

NEWS RELEASE

21 January 2020

ASX: WSA

WESTERN AREAS LTD



NEW FORRESTANIA OFFTAKE CONTRACTS AWARDED

Western Areas Ltd (“Western Areas” or the “Company”) is pleased to announce the award of new offtake contracts with BHP Billiton Nickel West Pty Ltd (“Nickel West”) and Jinchuan Co. Ltd (“Jinchuan”) for the Company’s high grade Forrestania Nickel Operation concentrate product. The new contracts follow the successful completion of a highly competitive tender process that has resulted in improved commercial terms compared to current offtake agreements.

Western Areas Managing Director, Dan Lougher, said: “The Company is very pleased with the execution of the new agreements that extend our long and mutually beneficial relationship with Nickel West and reintroduces Jinchuan as an offtake customer following completion of the Tsingshan contract as at 31 January 2020.”

“It is notable that both of our offtake customers are involved in the downstream operation of nickel smelters. Western Areas firmly believes that the smelting of concentrates is a key process to continue to feed both the emerging Electric Vehicle (“EV”) battery market, via nickel sulphate, and the traditional stainless steel market.”

Nickel West

The Nickel West contract is a new agreement, rather than an extension of the previous arrangement that completes on 31 January 2020. The key terms of the new contract include:

- **Contract Period** – Three years from 1 February 2020 or until completion of the aggregate quantity;
- **Quantity** – 10,000 tonnes of nickel contained in concentrate per annum with a 30,000 tonne, aggregate limit;
- **Delivery** – Bulk logistics to Kambalda, consistent with arrangements already in operation; and
- **Other Commercial terms** – Payable rates are subject to customary confidentiality clauses, all other terms are in line with industry standard for such agreements.

Mr Lougher commented that the agreement with Nickel West was an excellent outcome, particularly given the Company’s long and mutually beneficial relationship that has existed for over ten years. The Company is pleased that extending its cooperative arrangement will deliver increased value to Western Areas shareholders.

Jinchuan

Key terms for the Jinchuan contract include:

- **Contract Period** – Two years from 1 February 2020 or until completion of the aggregate quantity;
- **Quantity** – 10,000 tonnes of nickel contained in concentrate per annum with a 20,000 tonne, aggregate limit;



- **Optional Extension** – The contract can be extended, by mutual agreement, for a further twelve month period at an aggregate nickel quantity to be agreed between the Company and Jinchuan;
- **Delivery** – CIF into China, utilising the already established logistic process; and
- **Other Commercial terms** – Payable rates are subject to customary confidentiality clauses, all other terms are in line with industry standard for such agreements.

Mr Lougher said the new agreement with Jinchuan reconnects the groups at a time when the nickel market is repositioning to feed the emerging nickel market from EV batteries. Jinchuan is the largest nickel matte and cathode producer in China and Western Areas believes that aligning itself with a China-based producer of Jinchuan's calibre is strategically important as the market for higher value products continues to evolve.

Tsingshan

Following execution of the new agreements, the Company's existing contract with Tsingshan Group will end on 31 January 2020. Western Areas would like to acknowledge the strong commercial relationship it has enjoyed with Tsingshan over a number of years.

-ENDS-

The release has been authorised by the officers below. For further details, please contact:

Dan Lougher
Managing Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dlougher@westernareas.com.au

Joseph Belladonna
Chief Financial Officer – Western Areas Ltd
Telephone +61 8 9334 7777
Email: jbelladonna@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9321 8533 / 0420 945 291
Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs.

These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances.

This announcement does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas Ltd. Potential investors should refer to Western Areas' other public releases and statutory reports and consult their professional advisers before considering investing in the Company.