

NEWS RELEASE

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WESTERN AREAS LTD



CHAIRMAN'S ADDRESS – ANNUAL GENERAL MEETING

On behalf of the Western Areas Board of Directors, I am pleased to welcome you to the 2020 Annual General Meeting.

Before moving to the formal business of today's meeting, I would like to share an overview of the Company's performance over the past year, our significant developments and outlook for the next 12 months.

As we are all aware, 2020 has been marked by new and dynamic challenges as a result of the COVID-19 pandemic. Companies have been forced to respond proactively and quickly to ensure the health and safety of their workforce while balancing the importance of operational continuity. I would like to personally acknowledge the professional and willing attitude displayed by all staff at Western Areas. This has not only ensured the wellbeing of our workforce but allowed us to continue progressing significant infrastructure work developing our new Odysseus mine at Cosmos while operating our producing assets well throughout FY20.

Pleasingly, a strong financial result was achieved in FY20 with an increase in the average nickel price received driving higher revenues that underpinned a healthy increase in earnings. Consistent and reliable performance from Forrestania delivered a 51% increase in EBITDA and our highest net profit after tax in seven years, up 125% to A\$31.9 million.

Overall, the Group's balance sheet remained strong, with approximately A\$145 million cash at bank and no debt at the end of the financial year. Our financial position has enabled us to progress a number of key workstreams as we advance development of our next operating mine at Odysseus. Construction and development activities for the long-life mine have reached several important milestones, including commencement of the twin declines toward the Odysseus deposits following completion of the underground rehabilitation and dewatering works. The new mine is a significant component of Western Areas growth outlook and will become a long life, low-cost mine with first nickel concentrate production scheduled toward the end of calendar year 2022.

Unsurprisingly, the nickel price has been volatile over the year. This was predominantly due to the unpredictable global geopolitical news flows related to the Indonesian government policy ban on nickel laterite exports; and also the impact of COVID-19 on base metal prices, including nickel, and the wider financial markets. The nickel price has somewhat recovered early in the financial year of 2021 and has recently benefited from resilient stainless steel production rates and reduced availability of nickel pig iron feed stocks in China. The Company remains confident that the nickel market will continue to consolidate and stabilise, supporting operations in 2021 and beyond. This confidence is driven by confirmation that nickel rich battery technology will play a large part in the continued evolution of battery packs for electric vehicles (EV) and this is driving a positive long-term outlook for nickel.

Towards the end of the financial year, Western Areas also made a significant strategic investment in Panoramic Resources Limited, acquiring a 19.9% stake for a total cash consideration of A\$28.6 million. The investment in Panoramic is consistent with the Company's growth strategy and increases exposure to the emerging EV market. We are encouraged by the development at Savannah North and look forward to the future restart of the promising Savannah Project.



Subsequent to year end, we have released revised FY21 guidance, taking into account variations in production and unit costs as the Forrestania Operations increase production from lower grade areas of the Flying Fox mine. Flying Fox has been an exceptional mine over its 15-year life, but as we enter its final years, there is limited flexibility in the mine plan when unexpected issues occur. Variability in the operating results will be evident as we transition to include lower grade areas into the mine plan, however we remain focused on maximising cash flow generation over Flying Fox's remaining life.

As we look ahead, the Company remains in a strong, debt-free financial position so we are very well placed to progress the new Odysseus mine and we are also actively pursuing our organic growth opportunities. Western Areas will also continue to manage the challenges posed by COVID-19 by maintaining sensible work practices to ensure the safety and wellbeing of our staff and operational continuity.

Before closing, I'd like to note some recent Board changes announced in October, and welcome Ms Yasmin Broughton as an Independent, Non-Executive Director. Ms Broughton is a barrister and solicitor with significant experience, and we are incredibly pleased to have a high quality, Western Australian based, Director, join the Board of Western Areas. Her well rounded legal, governance and risk management skills are an invaluable addition to the Board. In other Board changes, Mr Craig Redhead has advised that he will not be seeking re-election at this year's Annual General Meeting. On behalf of the Company and its shareholders, I wish Craig all the best in the future and thank him for his significant and sustained efforts over the past six years.

In closing, I would also like to take this opportunity to thank all our staff, contractors and suppliers for their support throughout the year. The continued hard work and dedication demonstrated by all staff is instrumental to the ongoing success of Western Areas.

-ENDS-

The announcement was authorised for release by the MD/CEO. For further details, please contact:

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