

WESTERN AREAS LTD



CORPORATE PRESENTATION

DECEMBER 2018

www.westernareas.com.au



AGENDA



Corporate



Operations



Growth & Exploration



Nickel Market

DISCLAIMER AND FORWARD LOOKING STATEMENTS

This presentation is being furnished to you solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential. The information contained in this presentation does not constitute or form any part of any offer or invitation to purchase any securities and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. This is not for distribution or dissemination in the U.S.

The information contained in this presentation has been prepared by Western Areas Ltd. No representation or warranty, express or implied, is or will be made in or in relation to, and no responsibility or liability is or will be accepted by Western Areas Ltd, employees or representatives as to the accuracy or completeness of this information or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. No party has any obligation to notify opinion changes or if it becomes aware of any inaccuracy in or omission from this presentation. All opinions and projections expressed in this presentation are given as of this date and are subject to change without notice.

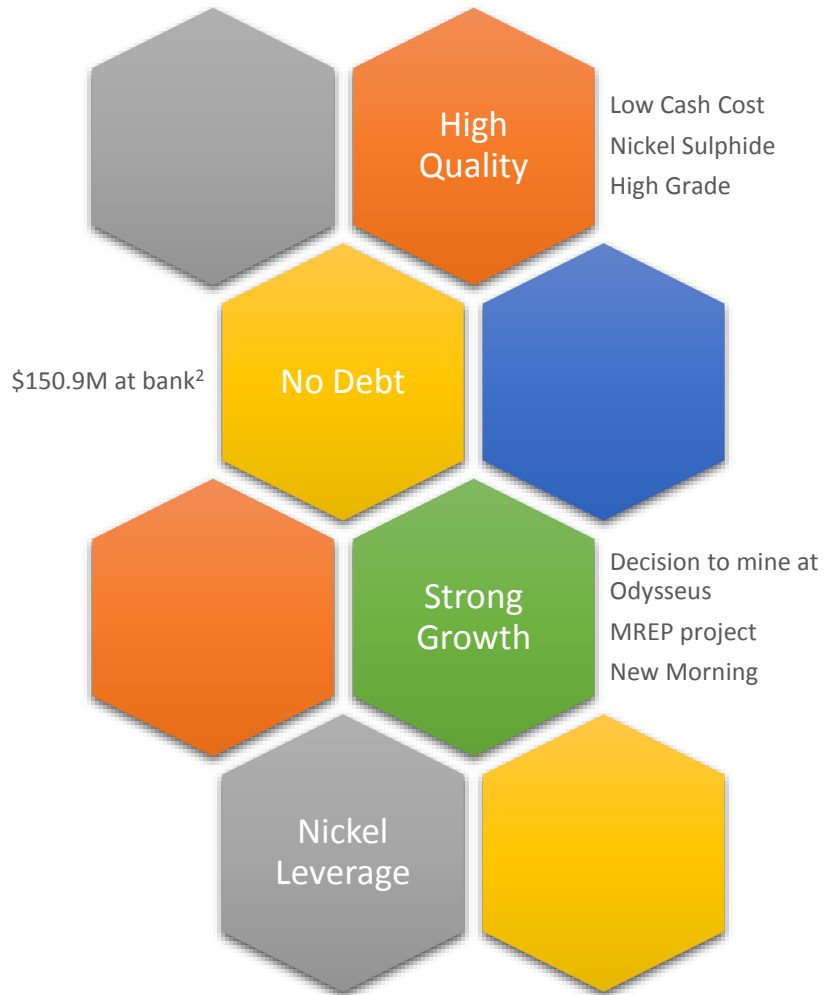
This document contains forward-looking statements including nickel production targets and cost estimates. These statements are based on assumptions and contingencies that are subject to change without notice, and certain risks and uncertainties that could cause the performance or achievements of Western Areas Ltd to differ materially from the information set forth herein. 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. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. Individuals should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to the forecasted periods, which reflect Western Areas Ltd’s view only as of the date hereof.

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



ASX code	WSA
Share price	2.36
Shares outstanding (m)	273.5
Market Cap (A\$m) ¹	645.5
Cash (A\$m) ²	150.9

COSMOS Complex

592kt Ni Mineral Resources
164kt Ni Ore Reserves
DFS complete

FORRESTANIA

Flying Fox

10.0kt Ni mined FY18
26.4kt Ni reserves
83.7kt Ni resources

Spotted Quoll

14.4kt Ni mined FY18
65.6kt Ni reserves
90.4kt Ni resources



1. Based on share price on 3 December 2018 2. As at 30 September 2018

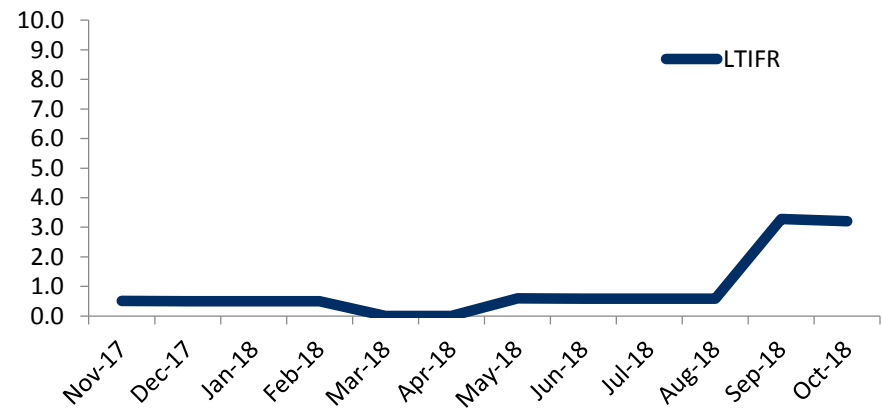
WESTERN AREAS ARE SAFE AREAS



Days LTI free

Spotted Quoll	2,759	Aug-11
Cosmos	1,126	Oct-15 (no injuries)
Flying Fox	598	May-17
Cosmic Boy Concentrator	54	May-18
Exploration	41	Sep-18

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 approved

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	✓

FY19 GUIDANCE

Category	Original FY 19 Guidance	Updated FY19 Guidance
Nickel tonnes in Concentrate Production	20,500 to 22,000	No Change
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.80/lb to A\$3.20/lb	No Change
Sustaining and Mine Development Capital Expenditure	A\$32.0m to A\$36.0m	No Change
Expansion Projects & Feasibility	A\$5.0m to A\$8.0m	A\$17.0m to A\$20.0m
Odysseus Early Works	A\$24.0m to A\$28.0m	No Change
Exploration	A\$12.0m to A\$15.0m	No Change

- 1st quarter FY19 delivered all metrics with the guidance range
- Expansion project capex increased by A\$12m due to Odysseus DFS approval

OPERATIONS

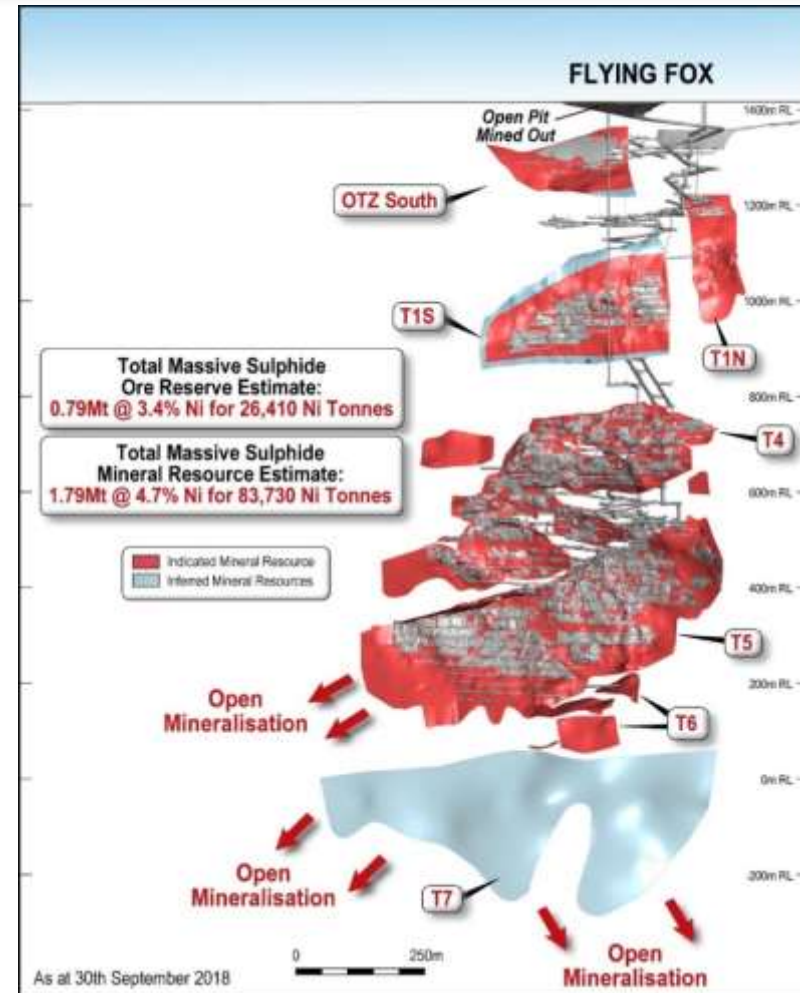


FLYING FOX MINE

Reserve Contained nickel	0.79Mt @ 3.4% 26,410 Ni tonnes
Resource Contained nickel	1.79Mt @ 4.7% 83,730 Ni tonnes
Mine life (on reserves)	3 years

Key points

- FY18 production – 10k Ni tonnes
- Has been operating for over 12 years
- Significant low grade disseminated resource – Heap leach evaluation underway



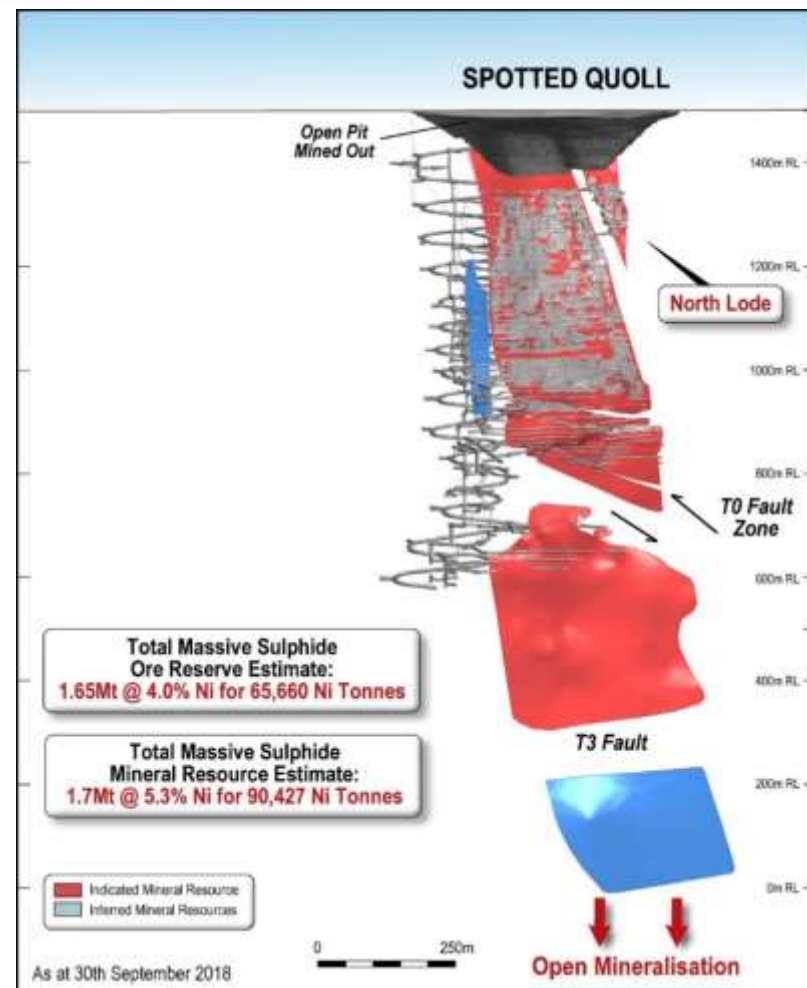
WSA foundation asset within Forresteria

SPOTTED QUOLL MINE

Reserve Contained nickel	1.65Mt @ 4.0% 65,660 Ni tonnes
Resource Contained nickel	1.7Mt @ 5.3% 90,427 Ni tonnes
Mine life	7 years

Key points

- Has never recorded an LTI
- FY18 annual production – 14.4k Ni tonnes
- Production has outperformed reserve tonnes and grade consistently
- Top down mining with paste fill
- Resource extension drilling commenced – first drill hole since 2009



WSA Explored, Discovered and Developed

COSMIC BOY NICKEL CONCENTRATOR

Concentrator Summary

- Mill processed an annual record of 616,598 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

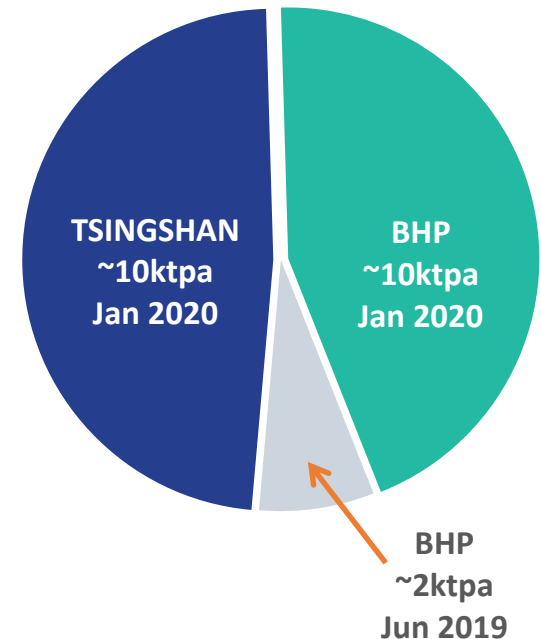
Superior commercial terms

Creating more value from the same nickel product

Existing offtake agreement just over 1 year to expiry

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



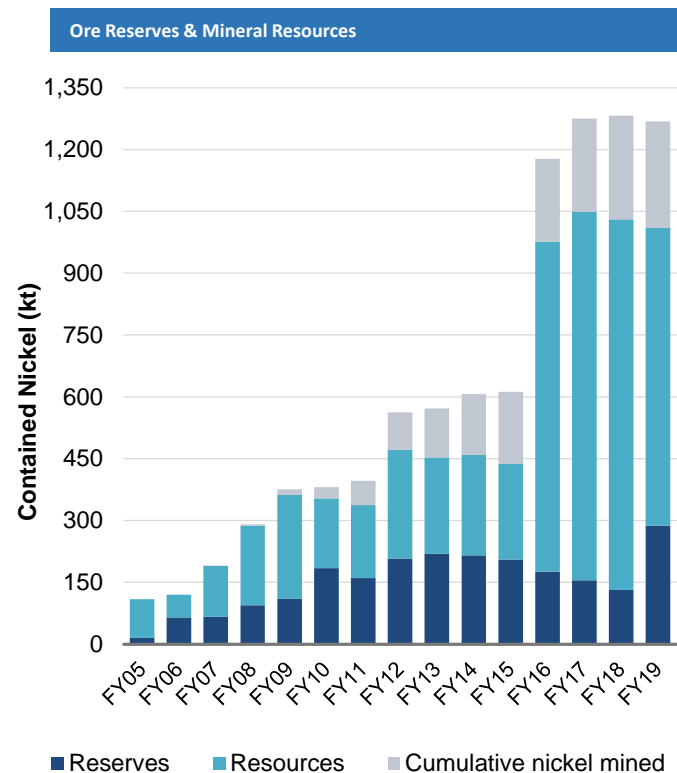
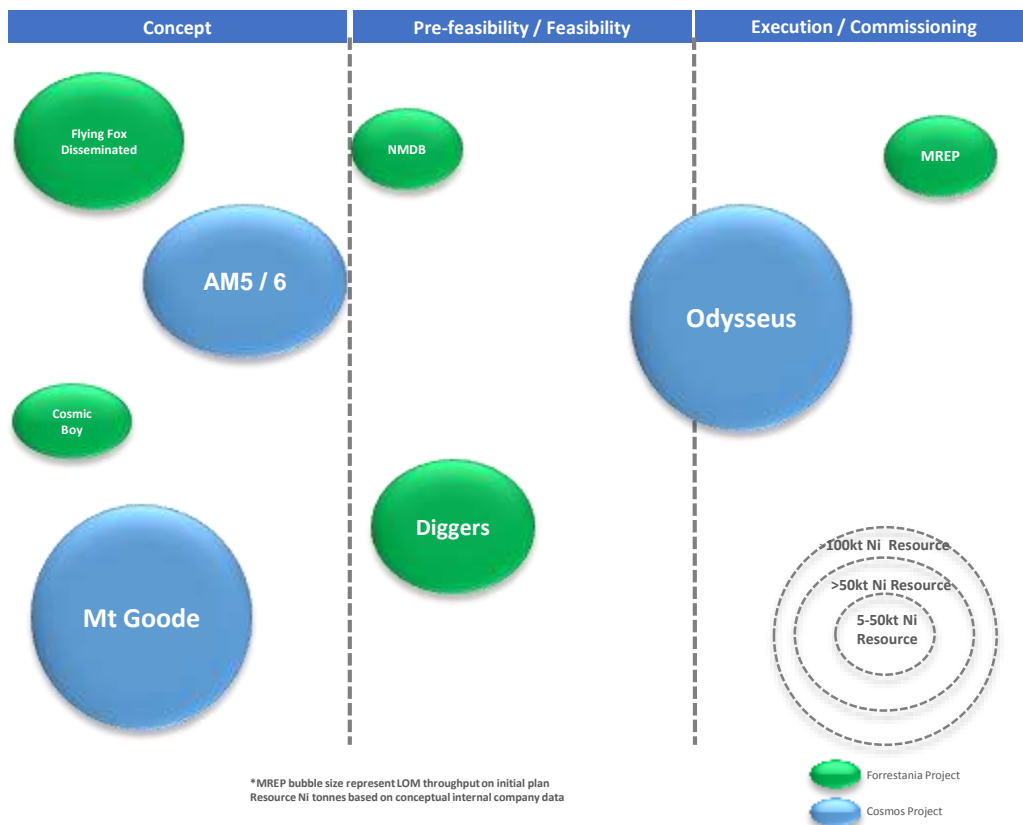
Roasting

- 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 & EXPLORATION OUTLOOK



NICKEL GROWTH PIPELINE



- Many projects in the pipeline to drive nickel production well into the future
- Ore Reserves have substantially increased in FY19 with Odysseus

ODYSSEUS – EARLY WORKS PROGRESSING WELL

Early Works Activities

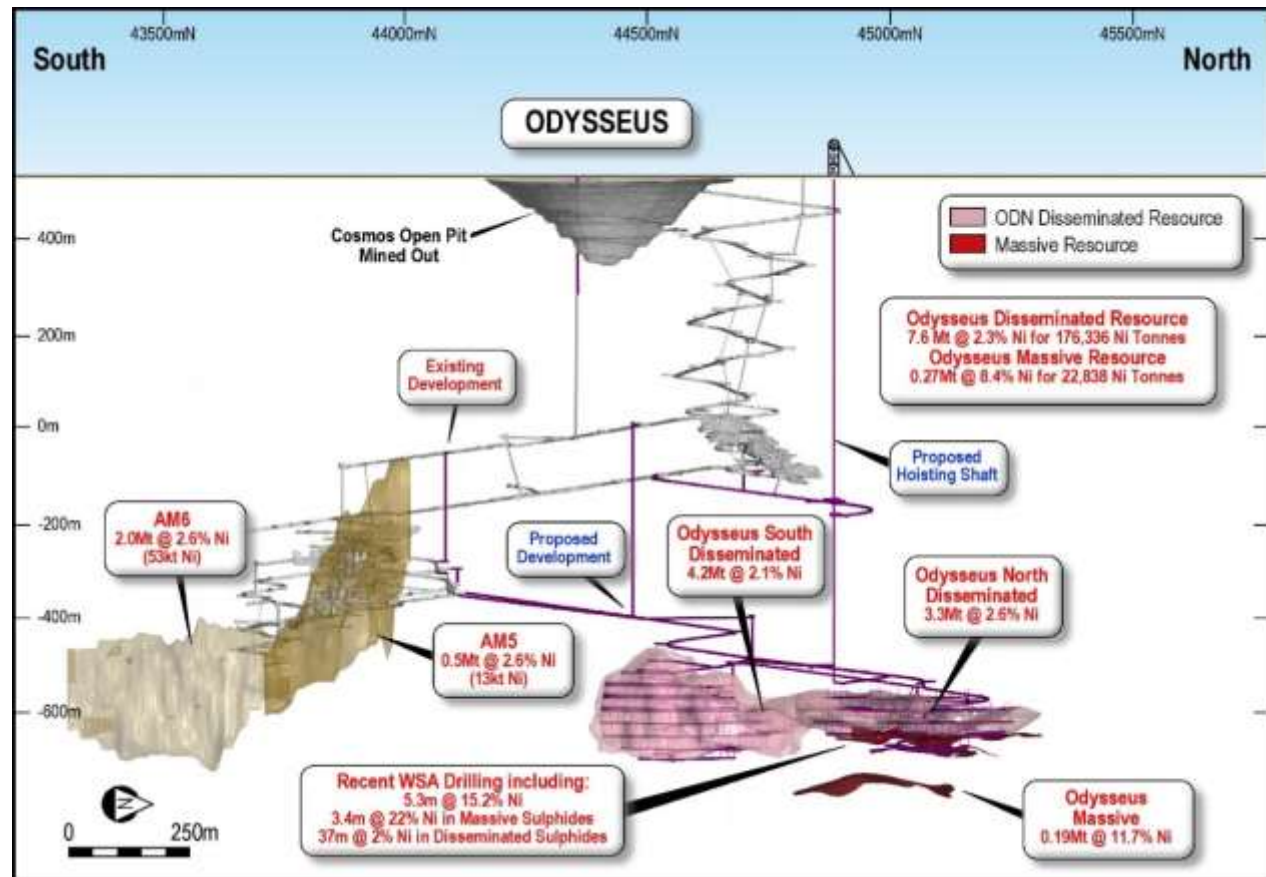
- Water Management Ponds (WMPs) 1-5 operational
- New WMPs 8 & 9 constructed
- De-watering of open pit on schedule
- Schlumberger pump for underground dewatering scheduled for December
- Awarding of contract to commence decline rehabilitation imminent
- Camp commissioned with over 100 rooms available (out of 520), gym, wifi and all amenities



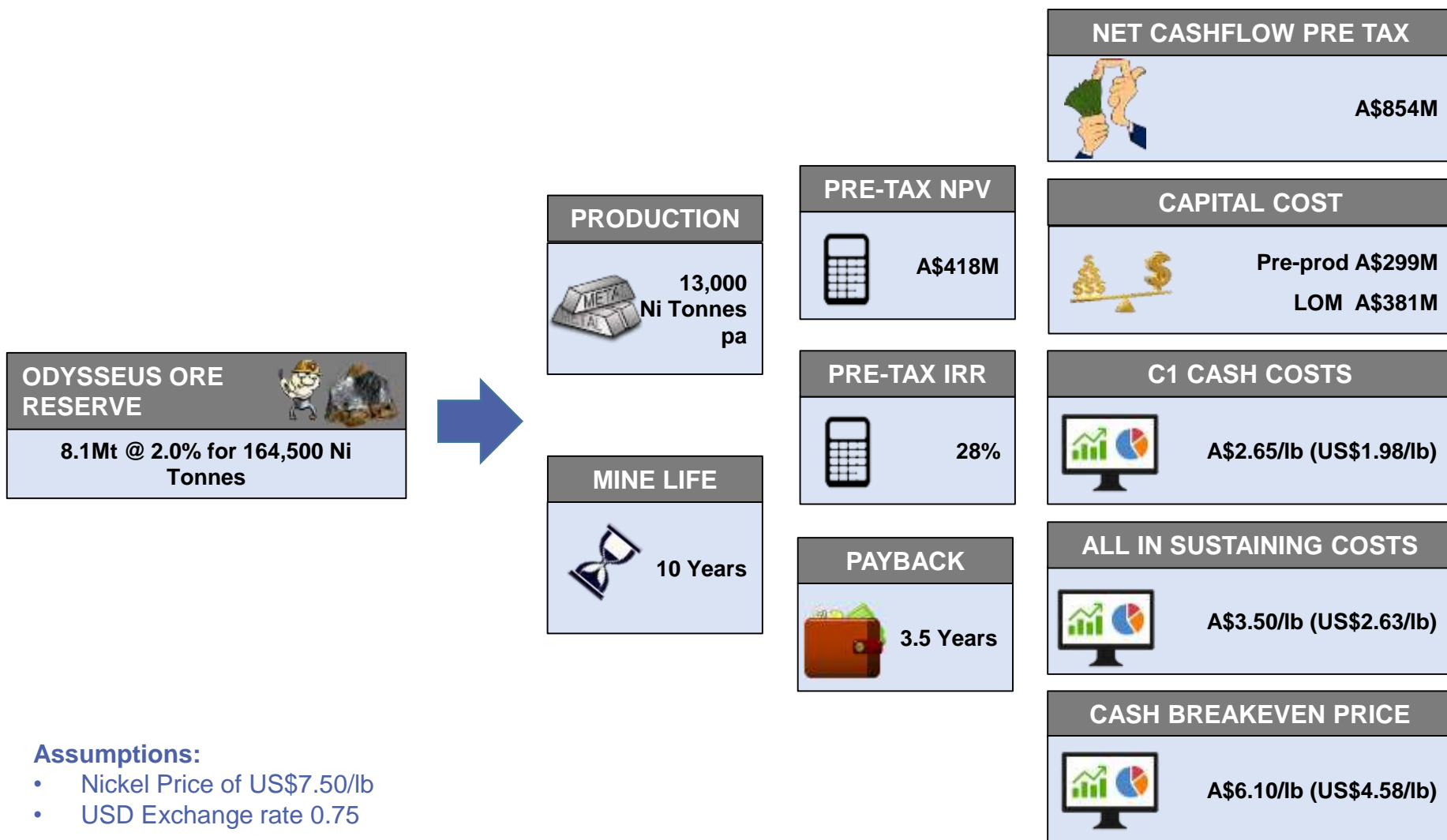
ODYSSEUS – NOW A LARGER PROJECT

Western Areas Second Operational Hub

- Mine life > 10 years
- Once ramped up, average nickel in concentrate production >13.0ktpa (14.6ktpa from FY24-FY31)
- DFS released 22 October 2018
- **Pre-production capex to include:**
 - ✓ Shaft hoisting
 - ✓ Larger mill (900ktpa immediately)
- **Significant upside:**
 - ✓ AM5 & AM6 deposits contain an Indicated Mineral Resource of 57.6kt of nickel
 - ✓ Record massive sulphide intersections
 - ✓ Regional drilling success at Neptune



ODYSSEUS DFS RESULTS



Assumptions:

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

For full DFS details, see ASX announcement, 22 October 2018

CAPITAL EXPENDITURE PROFILE AND FUNDING

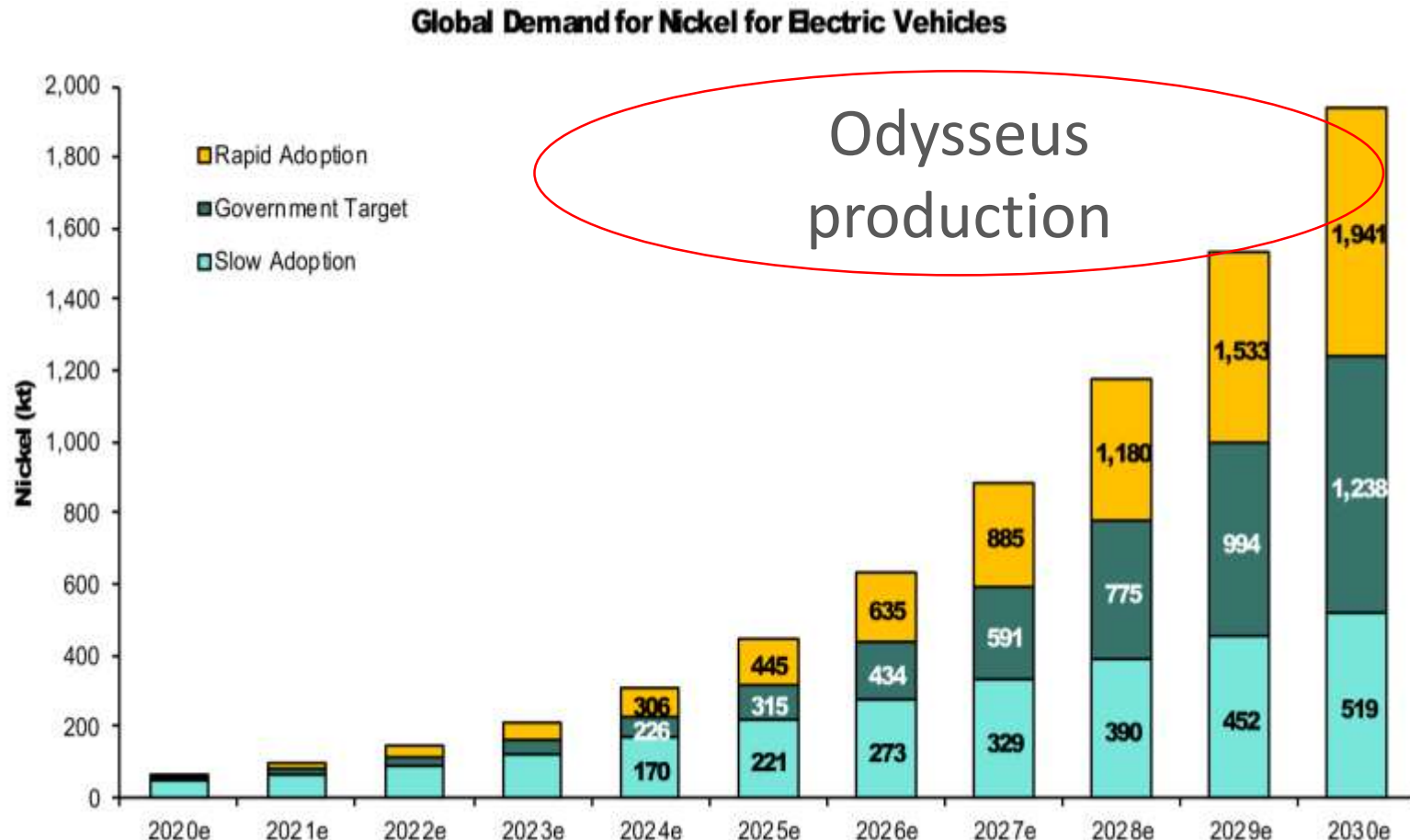
- ✓ WSA is well funded with A\$150m cash and liquid investments of around A\$25m
- ✓ Major capex not required until FY21
- ✓ Significant optionality on decision-making and spending
- ✓ Already receiving funding interest from offtake providers and third parties, including banks

Capital Costs	
Pre-production total capital cost	\$299m
Comprising: FY19	\$12m
FY20	\$49m
FY21	\$76m
FY22 – 23	\$162m
Post-production LOM	\$82m

Capital costs (A\$m)	Pre-production	Sustaining	Total
Mine development	148	39	187
Mine infrastructure and services	20	24	44
Shaft infrastructure	63	-	63
Plant	48	6	54
Owner's costs	10	4	14
Mine closure and rehabilitation	-	7	7
Contingency	10	2	12
Total	299	82	381

ODYSSEUS IS PERFECTLY TIMED

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



Source: Bernstein - June 2018

SHAFT INFRASTRUCTURE

- WSA has secured a high quality, second hand head gear and winder
- Shaft infrastructure will be dismantled, refurbished in South Africa and shipped to Perth



MILL RECOVERY ENHANCEMENT PROJECT (MREP) NOW COMMISSIONED

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

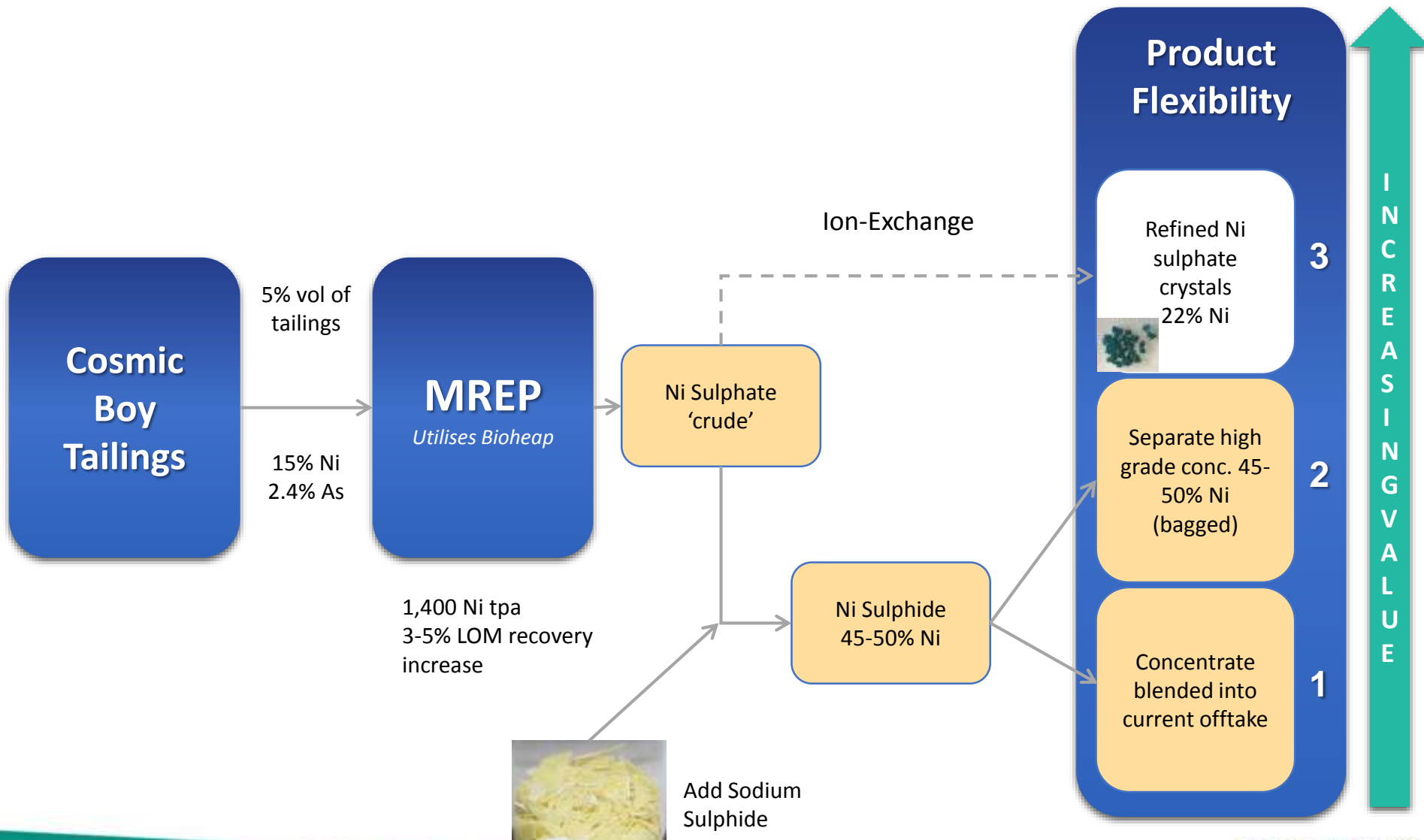
Generating value from waste tailings

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 max)
- Filtration and bagging facilities to sell a new high grade nickel sulphide product complete
- Premium payables versus concentrate
- Back-end of plant capable of up to 4,000t of nickel pa – New Morning and Flying Fox to potentially provide future feed

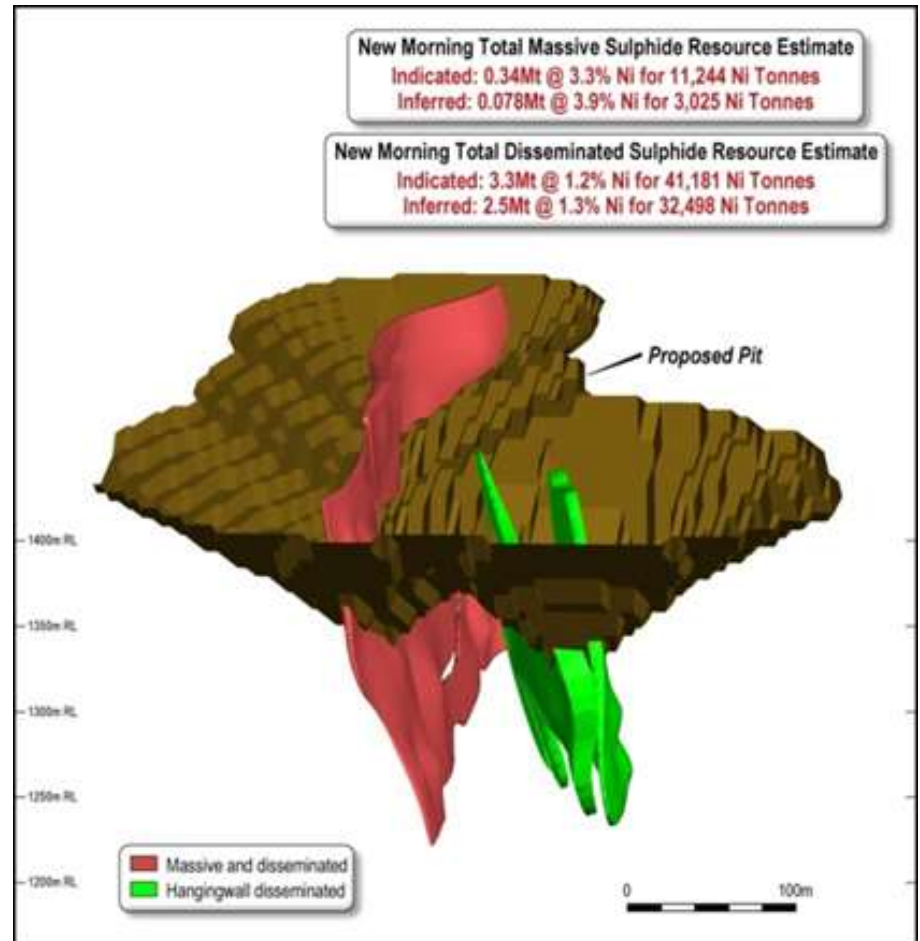


MREP FLOWSHEET

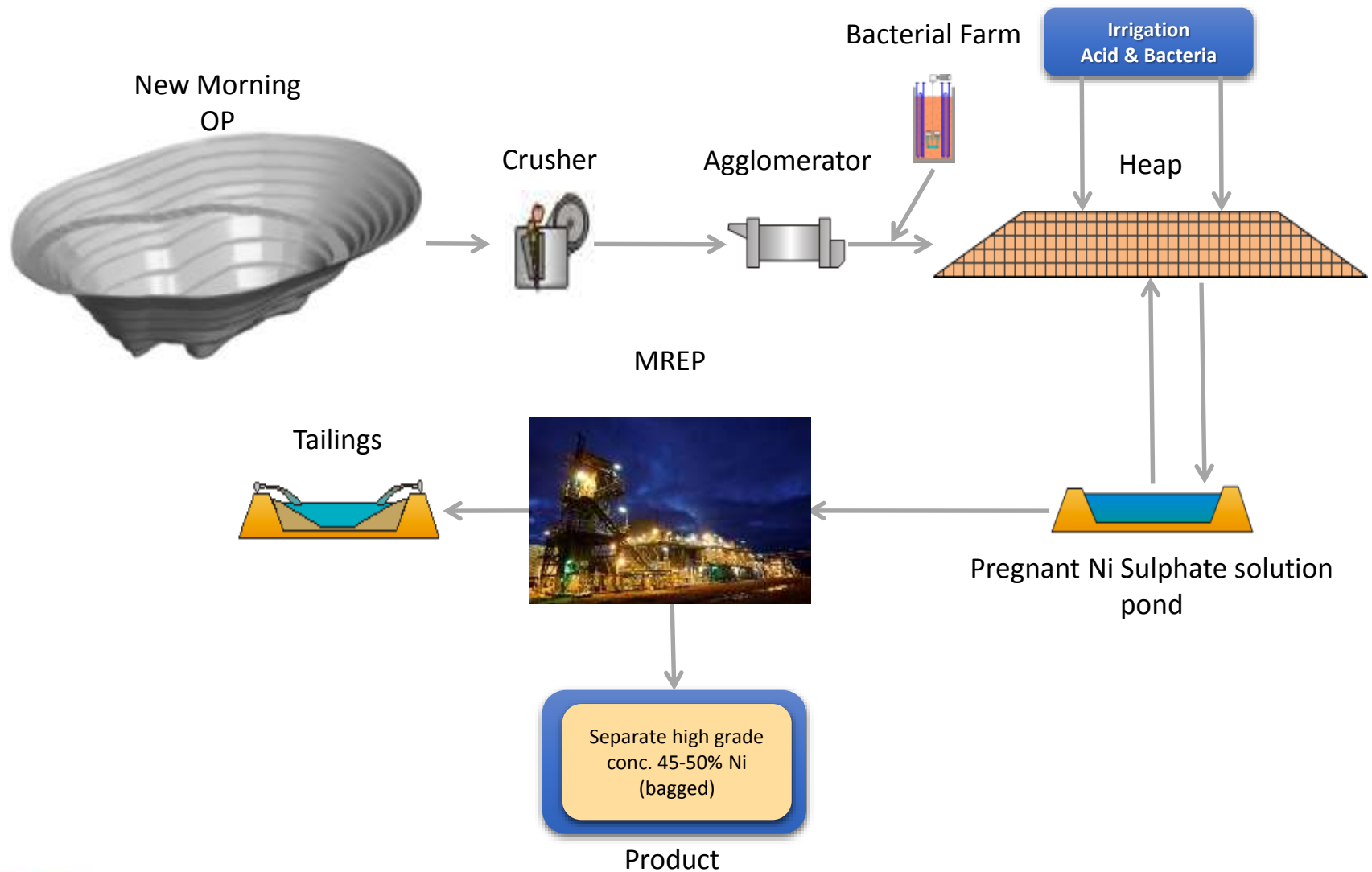


NEW MORNING / DAYBREAK

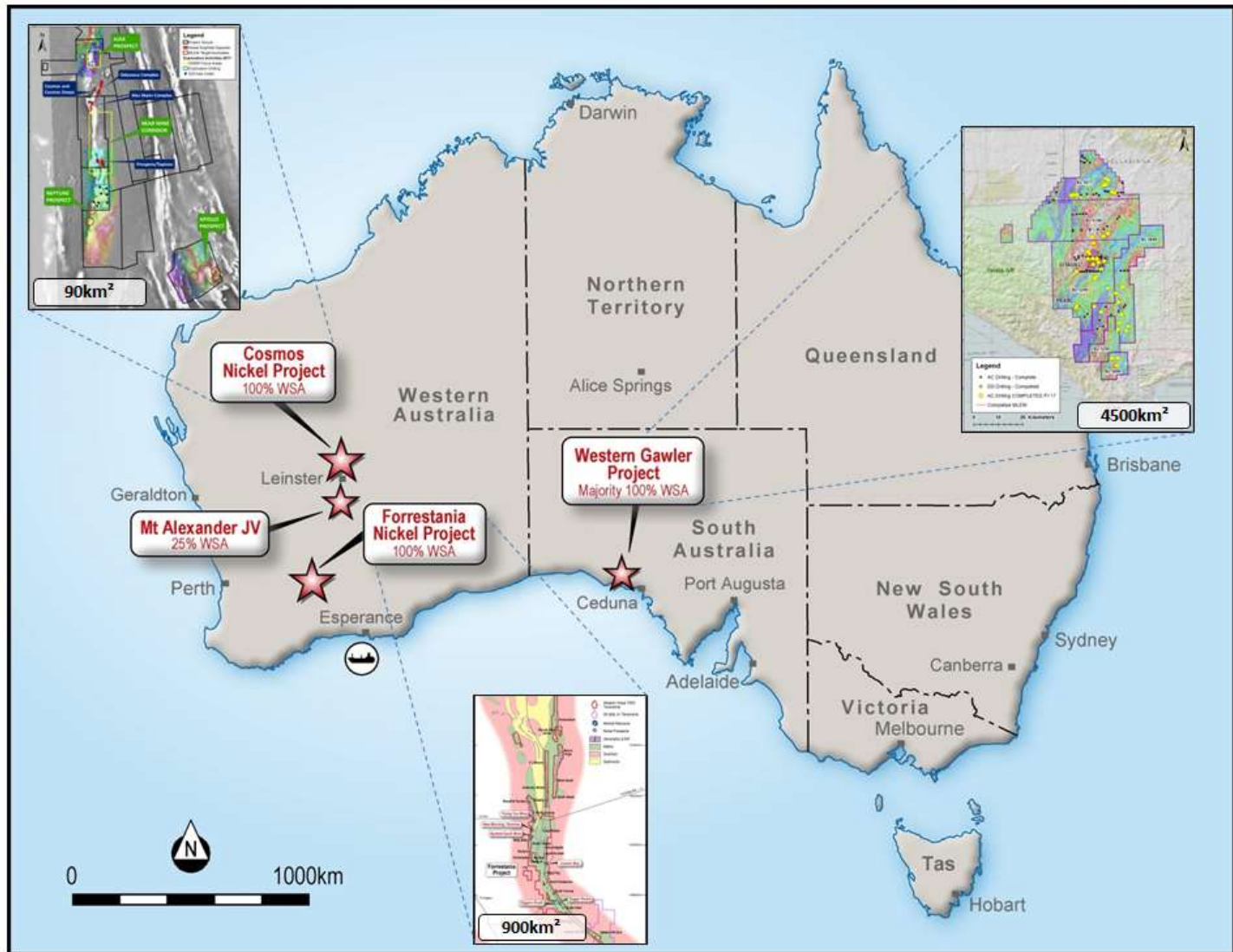
- Massive sulphide resource of 418kt @ 3.6% for 14,269 nickel tonnes
- Low grade resource (at 0.5% Ni COG) of 5.8m tonnes @ 1.3% for 73,679 nickel tonnes
- Located 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Open Pit Scoping Study commenced
- BioHeap® testwork ongoing to evaluate heap leach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



CONCEPTUAL NEW MORNING NICKEL FLOWSHEET



EXPLORATION UPSIDE – KEY TENEMENT HOLDINGS



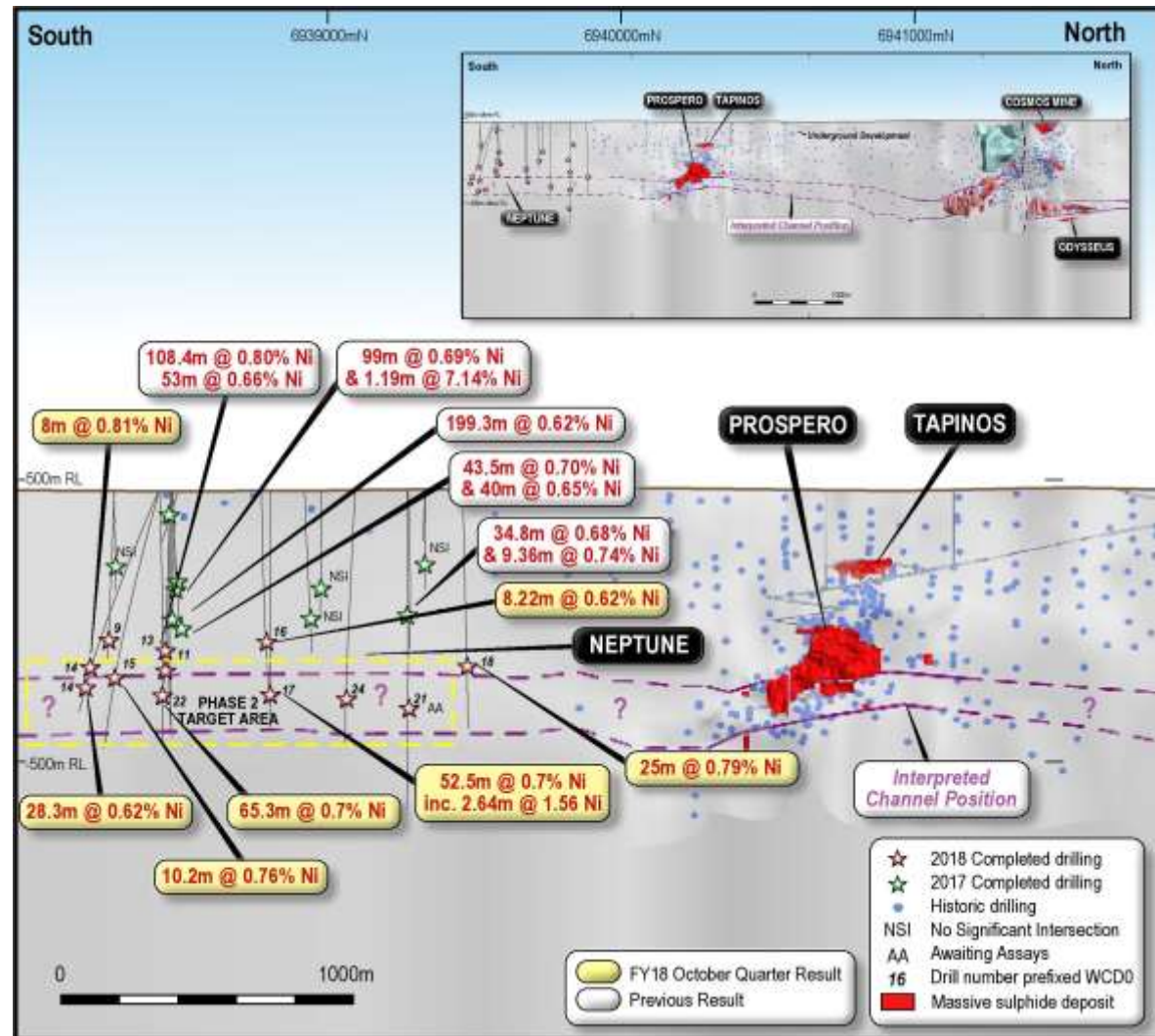
COSMOS EXPLORATION

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

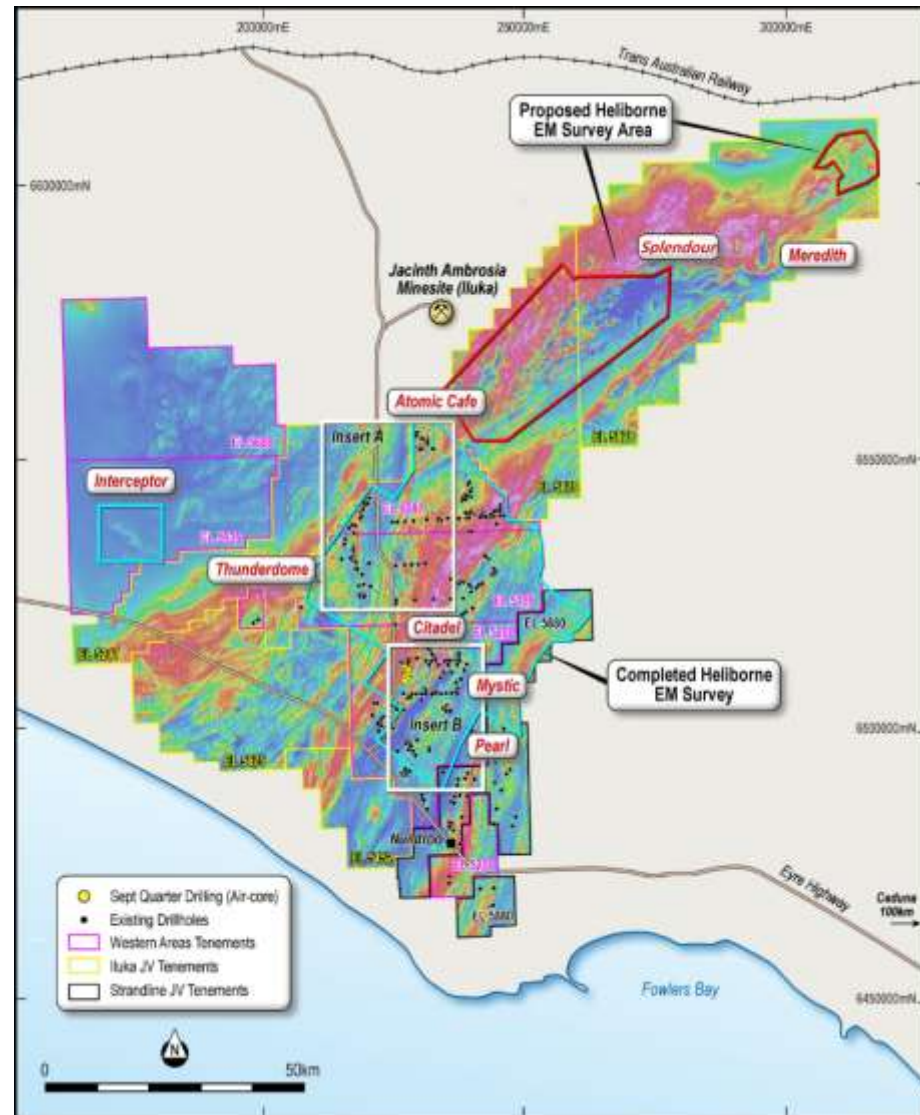
- 4,450km² WSA tenement holding
- Ramp-up of exploration activities across FY18
 - 217 drill holes.
 - 149 line kilometers of Moving Loop EM ground surveys
- Regional scale SkyTEM airborne EM survey completed in early FY19
- Identification of Thunderdome as emerging prospective corridor hosting numerous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

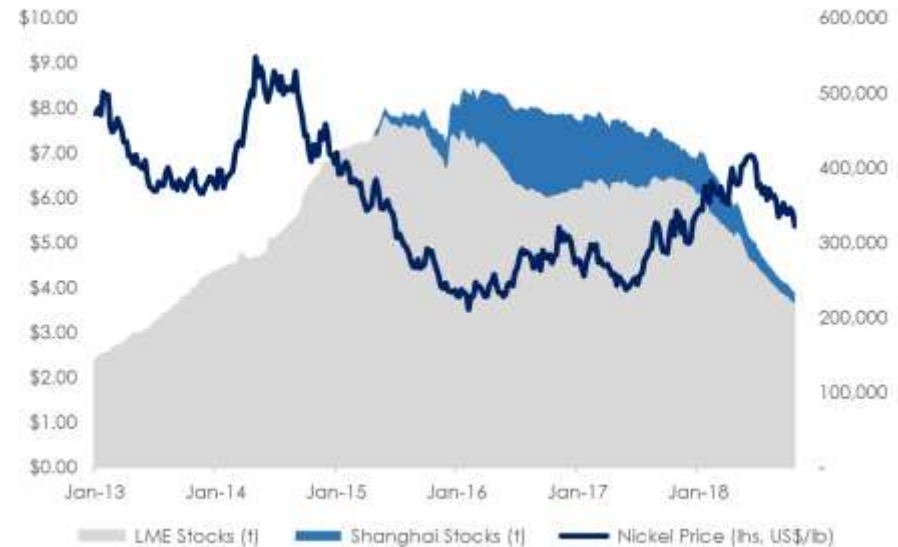
- **Significant increase in inbound off-take enquiries** for Nickel Sulphide concentrate post current contract period, primarily linked to the Electric Vehicle battery sector.
- **Our partner, China's largest stainless steel producer, Tsingshan**, has strong growth plan which will require significant 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

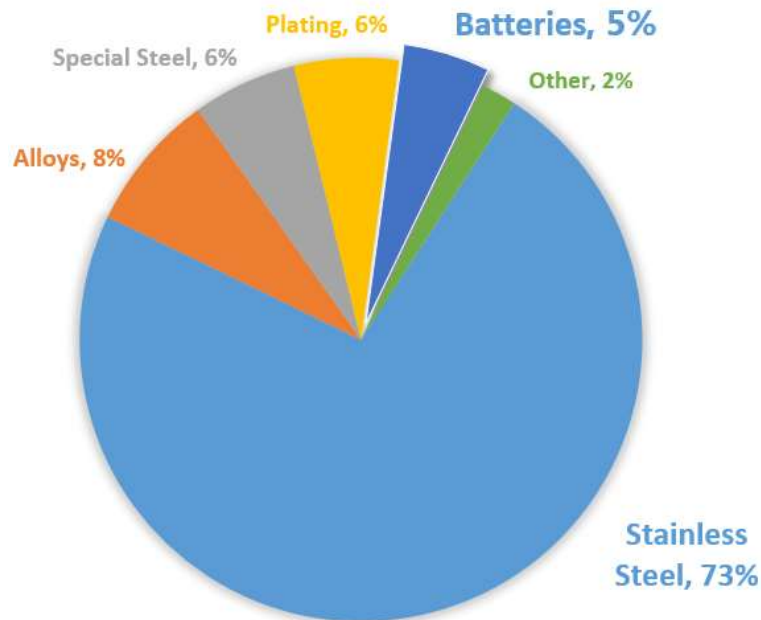
LME and SHFE Nickel Stocks vs Nickel Price*



* GMR Research 2018

STAINLESS STEEL STILL THE KING... FOR NOW

Nickel End Market Demand - 2017

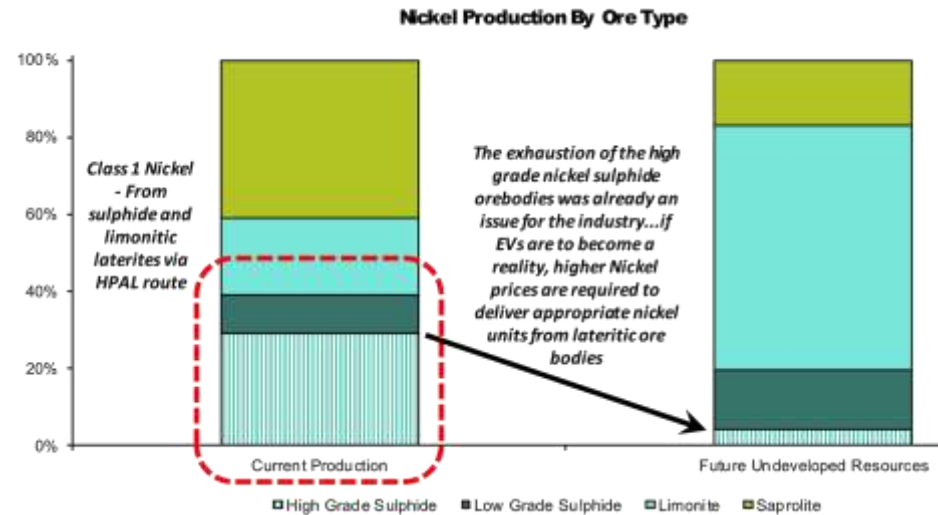


Source: Bernstein - June 2018

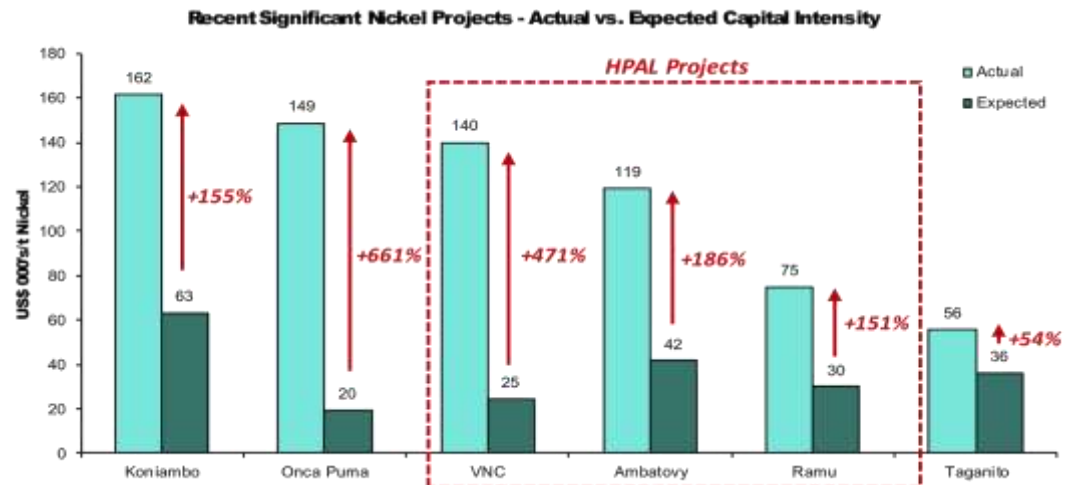
- Stainless steel still the main demand driver.
- Nickel demand from EV battery sector could run to 440kt by 2025, against a current total nickel market of 2,200kt.
- Stainless steel demand also predicted to increase.
- Becoming apparent that the nickel market is now looking differentiated.
- Nickel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

CHEMISTRY FAVOURS NICKEL SULPHIDE FOR BATTERIES

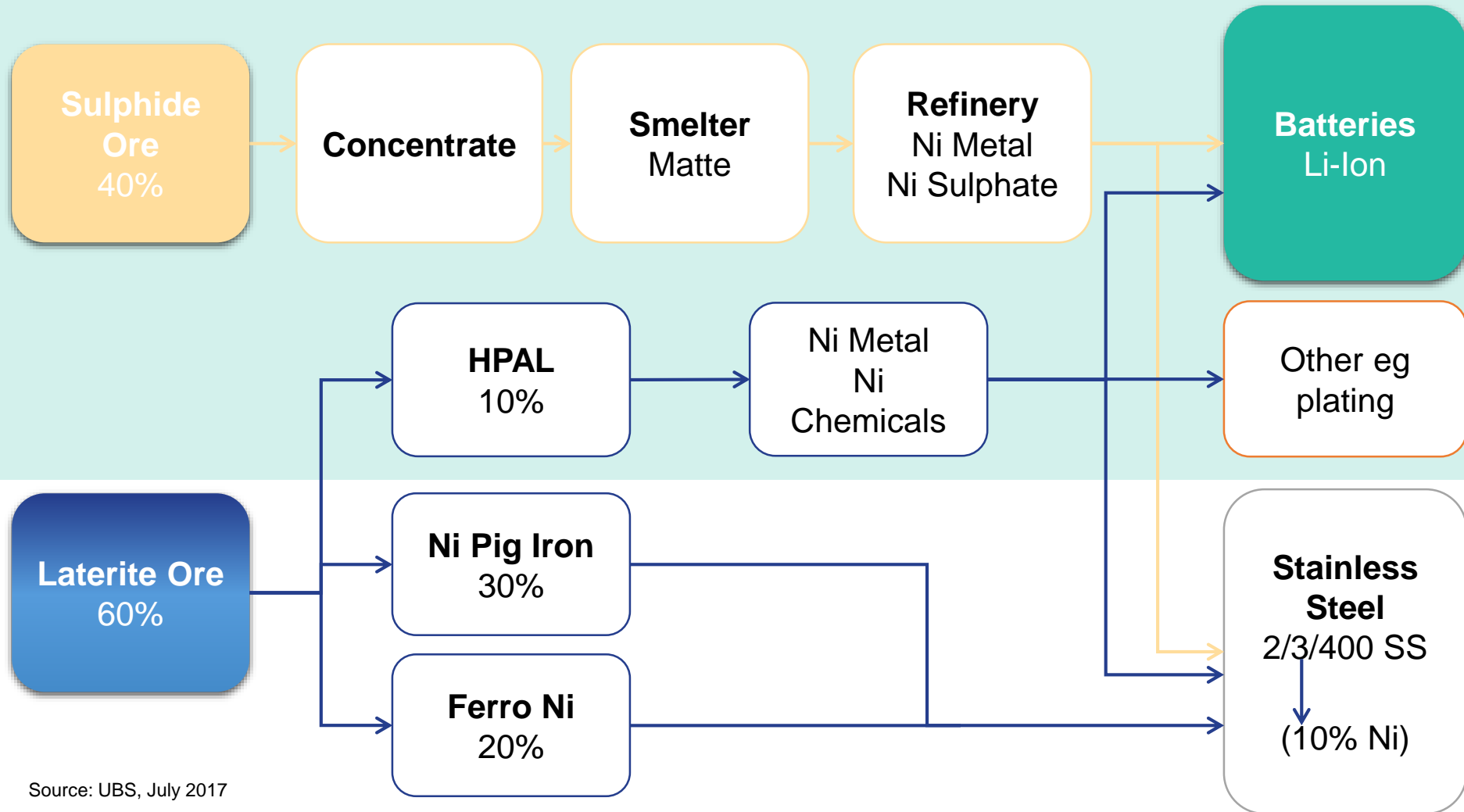
.. But there is very little Nickel sulphide left to be developed



And laterites via HPAL are serial disappointments



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



Source: UBS, July 2017

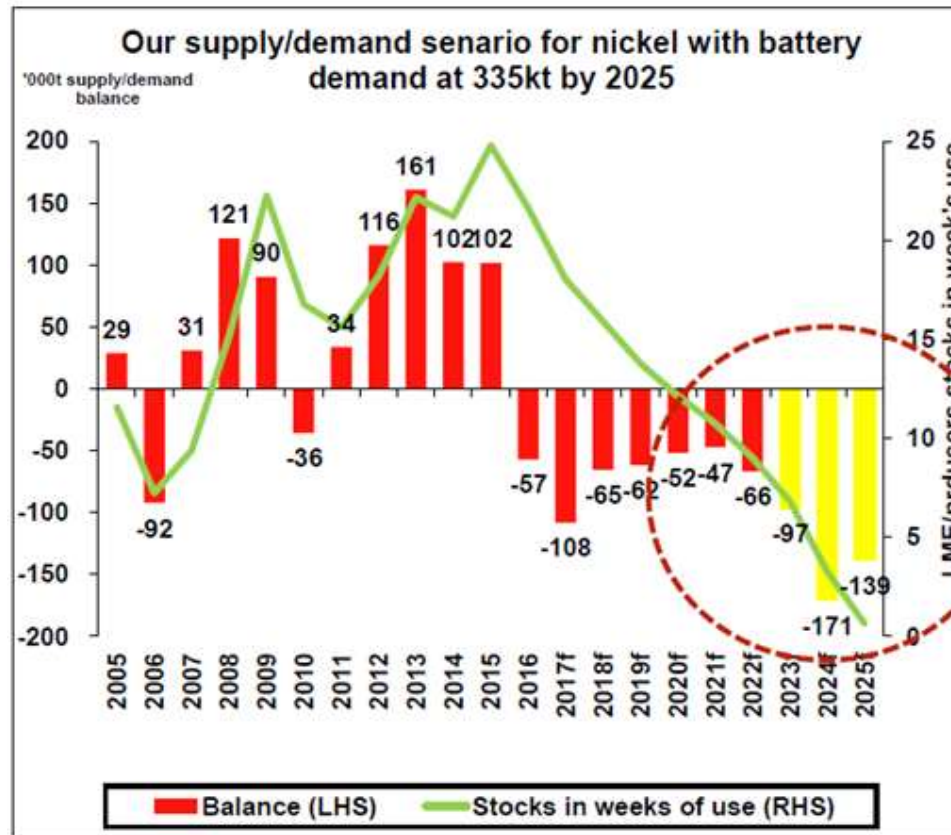
NICKEL DEFICITS ON THE HORIZON!

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

WESTERN AREAS LTD



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

