

DIGGERS & DEALERS PRESENTATION

DAN LOUGHER

5 August 2019

WESTERN AREAS LTD



AGENDA

WHO IS WESTERN AREAS?



GROWTH



NICKEL MARKET



OPERATIONS



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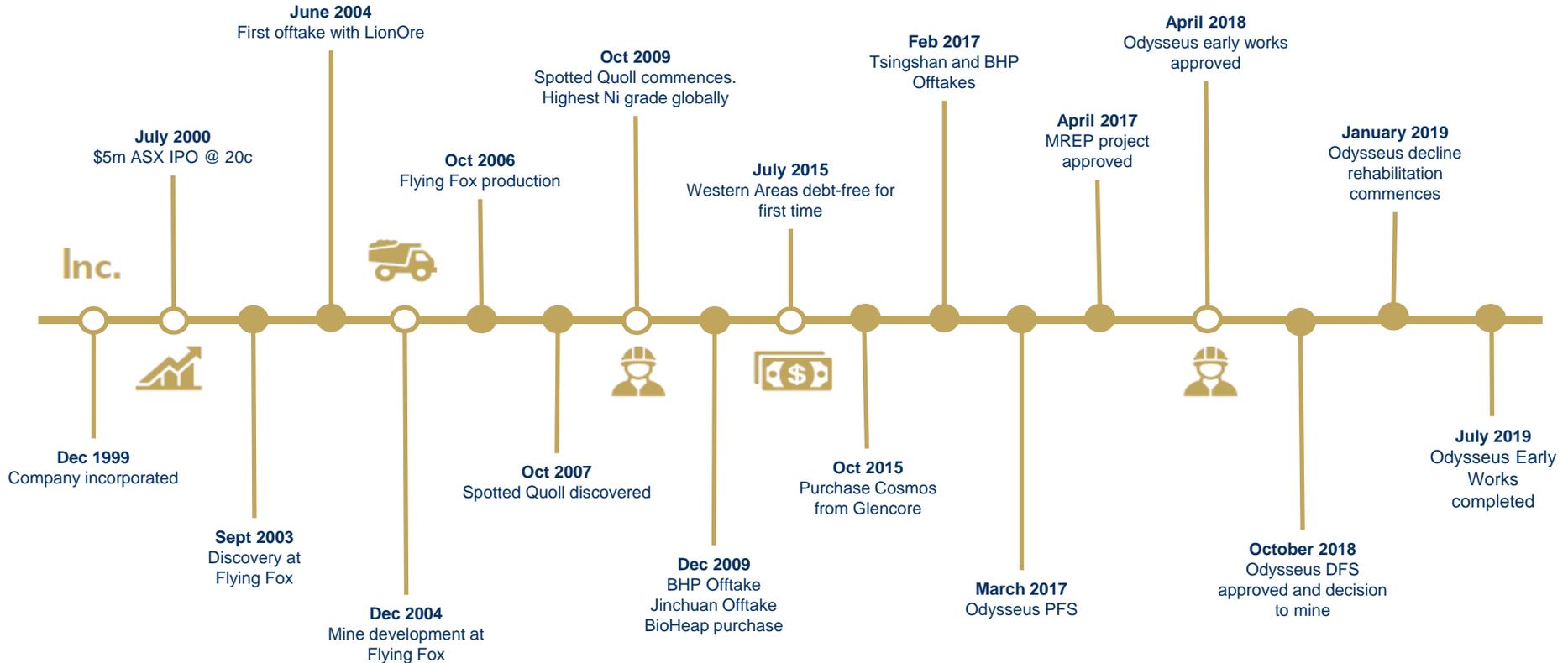
The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to exploration results, mineral resources or ore reserves was prepared by Mr Graeme Gribbin, Mr Andre Wulfse or Mr Marco Orunesu-Preiata respectively. Mr Gribbin, Mr Wulfse 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.



WHO IS WESTERN AREAS?



Western Areas Success Timeline



Working with Western Areas

ATTRACTION

- People within the industry recommend Western Areas
- Diversity of job roles and professional career growth
- Project challenges and technology innovations
- A positive culture



RETENTION

- Working with committed and enthusiastic professionals
- Achievable targets - the feeling of success
- Roles that exceed expectations
- Promoting work/life balance
- Sealing the deal with our food

Around 70% of our middle management team have greater than 6 years of service.



Building relationships



Corporate overview



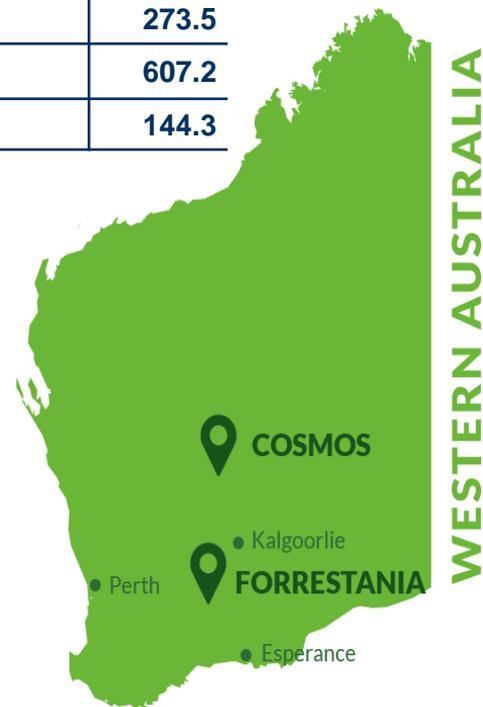
ASX code	WSA
Share price	2.22
Shares outstanding (m)	273.5
Market Cap (A\$m) ¹	607.2
Cash (A\$m)²	144.3

COSMOS Complex
592kt Ni Mineral Resources
165kt Ni Ore Reserves
Early works complete

FORRESTANIA

Flying Fox
9.8kt Ni mined FY19
21.1kt Ni Ore Reserves
79.3kt Ni Mineral Resources

Spotted Quoll
13.3kt Ni mined FY19
64.2kt Ni Ore Reserves
78.9kt Ni Mineral Resources



Western Areas are safe areas



Days LTI free

Spotted Quoll	3,001	Aug-11
Cosmos	1,368	Oct-15 (no injuries)
Cosmic Boy Concentrator	296	May-18
Exploration	282	Sep-18
Flying Fox	100	Mar-19

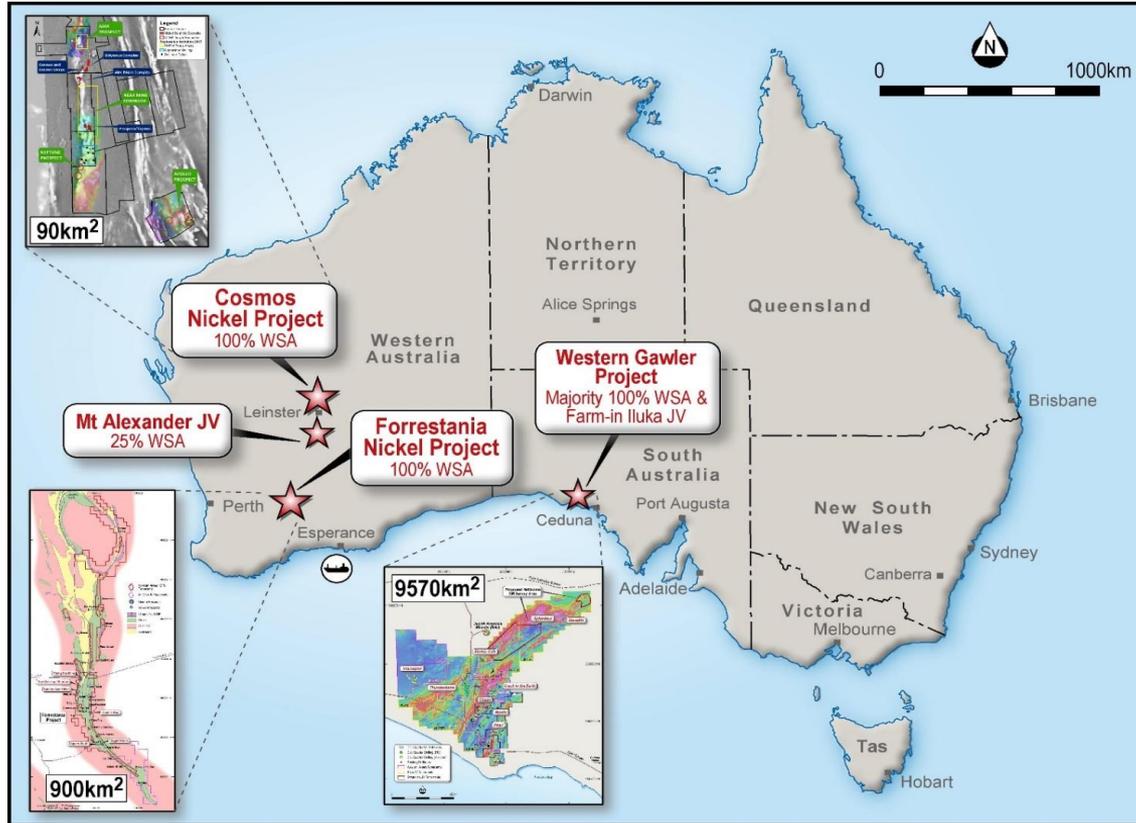
12 month LTIFR moving average



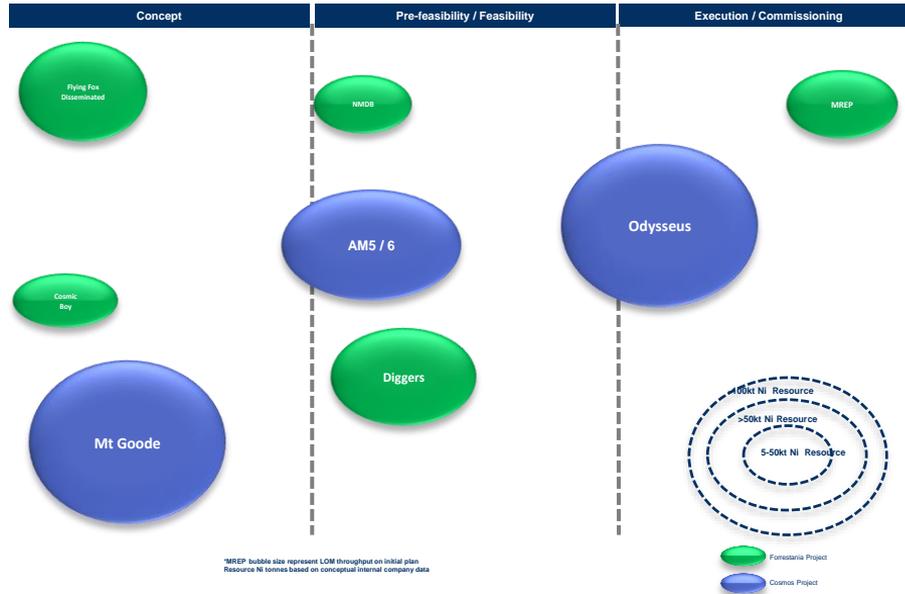
GROWTH



Key tenement holdings

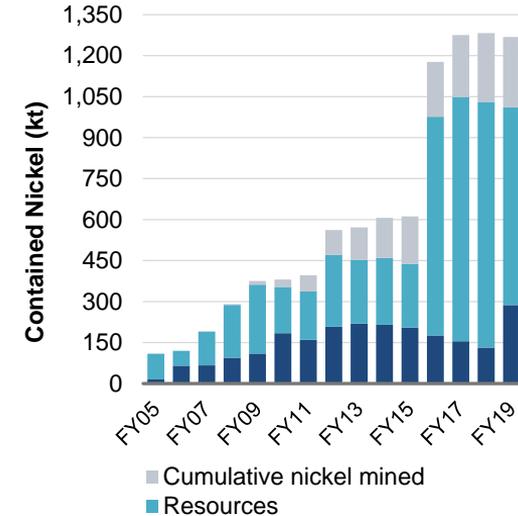


Nickel growth pipeline



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

Ore Reserves & Mineral Resources



Cosmos – the new hub!

WESTERN AREAS' SECOND OPERATIONAL HUB

Outstanding Nickel Address:

- Within prolific Leinster – Wiluna Nickel camp;
- Jubilee Mines sold in 2007 to Xstrata for A\$3.1B!;
- WSA purchase from Glencore Oct 2015 for \$24M;
- WSA PFS completed in March 2017; and
- WSA DFS completed in Oct 2018 with Board approval to start mining in January 2019.



Odysseus – early works completed

Early Works Activities:

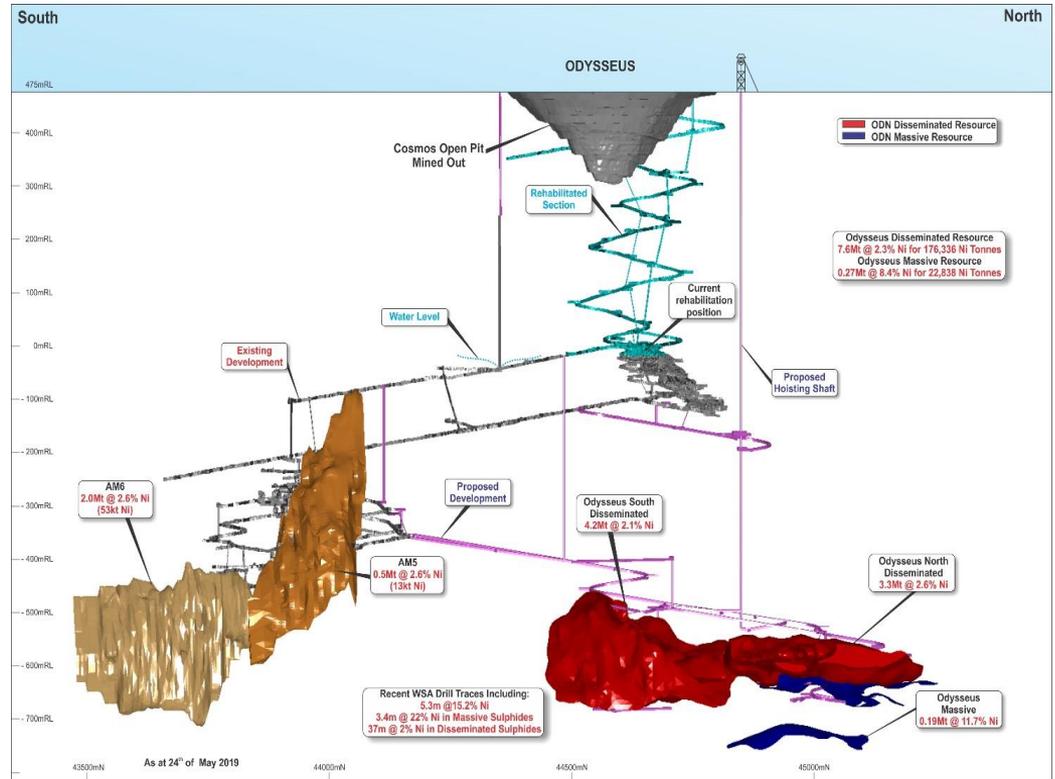
- Decline rehabilitation to 500m below surface and Underground pump station construction commenced
- Water Management Ponds all constructed and operational
- Camp commissioned with over 150 rooms available out of 520. Additional 106 rooms being upgraded



Odysseus – now a long life project > 10yrs

Western Areas' Second Operation:

- Long life, low cost project:
 - ✓ Ore Reserve 8.1mt @ 2.0% for 164kt nickel
 - ✓ Mine life > 10 years
 - ✓ AISC A\$3.50/lb
 - ✓ Average nickel in concentrate production >13.0ktpa (14.6ktpa from FY24-FY31)
- Significant upside:
 - ✓ AM5 & AM6 deposits contain an Indicated Mineral Resource of 57.6kt of nickel (not included in DFS)
 - ✓ Record massive sulphide intersections



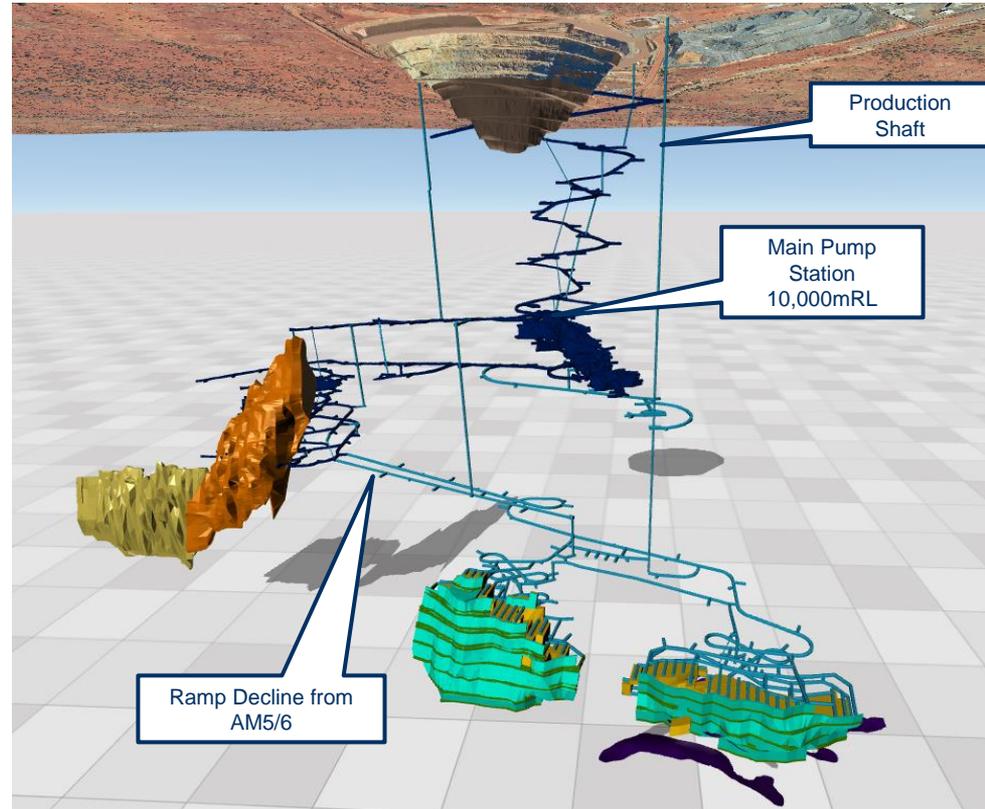
Odysseus

- Pre-production capex A\$299m includes:

- ✓ *Shaft hoisting*
- ✓ *Larger mill (900ktpa immediately)*
- ✓ *WSA is well funded with cash and other liquid investments of over A\$150m*

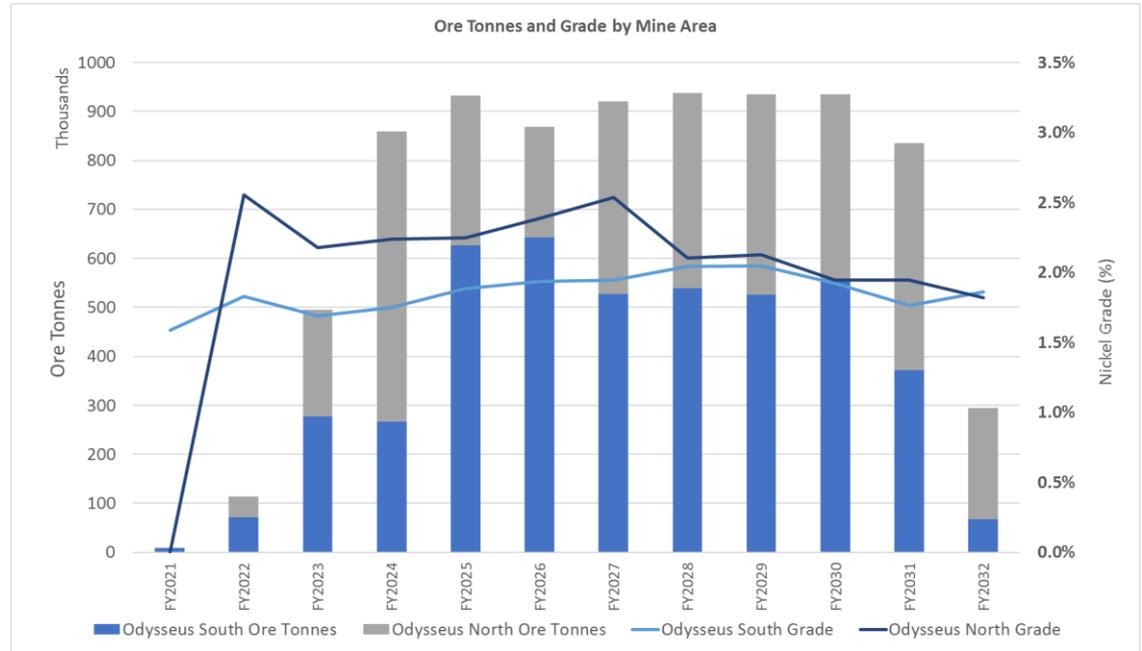
- ✓ *Major capex not required until FY21*
- ✓ *Significant optionality on decision-making and spending*

- ✓ *Already receiving funding interest from offtake providers and third parties, including banks*



Production ~900K tpa ore

- Minimum 10 year ore schedule
- First Ni concentrate late 2022
- Consistent annual nickel production



Shaft infrastructure

- WSA has purchased a high quality, second hand head gear and winder
- Shaft infrastructure dismantling commenced and will be refurbished in South Africa and shipped to Perth
- Significant economical benefit versus trucking.

Key Metrics:

- ✓ *5.5m diam. raise bore;*
- ✓ *4 guide ropes per conveyance;*
- ✓ *1.27Mtpa (ore and waste);*
- ✓ *12 t skips;*
- ✓ *1 truck required to feed shaft;*
- ✓ *4.5 MW peak power.*



Winder - 3.6 MW DC Motor



Why shaft hoisting?

Electrical power vs diesel

- Future proofing the operation
- Combined with renewable power = energy efficient site, 85% reduction in CO₂
- Low consistent opex and proven technology
- Fully automated winder and materials handling system direct to mill
- Cycle time: ~3 mins

Equivalent truck fleet ~ 8 trucks

- Save 1.5 ML diesel burnt pa (DPM)
- Remove 5 MW of heat generated from diesel engines
- Remove minimum 200m³/s of additional ventilation requirement (another vent shaft)
- Removes issue of existing decline constraints



NICKEL MARKET



Offtake contracts best in class

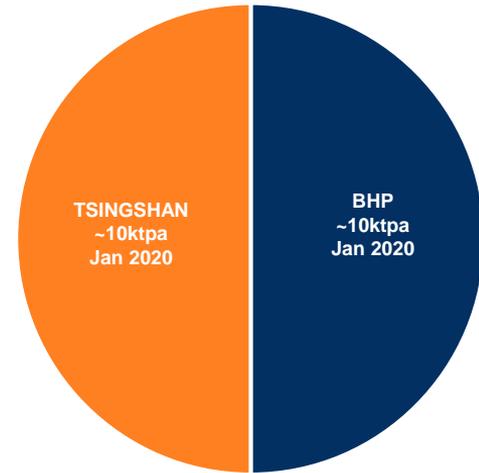
Opening new markets - creating more value from the same nickel product

Superior commercial terms

Existing offtake agreement 6 months to expiry

Our Partners:

- **BHP:** 50%
 - **Tsingshan:** 50%
- ✓ 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



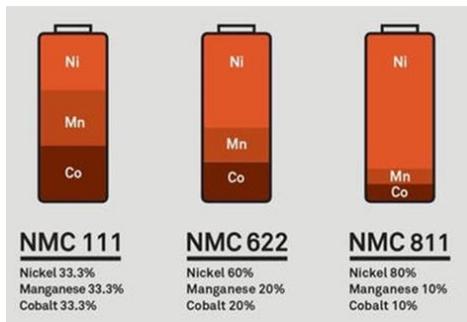
What we are seeing

- **Recently visited:**

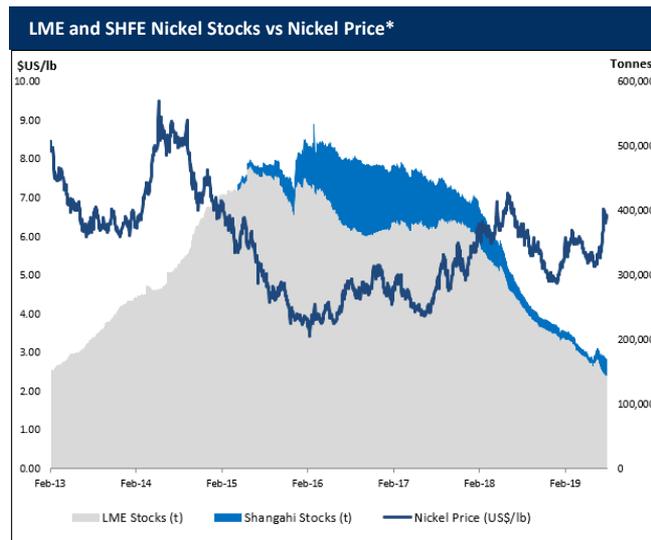
- ✓ Tsingshan (largest stainless steel producer in the world)
- ✓ Jinchuan (largest nickel cathode producer in China)
- ✓ CATL (China's largest EV pre-cursor producer)

- **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;**



Estimated electrification impact per vehicle (avg NMC battery)



Source: Global Mining Research, Bloomberg



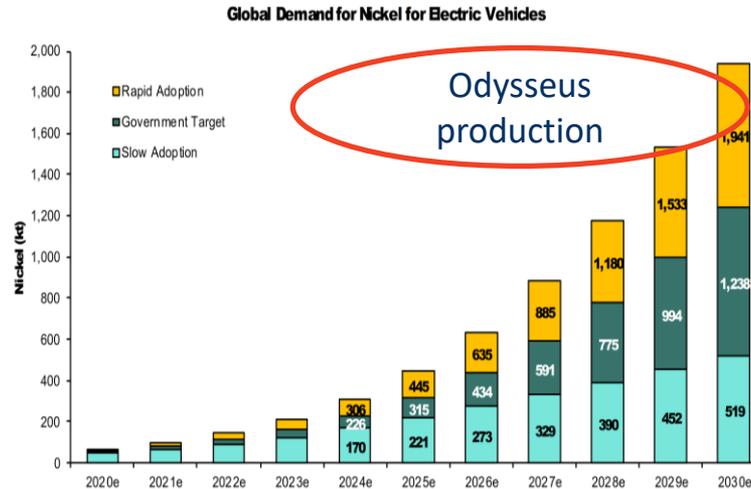
The present – driven by stainless steel

- **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.

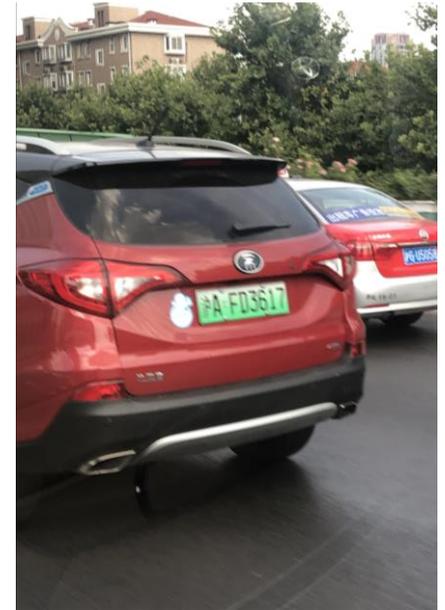


The future - EV demand for nickel

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



Source: Bernstein - June 2018



Nickel deficits NOW a reality!

Long term trends supporting Ni consumption growth:



Vehicle Electrification



Increasing mobility



Growth in
Renewables



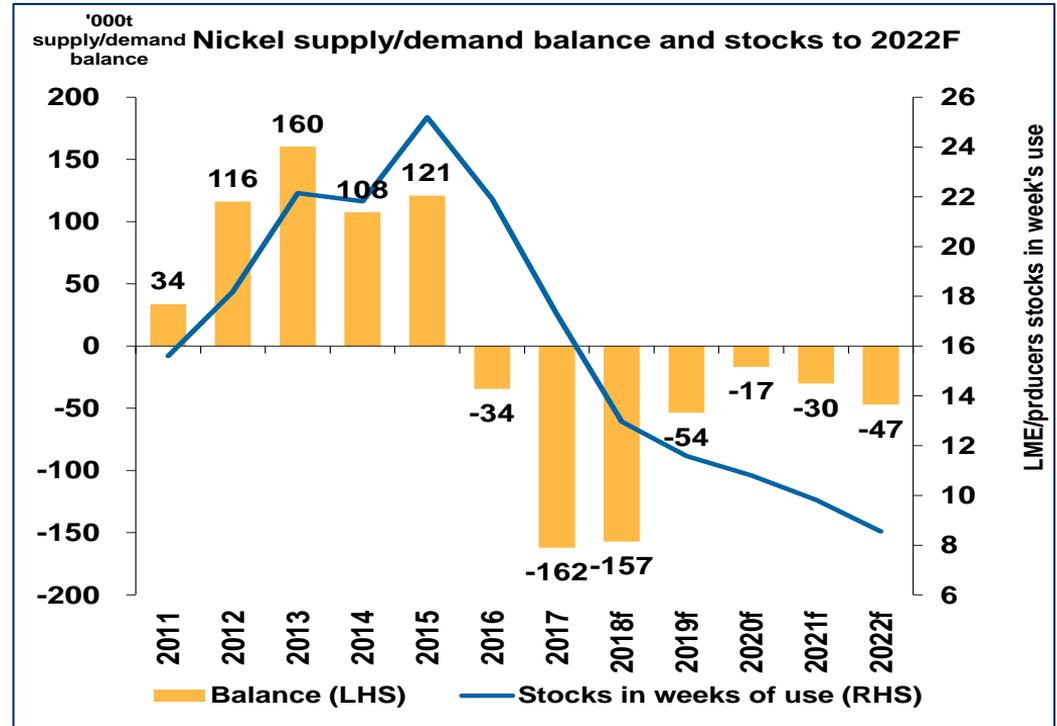
Population growth



Growing disposable
incomes



Urbanization



Source: INSG, CRU, LME, Macquarie Strategy, Feb 2019



OPERATIONS

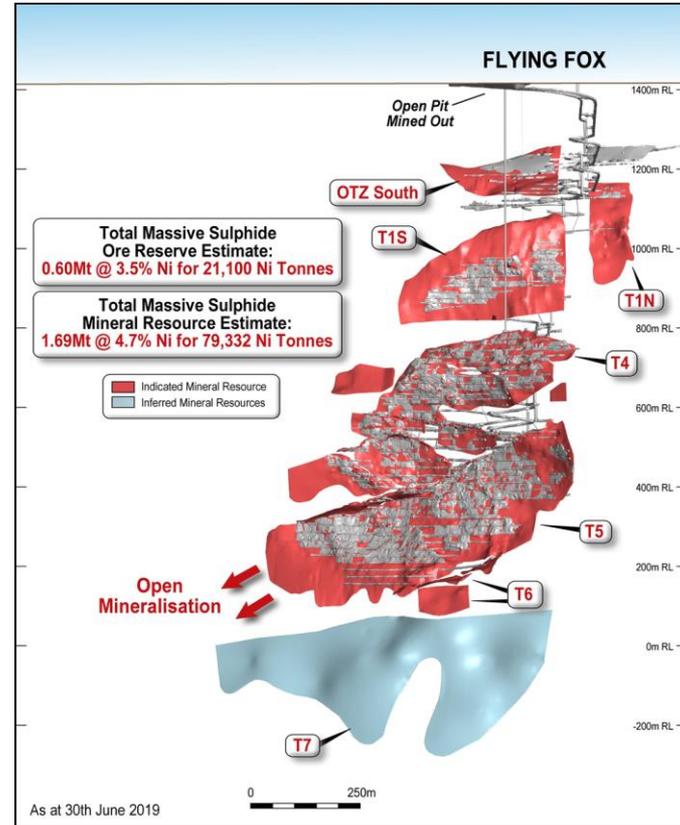


Flying Fox Mine

Reserve Contained nickel	0.60Mt @ 3.5% 21,100 Ni tonnes
Resource Contained nickel	1.69Mt @ 4.7% 79,332 Ni tonnes
Mine life (on reserves)	3 years

Key points:

- FY19 production – 9.9k Ni tonnes
- Has been operating for over 13 years
- Significant low grade disseminated resource
- Lower grade & heap leach evaluation underway

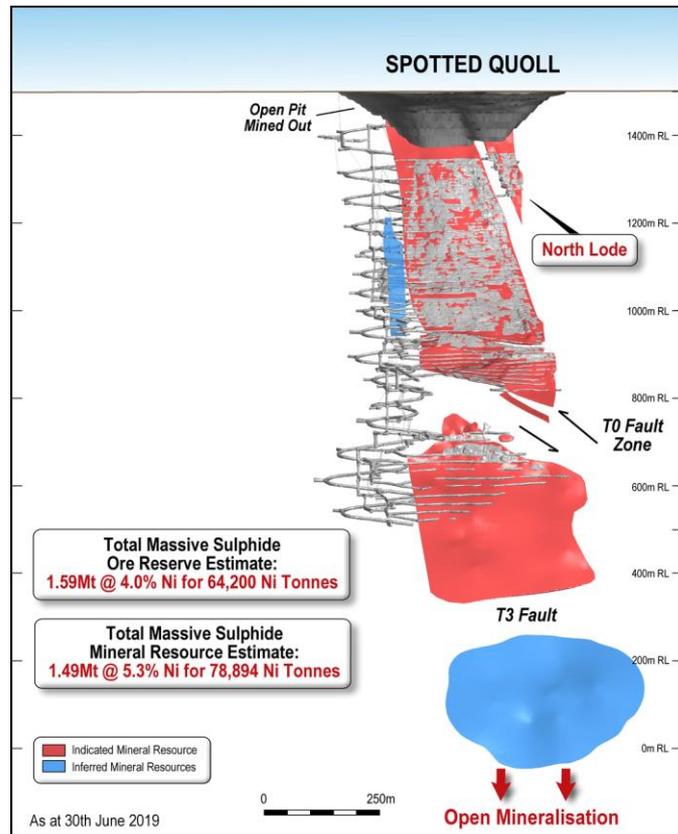


Spotted Quoll Mine

Reserve Contained nickel	1.59Mt @ 4.0% 64,200 Ni tonnes
Resource Contained nickel	1.49Mt @ 5.3% 78,894 Ni tonnes
Mine life (on reserves)	7 years

Key points:

- Has never recorded an LTI
- FY19 production – 13.3k Ni tonnes
- Production has outperformed reserve tonnes and grade consistently
- Top down mining with paste fill
- Resource extension drilling commenced – Nickel tonnes being added to Resource



Cosmic Boy nickel concentrator

Concentrator Summary:

- 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



Thank you to our partners



WESTERN AREAS LTD



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