

WESTERN AREAS LTD



CORPORATE PRESENTATION

AUGUST 2018

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\$151.6m cash at bank
- Kidman Resources equity stake A\$32.4m³

Organic growth options and innovation

- Exciting exploration intersections
- Odysseus DFS and Mill Enhancement project

Positioned for nickel recovery

- A\$1/lb lift in nickel price = circa A\$30m EBITDA
- New and improved offtake contracts implemented

ASX code	WSA
Share price	3.27
Shares outstanding (m)	272.7
Market Cap (A\$m) ¹	891.7
Cash (A\$m) ²	151.6

Cosmos Nickel Complex

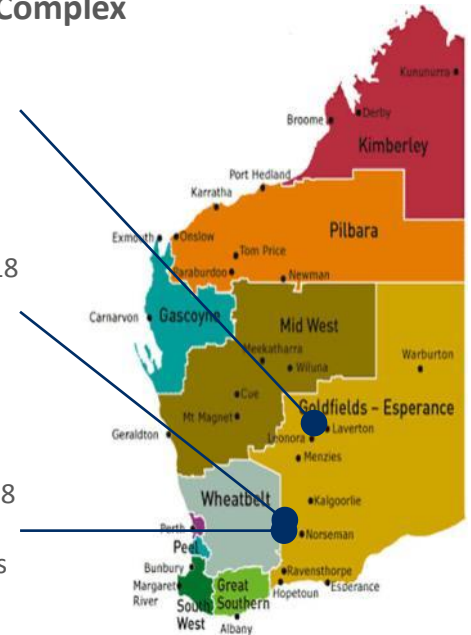
592kt Ni resources
PFS complete
DFS near complete

Flying Fox

10.0kt Ni mined FY18
29.2kt Ni reserves
88.9kt Ni resources

Spotted Quoll

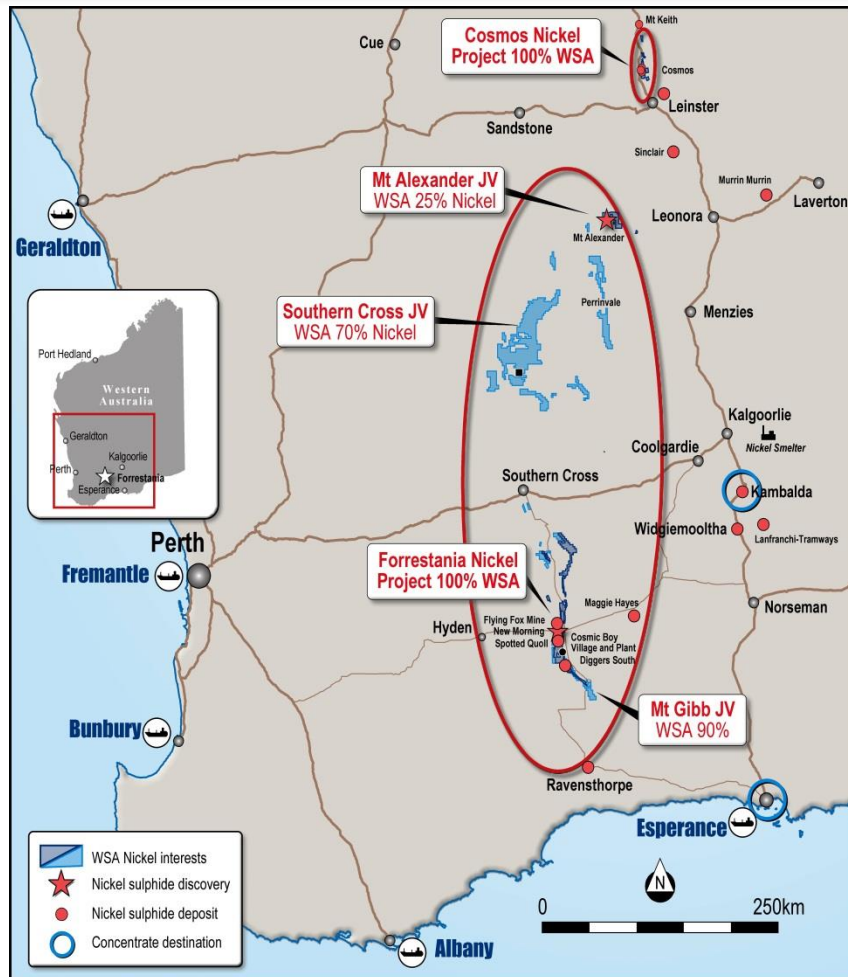
14.4kt Ni mined FY18
71.9kt Ni reserves
105.3kt Ni resources



A leading mid-tier base metal producer

1. Based on share price on 1 August 2018 2. Cash as at 30 June 2018 3. As at 29 June 2018

LOCATION – EASILY ACCESSIBLE SITES



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



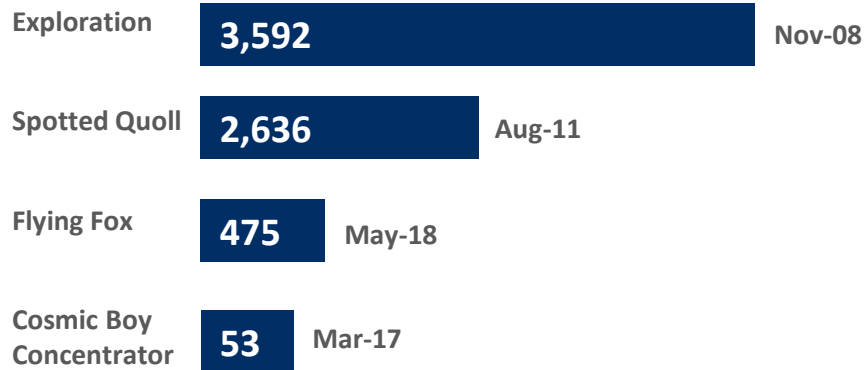
Spotted Quoll face at average 10.6% Nickel Sulphide

Premier and stable mining district with high quality mines growth options

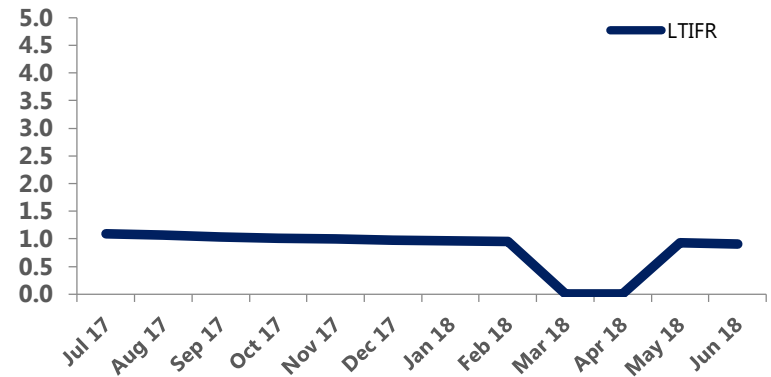
WESTERN AREAS ARE SAFE AREAS



Days LTI free



12 month LTIFR moving average



Safe operations make efficient operations

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	Updated FY18 Guidance	Actuals FY18
Mine Production (Nickel tonnes in Ore)	23,500 to 25,000	24,442
Nickel tonnes in Concentrate Production	Around 21,000	21,060
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.40/lb to A\$2.65/lb	A\$2.63/lb
Sustaining and Mine Development Capital Expenditure	A\$30.0m to A\$36.0m	A\$34.8m
Mill Recovery Enhancement Project	A\$14.0m	A\$14.0m
Feasibility Studies & Odysseus Early Works	A\$3.0m	A\$2.9m
Exploration	A\$7.0m to A\$9.0m	A\$8.1m

- All full year FY18 guidance achieved
- FY19 guidance will be provided with full year financial results

OPERATIONS

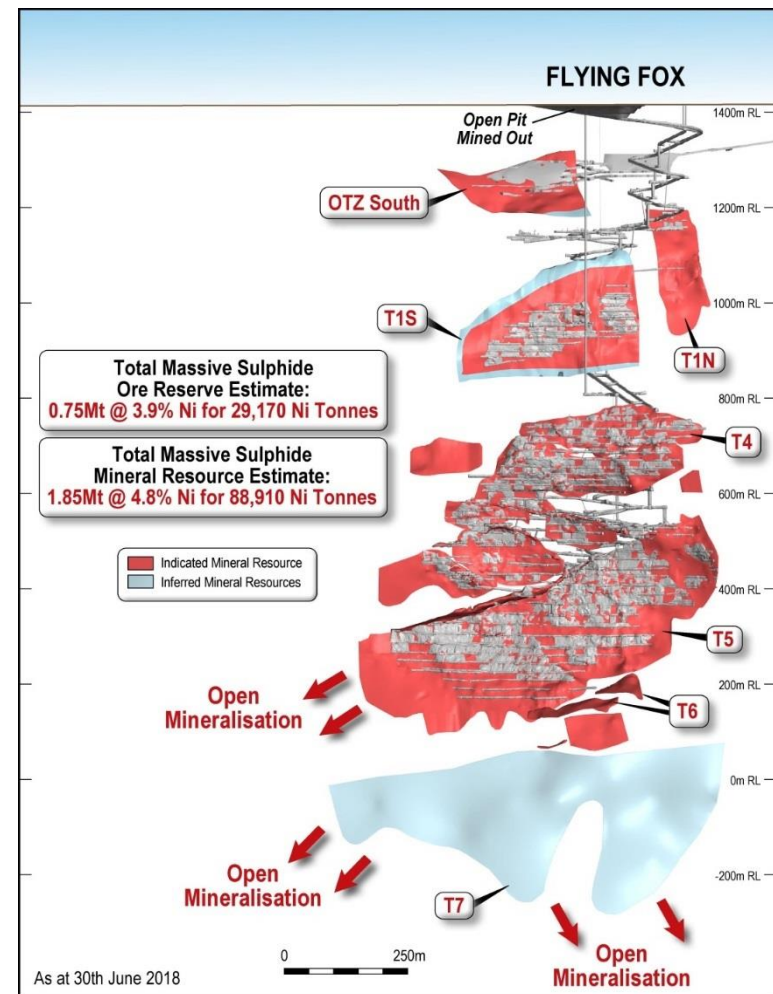


FLYING FOX MINE

Reserve Contained nickel	0.75Mt @ 3.9% 29,170 Ni tonnes
Resource Contained nickel	1.85Mt @ 4.8% 88,910 Ni tonnes
Mine life (on reserves)	3 years

Key points

- FY18 production – 10k 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
- Significant low grade disseminated resource – Heap leach evaluation



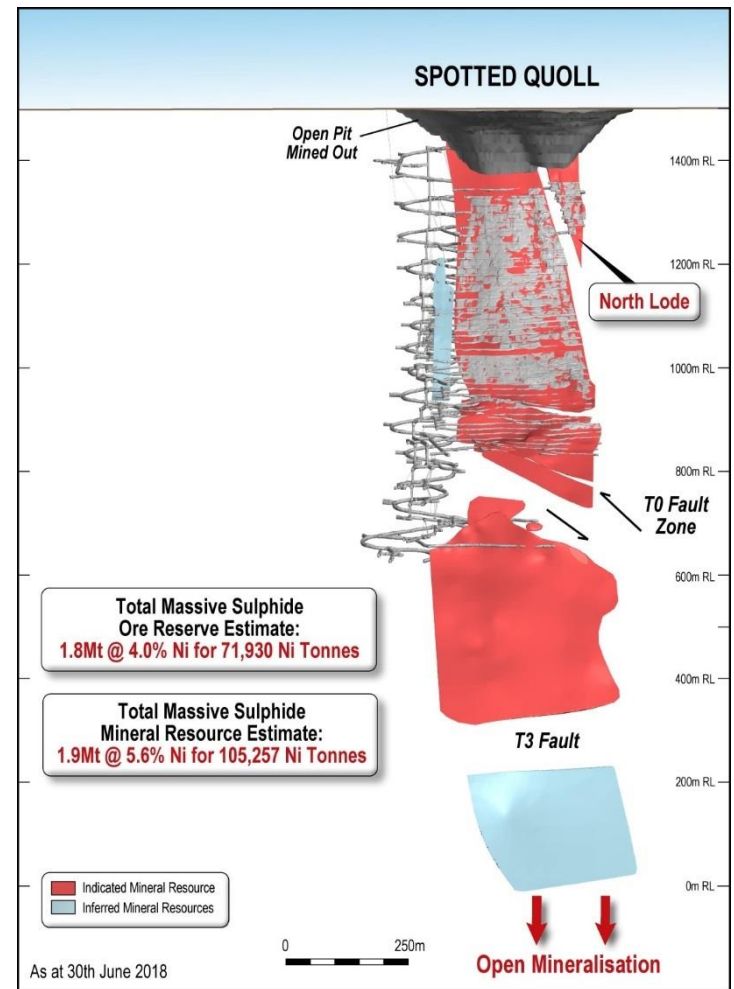
WSA foundation asset within Forrestania

SPOTTED QUOLL MINE

Reserve Contained nickel	1.8Mt @ 4.0% 71,930 Ni tonnes
Resource Contained nickel	1.9Mt @ 5.6% 105,257 Ni tonnes
Mine life	7 years

Key points

- Has never recorded an LTI
- FY18 annual production – 14.4k 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 616,598k tonnes of ore in FY18, for 21,060 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 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

OFFTAKE CONTRACTS BEST IN CLASS

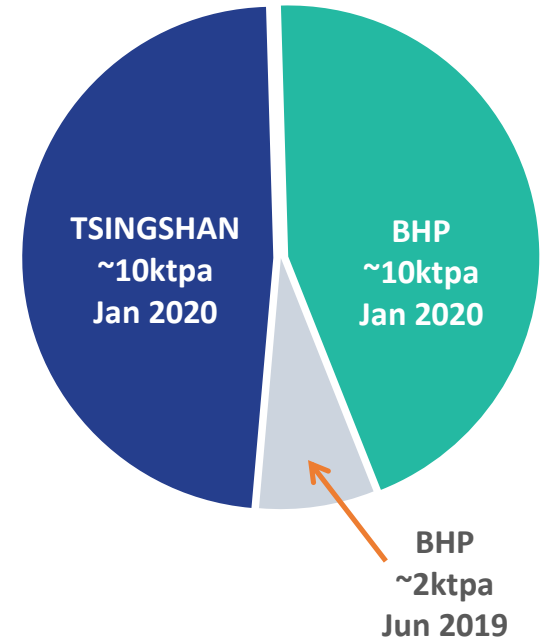
Opening new markets

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) NOW COMMISSIONED

Produces additional new higher-grade product (45%-50% Ni)

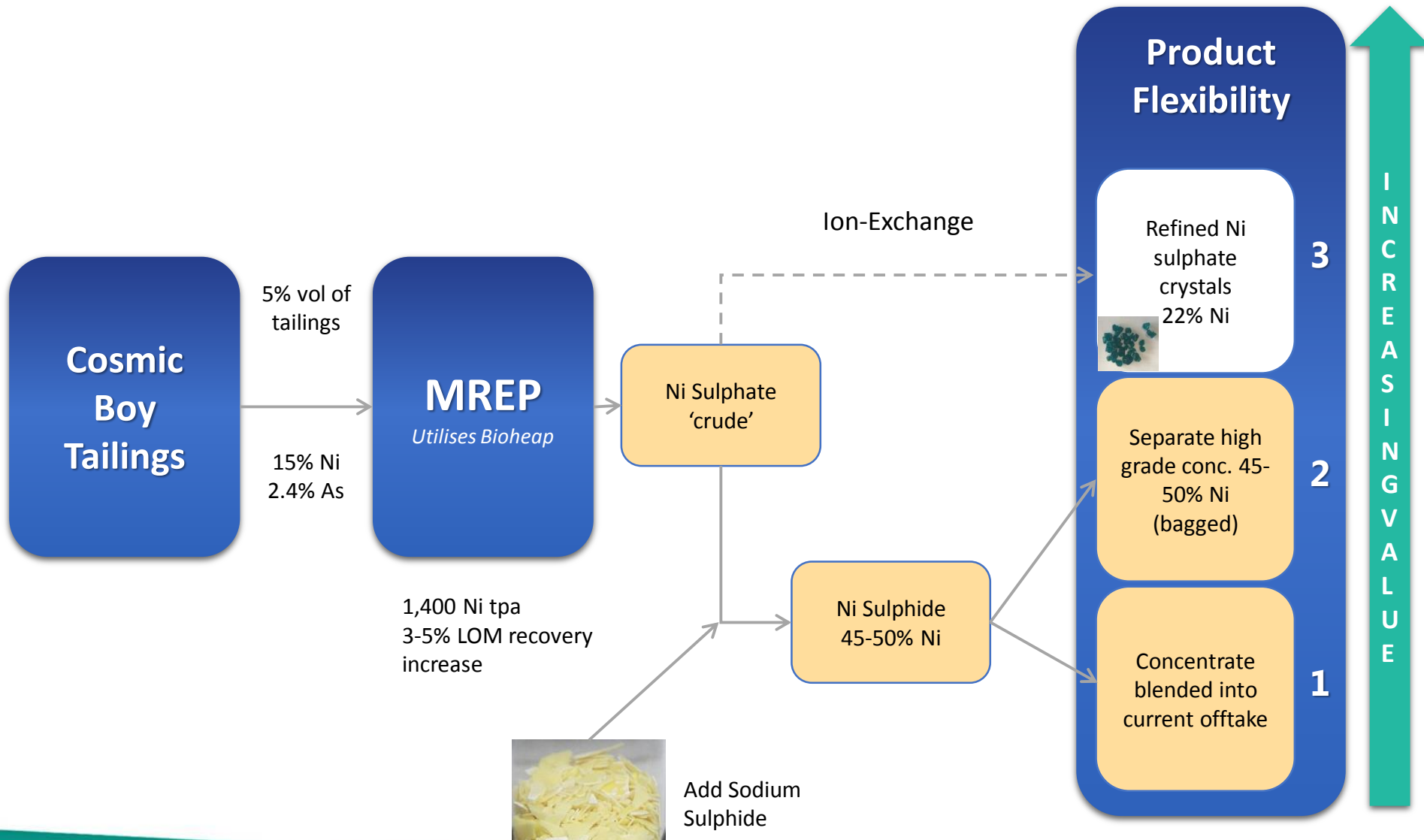
Generating value from waste tailings

New customers - EV battery market

- Construction completed on time and on budget
- Product specification achieved. Now ramping up volume to nameplate capacity (1,400t nickel pa)
- Construct additional filtration and bagging facilities to sell a new high grade nickel sulphide product (completion August 2018)
- Premium payables versus concentrate
- Back-end of plant capable of up to 4,000t of nickel pa – New Morning to potentially provide feed into the future

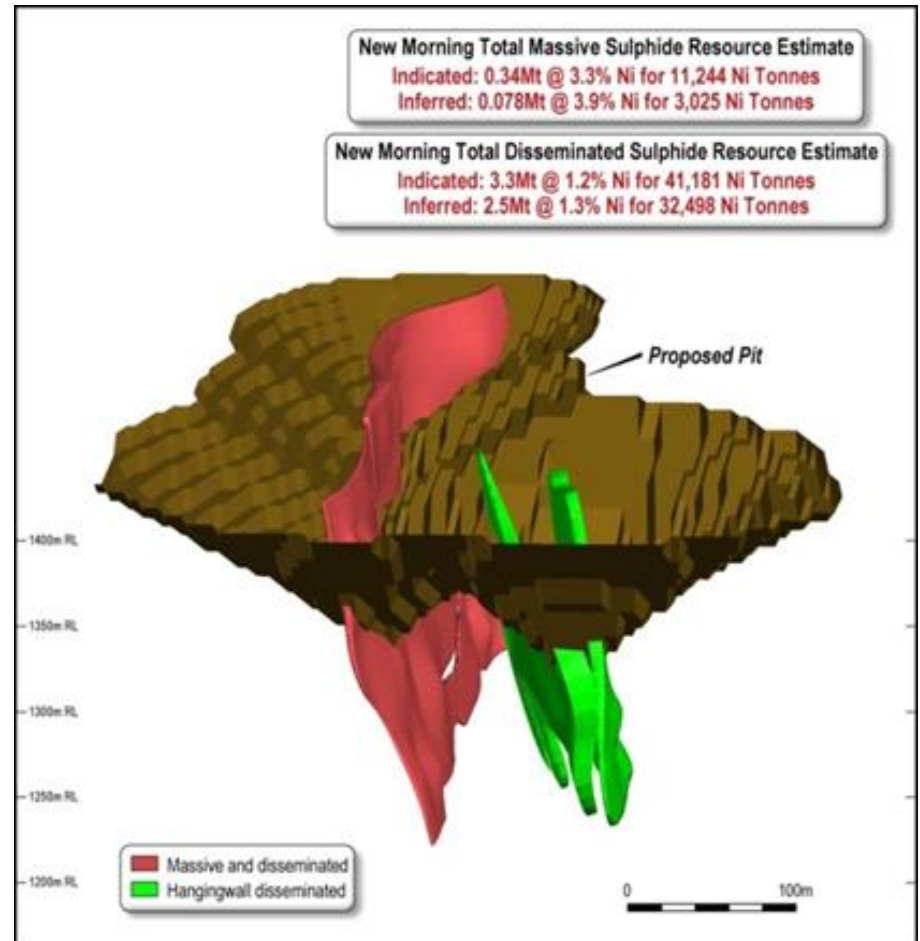


MREP FLOWSHEET

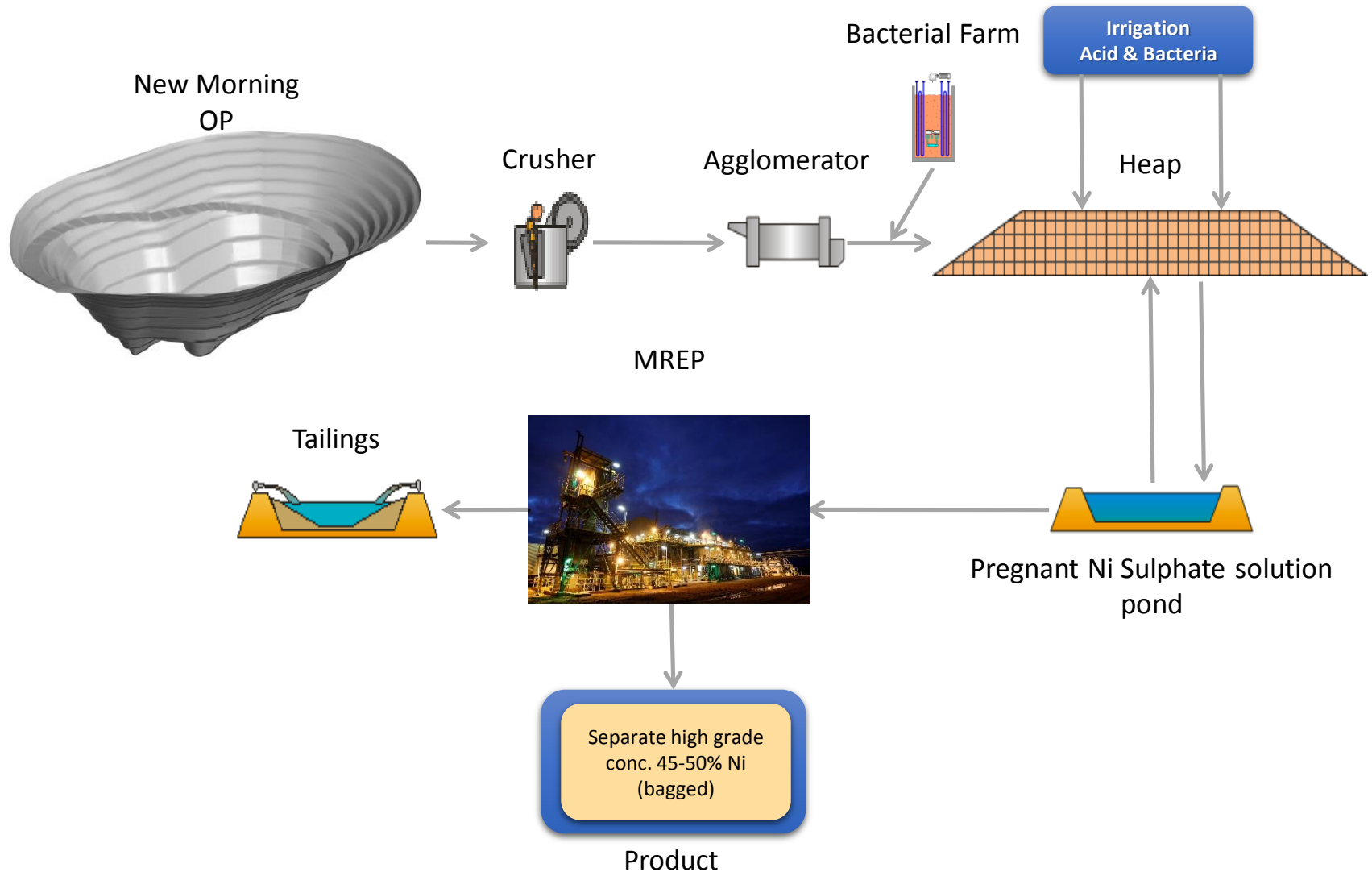


NEW MORNING / DAYBREAK

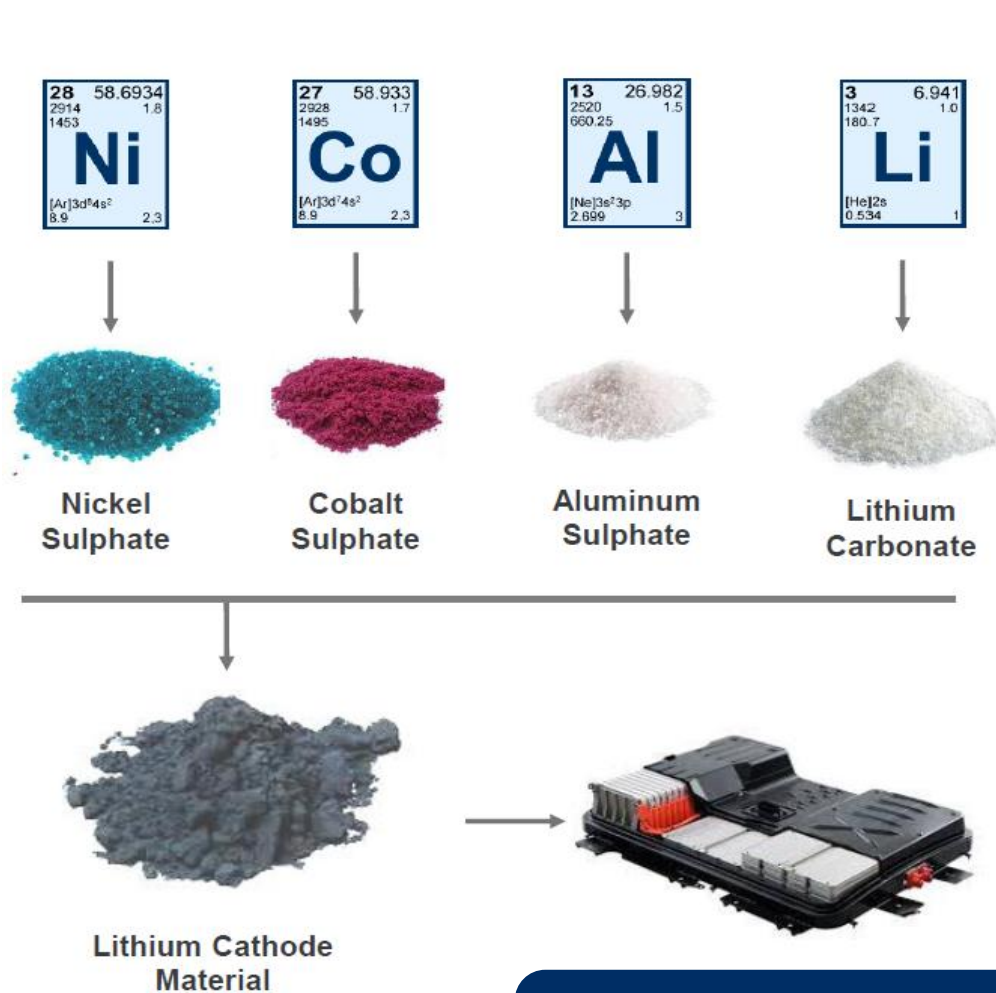
- Massive sulphide resource of 418kt @ 3.6% for 14,269 nickel tonnes
- Low grade resource (at 0.5% Ni COG) of 5.8m tonnes @ 1.3% for 73,679 nickel tonnes
- Located 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Open Pit Scoping Study commenced
- BioHeap® testwork ongoing to evaluate heap leach criteria



CONCEPTUAL NEW MORNING NICKEL FLOWSHEET



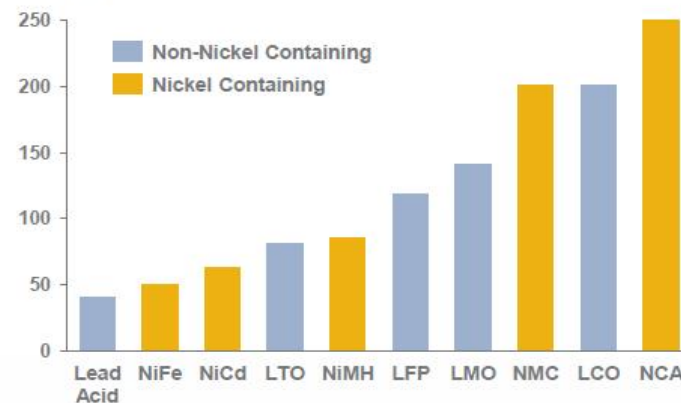
NICKEL IS A KEY INGREDIENT IN LITHIUM-ION BATTERIES (~50KG NI PER CAR)



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

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

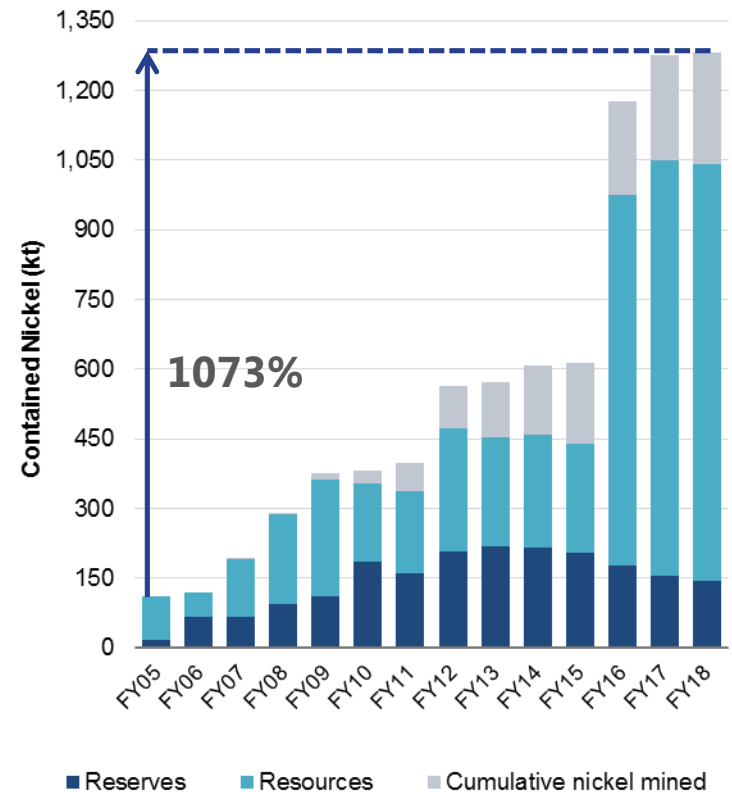
Cosmos Nickel Complex / Odysseus – Western Australia

- Existing resources and infrastructure (previous Glencore/ Xstrata/Jubilee Mines operation)
- Odysseus DFS underway with >10 year mine life expected

Western Gawler – South Australia

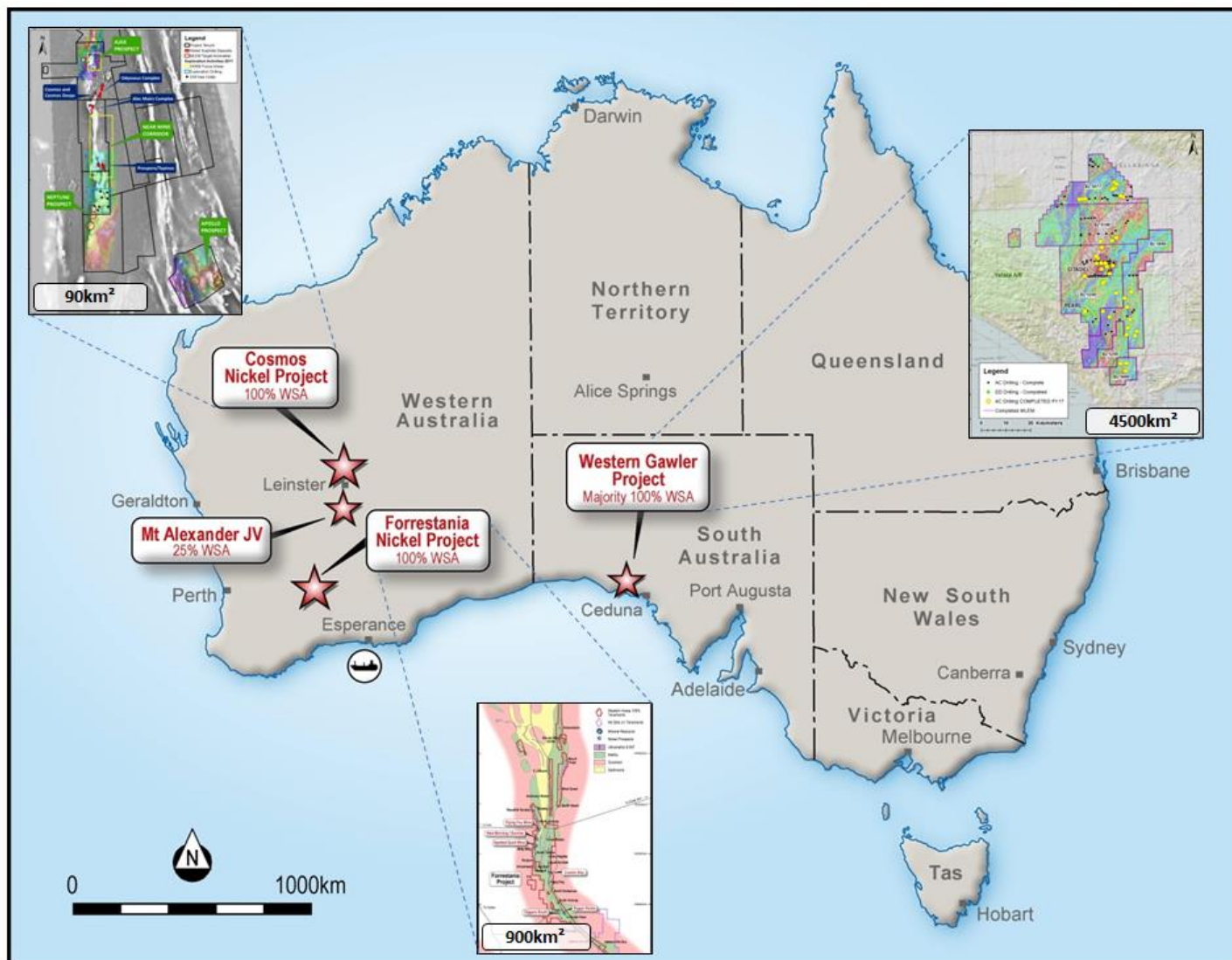
- First mover advantage
- Intrusive style and geologically similar to Nova
- Iluka JV – increase land tenure

Historic reserves & resources



WSA has a track-record of discovery and development

EXPLORATION UPSIDE – KEY TENEMENT HOLDINGS



COSMOS - ODYSSEUS – NOW A LARGER PROJECT

Western Areas Second Operational Hub

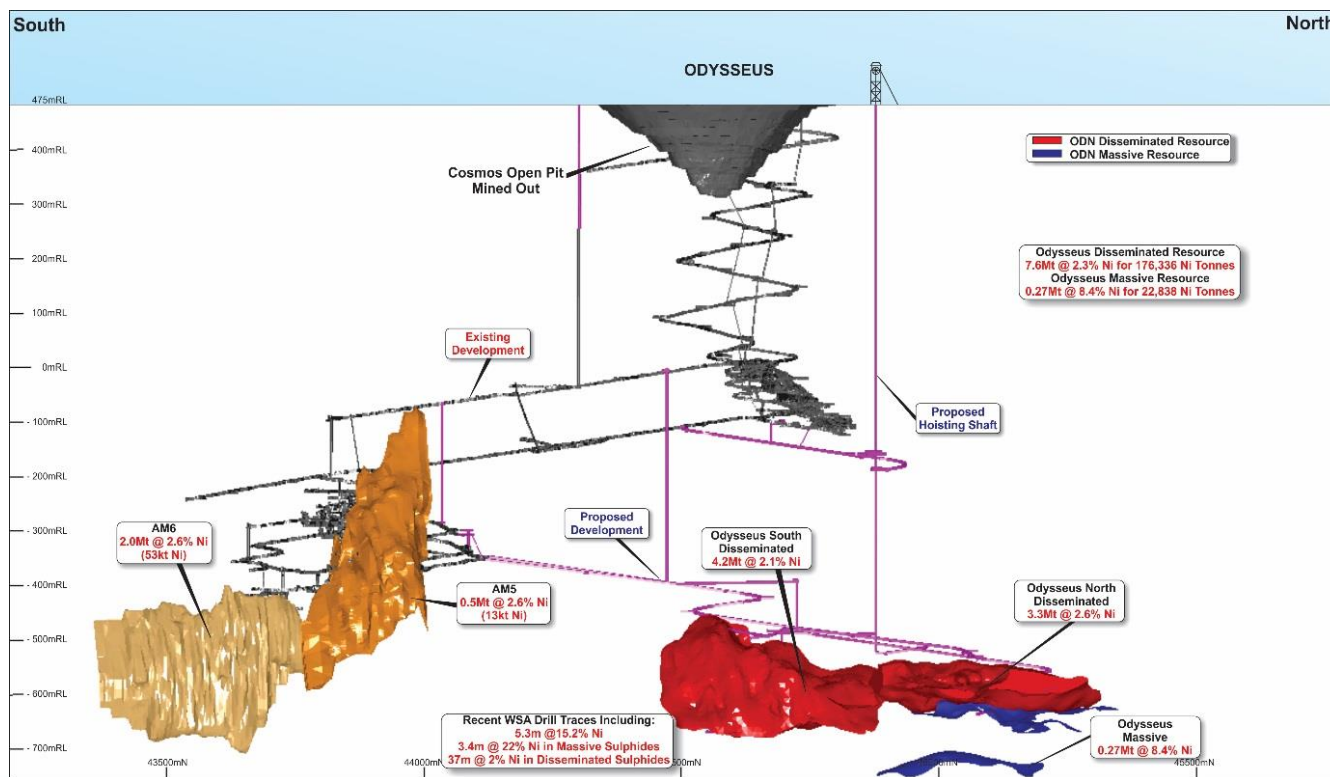
- Mine life > 10 years
- Once ramped up, average nickel production >12.5ktpa (up to 17ktpa in peak)
- DFS scheduled for release in September CY18
- **Pre-production capex to include:**
 - ✓ Shaft haulage
 - ✓ Larger mill (900ktpa immediately)

18 month early works program (A\$32m):

- ✓ 2 new water management ponds
- ✓ Dewatering open pit
- ✓ Underground rehabilitation

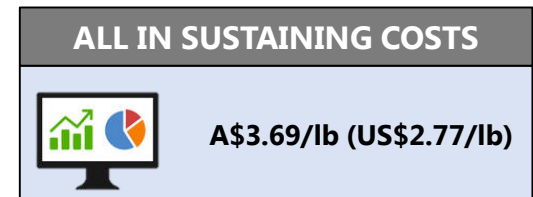
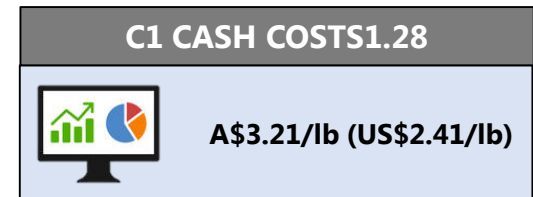
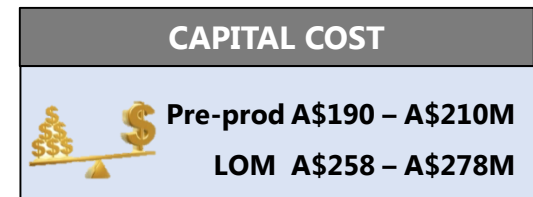
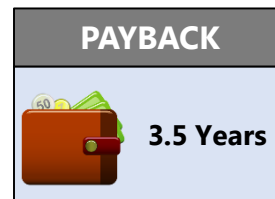
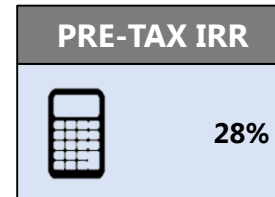
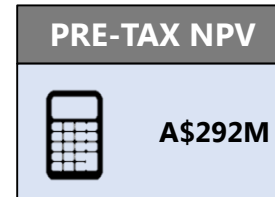
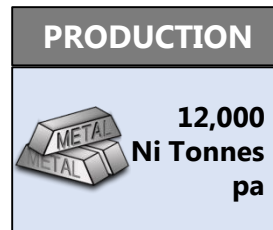
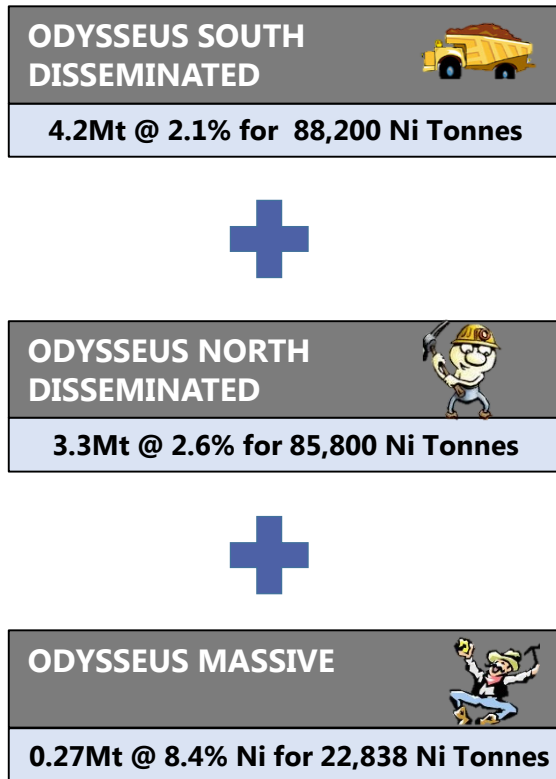
Significant exploration upside:

- ✓ AM5 and AM6 orebodies
- ✓ Record massive sulphide intersections
- ✓ Regional drilling success at Neptune



ODYSSEUS PRE-FEASIBILITY STUDY RESULTS

Key Metrics



Assumptions:

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

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

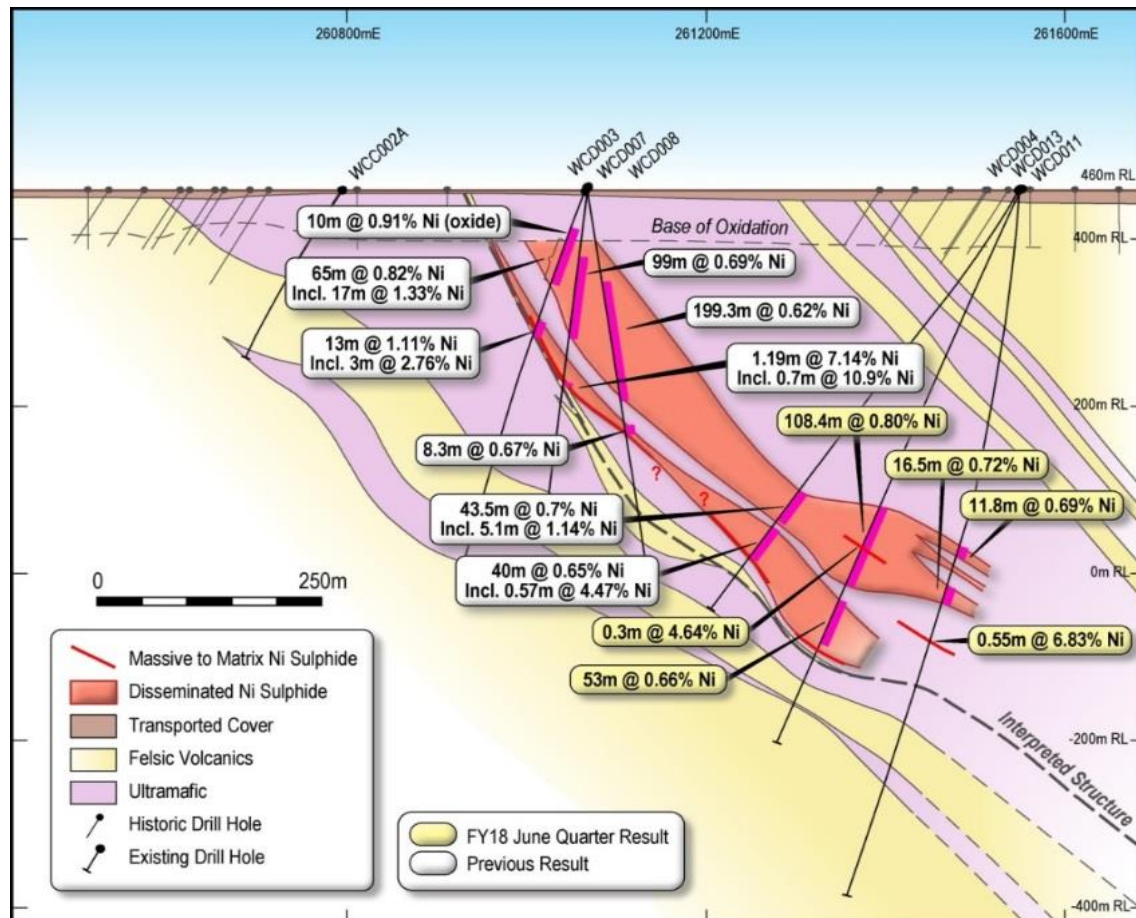
COSMOS EXPLORATION

Drilling Results - Neptune

- Phase 2 drilling campaign at Neptune well advanced with mineralisation confirmed over 1km along strike including
- 108.4m @ 0.8% Ni, including 0.3m @ 4.64% Ni
- 16.5m @ 0.72% Ni; and
- 0.55m @ 6.83% Ni

Drilling Results - Odysseus

- 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
 - ✓ Opportunities for a roasting concentrate



WESTERN GAWLER PROJECT

Prospective Greenfields Exploration Asset

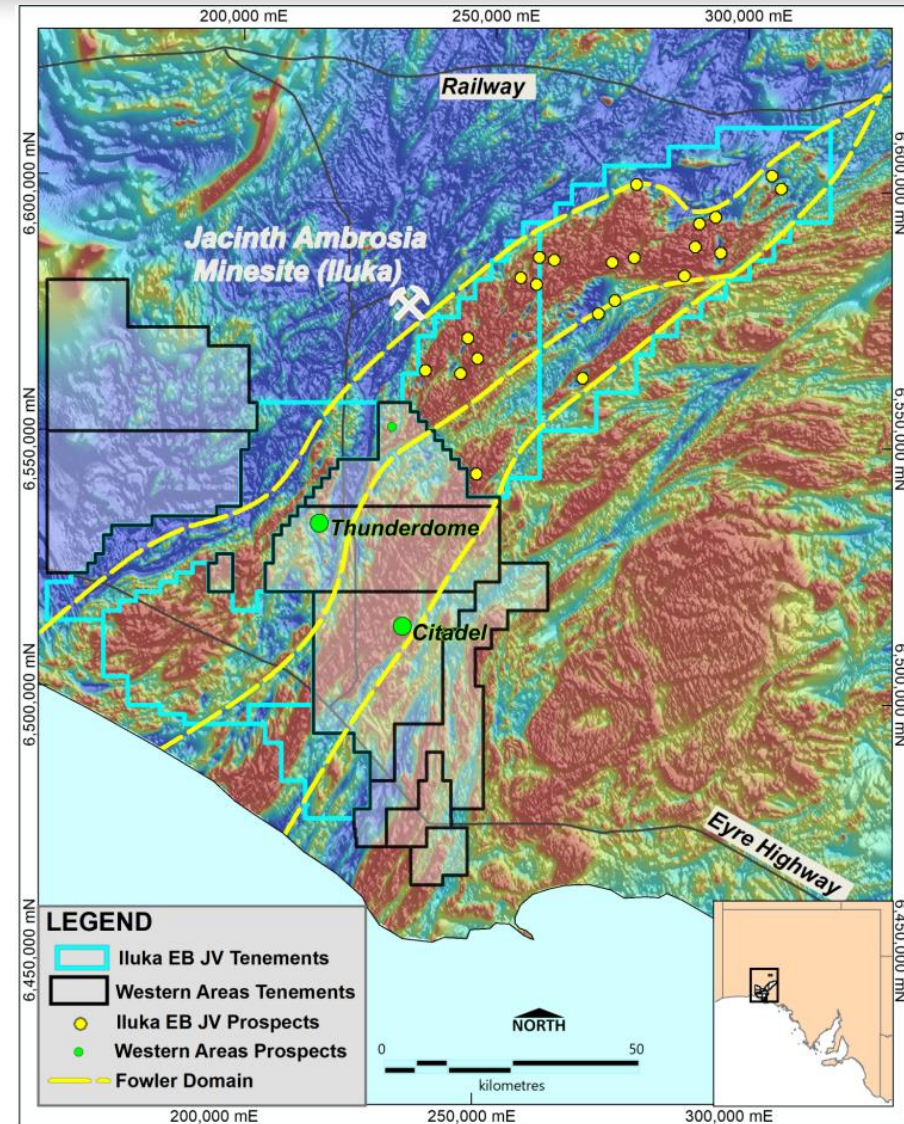
- 4,450km² WSA tenement holding
- Ramp-up of exploration activities across FY18
 - 217 drill holes.
 - 149 line kilometers of Moving Loop EM ground surveys
- Regional scale SkyTEM airborne EM survey completed in early FY19
- Identification of Thunderdome as emerging prospective corridor hosting numerous mafic intrusions

Strategic agreement with Iluka

- Five lease covering an additional 5,070km²
- Two stage Farm-in earning up to 75% base and precious metals rights
- Effectively representing close to 100% of the highly prospective Fowler Domain

Ramp-up of Exploration Activity

- Elevated funding support in FY19.
- Integrated series of belt scale exploration campaigns planned
- Strong pipeline of targets identified



NICKEL MARKET



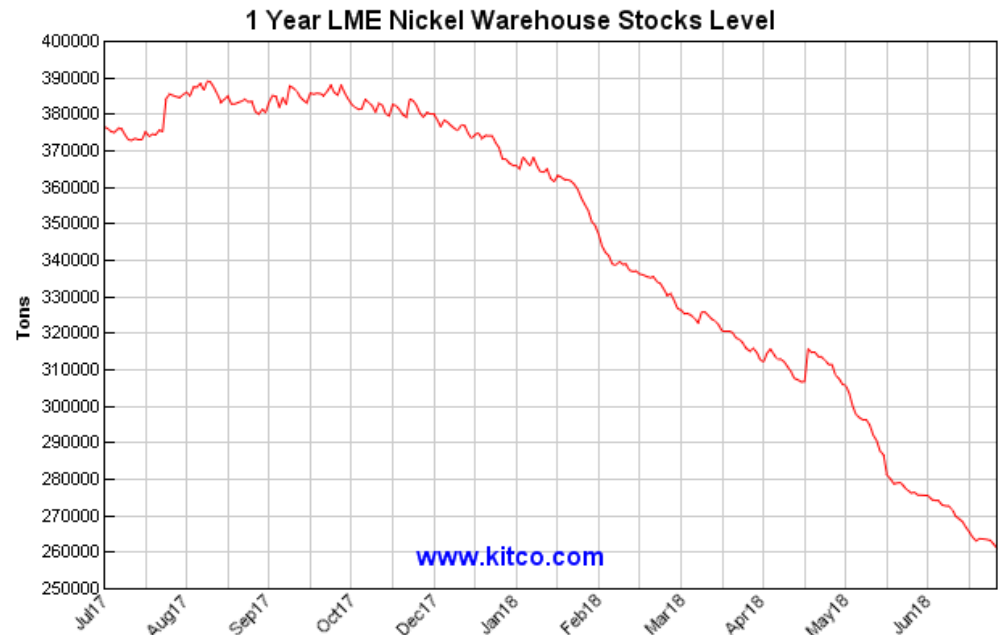
WHAT WE ARE SEEING

- **Significant increase in inbound off-take enquiries** for MREP product and Nickel Sulphide concentrate post current contract period, primarily linked to the Electric Vehicle battery sector.
- **Our partner, China's largest stainless steel producer, Tsingshan, has strong growth plan** which will require significant additional nickel units – **reinforcing industry wide trend.**
- **Technology change to NCM 811** which requires even more Nickel
- **Current nickel price too low** to incentivise new project development. New mine development can take 3 years – the nickel “pie” is not expanding.
- **May see divergent market in nickel supply** emerging between stainless steel and EV
- **LME and other stockpiles shrinking** on the back of current Stainless demand



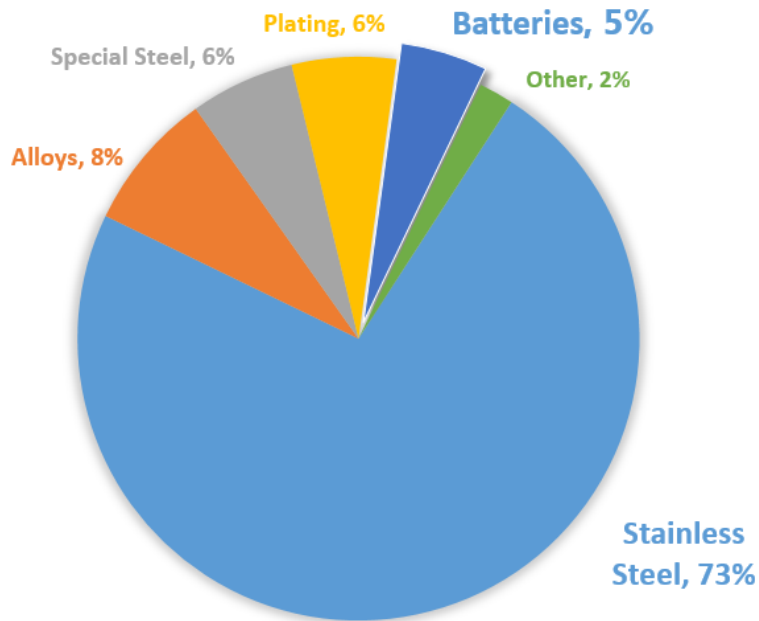
Estimated electrification impact per vehicle (avg NMC battery)

40-50kg Ni	50-75kg Cu
5-15kg Co	+ Cu for charging point + Cu for grid access



STAINLESS STEEL STILL THE KING... FOR NOW

Nickel End Market Demand - 2017

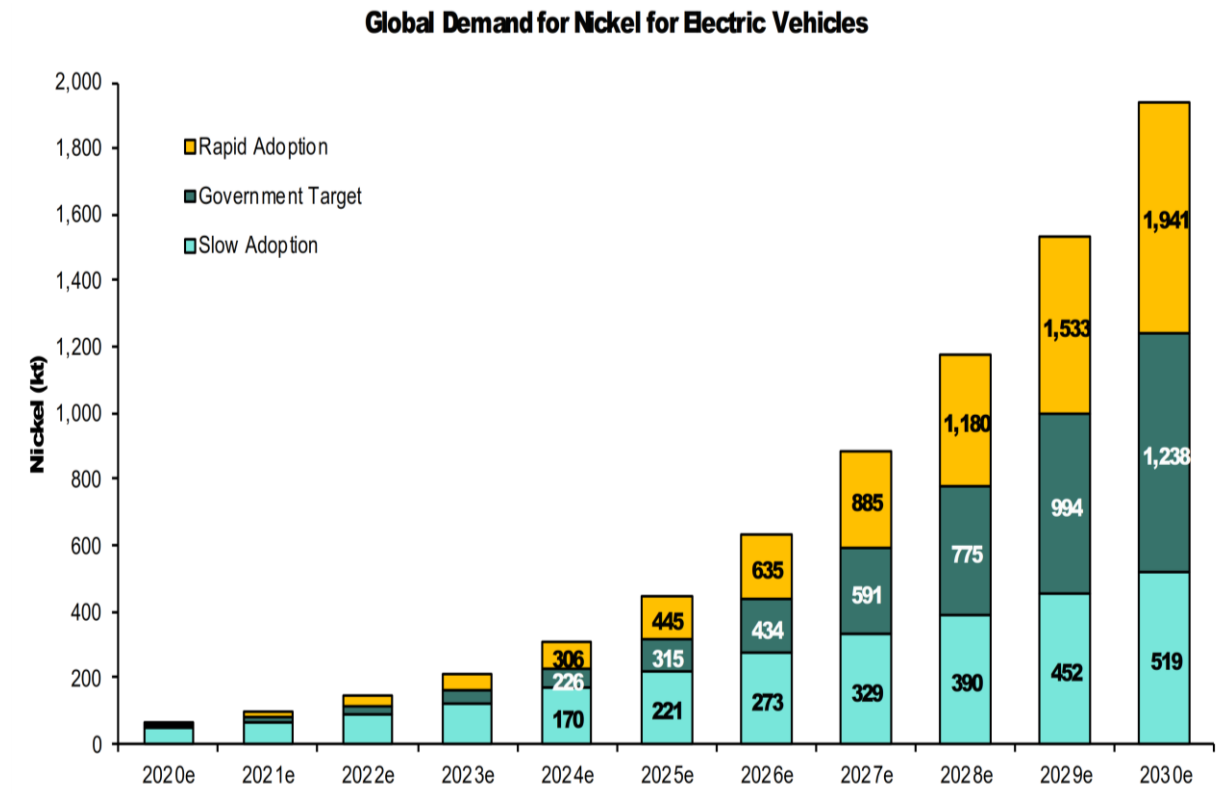


Source: Bernstein - June 2018

- Stainless steel still the main demand driver.
- Nickel demand from EV battery sector could run to 440kt by 2025, against a current total nickel market of 2,200kt.
- Stainless still demand also predicted to increase.
- Becoming apparent that the nickel market is now looking differentiated.
- Nickel sulphate is the most suited to battery sector, and primary nickel source most suited to this is nickel sulphide.

FUTURE ELECTRIC VEHICLE DEMAND FOR NICKEL

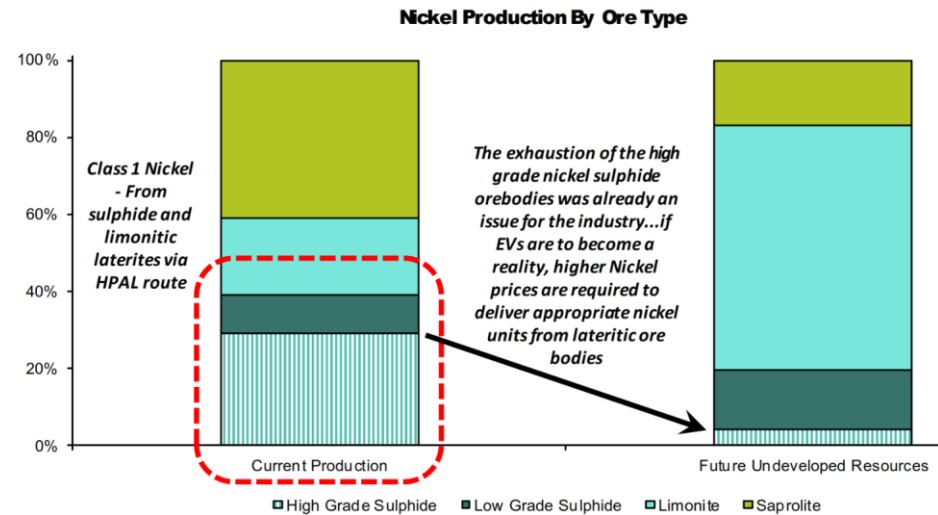
- Potentially very significant incremental demand versus a current nickel market size of c.2,200kt
- Research indicates that NMC 811 to be the fastest growing battery combination by 2025!



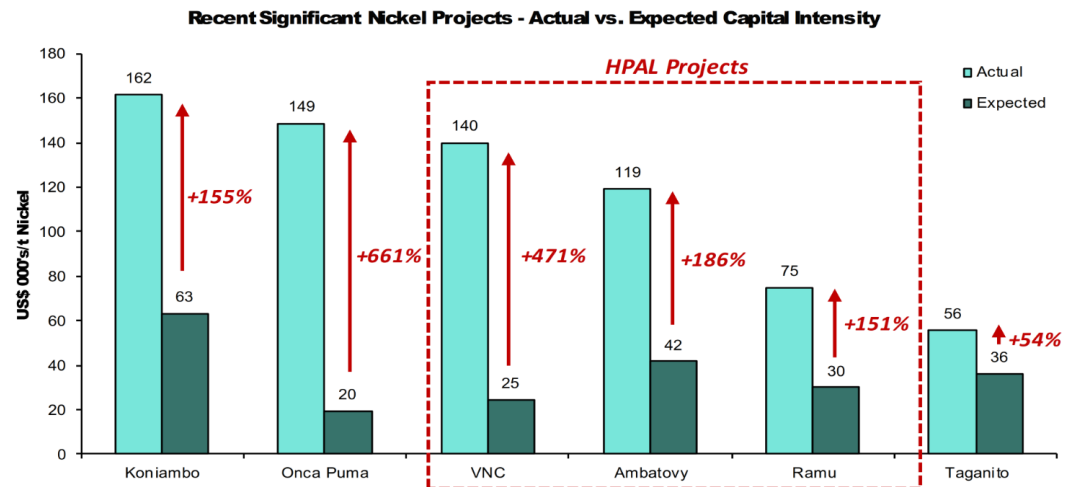
Source: Bernstein - June 2018

CHEMISTRY FAVOURS NICKEL SULPHIDE FOR BATTERIES

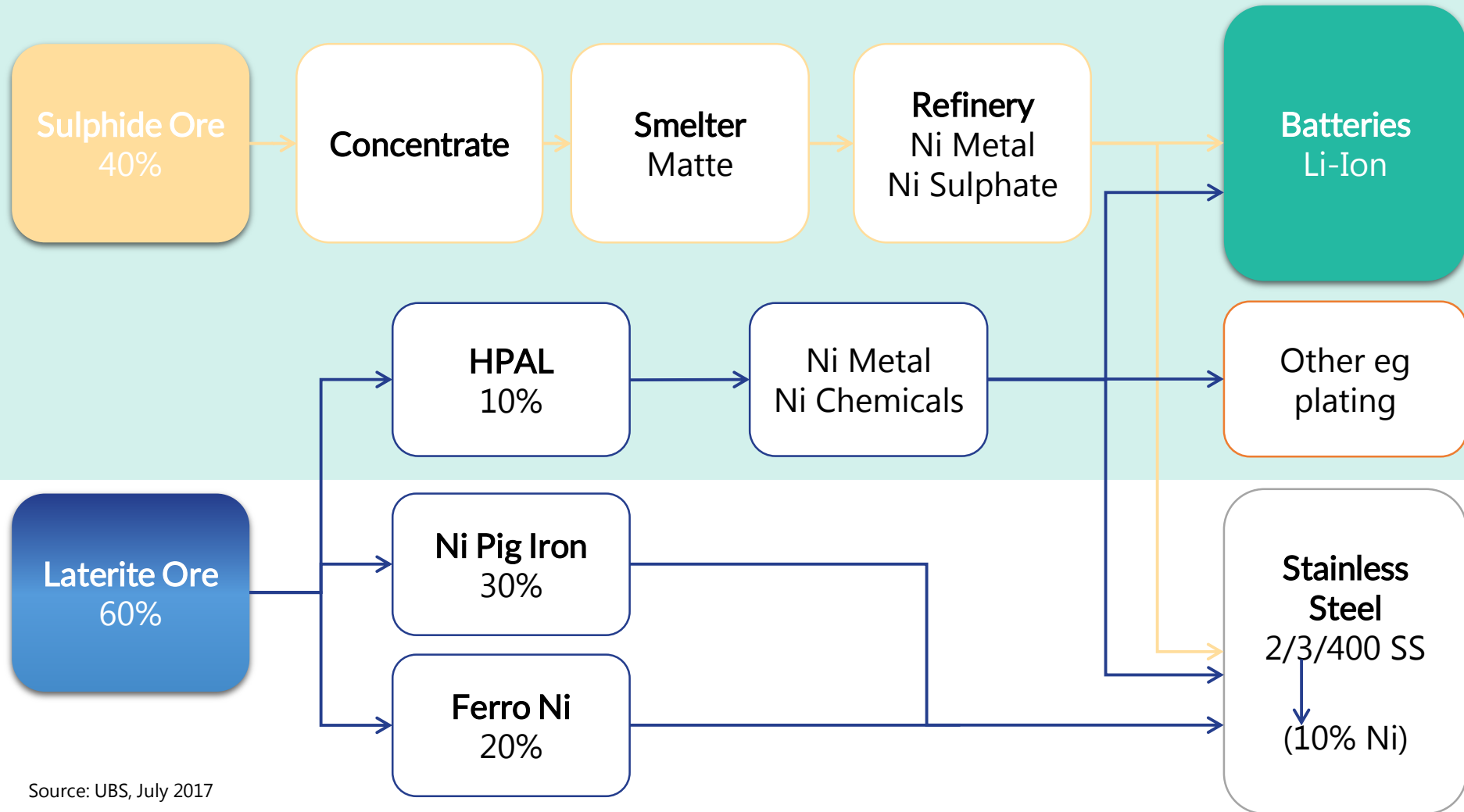
.. But there is very little Nickel sulphide left to be developed



And laterites via HPAL are serial disappointments



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



Source: UBS, July 2017

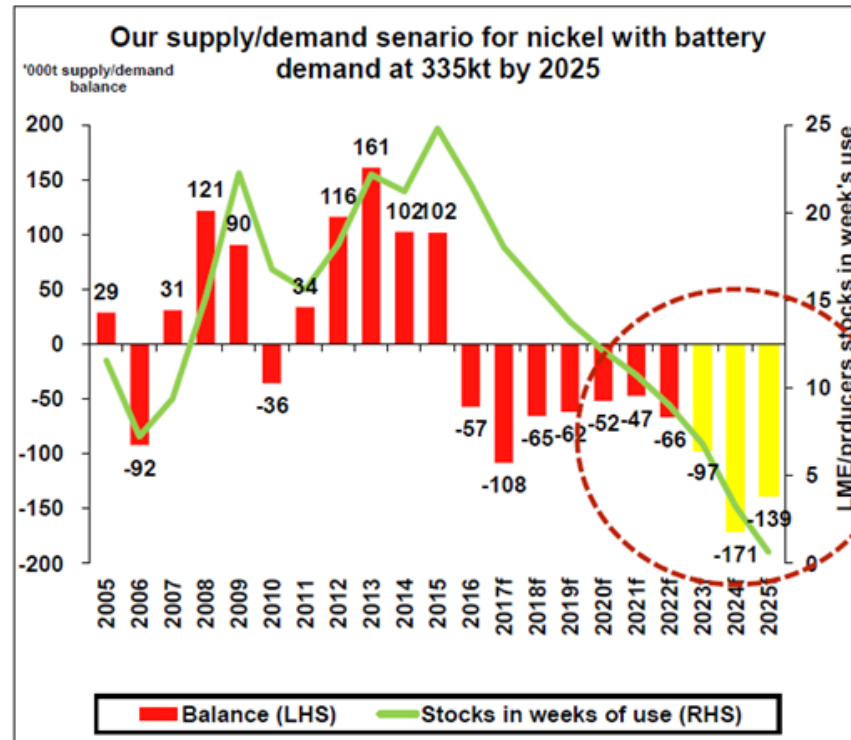
NICKEL DEFICITS ON THE HORIZON!

Two successive sizeable nickel market deficits, both this year and in 2019, combined with **expectations for continued deficits** through the first half of the 2020's ... point to a **necessity for higher prices**.

Deutsche, July 18

There is **consensus** from within the industry, nickel trade bodies and industry consultants, **that the market is in deficit**.

Bernstein, June 18



Source: CRU, INSG, Macquarie Research, October 2017

We expect the nickel market to **remain in deficit beyond 2018**, and we believe **higher prices** are required to incentivise new supply to keep up with demand growth.

J.P. Morgan, July 18

THE YEAR AHEAD

- Spotted Quoll
- Flying Fox
- Cosmic Boy Concentrator

Production



- Complete Odysseus DFS
- Ramp up MREP, start bagging
- New Morning Study

Development



- Cosmos Nickel Complex
- Western Gawler JV
- Forrestania

Exploration



- Markets for new product streams
- Battery market potential
- nickel supply now in deficit

Market



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