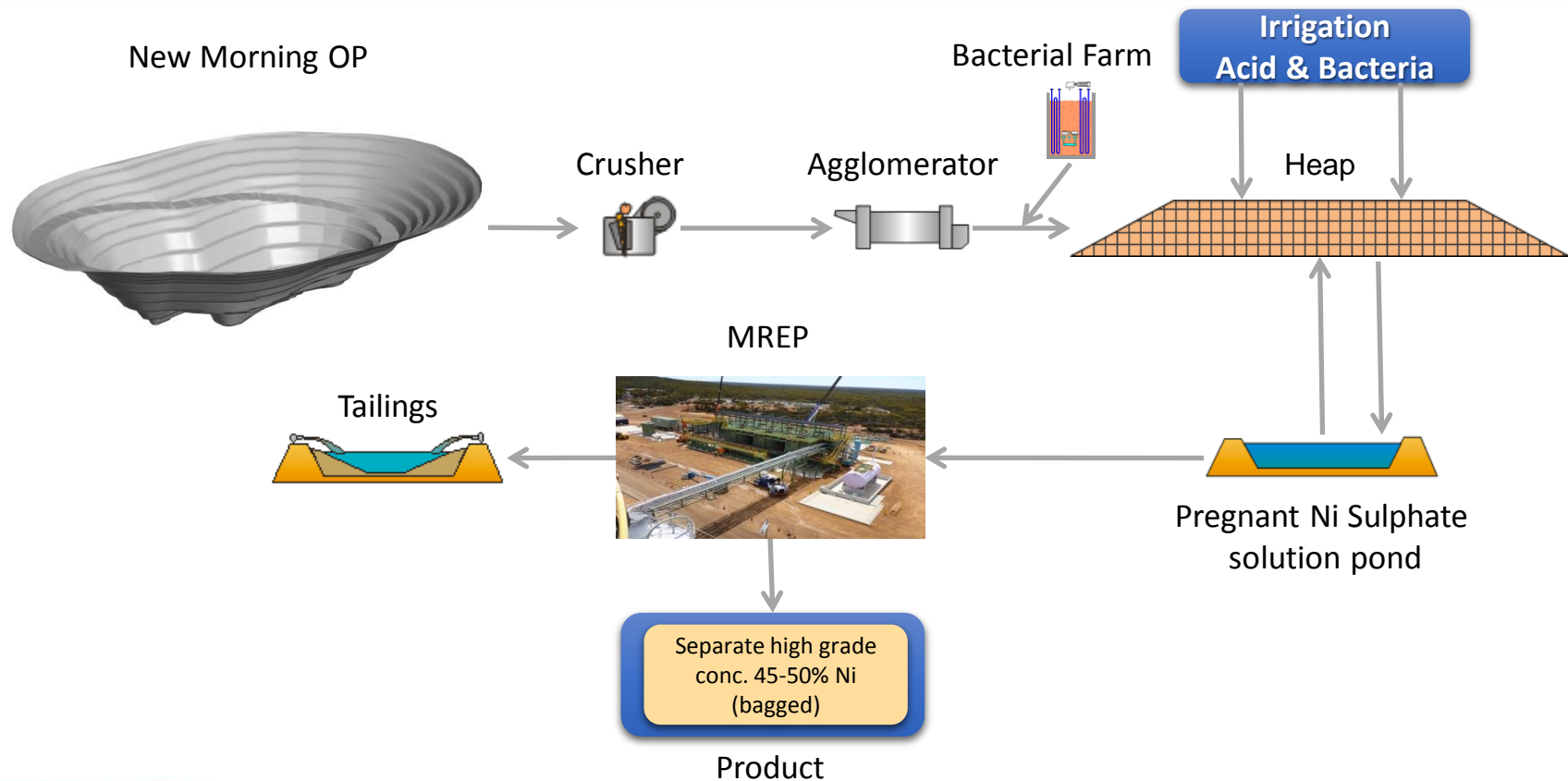


NEW MORNING / DAYBREAK

- 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



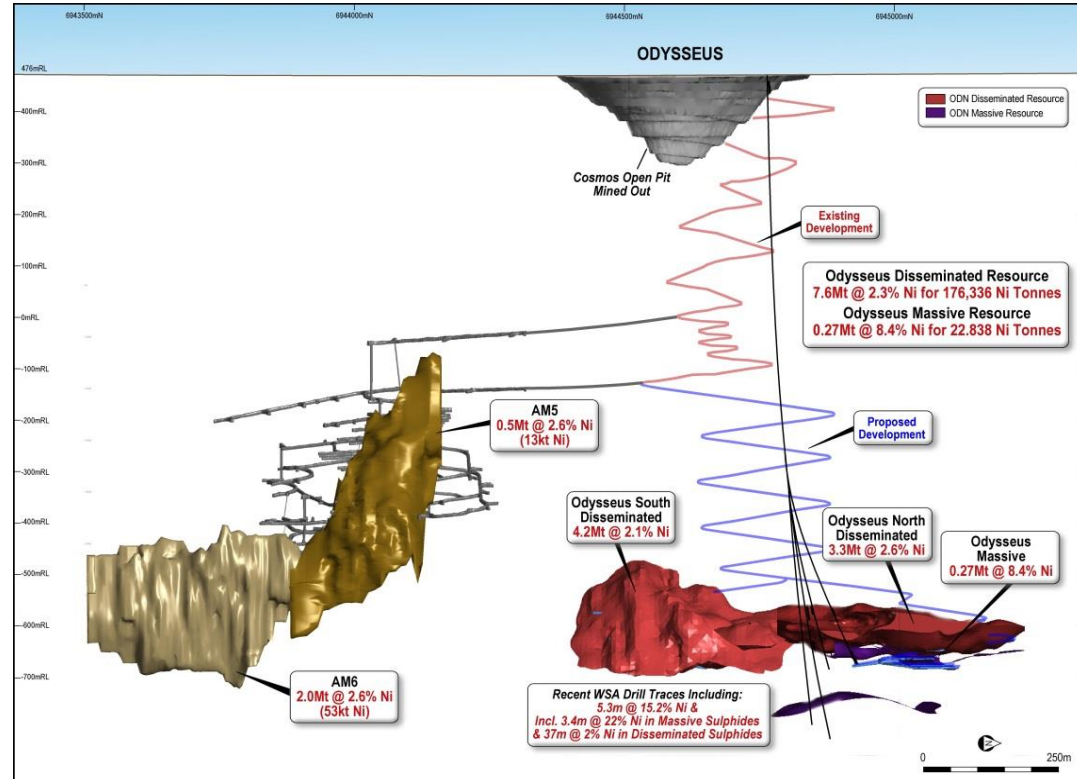
CONCEPTUAL NEW MORNING NICKEL FLOWSHEET



COSMOS - ODYSSEUS PROJECT

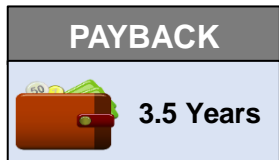
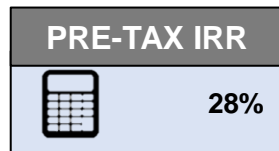
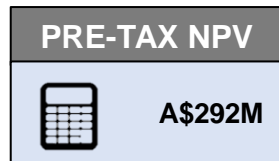
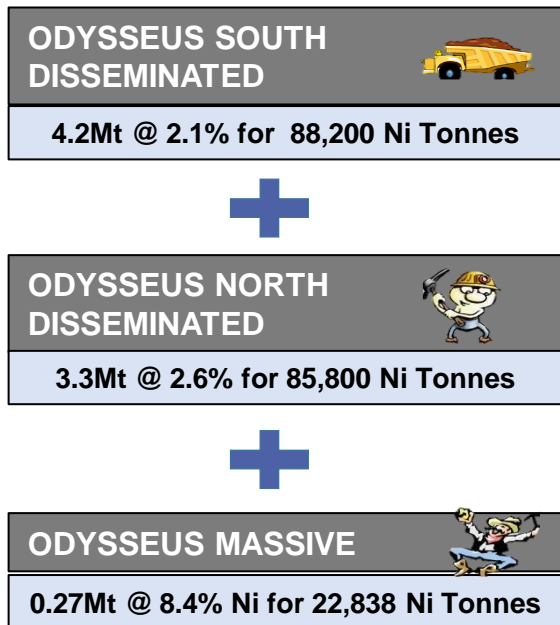
A potential new (third) nickel operation on the horizon...

- 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

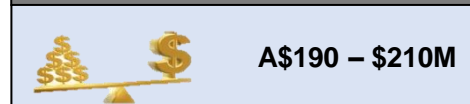
Key Metrics



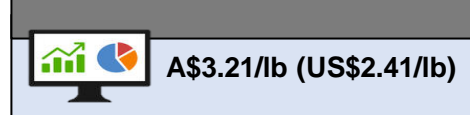
NET CASHFLOW PRE TAX



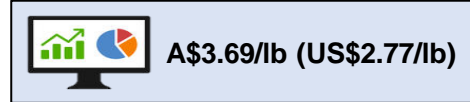
TOTAL CAPITAL COST



C1 CASH COSTS



ALL IN SUSTAINING COSTS



Assumptions:

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

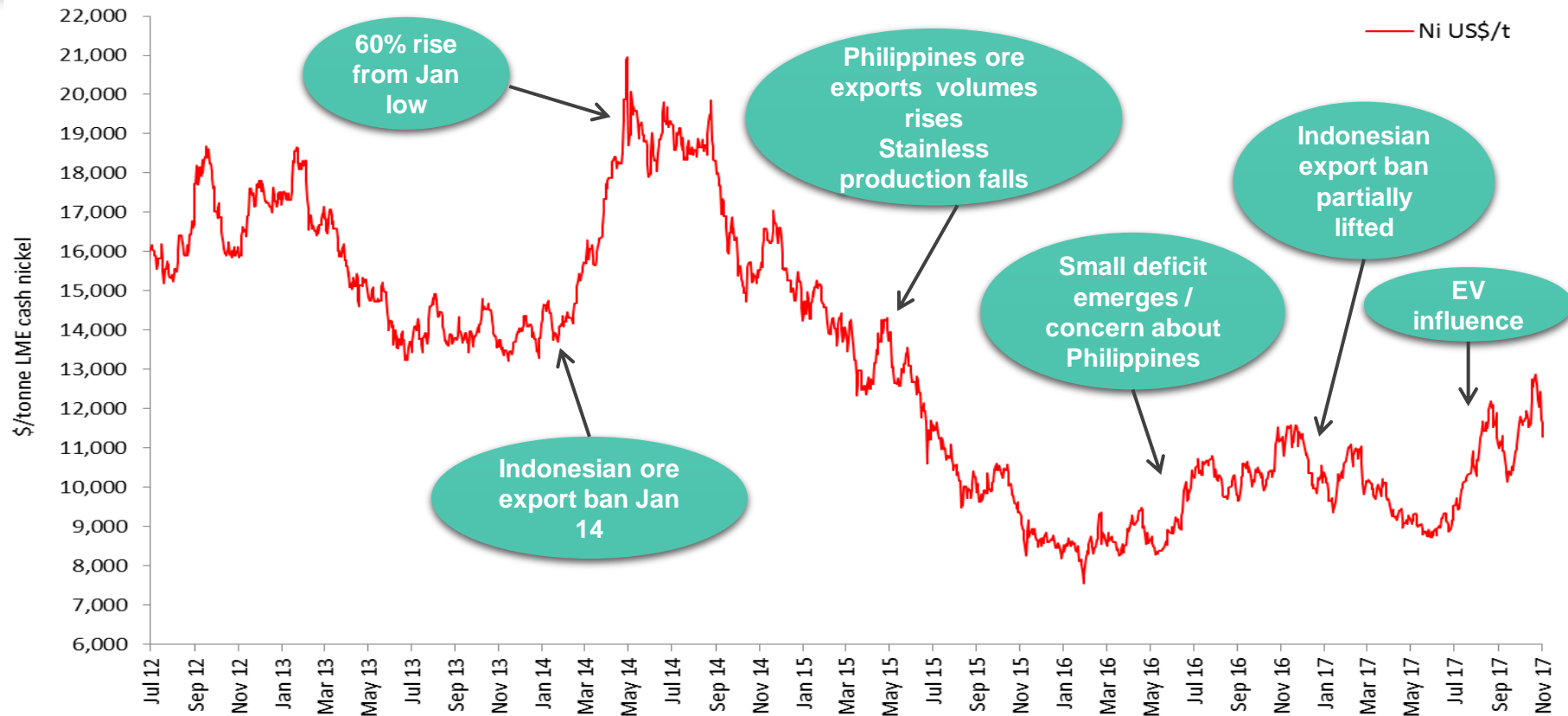
For full pre-feasibility detail, see ASX announcement, 30 March 2017



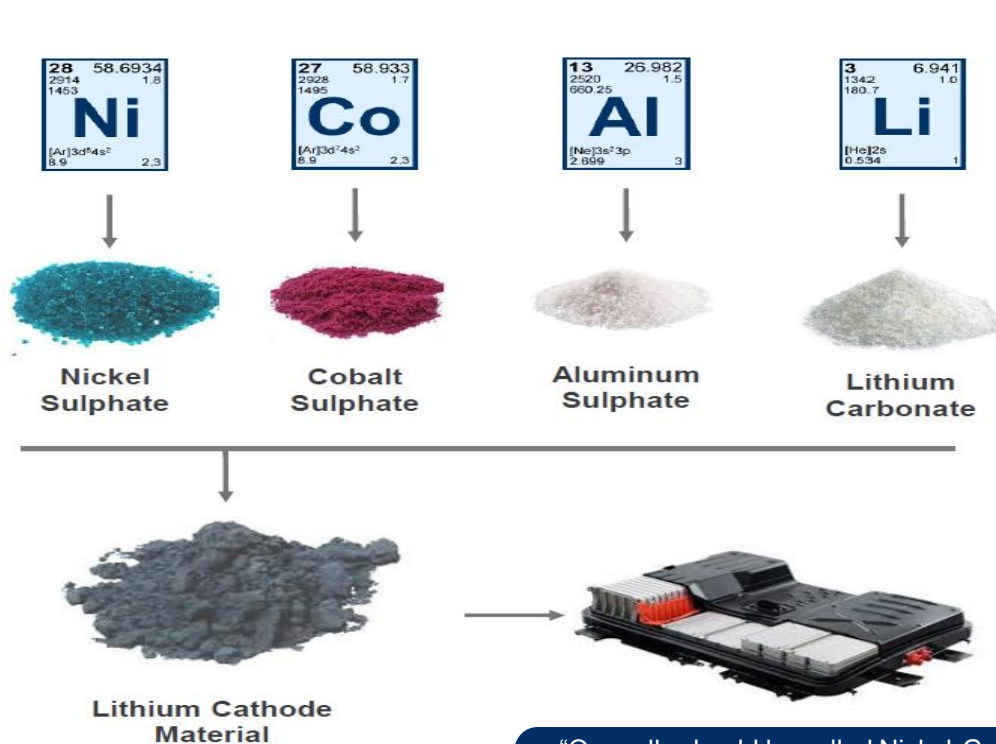
NICKEL MARKET



NICKEL PRICE “ROLLER COASTER”



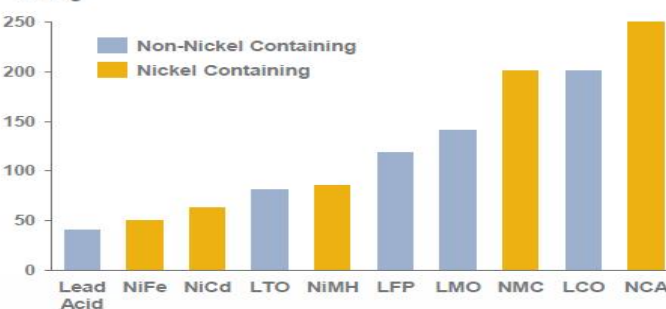
NICKEL IS A KEY INGREDIENT IN LITHIUM-ION BATTERIES (~50KG NI PER CAR)



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

NI GROWTH FROM THE EV BATTERY SECTOR

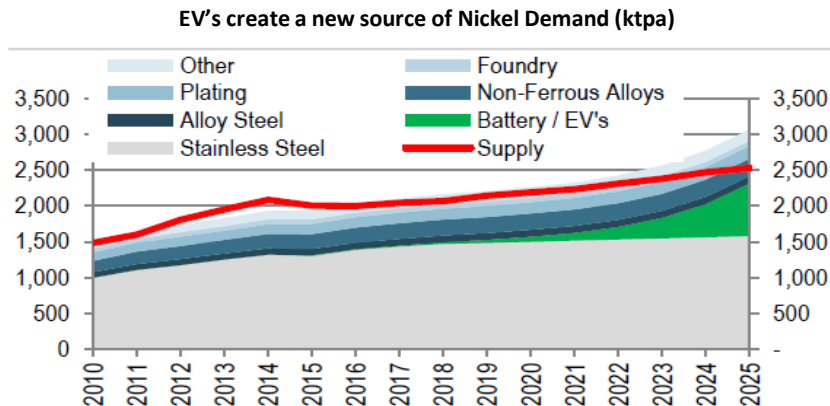
- Nickel is a key ingredient in lithium-ion batteries (~50kg per car)
- EV battery manufacture could drive +10-40% of incremental nickel demand by 2025 – *UBS, July 2017*
- ~15m EV production in 2025 would mean an additional ~300- 900ktpa of incremental nickel demand – *UBS, July 2017*

“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



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

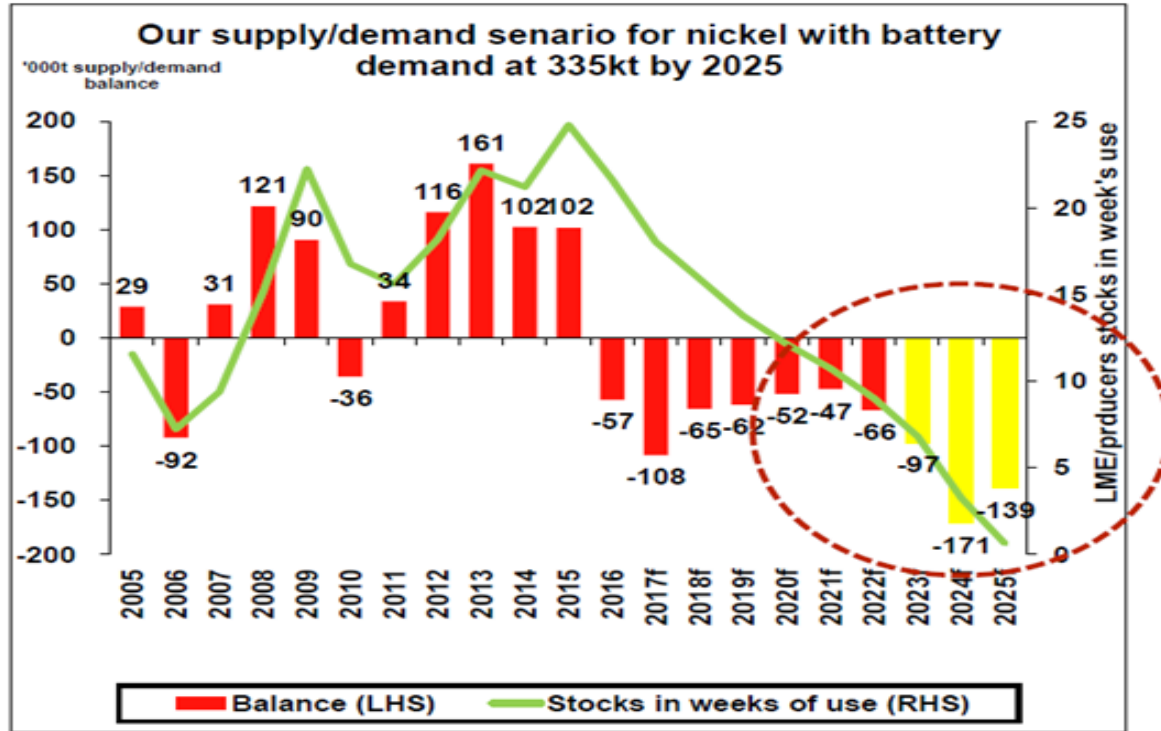
“Asian Battery Makers Eye Nickel Top-Up As Cobalt Price Bites”

Source: Mitsui Bussan Commodities - August 2017

“Big Winner from Electric Vehicles”

Source: UBS Global Commodities – July 2017

NICKEL DEFICITS ON THE HORIZON !



Source: CRU, INSG, Macquarie Research, October 2017

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