

WESTERN AREAS LTD



AUSTRALIAN NICKEL CONFERENCE

"INVESTING FOR THE FUTURE"

OCTOBER 2018

www.westernareas.com.au



AGENDA



Corporate



Growth Projects



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	2.41
Shares outstanding (m)	273.5
Market Cap (A\$m) ¹	659.1
Cash (A\$m) ²	151.6

COSMOS Complex
592kt Ni resources
DFS complete

FORRESTANIA

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

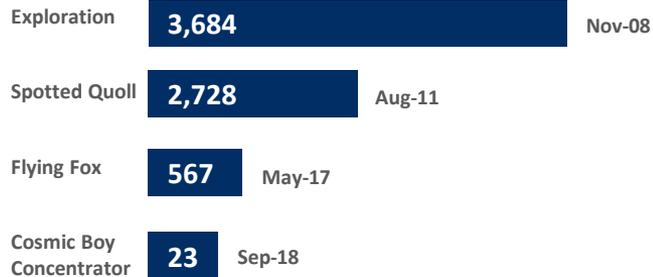


1. Based on share price on 22 October 2018 2. As at 30 June 2018

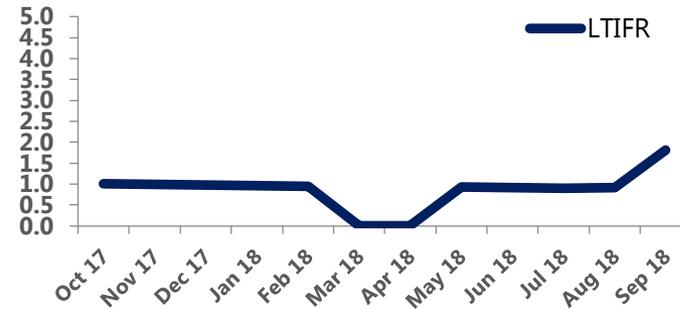
WESTERN AREAS ARE SAFE AREAS



Days LTI free



12 month LTIFR moving average

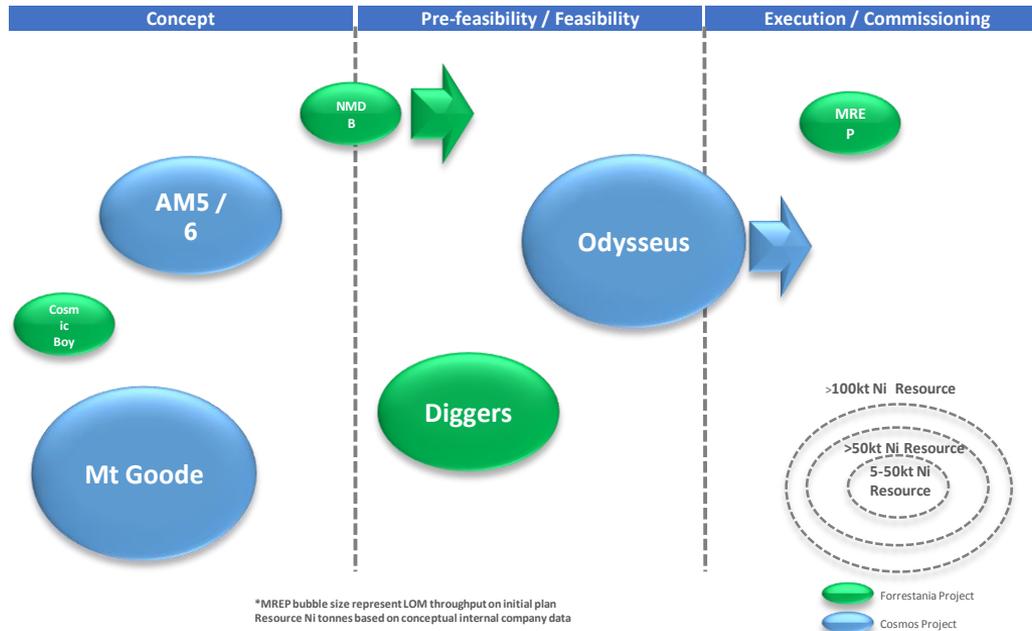


Safe operations make efficient operations

GROWTH PROJECTS



NICKEL GROWTH PIPELINE



ODYSSEUS PROJECT LOCATION

- The Odysseus Project sits on a granted mining lease that is part of the high grade Cosmos Nickel Complex
- Cosmos lies in the heart of the prolific Leinster-Wiluna nickel camp approx. 30km north of Leinster



\$32 MILLION IN EARLY SITE WORKS UNDERWAY

Eighteen-month program ...

- Evaporation pond refurbishment and 2 new ponds - construction almost complete
- Mine camp (520 rooms) upgrade commenced
- De-watering underway – Cosmos open pit
- Decline rehabilitation to 500m below surface
- Schlumberger high capacity submersible pump to accelerate de-watering – November'18

... bringing Odysseus to development ready status



AERIAL VIEW OF COSMOS

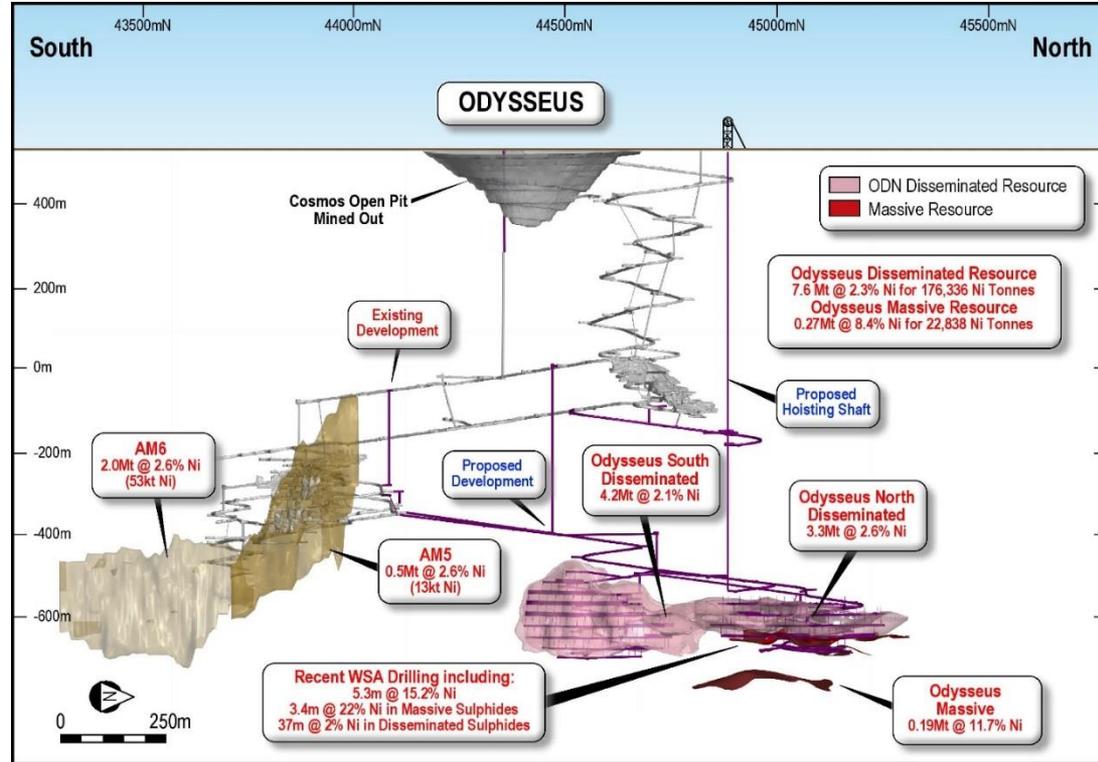
- Existing surface infrastructure includes:
 - ✓ 520 room village
 - ✓ Airstrip
 - ✓ Sealed access road within 4km
 - ✓ Gas spur
 - ✓ High voltage transmission
 - ✓ Water for site



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 (YESTERDAY)
- **Pre-production capex to include:**
 - ✓ Shaft haulage
 - ✓ Larger mill (900ktpa immediately)
- **Significant exploration upside:**
 - ✓ AM5 and AM6 orebodies
 - ✓ Record massive sulphide intersections
 - ✓ Regional drilling success at Neptune

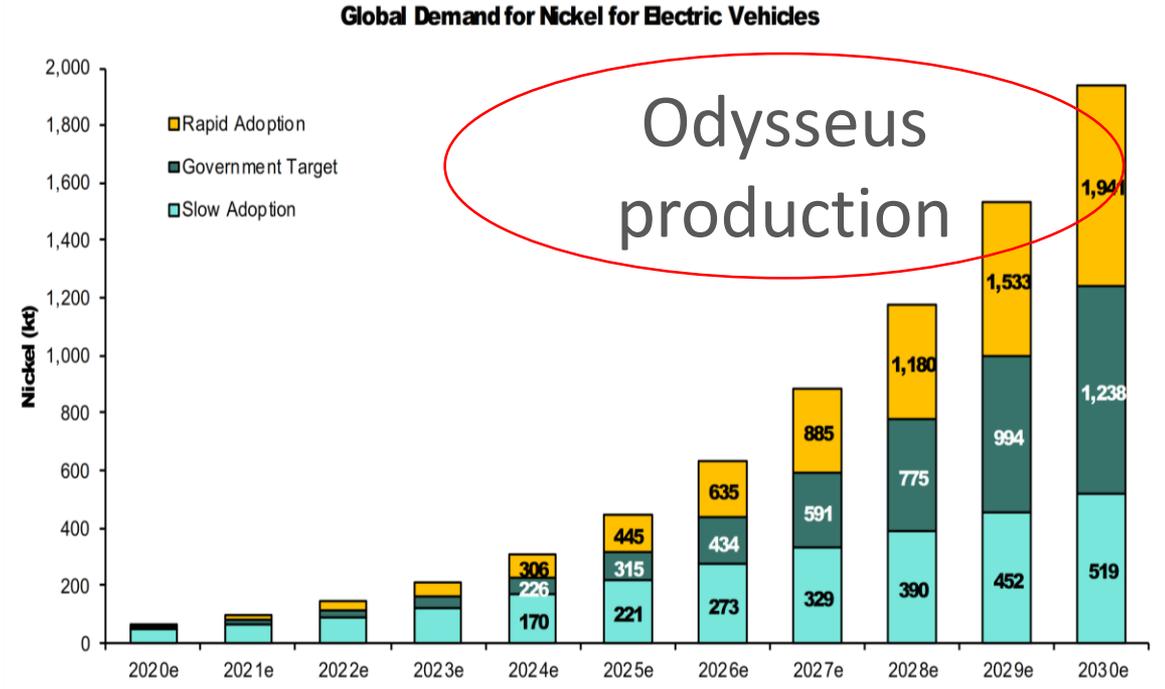


KEY PROJECT METRICS

Mineral Resources	Tonnes (Mt)	Grade % Ni	Ni Tonnes (kt)
Indicated Resources	7.2	2.4	175
Inferred Resources	0.6	4.3	24
Total Mineral Resources	7.8	2.6	199
Ore Reserves	Tonnes (Mt)	Grade % Ni	Ni Tonnes (kt)
Probable Reserves	8.1	2.0	164
Total Ore Reserves	8.1	2.0	164
Capital Costs			
Pre-production total capital cost			\$299m
Comprising: FY19			\$12m
FY20			\$49m
FY21			\$76m
FY22 – 23			\$162m
Post-production LOM			\$82m
Production Parameters			
Life of mine (current Ore Reserves)			10 yrs
Ore tonnes mined			8.1Mt
Ore processing capacity			900 - 940ktpa
Nickel in concentrate – LOM			130kt
Cobalt in concentrate – LOM			2.4kt
Nickel in concentrate – LOM annual average			13kt

FUTURE ELECTRIC VEHICLE DEMAND FOR NICKEL

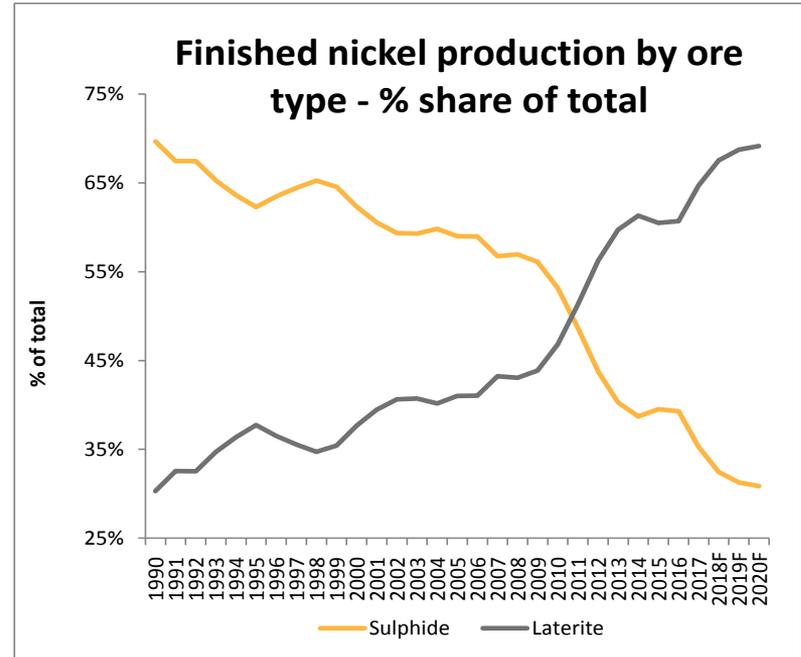
- Potentially very significant incremental demand versus a current nickel market size of c.2,200kt
- Research indicates NMC 811 will be the fastest growing battery combination by 2025!



Source: Bernstein - June 2018

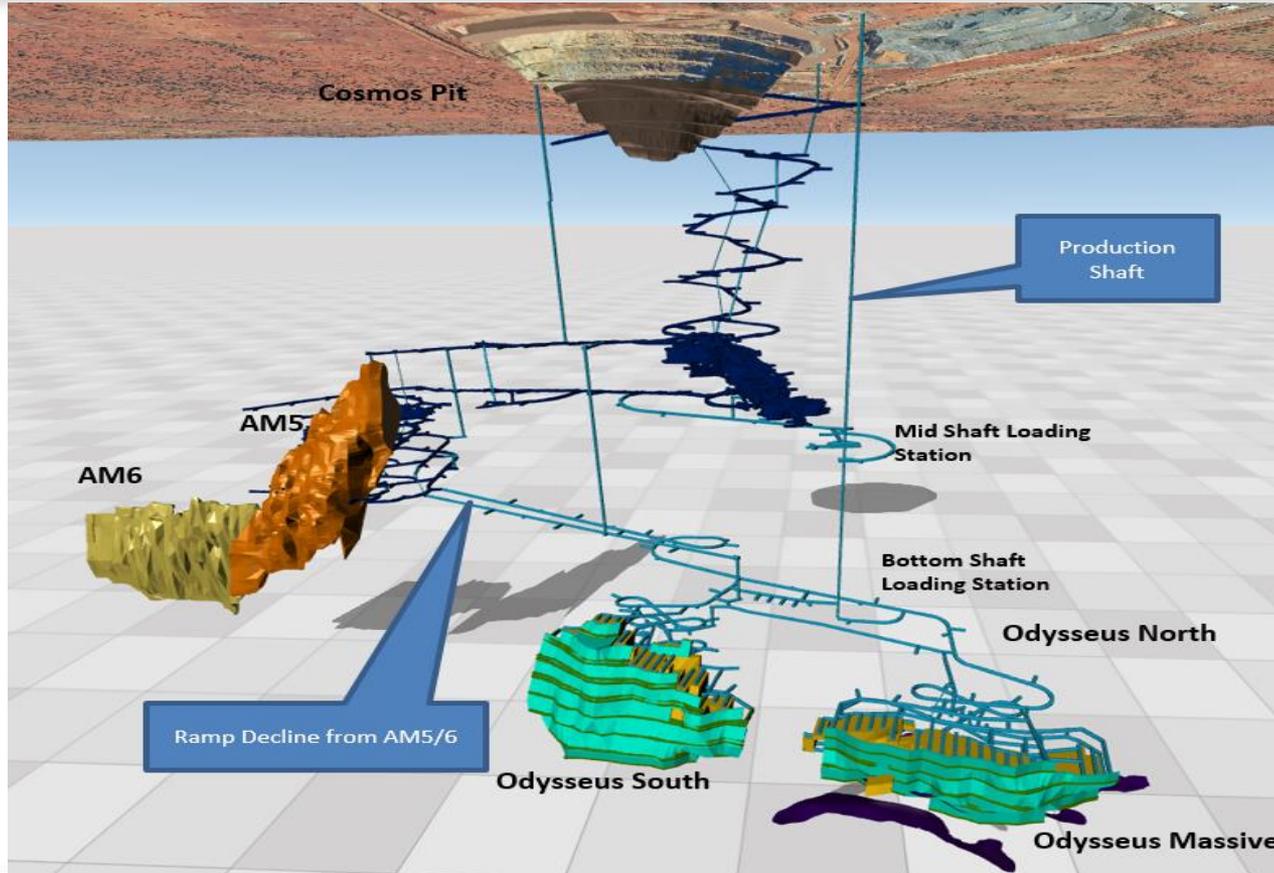
NICKEL SULPHIDES SUPPLY FALLING

- Lack of new nickel sulphide projects and existing producer volumes falling
- Why Odysseus at Cosmos is a strategic project



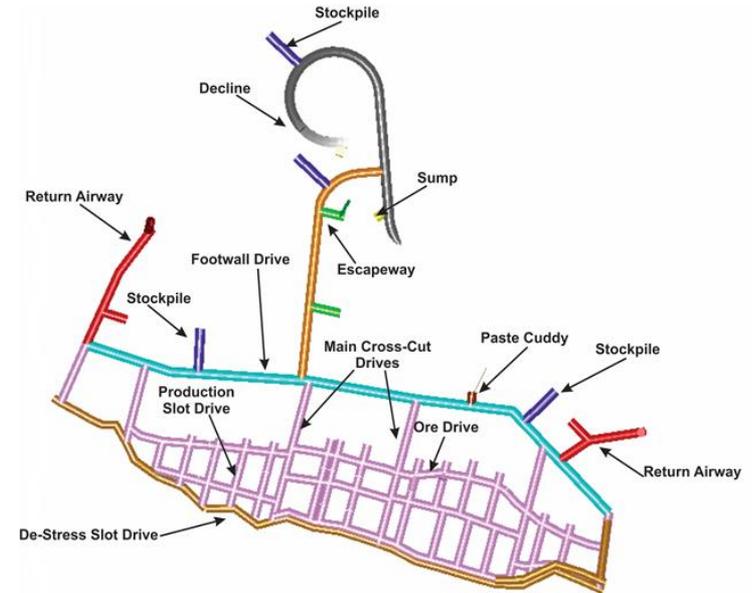
Source: Macquarie - September 2018

UNDERGROUND INFRASTRUCTURE



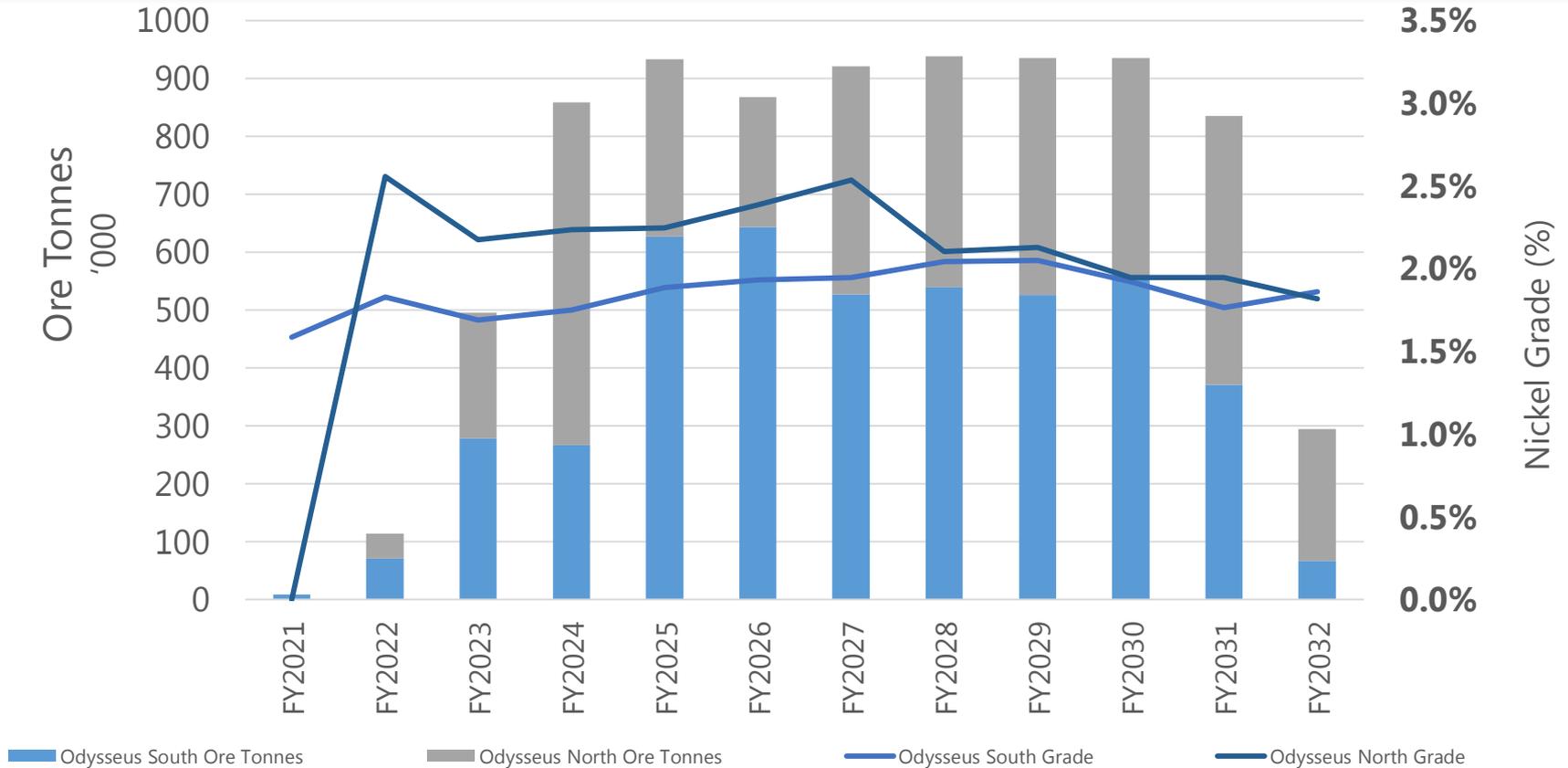
KEY MINING PARAMETERS

Key mining parameters	Value
Stope Size (Strike x Width x Height)	Max 15m x 29m x 25m Average 20kt, Max 30kt
Mining Dilution	3.5% unplanned dilution HW/FW planned dilution of 0.76m applied
Mining Recovery	95.0%
Decline Metres	4.2km
Capital Lateral Development	13.0km
Operating Lateral Development	24.5km
Vertical Development (includes ventilation, raises and escape-ways)	6.5km
Ore Access Drives	16.3km
Ore Drive Size (Width x Height)	5.0m x 5.0m



Plan view of typical level layout

MINING – TONNES AND GRADE

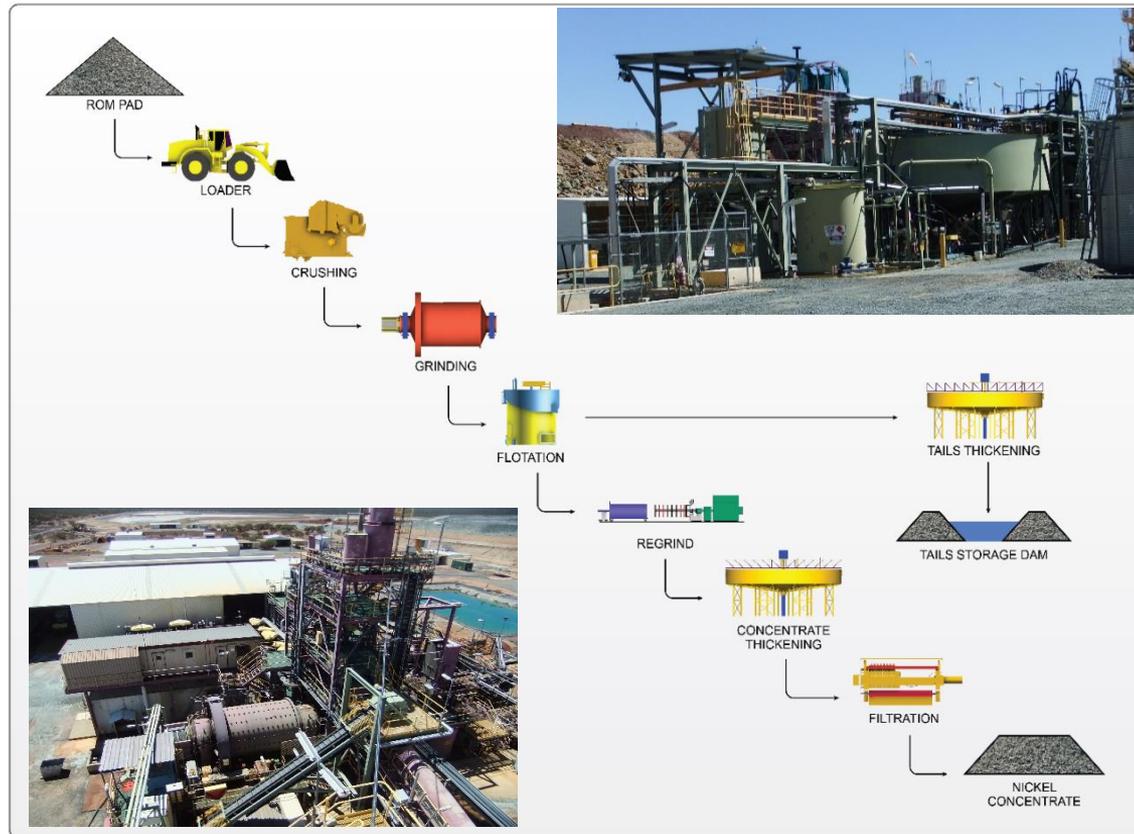


SHAFT INFRASTRUCTURE

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



PROCESS FLOW SHEET



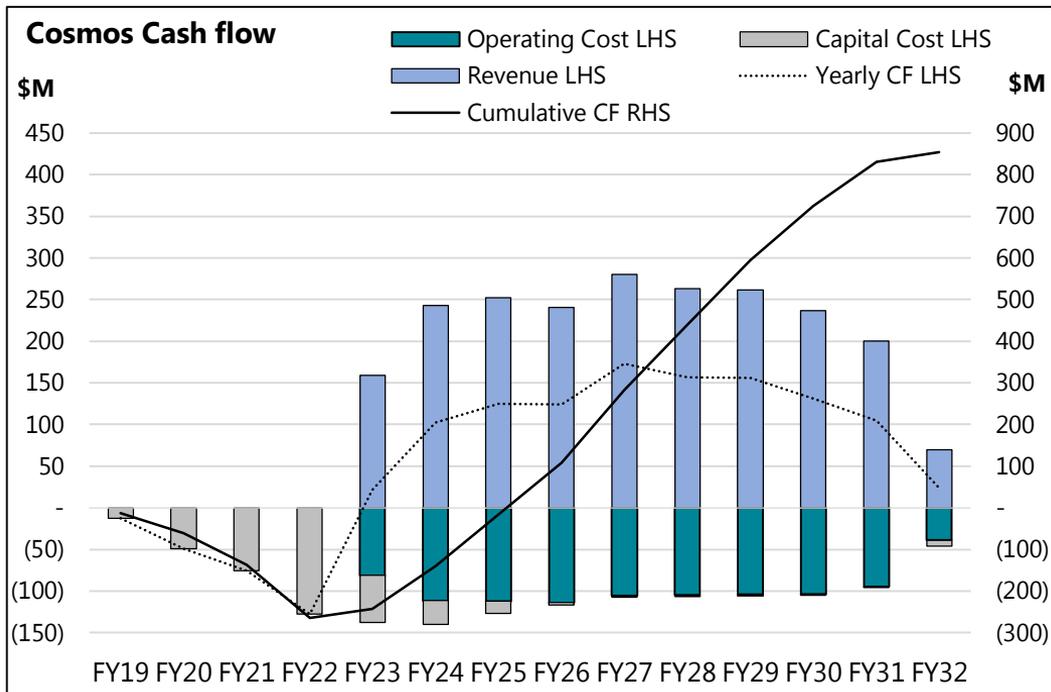
ODYSSEUS METALLURGY

Key plant parameters	Value
Design Annual Throughput	900ktpa
Crushing Rate	137tph
Milling Rate	109tph
Milling Utilisation	94%
LOM Ni recovery	79.1%
Ni grade in concentrate	16.5%
Co grade in concentrate	0.3%
Concentrate shed size	10,000t
Construction and Refurbishment period	12 months



- The existing treatment facility will be refurbished, reconfigured and new equipment added to increase the capacity to 900ktpa
- The design construction period will be 12 months with commissioning anticipated in September 2022 to meet mine production

FINANCIAL KPI'S



Metric (pre-tax basis)	Unit	DFS (US\$7.50/lb) October 2018	PFS (\$US7.50/lb) March 2017
Revenue	A\$M	2,207	1,520
EBITDA	A\$M	1,236	840
Pre-tax cash flow	A\$M	854	580
Pre-tax NPV	A\$M	418	292
IRR	%	28	28
Capital payback period	Years	3 years 6 months	3 years 7 months
NPV breakeven Ni price	\$/lb	\$6.79 (US\$5.09)	\$6.74 (US\$5.06)
Cash breakeven Ni price	\$/lb	\$6.10 (US\$4.58)	\$6.09 (US\$4.57)

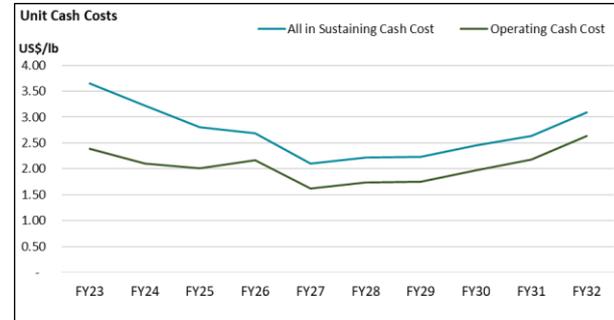
Financial assumptions	DFS
Nickel price	US\$7.50/lb or US\$16,535/t
Cobalt price	US\$12.0/lb or US\$26,455/t
Exchange rate AUD:USD	A\$1.00 = US\$0.75
NPV discount rate (real)	7%

OPEX

Cost per ore tonne milled basis LOM Operating Cost Estimates	Ore milled (A\$/t)	Ore milled (US\$/t)
Mining	63.8	47.8
Processing	29.3	22.0
Administration	5.3	4.0
By-product credits	(5.2)	(3.9)
Cash Costs	93.2	69.9
Sales transportation costs	12.5	9.3
WA state royalty	8.5	6.4
Total Cash Operating Costs	114.2	85.6
Sustaining capital	9.2	6.9
All-in Sustaining Cost	123.4	92.5

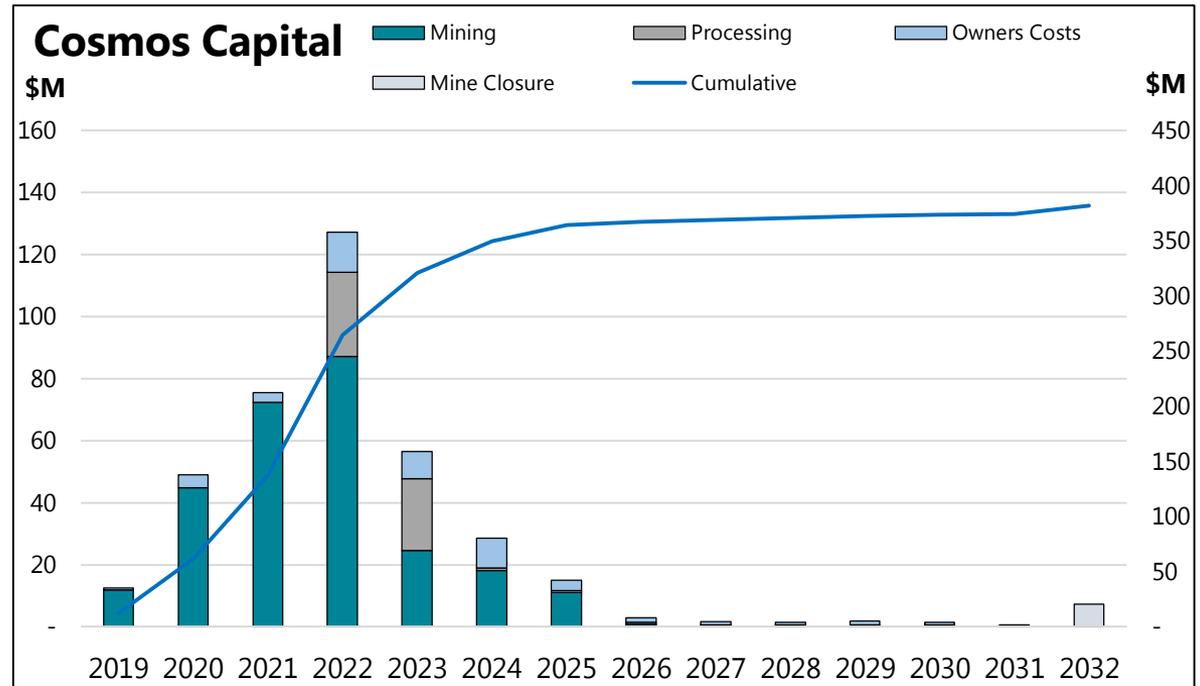
Cost per lb nickel in concentrate basis LOM Operating Cost Estimates	Nickel in concentrate (A\$/lb)	Nickel in concentrate (US\$/lb)
Mining	1.81	1.36
Processing	0.84	0.62
Administration	0.15	0.11
By-product credits	(0.15)	(0.11)
Cash Costs	2.65	1.98
Sales transportation costs	0.35	0.27
WA state royalty	0.24	0.18
Total Cash Operating Costs	3.24	2.43
Sustaining capital	0.26	0.20
All-in Sustaining Cost	3.50	2.63

- Unit cash cost for the Project is \$2.65/lb (US\$1.98/lb) nickel in concentrate.
- AISC is \$3.50/lb (US\$2.63/lb) nickel in concentrate.

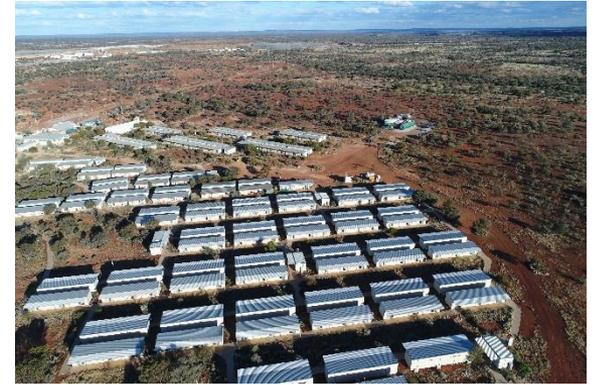


CAPEX

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



NEXT STEPS / OPPORTUNITIES



- Complete the early capital works program of \$32m announced earlier this year, forecast for completion in July 2019
- Commence post DFS optimisation studies including mining AM5 and AM6
- Complete the acquisition of second-hand shaft haulage infrastructure
- Engage mining contractors and other key suppliers
- Continue to discuss offtake options with various parties

MILL RECOVERY ENHANCEMENT PROJECT (MREP) NOW COMMISSIONED

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

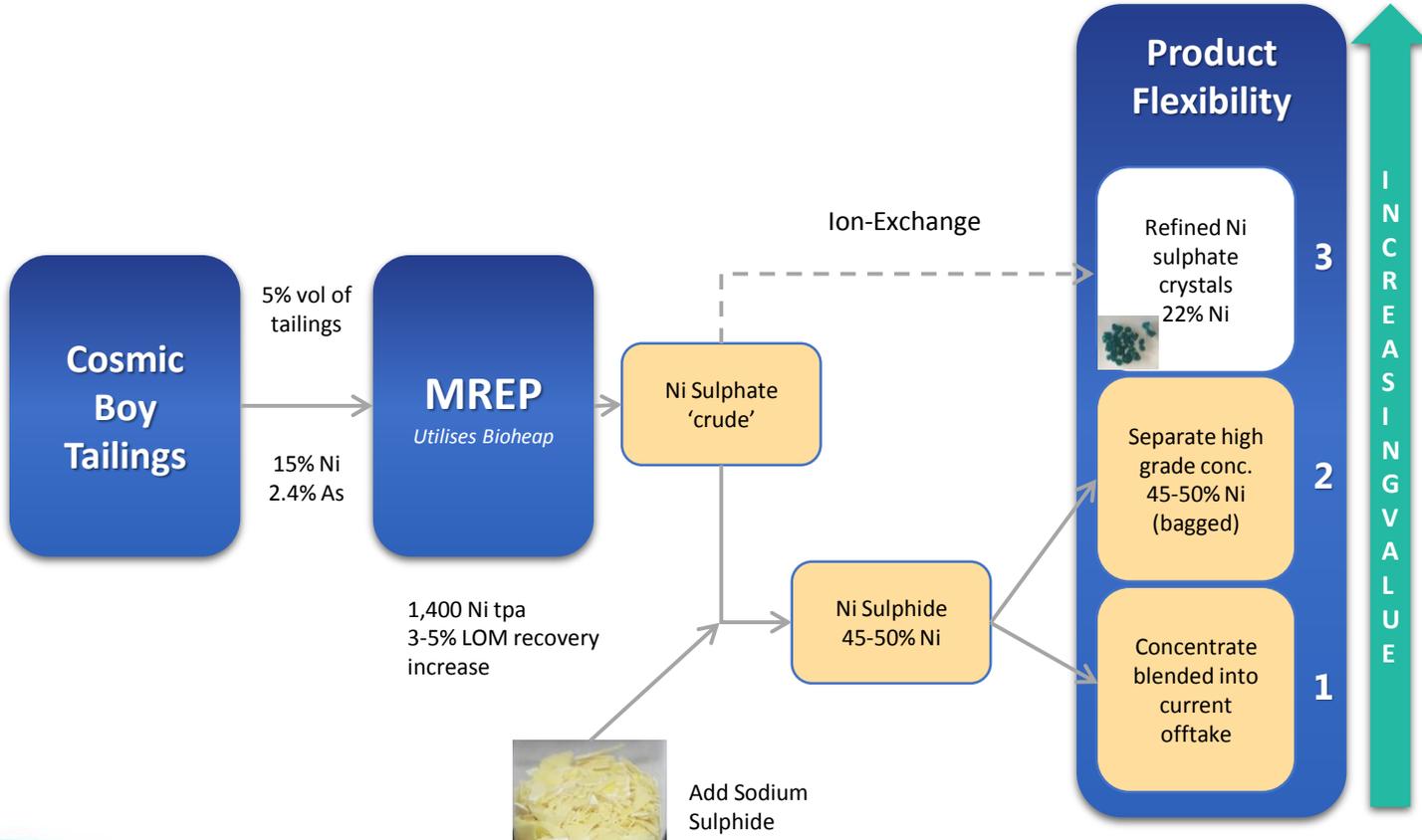
Generating value from waste tailings

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)
- 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 to potentially provide feed into the future

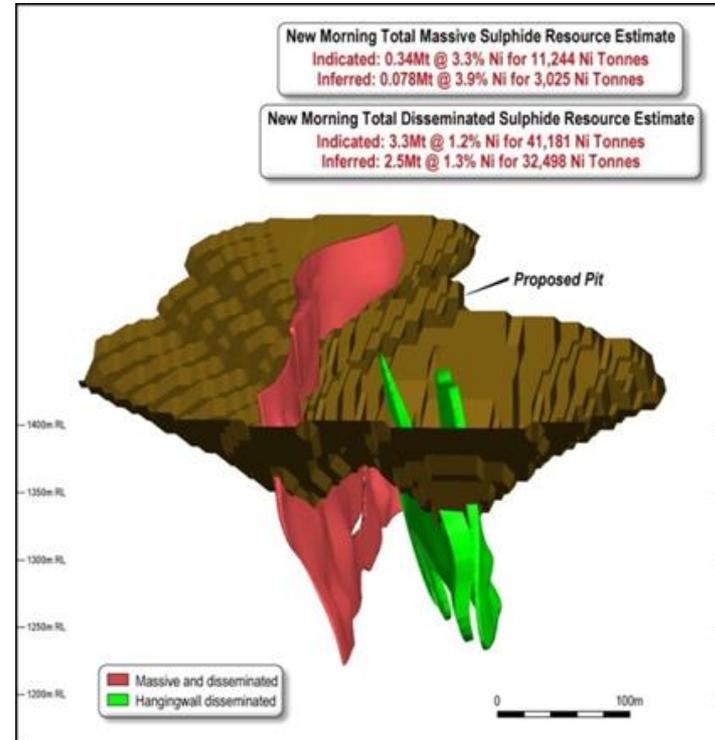


MREP FLOWSHEET

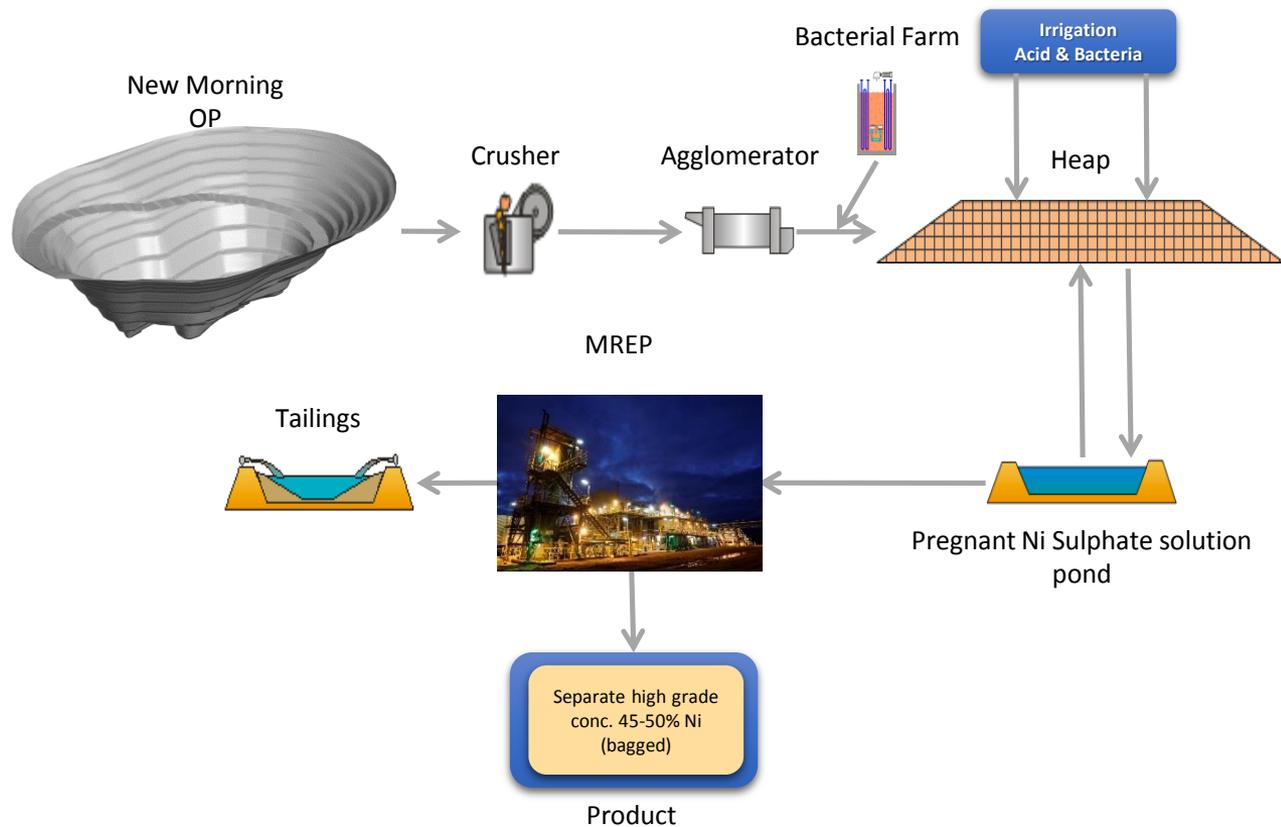


NEW MORNING / DAYBREAK

- 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 MARKET



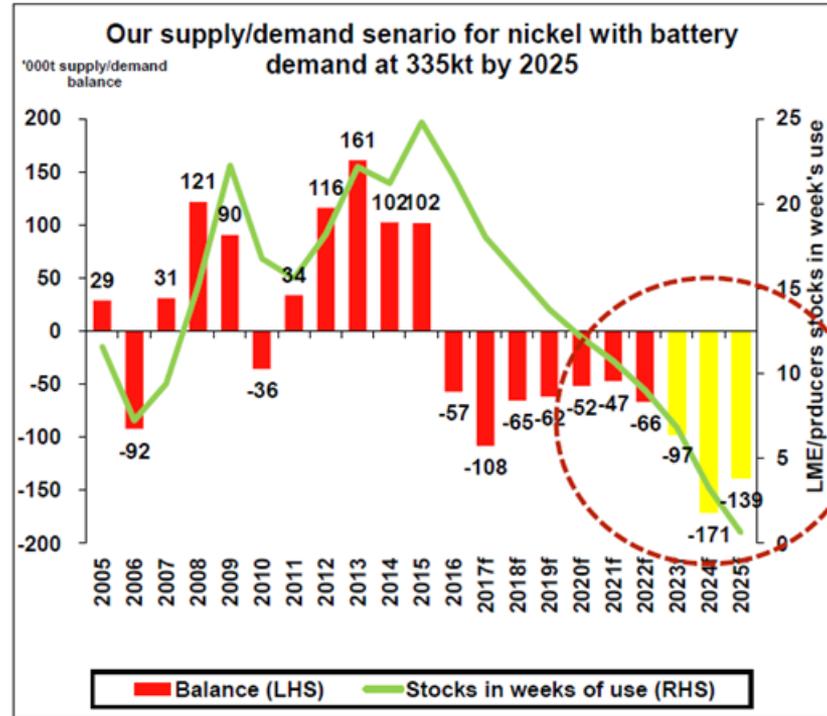
NICKEL DEFICITS ON THE HORIZON!

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

