

CORPORATE PRESENTATION

May 2020

WESTERN AREAS LTD



AGENDA

CORPORATE



GROWTH AND EXPLORATION



OPERATIONS



THE 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.

This announcement is authorised for market release by Western Areas Limited Managing Director and CEO, Daniel Lougher.

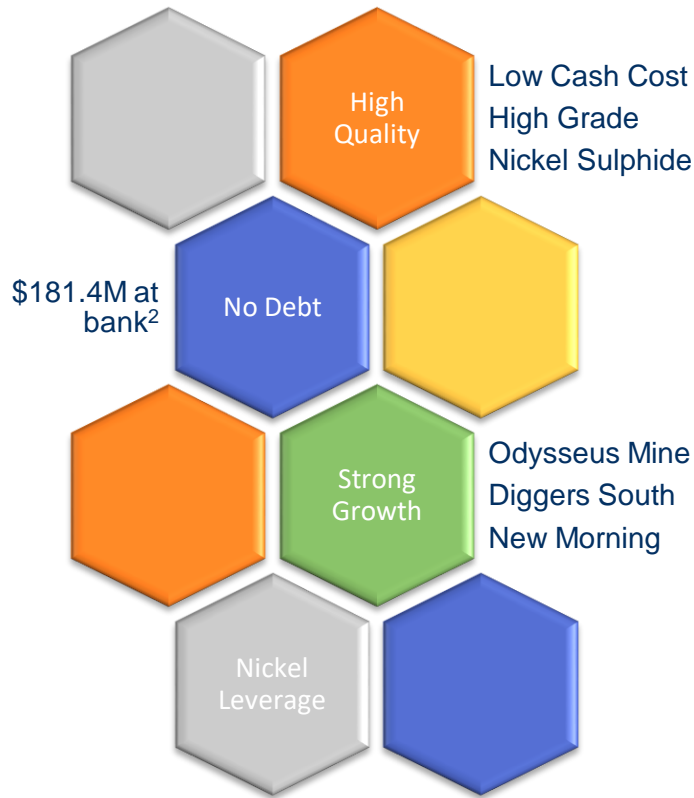
Western Areas Registered Office: L2, 2 Kings Park Road, West Perth, 6005, Australia



CORPORATE



Corporate overview



ASX code	WSA
Share price	2.04
Shares outstanding (m)	274.0
Market Cap (A\$m)¹	559
Cash (A\$m)²	181.4

COSMOS

Odysseus

165kt Ni Ore Reserves
265kt Ni Mineral Resource
First Production CY2022

FORRESTANIA

Flying Fox

7.7kt Ni mined YTD
14.0kt Ni Ore Reserves
71.9kt Ni Mineral Resource

Spotted Quoll

9.8kt Ni mined YTD
54.9kt Ni Ore Reserves
69.5kt Ni Mineral Resource



FY20 Guidance – Unchanged

Metric	FY20 Guidance	YTD FY20 Actuals @ March 20
Nickel tonnes in Concentrate Production	21,000 to 22,0000	15,812
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.90/lb to \$3.30/lb	A\$3.10/lb
Mine Development	A\$33m to A\$38m	A\$24.0m
Property, Plant & Equipment	A\$7m to A\$10m	A\$7.1m
Cosmos Development & Feasibilities	A\$75m to A\$85m	A\$45.3m
Exploration	A\$14m to A\$17m	A\$13.0m

- **Covid-19** - Potential impacts are dynamic in nature with operations potentially impacted guidance at some future time. The Company will inform the market if any material impacts are anticipated or occur.
- **Nickel Production** – $\frac{3}{4}$ of target achieved as at March 2020
- **Unit cash costs** – YTD A\$3.10/lb at mid point of guidance
- **Mine Development** - Sustaining and mine development on track
- **Capital and Growth** - Feasibility studies and capital expenditure on track
- **Odysseus Development** – Now expected to be below guidance range as the timing, mostly of haulage shaft related, expenditure is now expected to straddle financial years.
- **Exploration** - Expected to track toward top end of guidance.



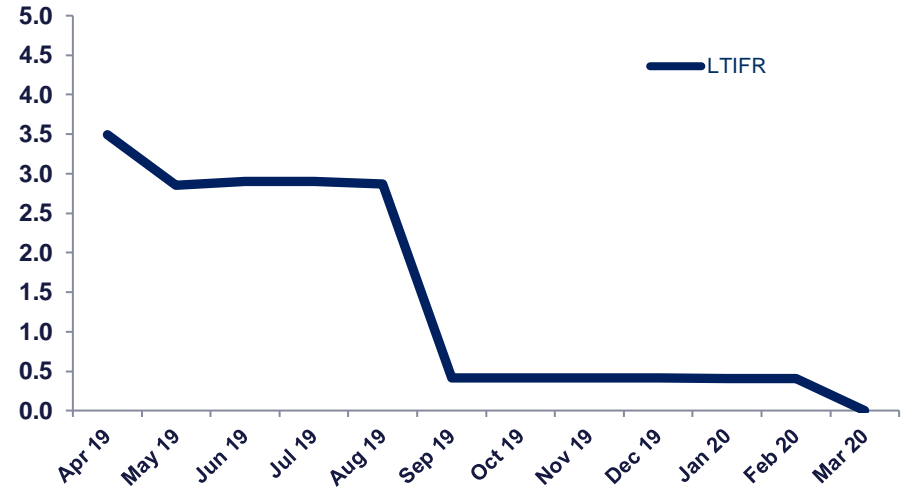
Western Areas are safe areas



Days LTI free

Spotted Quoll	3,276	Aug-11
Cosmos	1,643	Oct-15 (no injuries)
Cosmic Boy Concentrator	571	May-18
Exploration	557	Sep-18
Flying Fox	375	Mar-19

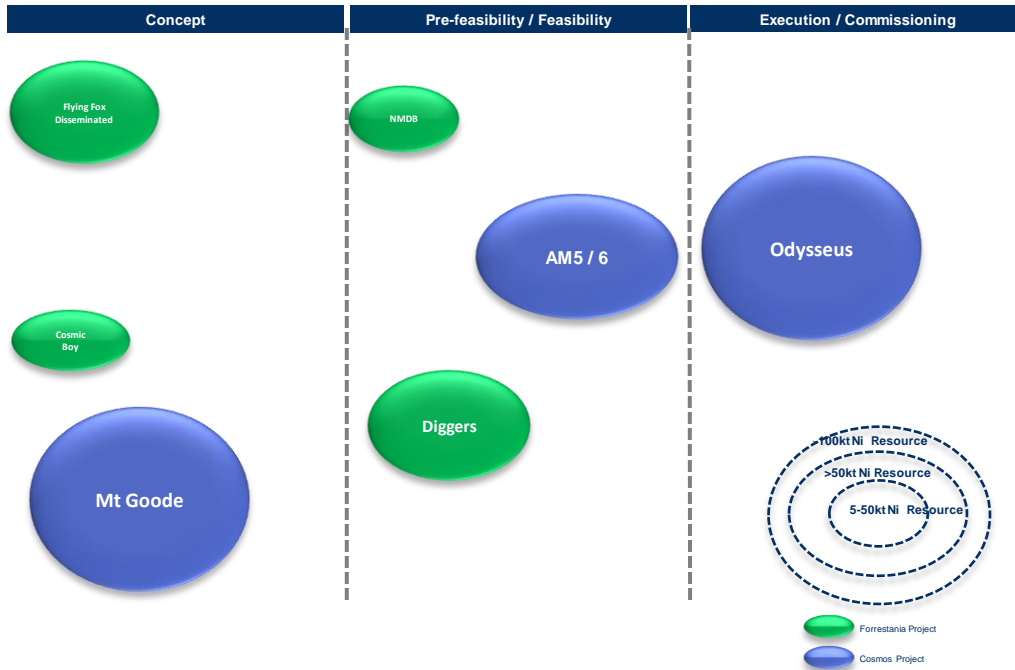
12 month LTIFR moving average



GROWTH AND EXPLORATION

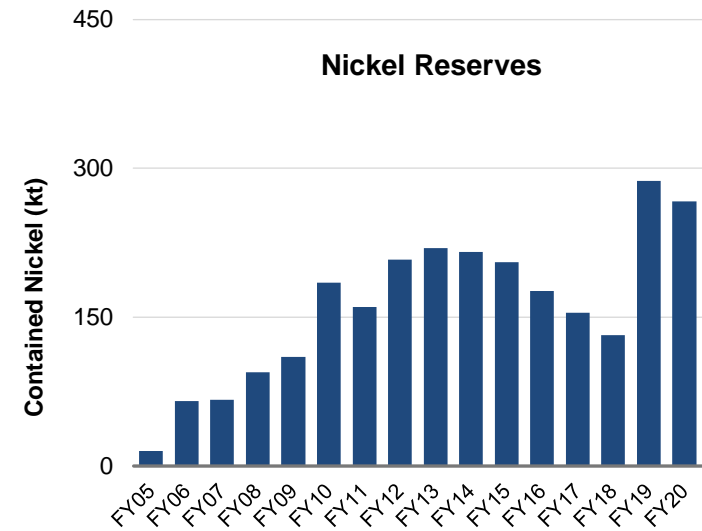
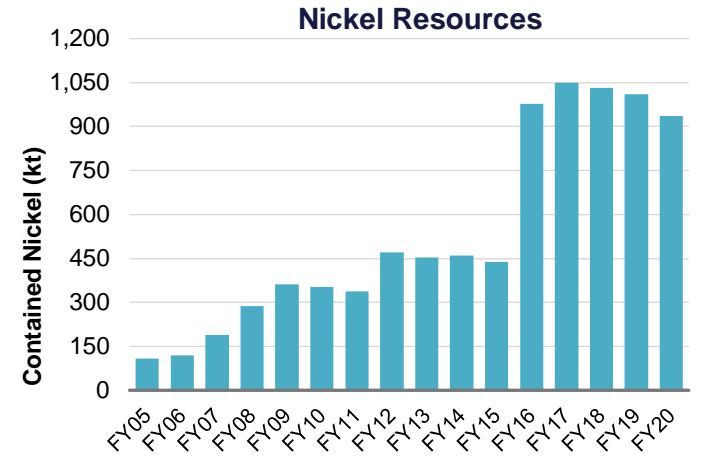


Nickel growth pipeline



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

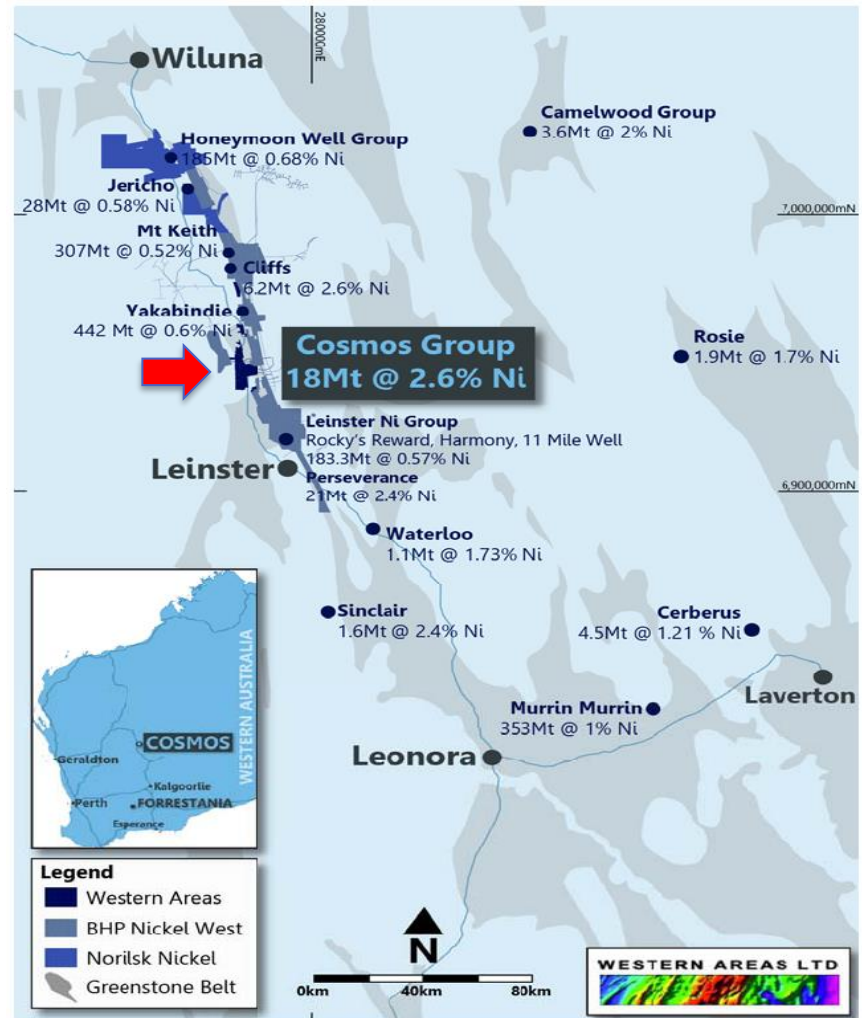
Ore Reserves & Mineral Resources



Cosmos nickel operation – Odysseus mine

WESTERN AREAS' SECOND OPERATIONAL HUB:

- Outstanding nickel address
- Odysseus early works completed on schedule - Decline rehabilitation to 500m below surface and underground pump station construction completed.
- Mine rehabilitation continuing to new decline take-off position
- Camp commissioned with over 300 rooms available out of 520



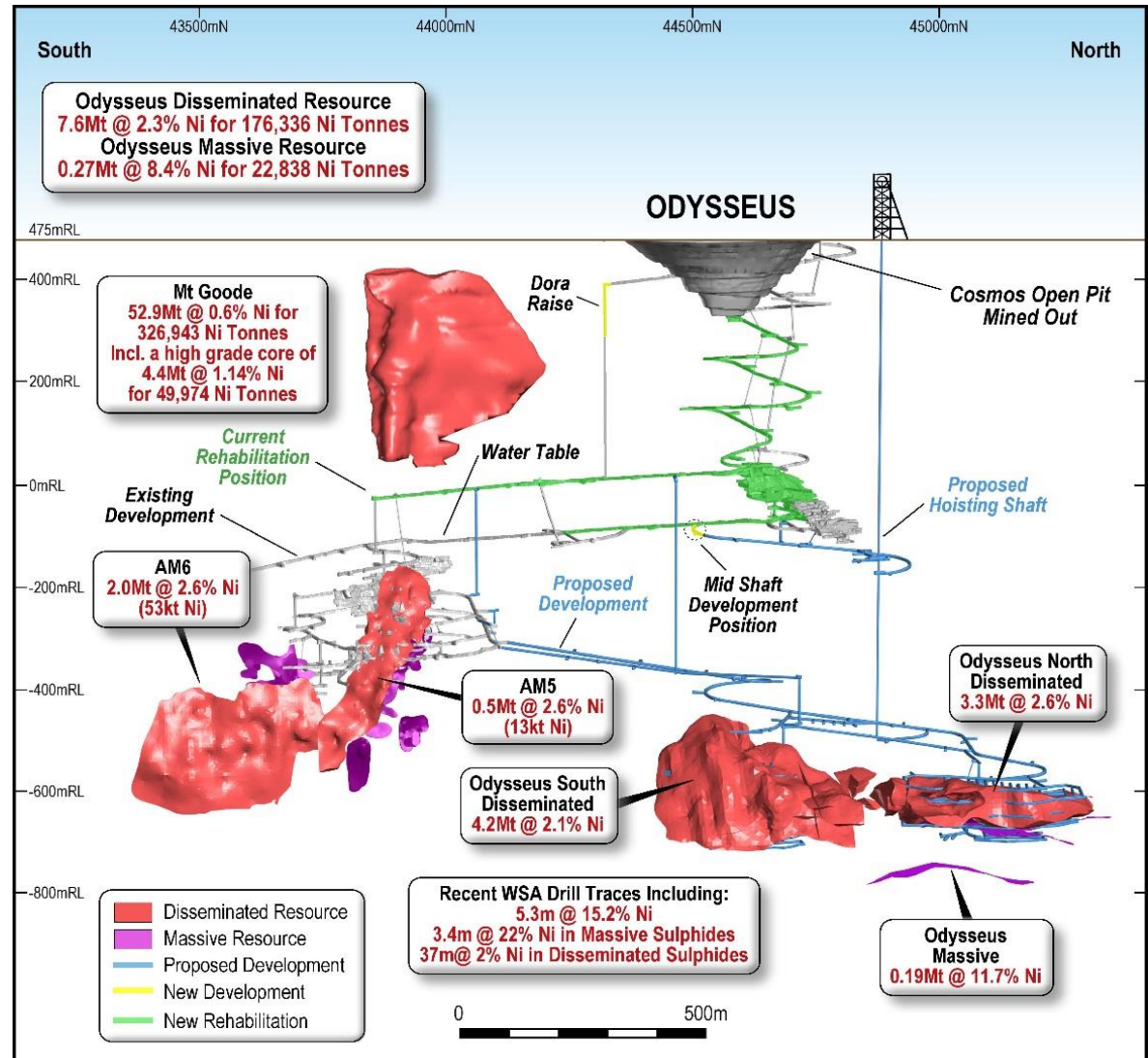
Odysseus mine – now a long life project > 10yrs

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)

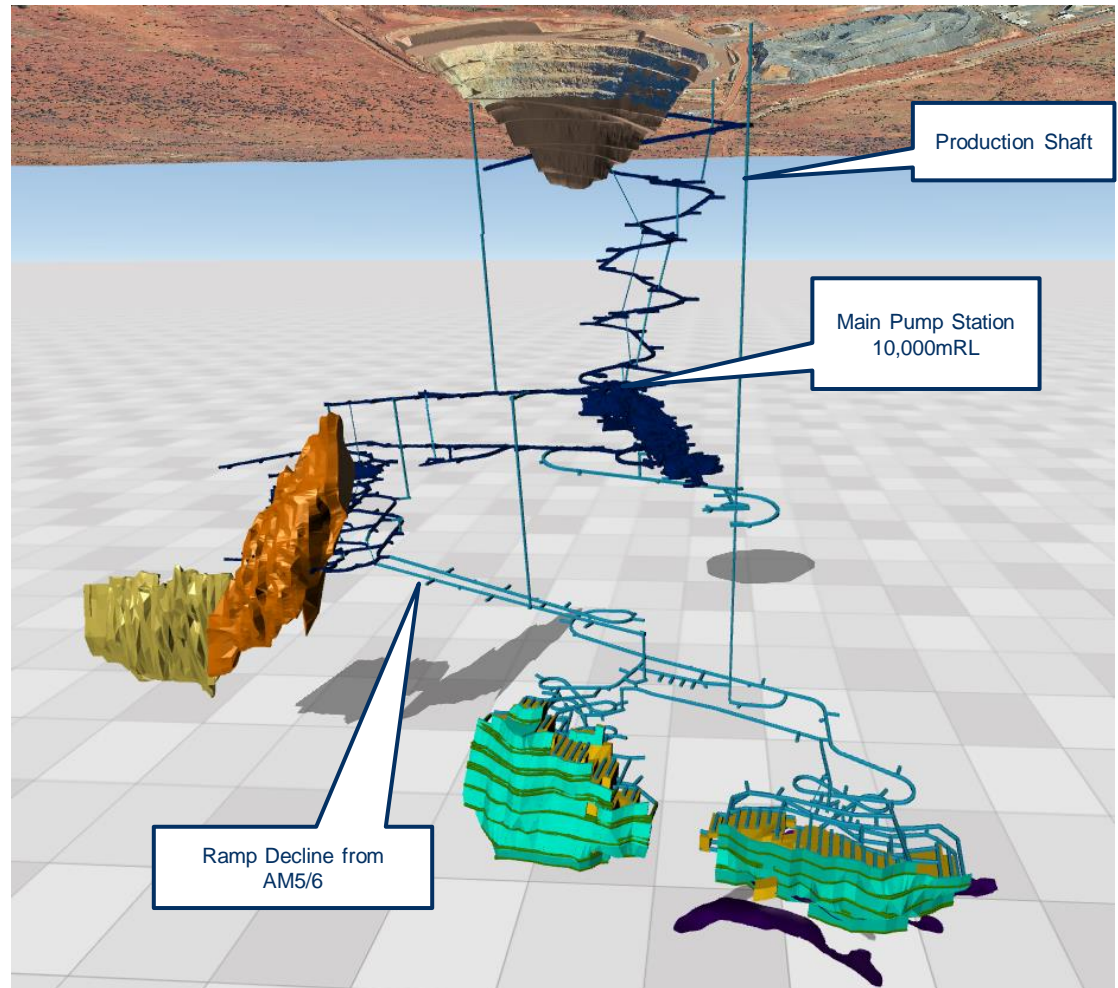
Significant upside:

- ✓ AM5/6 deposits contain an Indicated Mineral Resource of 57.6kt of nickel (not included in DFS)
- ✓ Record massive sulphide intersections



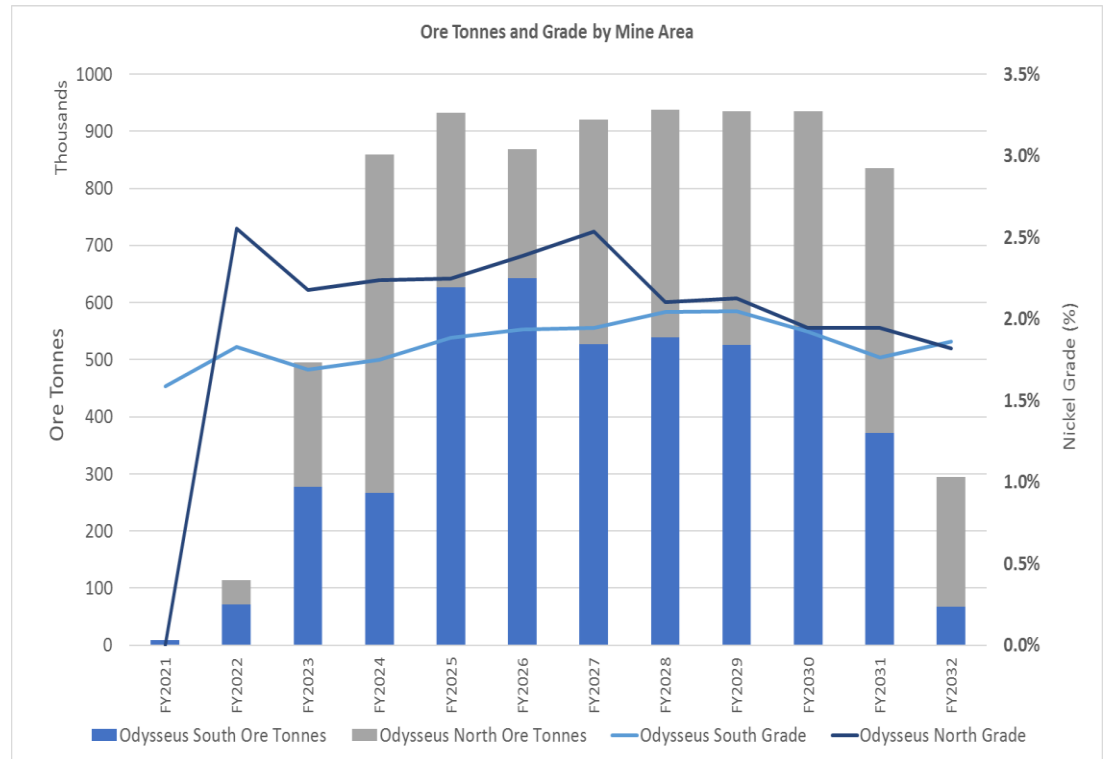
Odysseus mine – underground infrastructure

- **Pre-production capex A\$299m includes:**
 - ✓ Updated development expenditure profile is now FY20 – A\$80m, FY21 – A\$66m, FY22/23 – A\$143m
 - ✓ Shaft hoisting system
 - ✓ 900ktpa concentrator
 - ✓ WSA is well funded with cash and has no debt
 - ✓ Significant optionality on decision-making and spending



Odysseus production ~900k tpa ore

- Minimum 10 year mine life on reserves
- Annual ore production of 900kt
- First Ni concentrate late CY 2022
- Consistent annual nickel production
- Significant upside



Shaft infrastructure

- WSA has purchased a high quality, second hand head gear and winder
- Shaft infrastructure dismantling completed. Now being refurbished in South Africa prior to shipping to Perth
- Significant economical and environmental benefits versus trucking
- Combined with renewable power = energy efficient site, 85% reduction in CO₂
- Low, consistent opex and proven technology
- Cycle time: ~3 mins
- 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

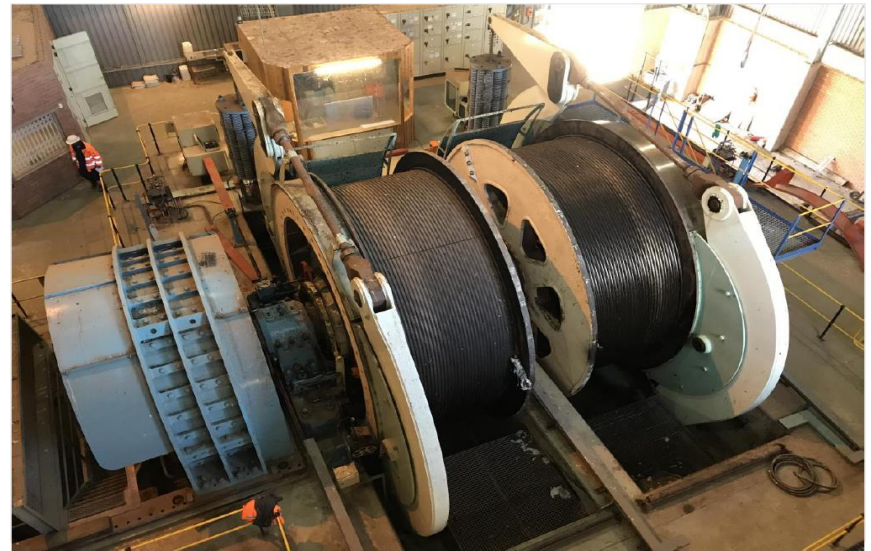


Key Metrics:

- ✓ 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

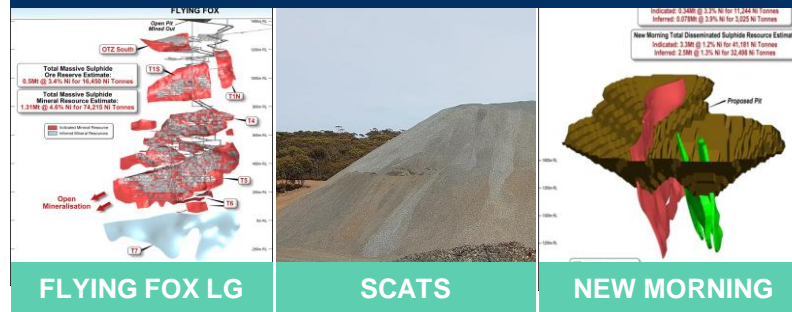


Infrastructure works ongoing



MREP unlocks value

Potential Heap Leach Projects



CB MILL FEED "HIGH As"



PREGNANT NI SULPHATE SOLUTION POND

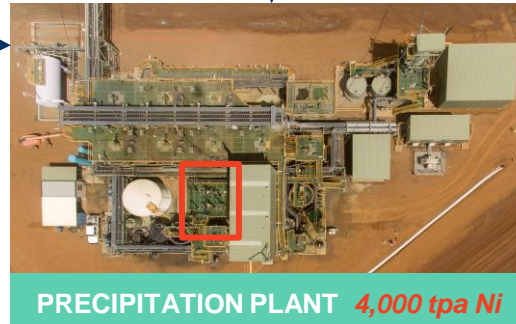


LEACH TANKS *Max 1,400 tpa Ni*

Ni Sulphate 'crude'



CYCLONES



PRECIPITATION PLANT *4,000 tpa Ni*

Ni Sulphide 45-50% Ni

Product Flexibility

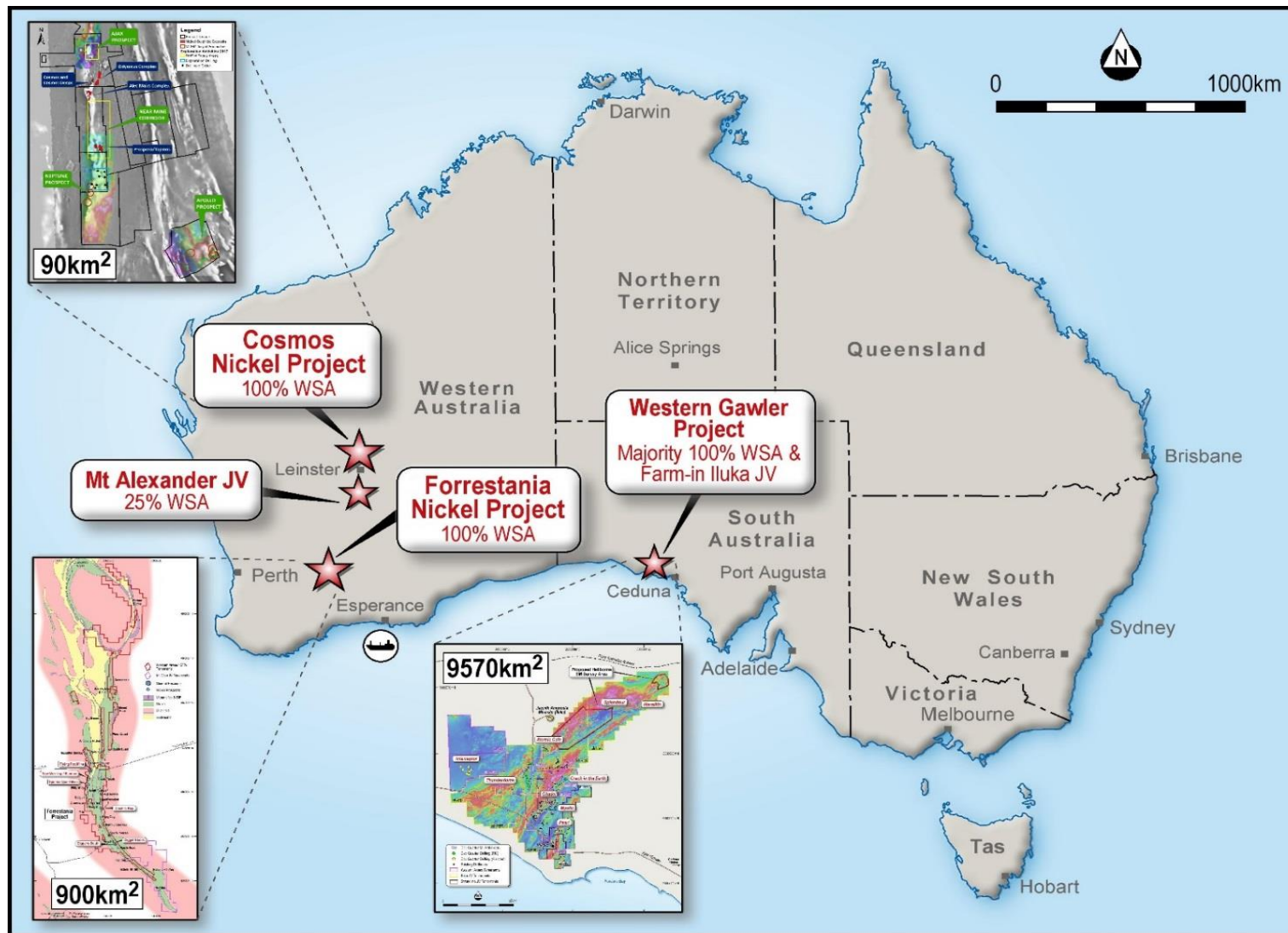
INCREASED PAYABILITY



Blended with flotation concentrate

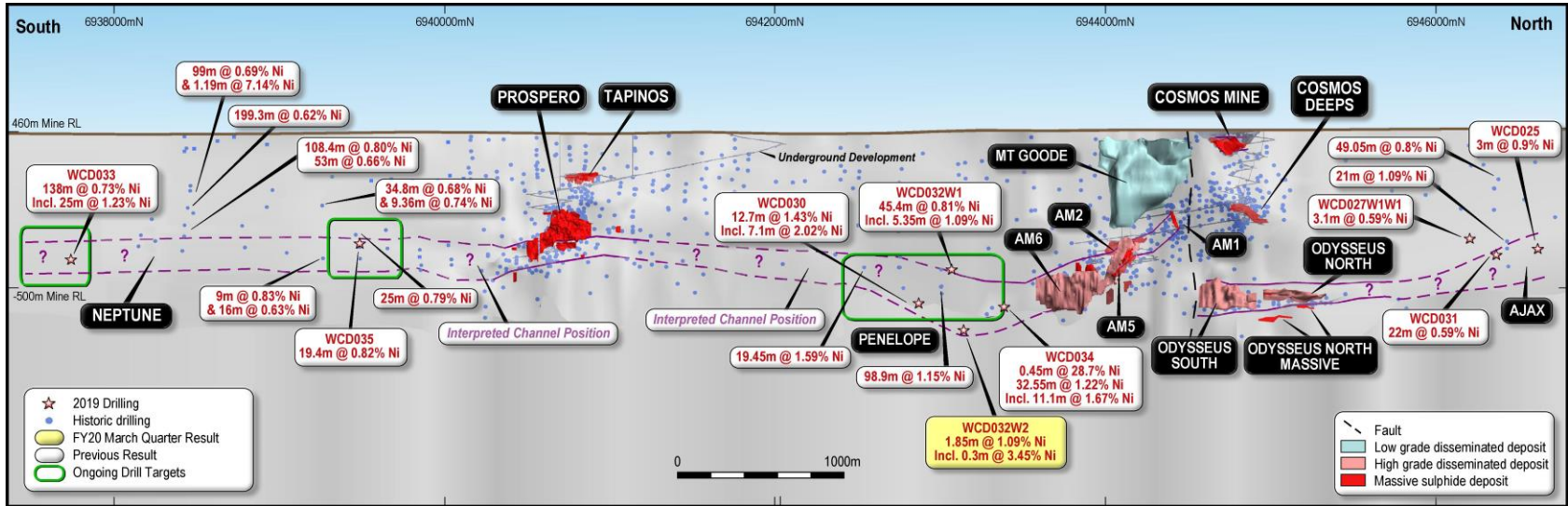


Exploration - key tenement holdings



Cosmos nickel exploration

> 9km of prospective host rocks

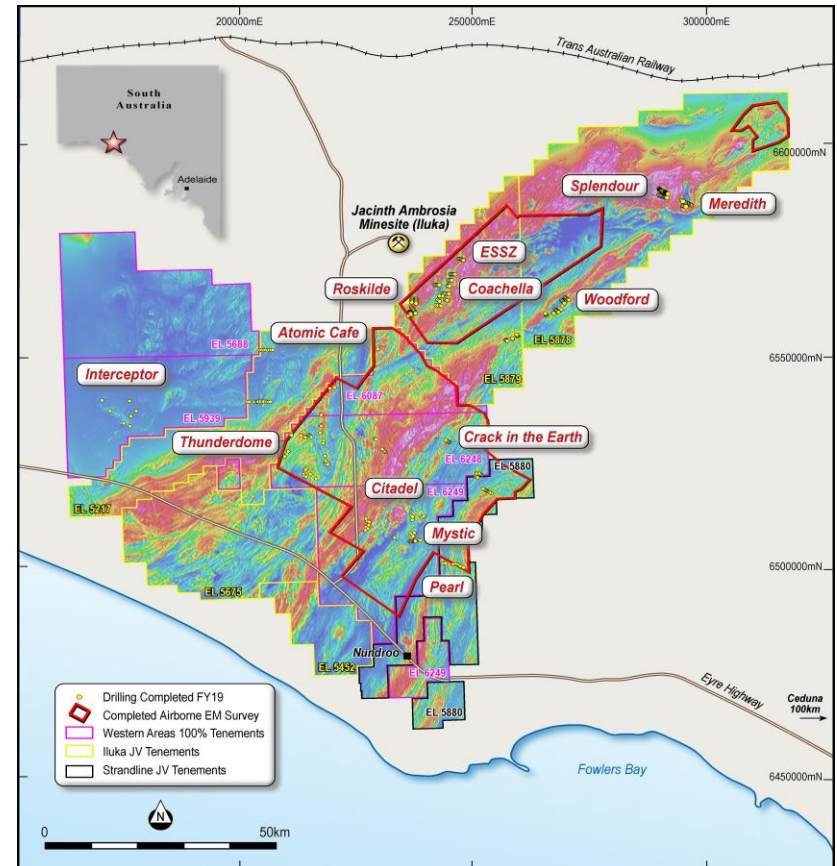
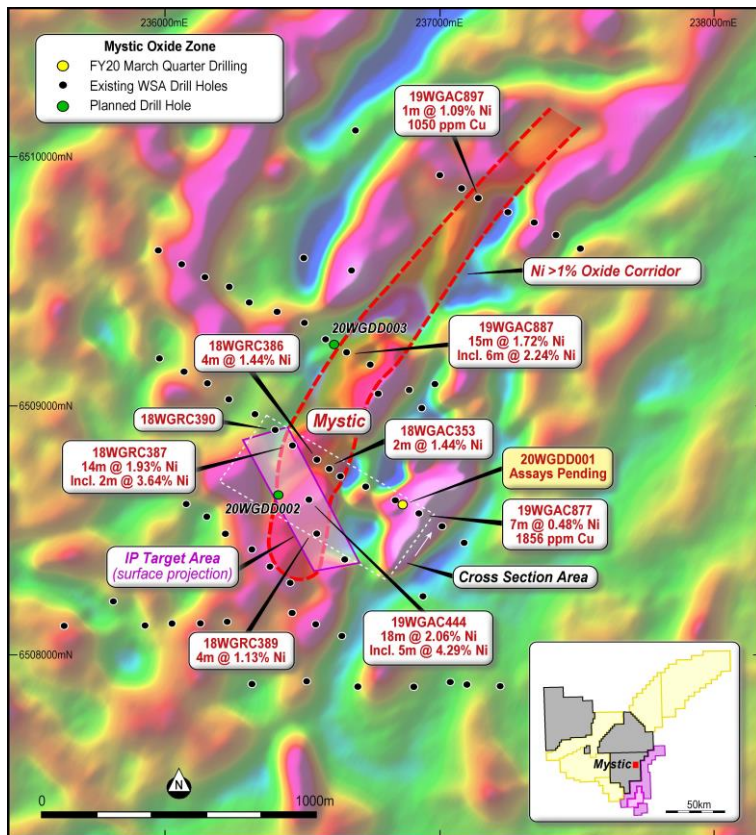


- Centred within the prolific Leinster – Wiluna Nickel corridor
- Additional accumulations of nickel sulphide identified within the Neptune and Penelope prospects
- Adjacent to good infrastructure and developing Odysseus mine



Western Gawler project (South Australia)

- Exploring 9,520km² of the highly prospective (Ni – Cu) Fowler Domain
- Elevated Cu – Ni values across numerous prospects including Splendour, Meredith and Mystic



OPERATIONS

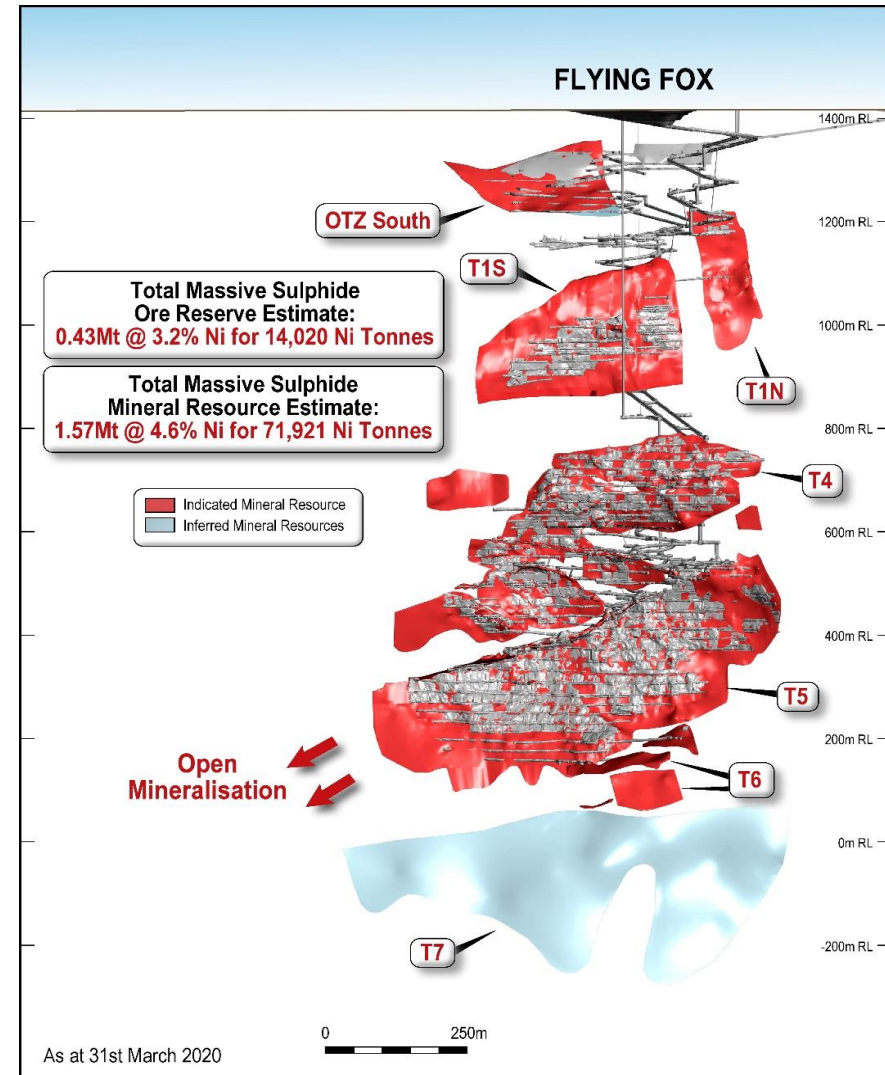


Flying Fox mine

Reserve Contained nickel	0.43Mt @ 3.2% 14,020 Ni tonnes
Resource Contained nickel	1.57Mt @ 4.6% 71,921 Ni tonnes
Mine life (on reserves)	2 years

Key points:

- FY19 production – 9.9k Ni tonnes
- Has been operating for over 14 years
- Significant low grade disseminated resource
- Lower grade & heap leach evaluation nearing completion - 12 month life extension expected

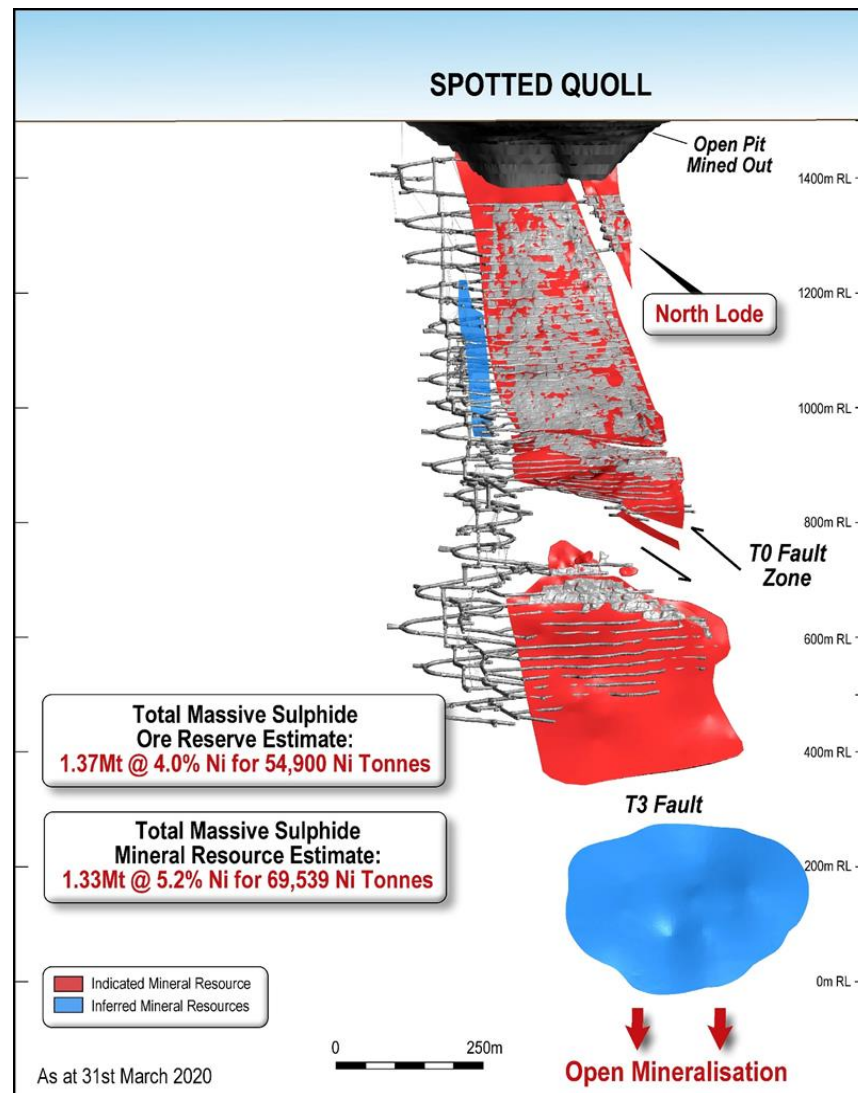


Spotted Quoll mine

Reserve Contained nickel	1.37Mt @ 4.0% 54,900 Ni tonnes
Resource Contained nickel	1.33Mt @ 5.2% 69,539 Ni tonnes
Mine life (on reserves)	5 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 on going – nickel tonnes being added to Resource



Cosmic Boy nickel plant

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

MREP Summary

- Enhances average concentrator nickel recovery and generates value from waste tailings streams
- Produces additional higher-grade product (45%-50% Ni), being sold to new, EV battery linked customers – mainly refineries
- Current contract with SMM. Combined with several spot sales to other refineries



THE NICKEL MARKET



Offtake contracts best in class

New contracts executed with strategic partners following successful completion of a highly competitive tender process

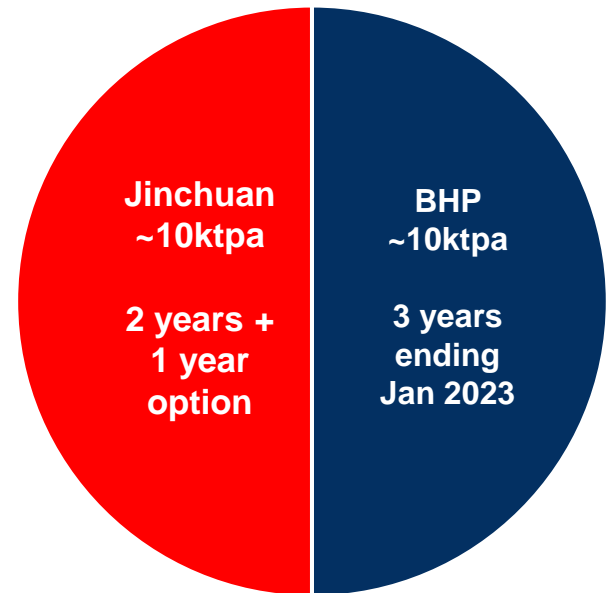
Seamless transition into new contracts. Full benefit of improved commercial terms (compared to previous agreements) commenced February 2020

Premium blending concentrate - superior commercial terms

Our Partners:

- **BHP:** 50%
- **Jinchuan:** 50%

- ✓ China's largest nickel cathode producer
- ✓ Direct feeder of the Chinese nickel sulphate market



Discussion ongoing with offtake parties that are linked to the Electric Vehicle battery pre-cursor sector for future MREP production of high grade premium nickel sulphide and potential for Odysseus concentrate to feed this market.

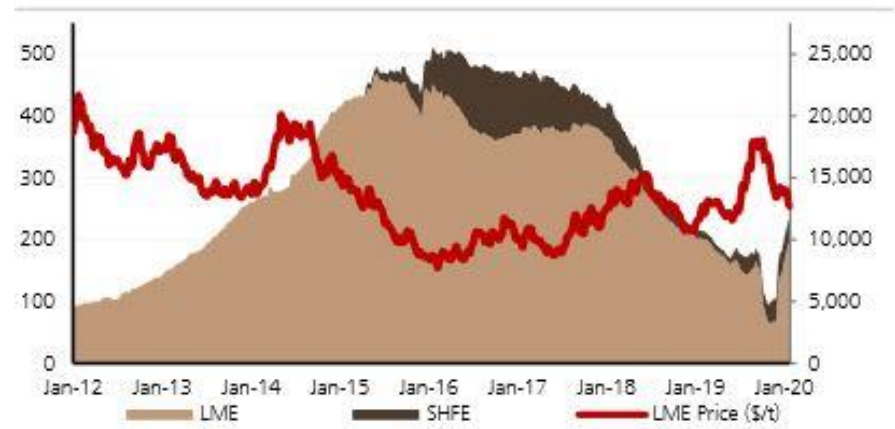


What we are seeing

- **Covid-19** expected to delay some consumption. On the flipside it will also reduce some production
- **Technology change to NCM 811** which requires higher quantity of nickel
- **Jinchuan** (largest nickel cathode producer in China) increasing nickel sulphate volumes
- **Indonesian** ore export ban in place. Pre-ban stockpiled material to be processed over coming months
- **LME** material no longer building. SHFE material now falling (slowly)
- **Other stockpiles** shrinking on the back Indonesian ban and 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

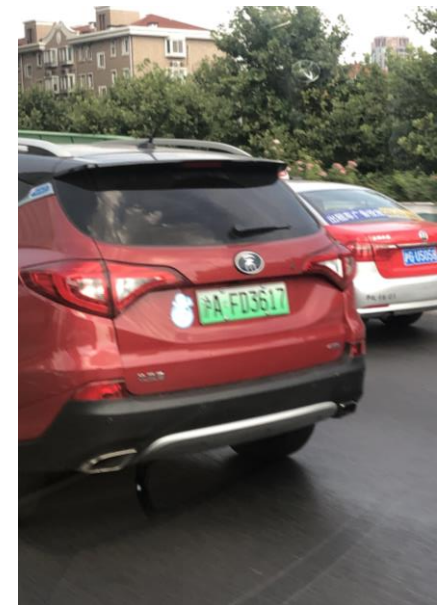
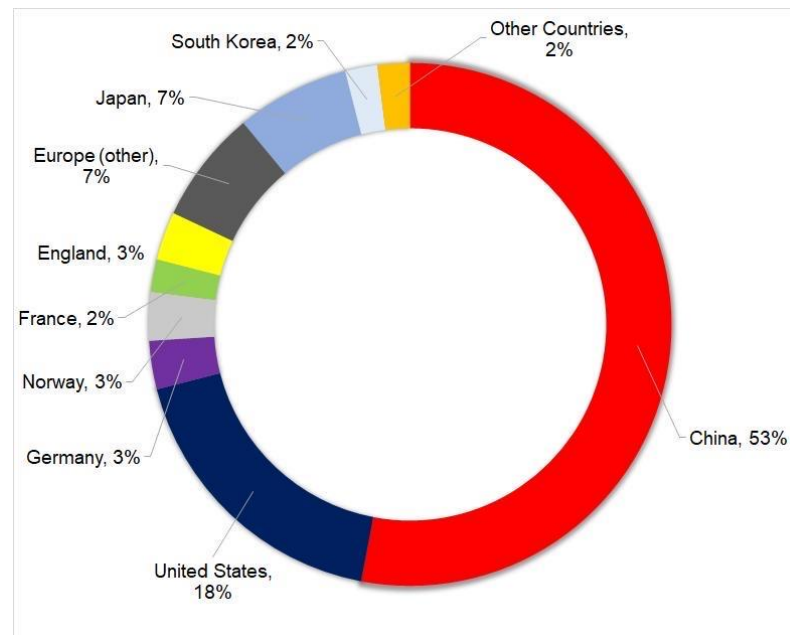


Source: Bloomberg, UBS estimates



The present – driven by stainless steel, but...

- Increasing forecasts of hybrid and EV production in China – Subsidies to stay
- 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
- Major car OEM’s taking position in Chinese market



Source: Golden Dragon Capital, January 2020



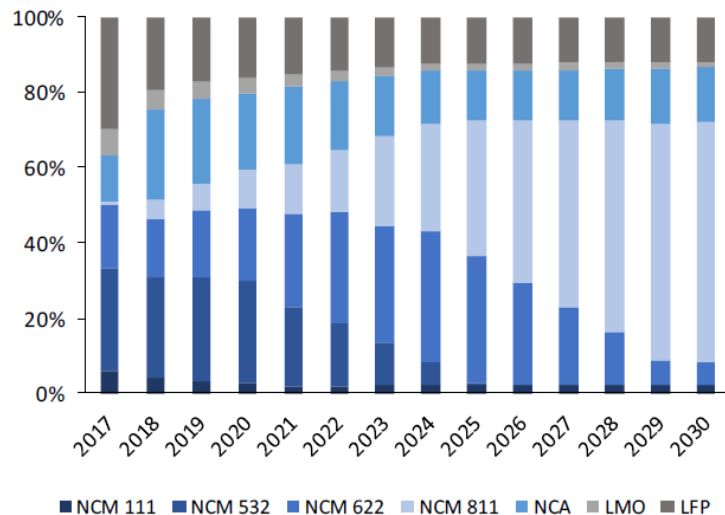
The future – EV demand for nickel

- 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!
- VW launching the “I.D. Family” electric vehicle range this year with lithium ion batteries

MARKET SHARE

BY TYPE OF CATHODE MATERIAL

Stated as % of the market

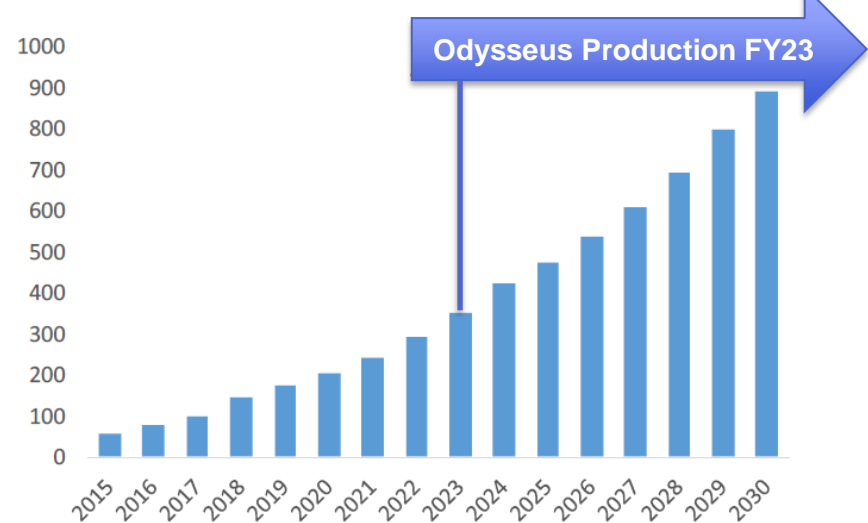


Source: Trafigura Research, SMM, CIAP – March 2020

NICKEL DEMAND IN BATTERIES

GLOBAL

kt nickel



Source: Trafigura Research, SMM, CIAP – March 2020



Nickel deficits NOW a reality!

Long term trends supporting Ni consumption growth:



Vehicle Electrification



Increasing mobility



Growth in Renewables



Population growth

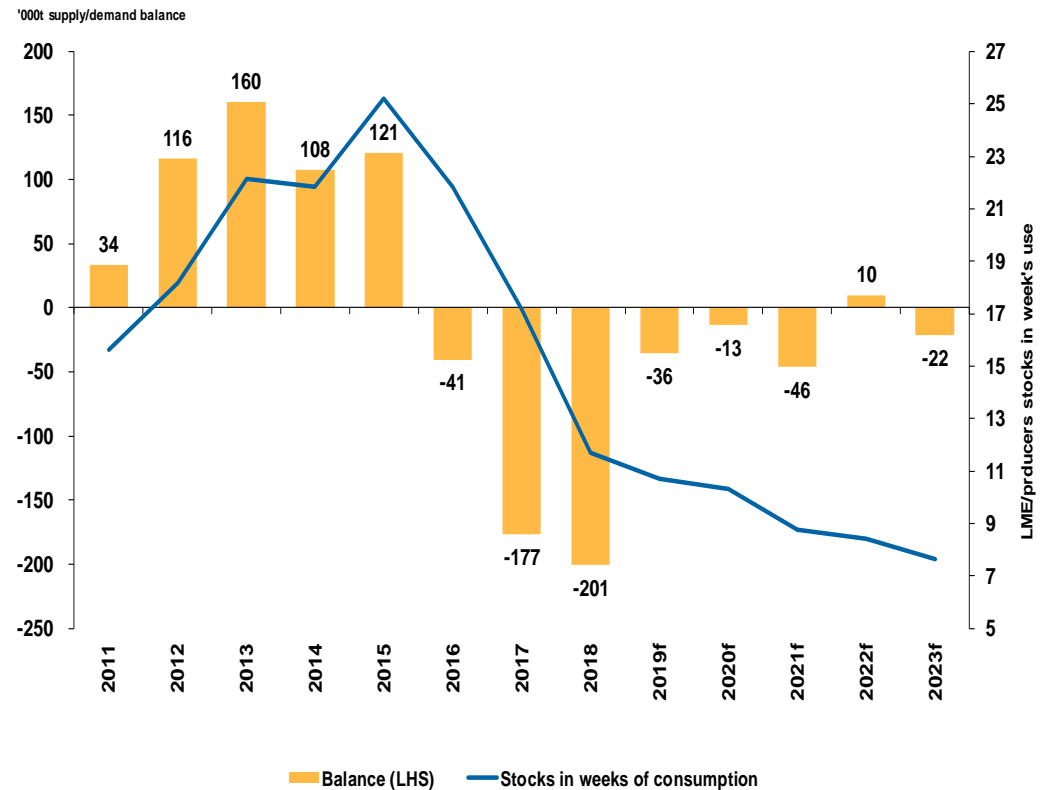


Growing disposable incomes



Urbanization

Nickel supply/demand balance and stocks to 2023F



Source: INSG, Company reports, Macquarie Commodities Strategy, February 2020



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