

WESTERN AREAS LTD



AUSTRALIAN NICKEL CONFERENCE "RIDING THE CYCLE"

PERTH, OCTOBER 2015



westernareas.com.au | ASX: WSA

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WESTERN AREAS LTD



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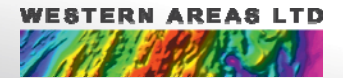
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The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. Andre Wulfse. Mr. Lougher and Mr. Wulfse are full time employees of Western Areas Ltd. Mr. Lougher and Mr. Wulfse 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. Lougher and Mr. Wulfse consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears. The information contained in this presentation in relation to the New Morning Deposit was prepared and first disclosed under the 2004 Edition of the JORC Code. It has not been updated since to comply with the 2012 JORC Code on the basis that the information has not materially changed since it was last reported.

For the Purposes of Clause 3.4(e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

AGENDA



Explore



Mine



Produce



Sales



WESTERN AREAS LTD



CORPORATE

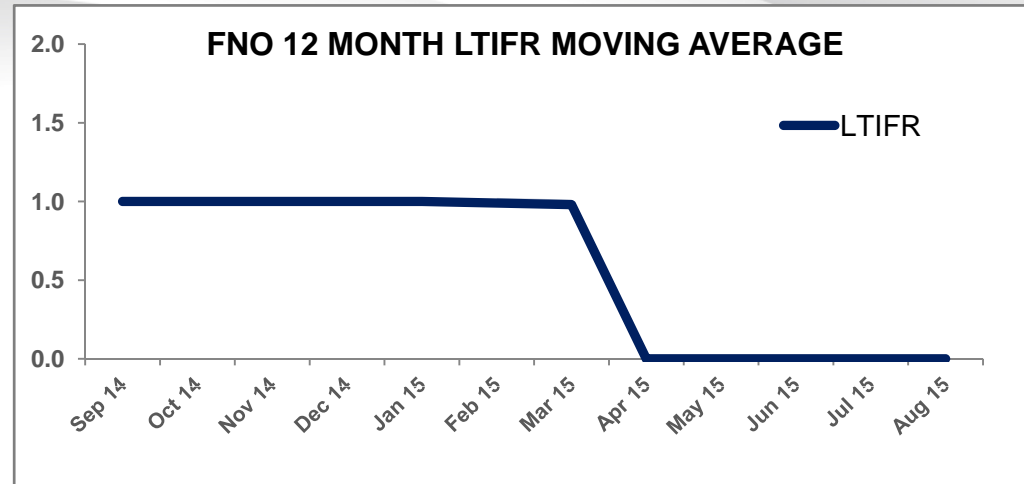


WESTERN AREAS ARE SAFE AREAS



Continuous Safety Improvement

- LTIFR - ZERO at 31 August 2015
- Flying Fox > 782 days LTI free
- Spotted Quoll > 1,600 days LTI free
- Exploration > 2,617 days LTI free
- Cosmic Boy Concentrator > 799 days LTI free
- Contractors and employees fully integrated into a site wide commitment



Environment & Social

- Strong local commitments to schools and associations around Forrestania, Perth Zoo (Western Quoll) and Starlight Children’s Foundation WA



CORPORATE OVERVIEW

WESTERN AREAS LTD



Board & Senior Management

Name	Position
Ian Macliver	Independent Non-Executive Chairman
Dan Lougher	Managing Director & CEO
David Southam	Executive Director
Joseph Belladonna	Chief Financial Officer & Company Secretary
Julian Hanna	Non-Executive Director
Richard Yeates	Independent, Non-Executive Director
Craig Readhead	Independent, Non-Executive Director
Tim Netscher	Independent, Non-Executive Director

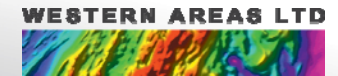
Key Information

as at 7 October 2015

Share price	2.46
52 week high/low (A\$)	4.64 / 2.06
Shares outstanding (m)	233.2
Market Capitalisation (A\$m)	574
Cash (A\$m) ¹	70.6
Debt (A\$m) ¹	NIL
ANZ Facility	NIL

1. Cash as at 30 June 2015 A\$195.6m LESS the face value of the convertible bond debt \$125m

AUSTRALIA'S PREMIER NICKEL COMPANY



Zero Lost Time Injury Frequency Rate

High Grade, Low Cash Cost Nickel Producer

Strong Organic Growth Portfolio

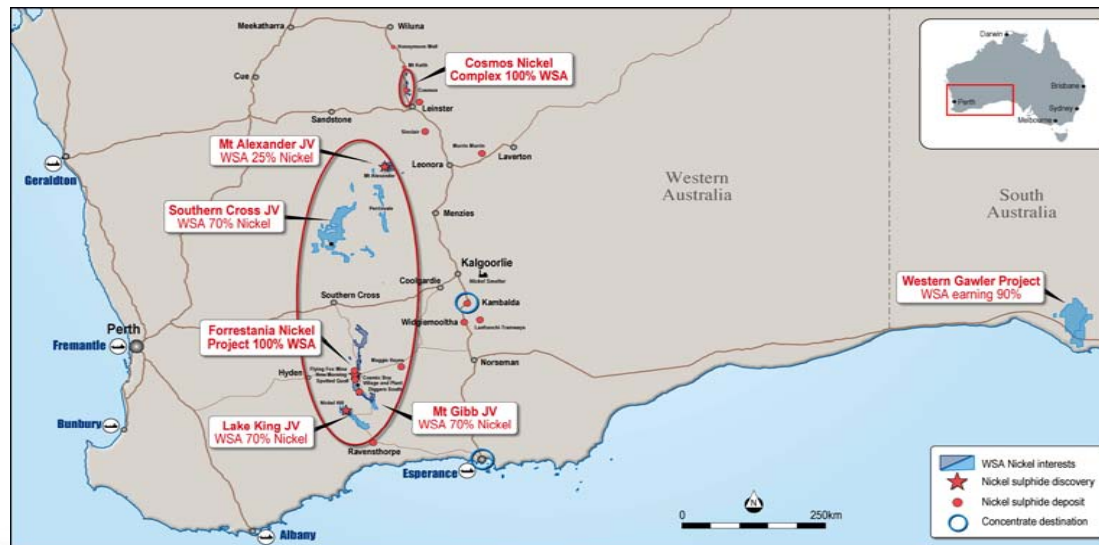
Debt Free Dividend Payer

Cash Flow Positive in Current Nickel Price

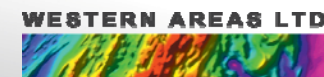
Robust Balance Sheet, Positioned to Grow

Exploration & Discovery Upside

Leveraged to Forecast Nickel Price Rise



FINANCIAL SNAPSHOT FY15



Full Year Highlights	FY 2014	FY 2015
Mill Production (tonnes Ni)	25,700	25,801
Recovery	89%	90%
Sales Volume (tonnes Ni)	25,756	26,036
Cash Costs (A\$/lb)	2.50	2.31
Realised Nickel Price (A\$/lb)	8.20	7.87
Nickel Revenue	320,078	312,680
EBITDA ('000)	155,914	131,469
EBIT ('000)	69,319	65,408
NPAT ('000)	25,460	35,013
Operating Cashflow	117,030	148,469
Net Cash ('000)	10,337	70,355
Dividend (cents)	5.0	7.0

Mill production marginally higher with slightly higher recovery

Unit costs continue to reduce lowest in 3 years
Realised nickel price decreased A\$0.33/lb from FY14

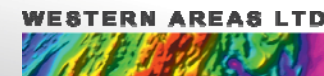
Lower nickel price and negative QP of A\$27.0m in FY15

Improved NPAT from operating and borrowing cost reductions

Lower absolute costs and improved working capital

Improved cashflow and debt reduction allowed for increased total dividend

FY16 UPDATED GUIDANCE



FY16 Guidance	Original Guidance	Updated Guidance
Mine Production (Nickel in Ore - tonnes)	25,000 to 27,000	No Change
Nickel in Concentrate Production (tonnes)	24,000 to 25,000	No Change
Unit Cash Cost of Production (In Concentrate)	A\$2.30 /lb to A\$2.50/lb	No Change
Sustaining Capex	A\$45.0m	A\$34.0m
Forrestania and Regional Exploration	A\$15.0m	A\$11.0m
Mill Enhancement	A\$22.0m	A\$7.4m
Cosmos Exploration and Study Work	A\$7.0m	A\$4.0m

Comments

- ✓ Deferred A\$32.6m of FY16 total capital expenditure (capex) spend into FY17
- ✓ Flexibility to restart the capex deferrals should nickel price improve
- ✓ Smoothing of capex profile over 20 months, given FY17 was previously a substantially reduced year
 - ✓ Mine development spend deferred mainly in 2nd half, due to prior year investment to open up reserves
 - ✓ Mill Recovery Enhancement Project deferred to July 16, but all long lead items ordered (priority for restart)
- ✓ Responsible response to a sustained fall in the nickel price since the completion of budgets
- ✓ WSA has seen these price cycles before and took similar action in FY14 with capex deferrals

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OPERATIONS

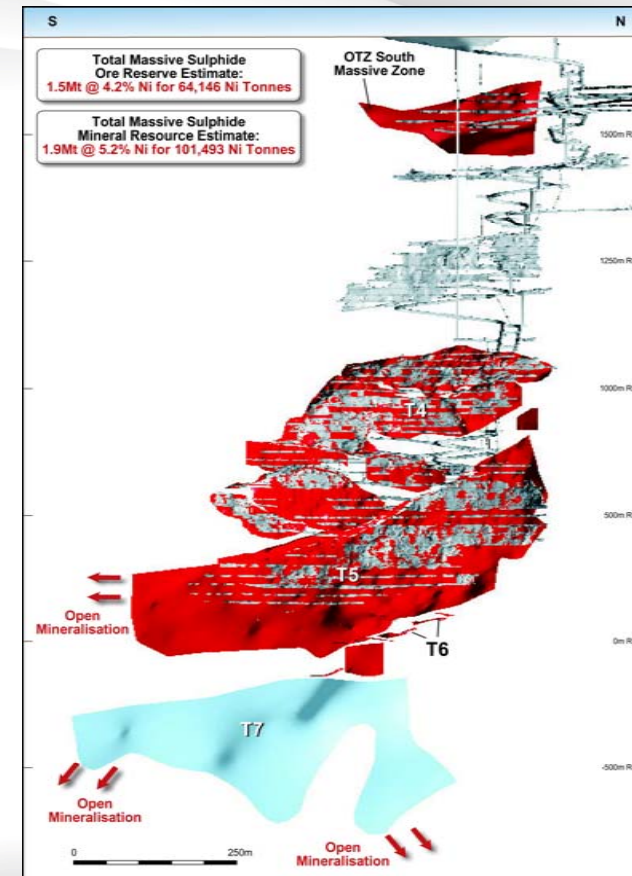


FLYING FOX MINE

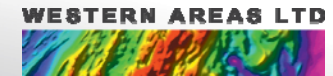


Mineral Resource and Ore Reserve

- Resource and Reserve Upgrade 30/6/15:
 - Added 7,596 nickel tonnes after depletion of 12,904 nickel tonnes in FY15
 - Effective increase of 20,500 nickel tonnes
- High Grade (excluding disseminated sulphide resource)
Mineral Resource: 1.9Mt @ 5.2% Ni containing 101,493 Ni Tonnes
- Ore Reserve: 1.5Mt @ 4.2% Ni** containing 64,146 Ni Tonnes
- Reserve life has a demonstrated history of replenishment
- FY15 production was 264,339t @ 4.9% Ni for 12,904t nickel tonnes
- Added OTZ South Massive Zone – 182,898t @ 4.1% Ni for 7,417 nickel tonnes



SPOTTED QUOLL MINE

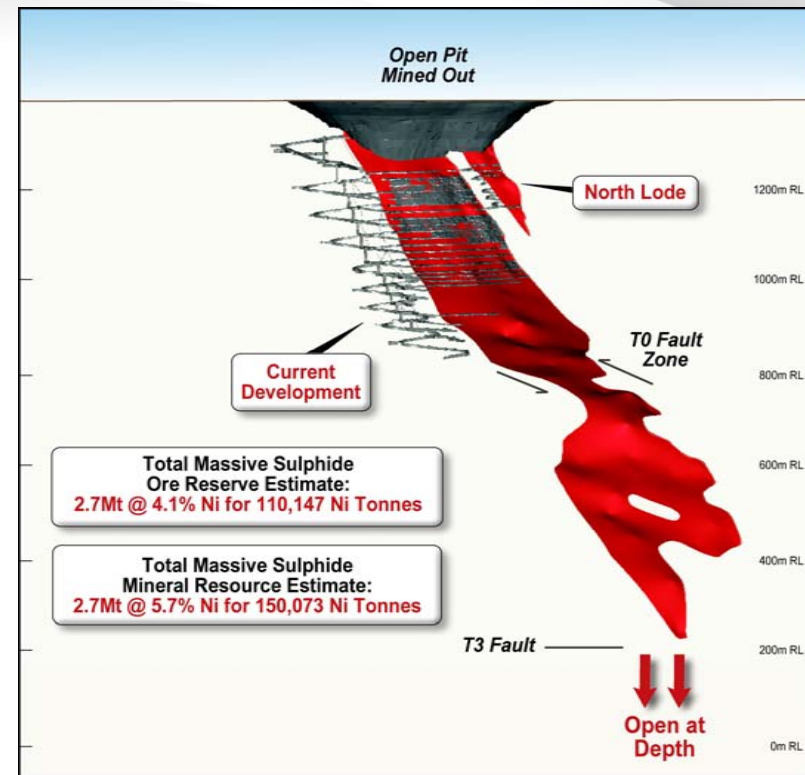


Mineral Resource and Ore Reserve

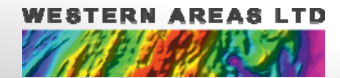
- **Mineral Resource: 2.7Mt @ 5.7% Ni** containing 150,073 Ni tonnes
- **Ore Reserve: 2.7Mt @ 4.1% Ni** containing 110,147 Ni tonnes
- Remains open at depth and to the North
- Already around a 10 year mine life on Reserve

Production

- FY15 – 275,929t @ 4.9% Ni for 13,620t nickel tonnes
- Top-down mining using paste fill



FORRESTANIA NICKEL CONCENTRATOR



Concentrator Summary

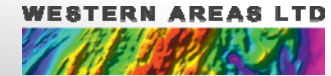
- Current nameplate capacity of 550,000tpa of ore but is achieving throughput 10% above capacity
- Nickel concentrate output circa 25,000tpa Ni
- Concentrate grades of around 14.0% Ni
 - Premium blending product (Fe/Mg ratio >15:1)
 - Desirable to smelters
- 14,000t of concentrate storage capacity

Export Infrastructure and Logistics

- Access to >1400 sealed shipping containers
- No environmental issues
- Using 25 trucks for concentrate transportation
- Shipping contract in place, FOB Esperance Port

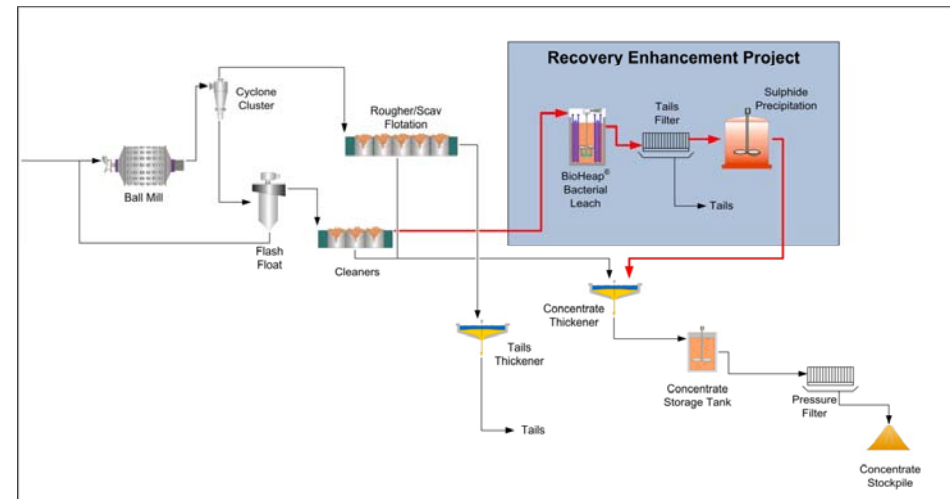


MILL RECOVERY ENHANCEMENT PROJECT

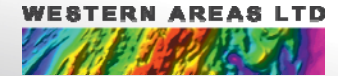


Project approved – 20 July 2015

- Increase average nickel recoveries from 3% to 5% over the life of mine
- Up to an additional 1200 nickel tonnes/annum
- A\$22m project with 6 month construction time – construction deferred to July 2016 as part of capex optimisation
- GR Engineering appointed under EPC with guaranteed maximum price arrangement
- Unit cash operating cost A\$2.42/lb in concentrate
- Long lead item orders placed commitment of A\$7.4m
- The treatment of the Flash Cleaner Stream utilises the BioHeap® cultures on a continuous basis produced from a Bacterial farm
- Very short residence time of 5-7 days
- Sulphide precipitation circuit produces a high grade nickel sulphide product (~50% nickel)



INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

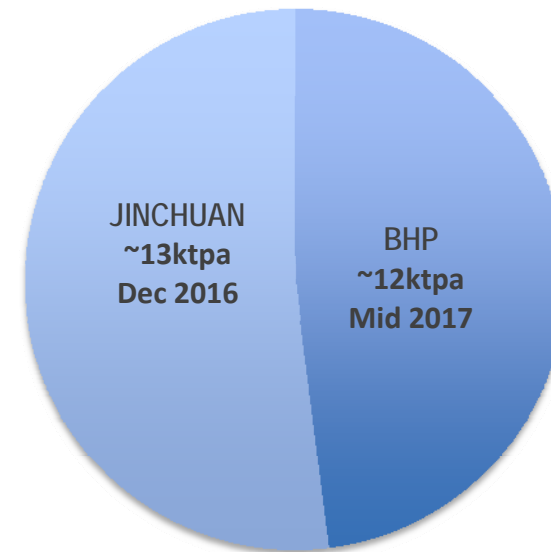


Offtake Contracts

- FOB Terms
- Very competitive payable percentage of LME

Offtake Tender Announced

- Recently awarded Jinchuan a two year contract (26,000t of contained nickel)
- Tightness in smelter supply being experienced
- Global nickel sulphide grades in decline



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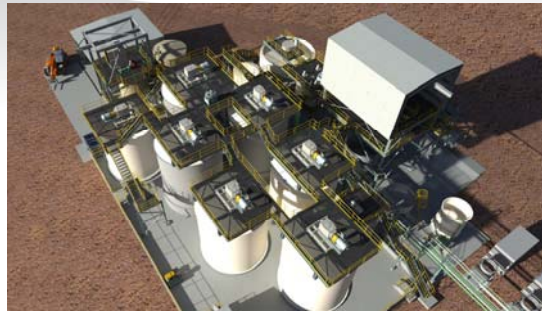
GROWTH AND EXPLORATION OUTLOOK



BUILDING THE PLATFORM



Spotted Quoll face at average 10.6% Nickel Sulphide



New Morning



Western Gawler JV

Spotted Quoll

Odysseus PFS

Cosmos Nickel Complex

Flying Fox

Mill Recovery Enhancement Project

Forrestania

Production

Development

Discovery & Exploration

STRATEGIC RATIONALE & SUMMARY

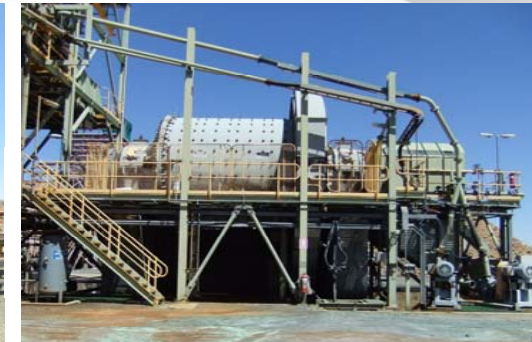


Strategic Rationale

1. Plays to WSA's core strengths
2. Right street address
3. WSA approach to exploration will be different
4. Potential 2nd operation
5. Full infrastructure and facilities
6. Future potential concentrate blending
7. Low cost entry
8. WSA's ability to fund from existing cash
9. WSA ready to hit the ground running Day 1

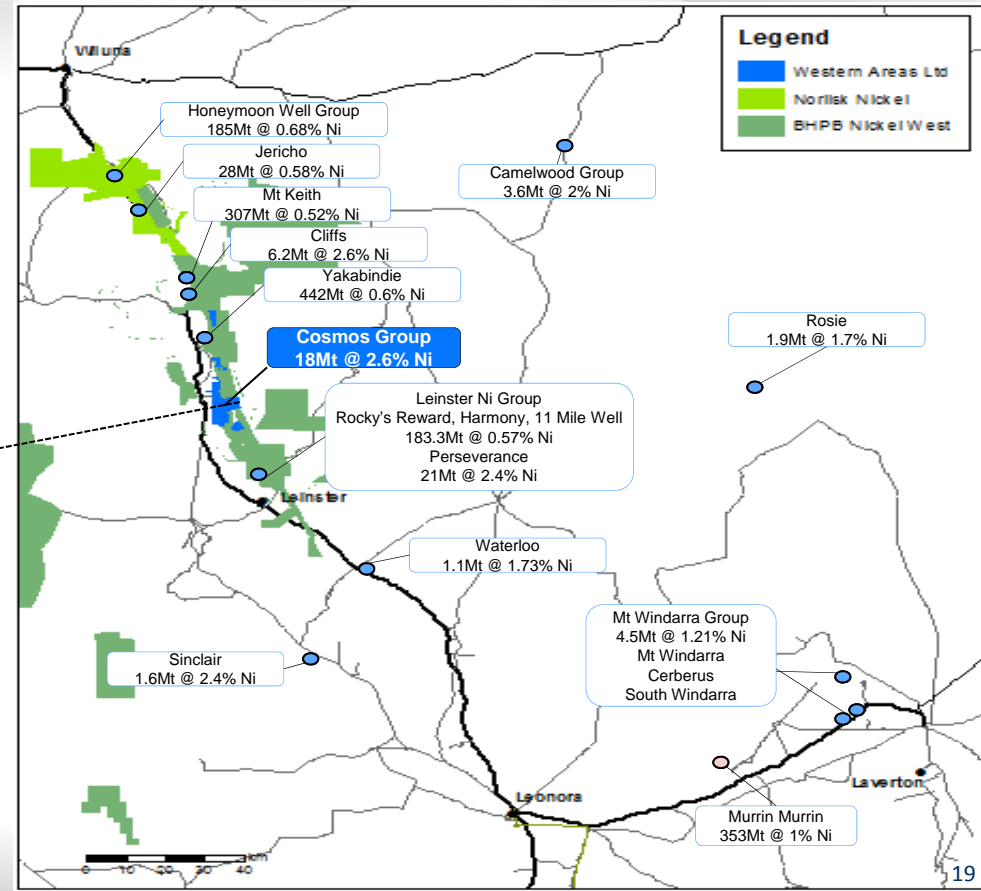
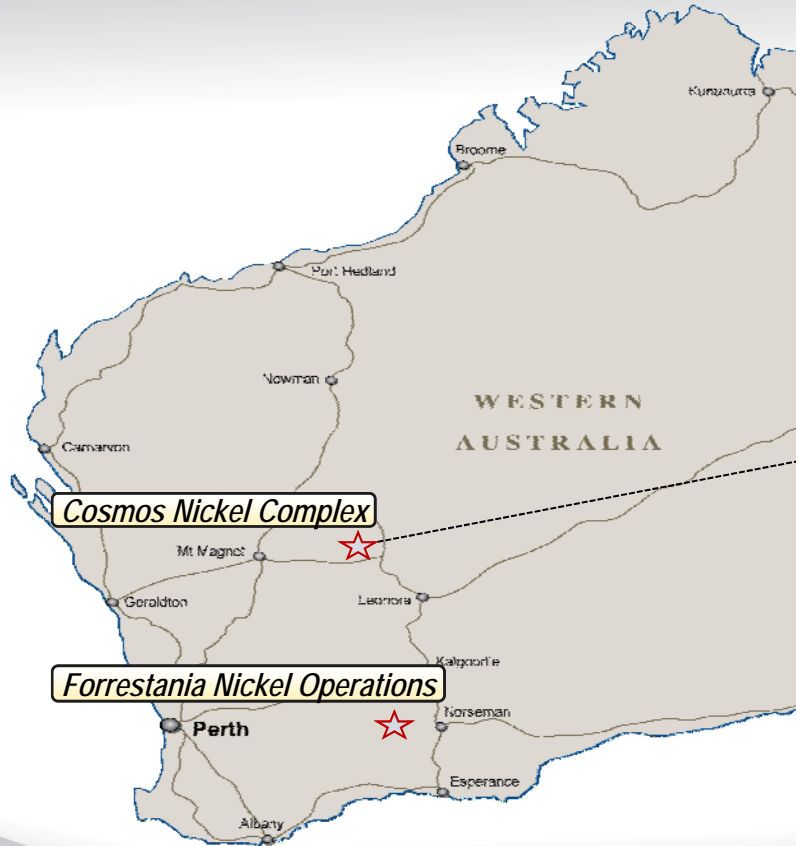
Transaction Summary

1. 100% Asset acquisition of the Cosmos Nickel Complex
2. A\$24.5m purchase price with deferred payments:
 - a. A\$11.5m on close;
 - b. A\$7.0m nine months post close; and
 - c. A\$6.0m eighteen months post close



LOCATION – PREMIER NICKEL PROVINCES

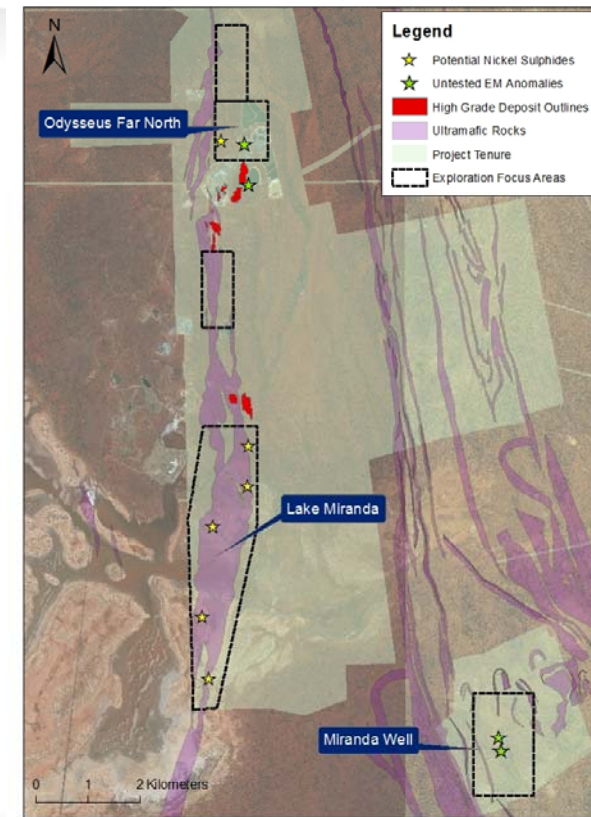
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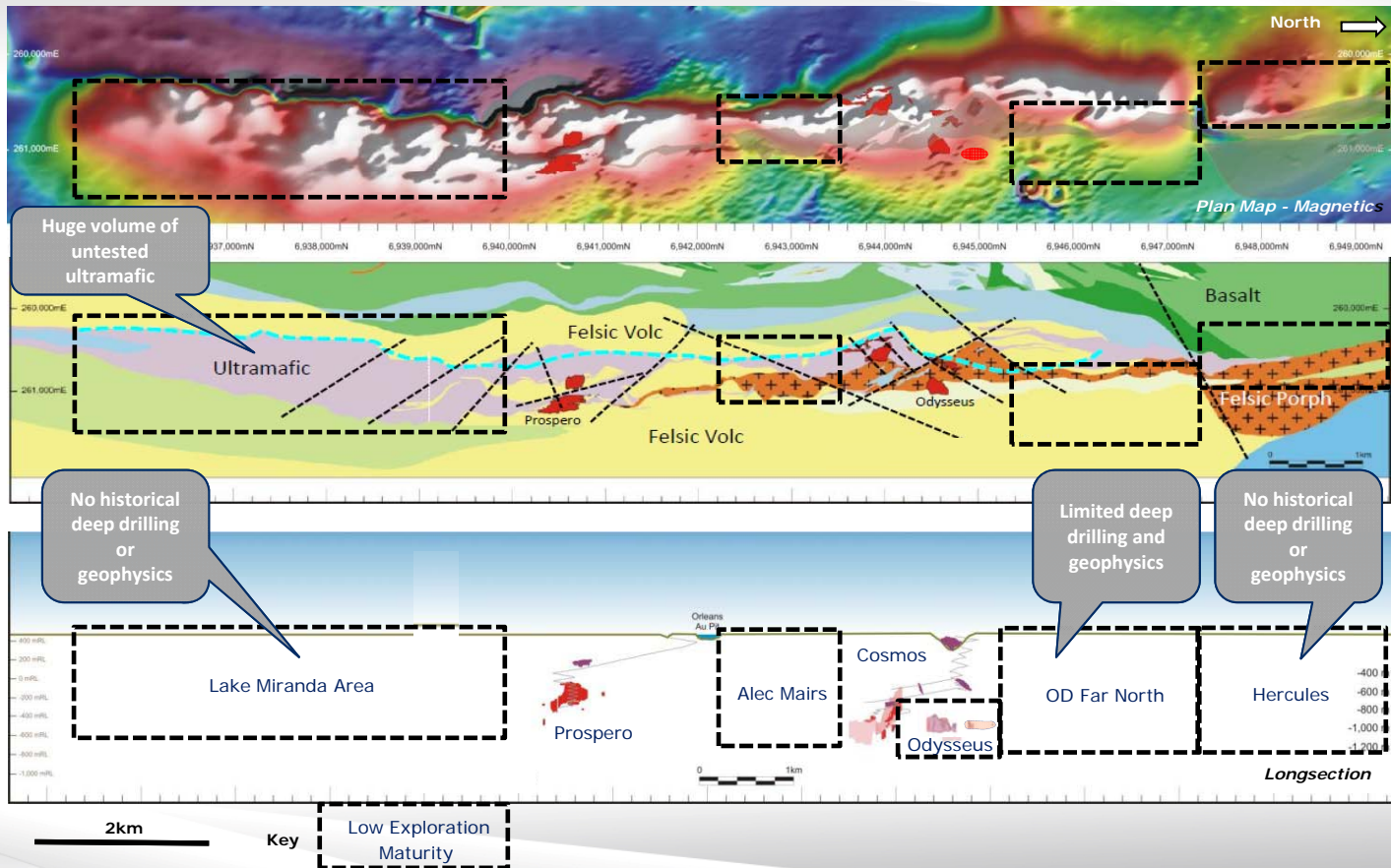
COSMOS NICKEL COMPLEX



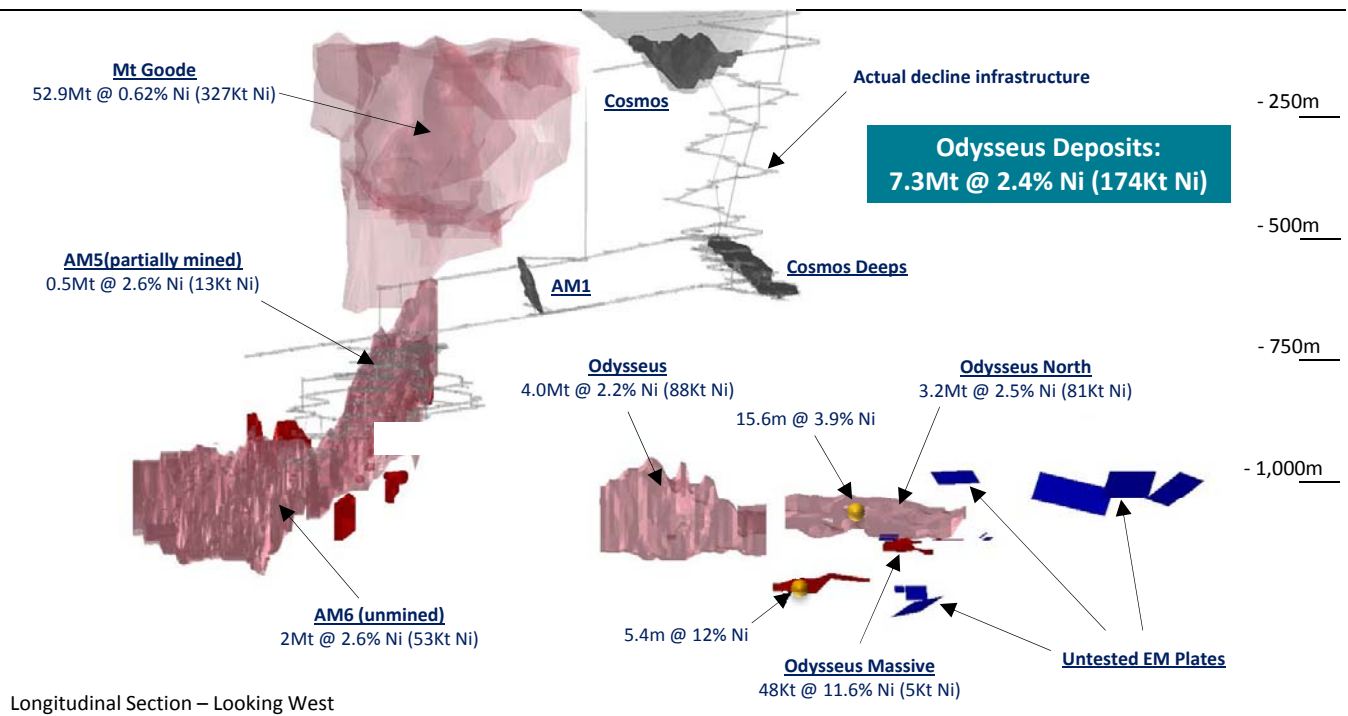
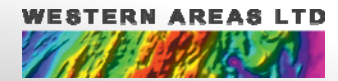
- 26 mining and infrastructure tenements - 88km²
- 17km long ultramafic sequence:
 - Dominated by high MgO ultramafic rocks
- High tenor nickel sulphide belt – up to 30% nickel:
 - Similar to Forrestania, higher than Leinster
 - Mining grades around 5% Nickel
- Deposits hosted within felsic volcanic rocks:
 - Low 'false positives' for geophysics
 - Electromagnetic (EM) conductors represent nickel sulphides
- Under-explored outside of mine environment:
 - Lake Miranda and Miranda Well
- Proximal to BHPB Nickel Assets:
 - Leinster Nickel Operations
 - Yakabindie
 - Camelot Nickel Camp



COSMOS BELT POTENTIAL



ODYSSEUS COMPLEX AND OTHER RESOURCES



ODYSSEUS SCOPING STUDY REVIEW



Significant undeveloped resource containing massive sulphides, matrix sulphides and high grade disseminated sulphides

XNAO conducted an in-house study on the Odysseus group of deposits

- In house study undertaken by XNAO over 2012/13
- Concentrator expansion from 450ktpa to 750ktpa with 7-8 year mine life generating between 12-14kt of nickel in concentrate per annum considered

Western Areas will review the existing XNAO study and undertake a 'gap analysis' to complete a pre-feasibility study over the following 12 months

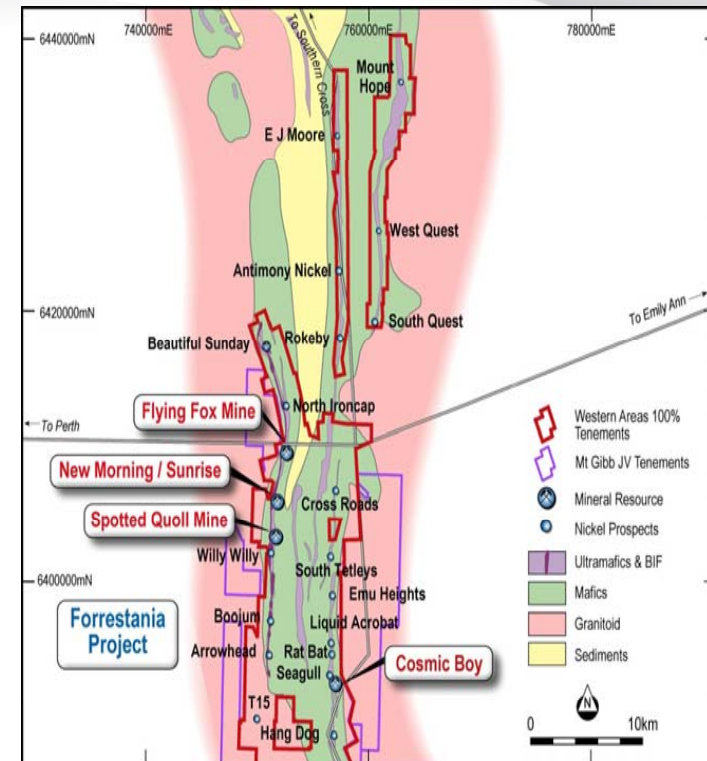
- Test near mine exploration potential beginning with Odysseus Far North
- Review mining method, mining schedule, underground infrastructure and decline dewatering options
- Reduce concentrate grade specification in line with FNO grades to improve nickel recovery
- Review metallurgical test work and flow sheet to optimise processing plant
- Optimise capital and operating cost assumptions for the current lower cost environment
- Explore contractor versus owner operator alternatives and leverage FNO experience

FORRESTANIA TENEMENTS

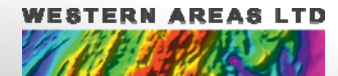


Regional Geology

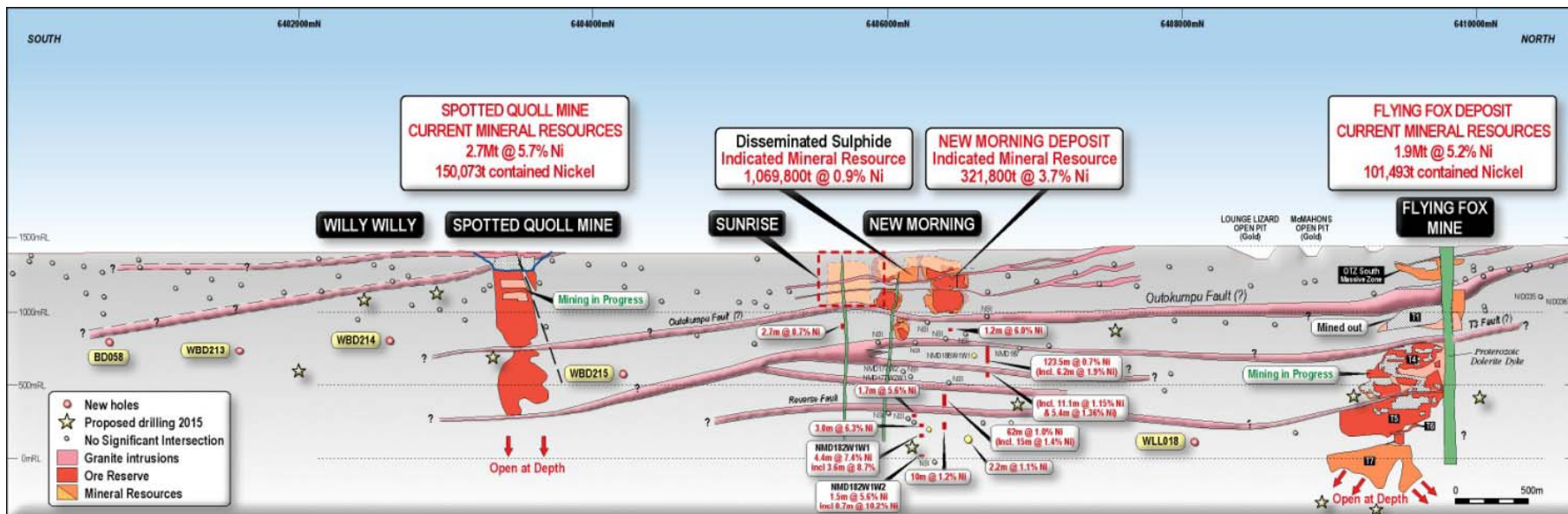
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Total endowment of **29.97Mt at 2.28% Ni for 684k Ni tonnes**
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade Flying Fox, Spotted Quoll and New Morning deposits



SHORT TERM – NEAR MINE EXPLORATION

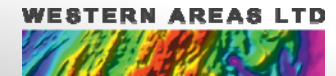


- Exploration spend in FY16 likely >\$20m
- Drilling priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach.

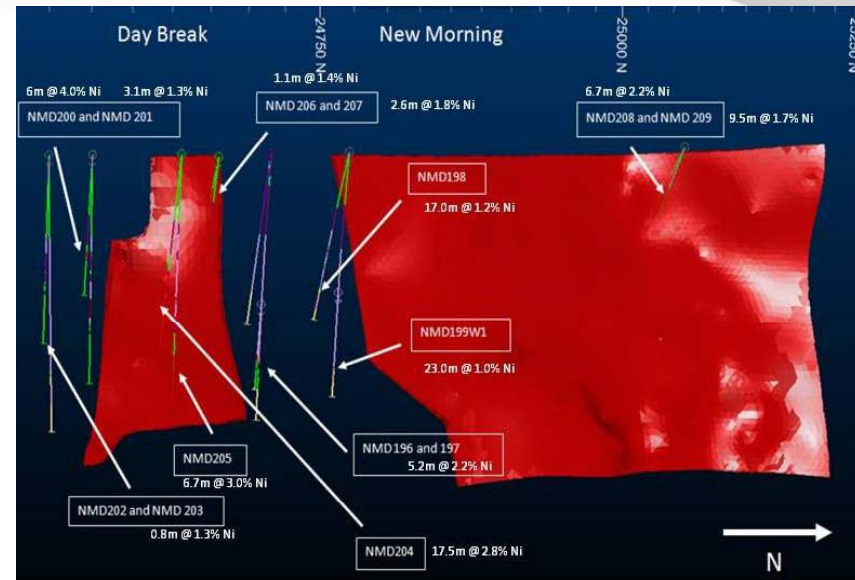


Interpreted Longitudinal Projection (8 Km Long) - July 2015
FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY

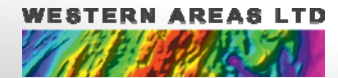
NEW MORNING



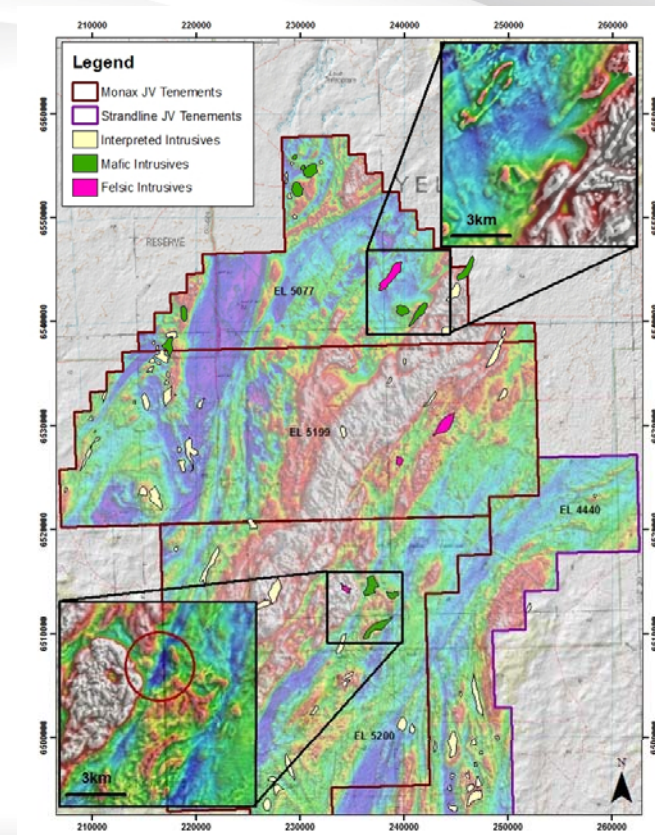
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings and accessible from either mine
- Open Pit and shallow underground studies commenced
- Massive sulphide Indicated Resource of 321.8kt @ 3.7% nickel
- Significant intersections:
 - 4.4m @ 7.4% nickel including 3.6m @ 8.7% nickel
 - 3.0m @ 6.3% nickel including 2.4m @ 7.6% nickel
 - 1.5m @ 5.6% nickel including 0.7m @ 10.2% nickel
- Recent shallow hit of 54m @ 1.7% nickel from 38m (including 2.5m @ 5.0% nickel)



WESTERN GAWLER JOINT VENTURES



- Two separate Farm-In Agreements with Gunson Resources Ltd (Strandline Resources Limited) and Monax Mining Ltd:
 - A\$0.8m on each to earn 75% over 2 years
 - Further A\$0.4m on each for 90% over additional 18 months
 - Close to existing infrastructure
 - Total area 2,746km²
- First mover advantages targeting massive high grade poly-metallic mineralisation
- Potential to host mafic-ultramafic intrusive related deposits
- High resolution airborne geophysics completed (57,477km were flown)
- Numerous features likely to represent large mafic-ultramafic intrusions
- Access approvals finalised
- RC drilling commenced July 2015



WESTERN AREAS VALUE EQUATION



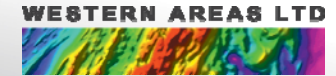
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NICKEL MARKET



NICKEL PRICE DRIVERS



There are a number of factors that influence the nickel price including:

1. LME nickel inventories
2. Cost and capacity of Chinese nickel pig iron (“NPI”) production
3. Indonesian nickel laterite export ban / Philippine supply response
4. Global stainless steel demand
5. Introduction of foreign Nickel into the Shanghai Futures Exchange



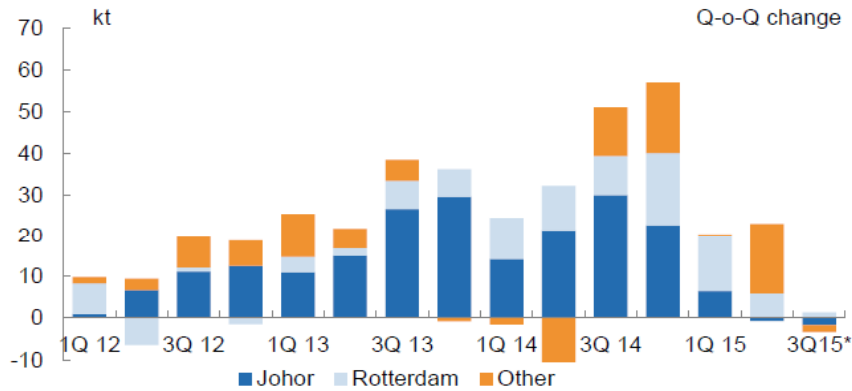
What we believe is occurring:

- High grade Indonesian laterite stockpiles in China will run out
- Philippine exports have increased, but high grade exports are falling
- NPI producers blending ores, but cost of production has increased – currently marginal operations
- LME stockpile, after significant increases, has flattened and recently fallen in 3Q15
- Stainless steel demand on balance remains strong in China, however significant de-stocking over the first half of CY15 has occurred

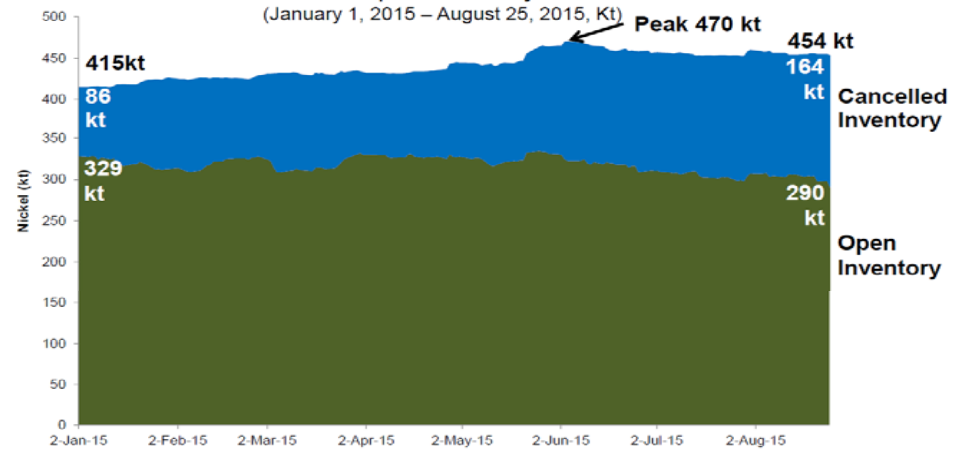
NICKEL PRICE DRIVERS - LME



LME Inventories Accumulation Slowed Down in 1H 2015, Reversal in 3Q 15

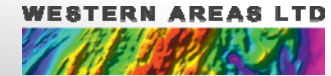


LME Nickel Inventories – Open Inventory and Cancelled Warrants (January 1, 2015 – August 25, 2015, Kt)



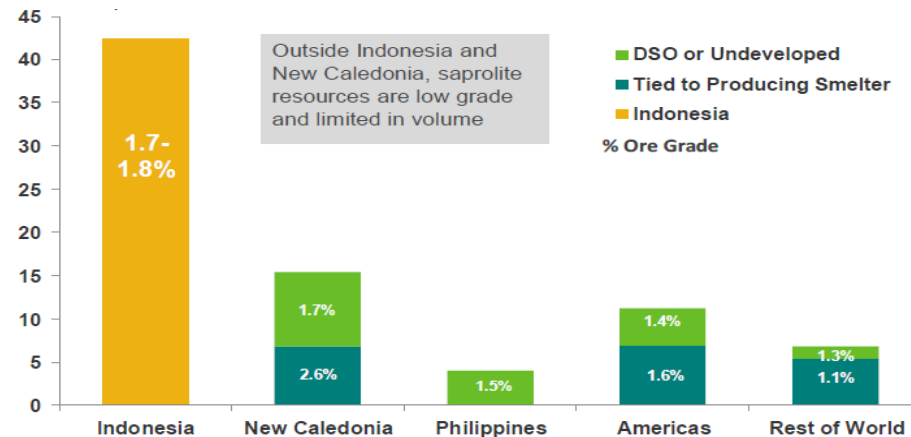
- Cancelled warrants has lead to a reduction in available inventory
- Need flattening/decline of LME to assist in re-pricing – 3Q15 is a good signal

NICKEL MARKET - HIGH GRADE LATERITE SUPPLIES



- Indonesia in a unique position in respect of high Ni grade, low Fe product
- The Indonesian ban appears to be permanent**
- Meaningful NPI production in Indonesia many years away
- Nickel market deficits set to commence toward the end of CY15, assuming 4% nickel demand
- New Caledonia ore is used in Country and only exported to owners in Japan and Korea
- The export of high grade Filipino ore is reducing – lifts cost profile for Chinese NPI

World Saprolite Resources (Mt Ni contained)

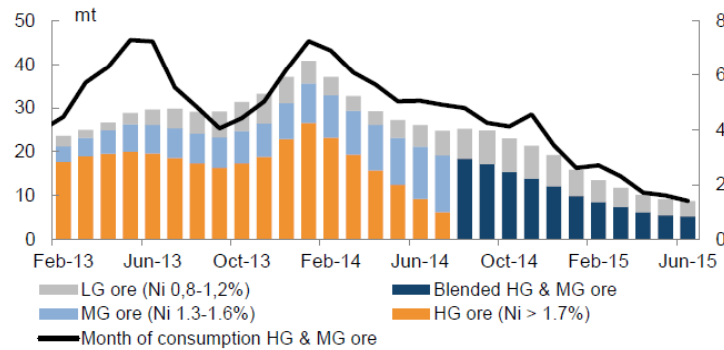


Source: Glencore

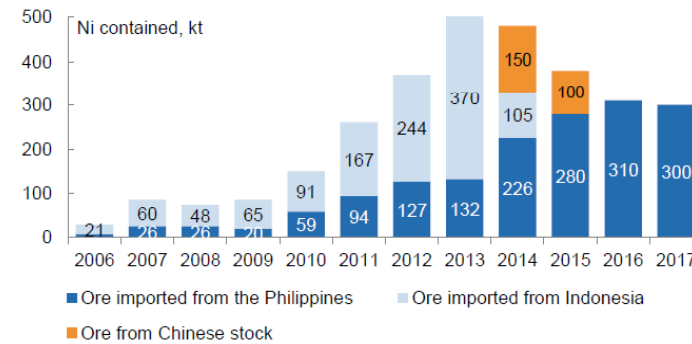
NICKEL PRICE DRIVERS - CHINESE NPI IN DECLINE



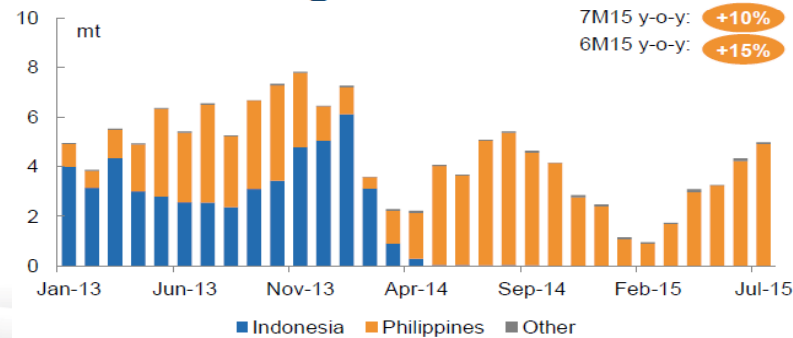
Chinese Ni Ore Inventories: High&Medium Grade Ore – Just Over a Month of Consumption Left



Nickel Feed for Chinese NPI to Reduce by 35% by 2016



Growth of Nickel Ore Imports from Philippines to China is slowing Down

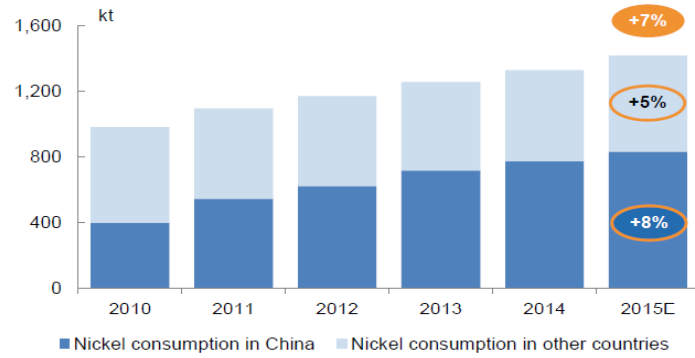


Source: Norilsk Nickel

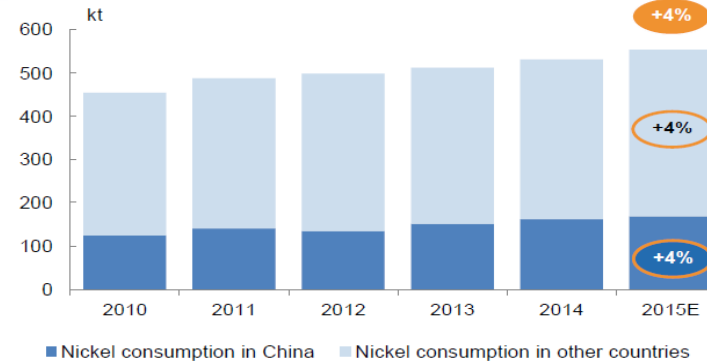
NICKEL PRICE DRIVERS - STAINLESS STEEL GROWTH



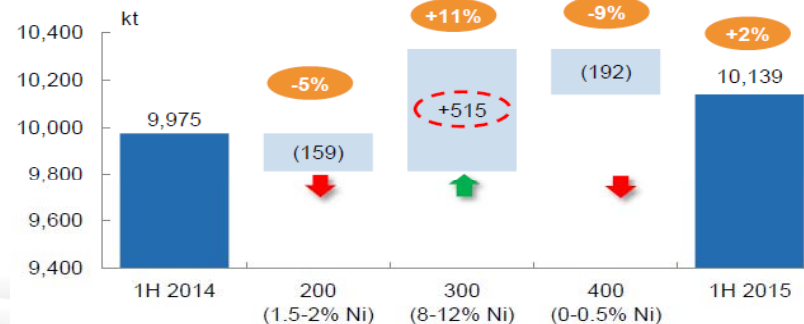
Primary Nickel Consumption (Stainless Steel)



Primary Nickel Consumption (Non-Stainless Steel)

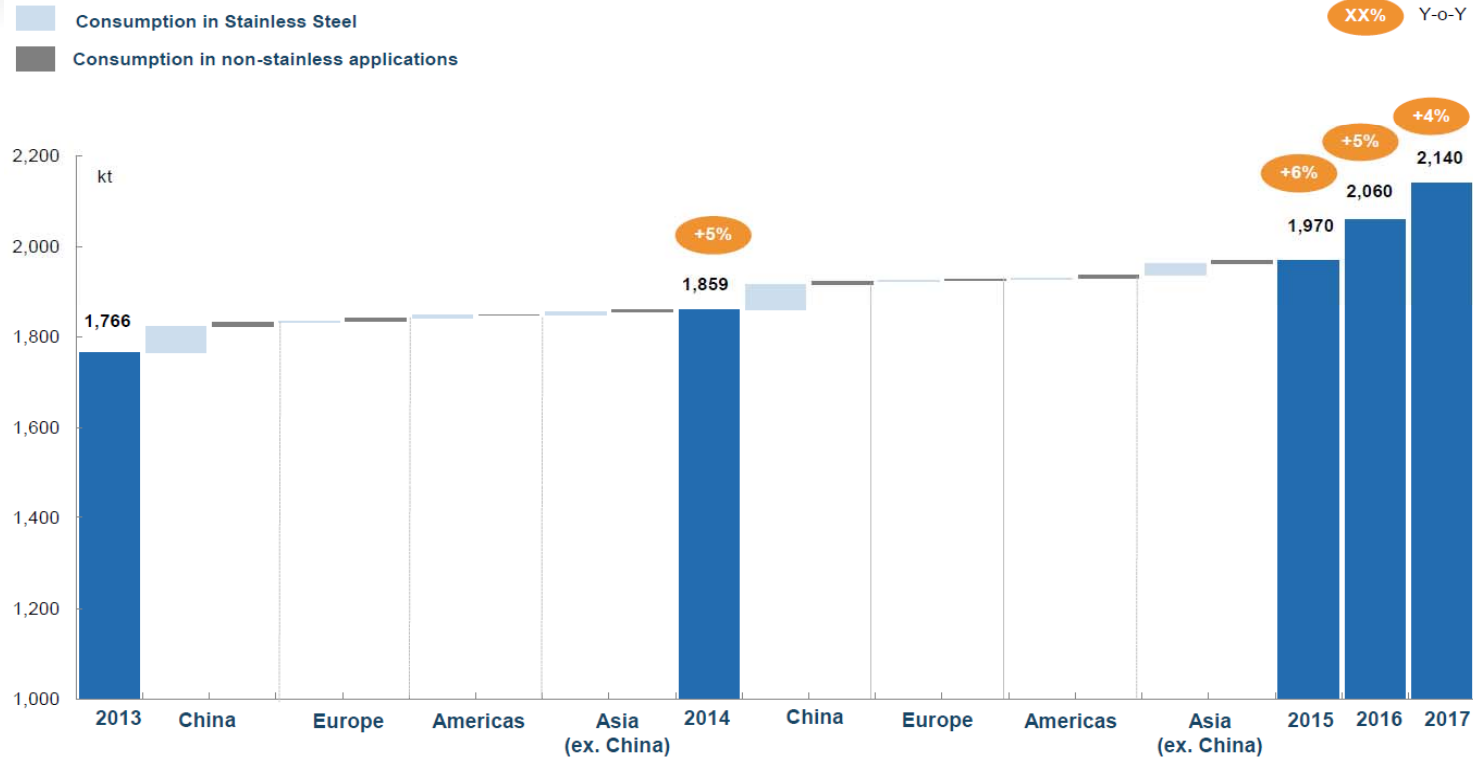
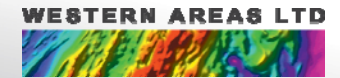


China Ni-intensive Stainless Steel Production up Strongly in 1H 2015



Source: Norilsk Nickel

NICKEL PRICE DRIVERS - FORECASTED NICKEL GROWTH

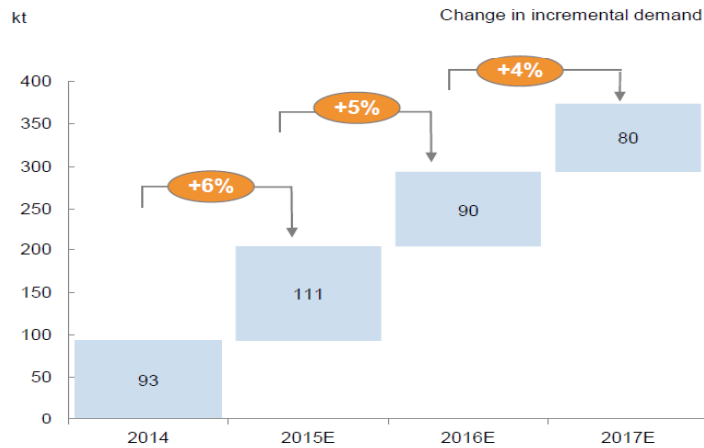


Source: Norilsk Nickel

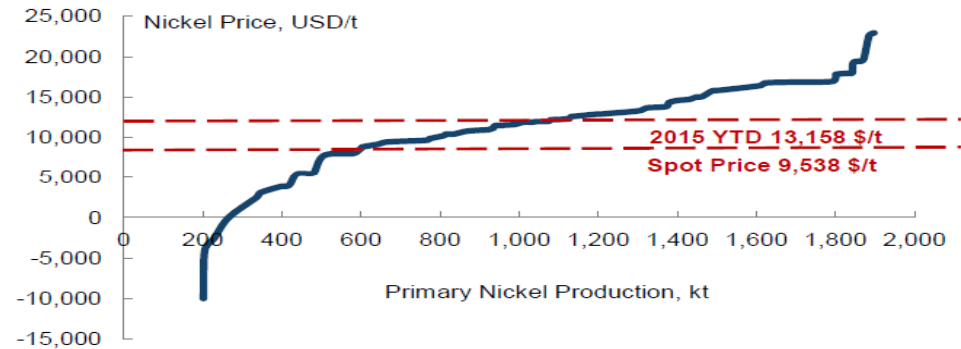
NICKEL PRICE DRIVERS



Nickel consumption keeps growing and...



2015 Global Nickel Cash Cost Curve (C1): Over 60% is Loss Making...



- Spot price of nickel means that >50% of production unprofitable at C1
- Spot prices cannot be maintained forever, but need to see material cut-backs in production

WESTERN AREAS LTD



THE END

