

WESTERN AREAS LTD



ANNUAL GENERAL MEETING

Company Presentation

25 NOVEMBER 2015



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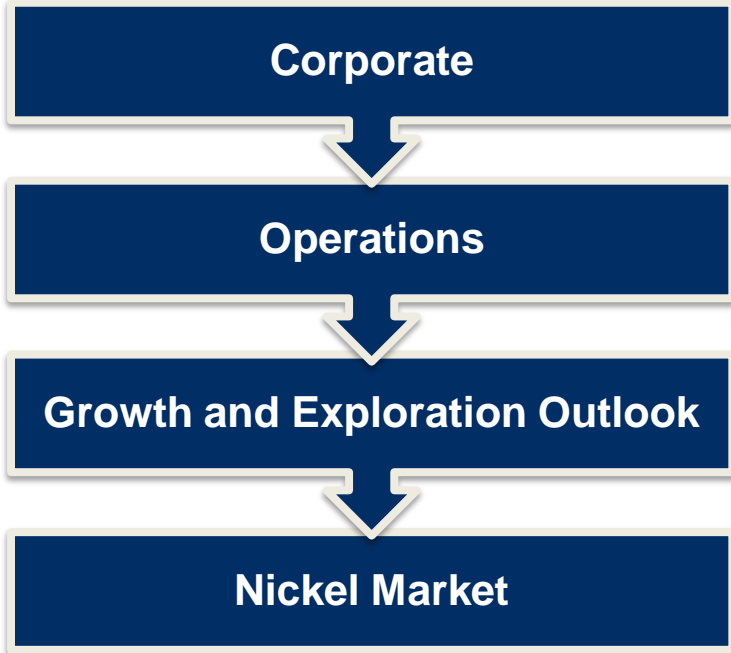
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The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. Andre Wulfse. Mr. Lougher and Mr. Wulfse are full 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



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CORPORATE

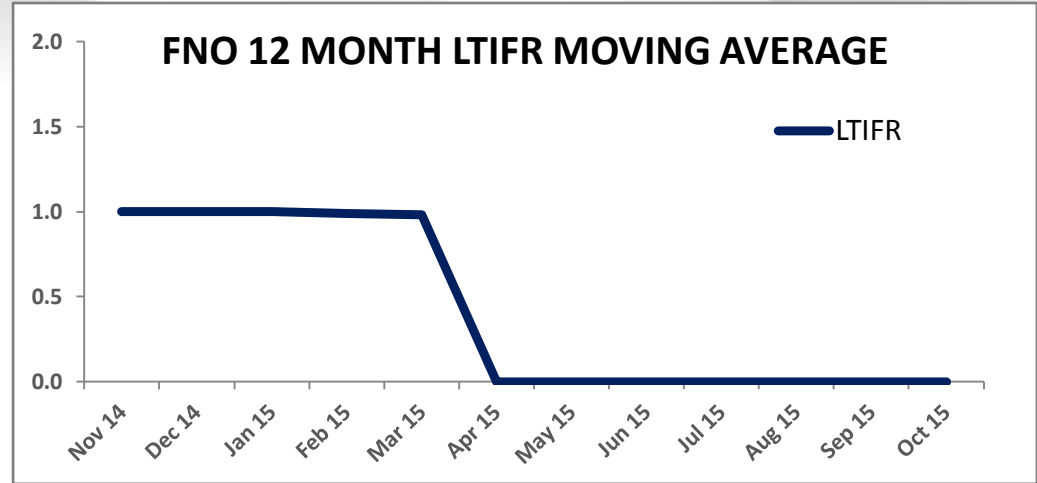


WESTERN AREAS ARE SAFE AREAS



Continuous Safety Improvement

- LTIFR - ZERO at 31 October 2015
- Flying Fox >813 days LTI free
- Spotted Quoll >1,631 days LTI free
- Exploration >2,648 days LTI free
- Cosmic Boy Concentrator >830 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



FINANCIAL SNAPSHOT FY15



Full Year Highlights	FY 2014	FY 2015	
Mill Production (tonnes Ni)	25,700	25,801	Mill production marginally higher with slightly higher recovery
Recovery	89%	90%	Unit costs continue to reduce lowest in 3 years
Sales Volume (tonnes Ni)	25,756	26,036	Realised nickel price decreased A\$0.33/lb from FY14
Cash Costs (A\$/lb)	2.50	2.31	Lower nickel price and negative QP of A\$27.0m in FY15
Realised Nickel Price (A\$/lb)	8.20	7.87	Improved NPAT from operating and borrowing cost reductions
Nickel Revenue	320,078	312,680	Lower absolute costs and improved working capital
EBITDA ('000)	155,914	131,469	Improved cash flow and debt reduction allowed for increased total dividend
EBIT ('000)	69,319	65,408	
NPAT ('000)	25,460	35,013	
Operating Cash flow	117,030	148,469	
Net Cash ('000)	10,337	70,355	
Dividend (cents)	5.0	7.0	

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 second 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

HOW WSA IS MANAGING CHANGE



Western Areas has seen many commodity cycles of the current nature and has a unique ability to manage and ultimately prosper in these challenging times.

Western Areas is in a strong position now being Debt free.

Three areas of focus / strategy:

1. Cost Optimisation

- Working with all major service providers and suppliers to pull out costs
- Nickel price modifier model has been used previously

2. Deferral of Capital Expenditure (capex)

- Announced deferral of capex in FY16 into FY17 – a smoothing process
- Predominantly second half FY16 capex deferred into FY17,

3. Be opportunistic (“progressive, but not cavalier”)

- Ability to review projects that suffer through a lack of funding – Western Gawler
- Add exceptional brownfields projects that play to our core strengths – Cosmos

HOW WSA IS MANAGING CHANGE

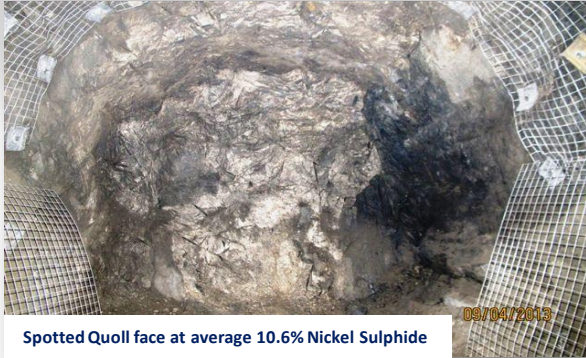


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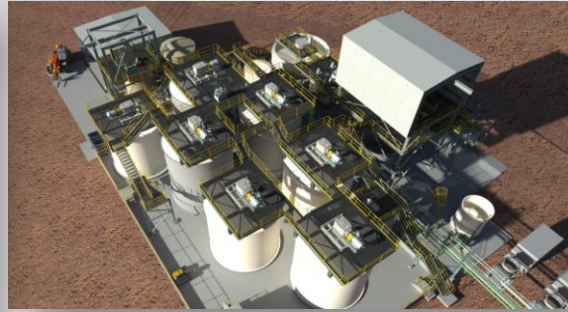
4. Managing Cash flow

- Current 1st half (1H) outflows expected to be higher than the 2nd half (2H) of FY16:
 - Majority of full year capex spent in 1H (2H is particularly light-on);
 - Dividend paid in October (A\$9.3m);
 - Cosmos acquisition first instalment (A\$11.5m) paid in October – next instalment not due until FY17; and
 - Long lead items for the Mill Recovery Enhancement Project (A\$7.4m)
- 2H outflows will be significantly less as we set-up the Company's resilience and ability to respond to nickel price improvements
- Benefits of the recent round of operating cost reductions to commence in December

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

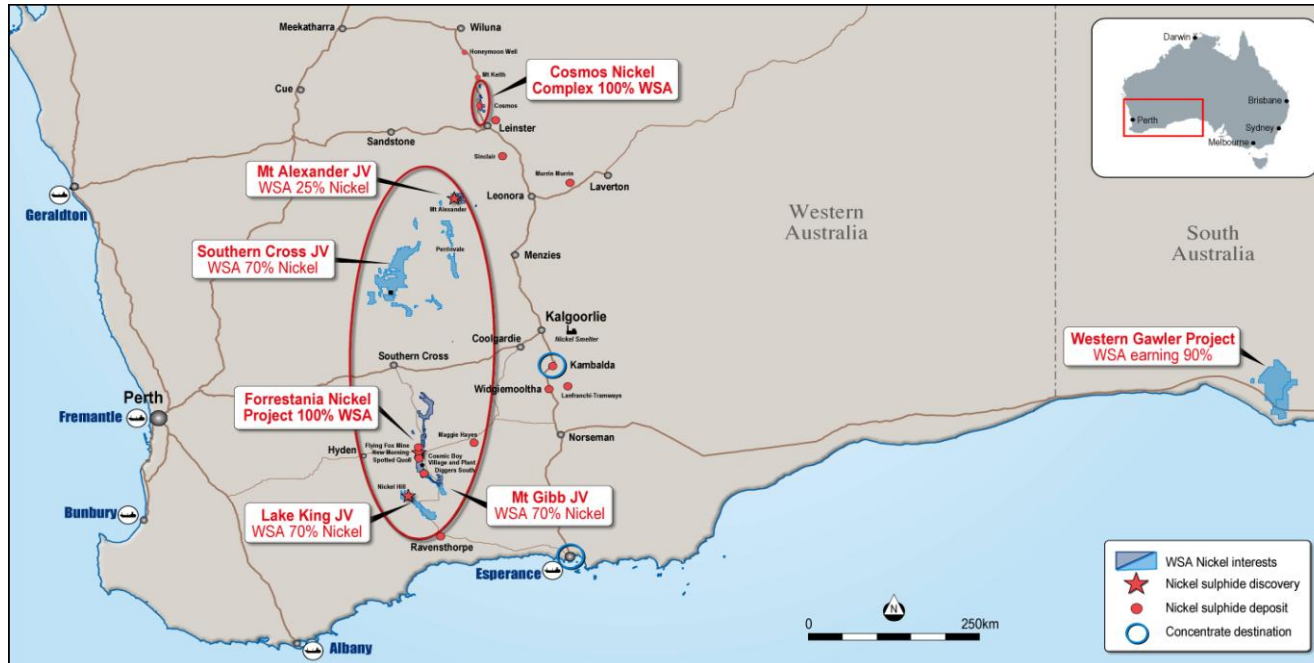
Development

Discovery & Exploration

PRIME NICKEL GROUND



- Cosmos (brownfields with infrastructure)
- West Gawler adds greenfield exploration opportunity into the WSA portfolio



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OPERATIONS

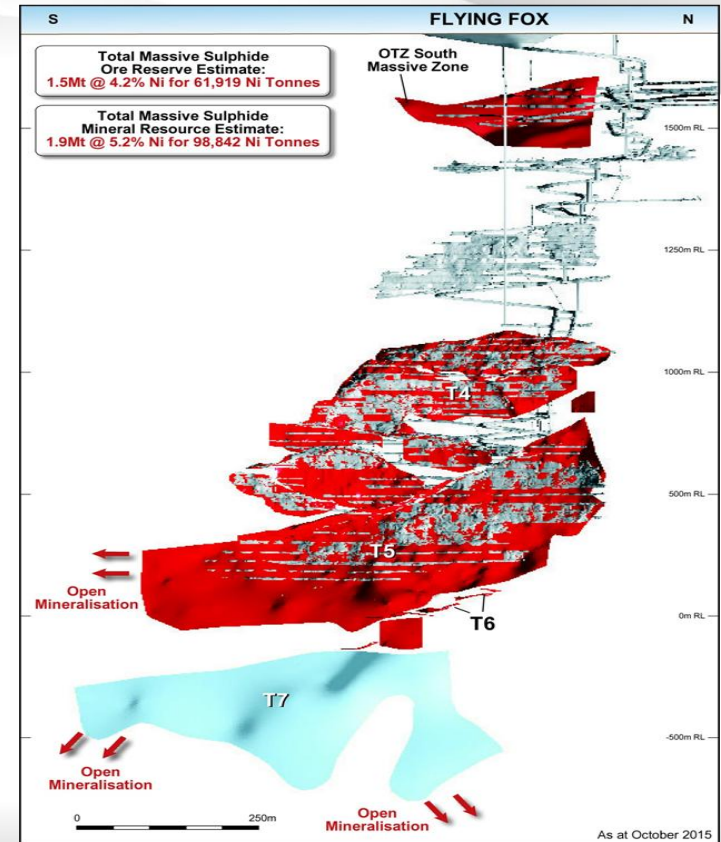


FLYING FOX MINE



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 98,842 nickel tonnes
- Ore Reserve: 1.5Mt @ 4.2% Ni** containing 61,919 nickel 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

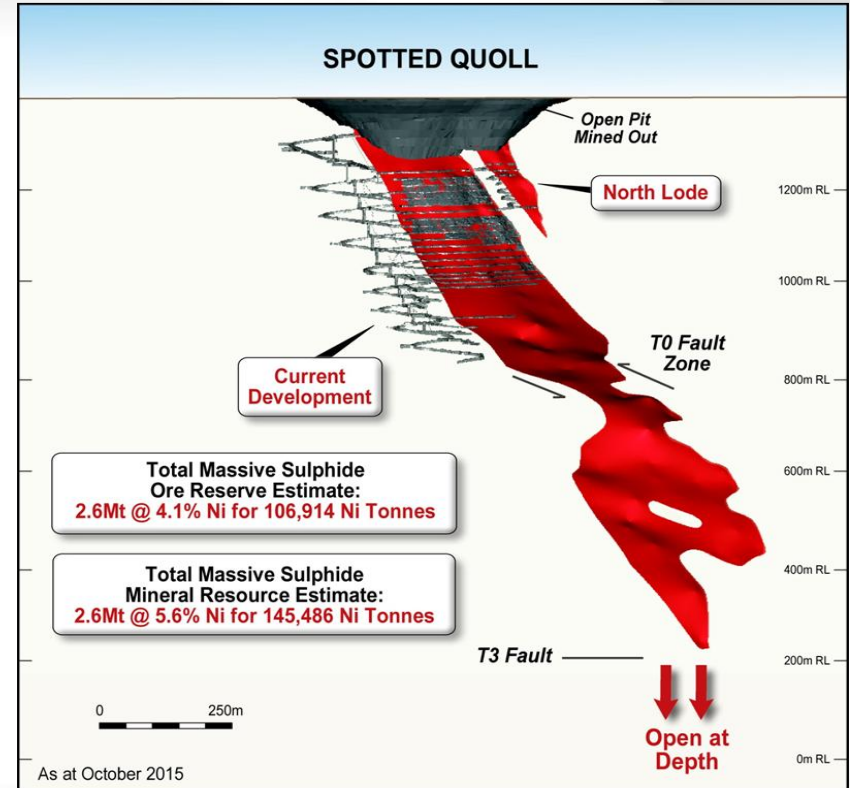


Mineral Resource and Ore Reserve

- **Mineral Resource: 2.6Mt @ 5.6% Ni** containing 145,486 nickel tonnes
- **Ore Reserve: 2.6Mt @ 4.1% Ni** containing 106,914 nickel 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 (Jinchuan/BHP NiW)
- Concentrate grades of around 14.0% Ni
 - **Premium blending product (Fe/Mg ratio >15:1)**
 - Desirable to smelters

Export Infrastructure and Logistics

- Export via containers to Jinchuan (13k Nickel tpa)
- Shipping contract in place, FOB Esperance Port
- No environmental issues



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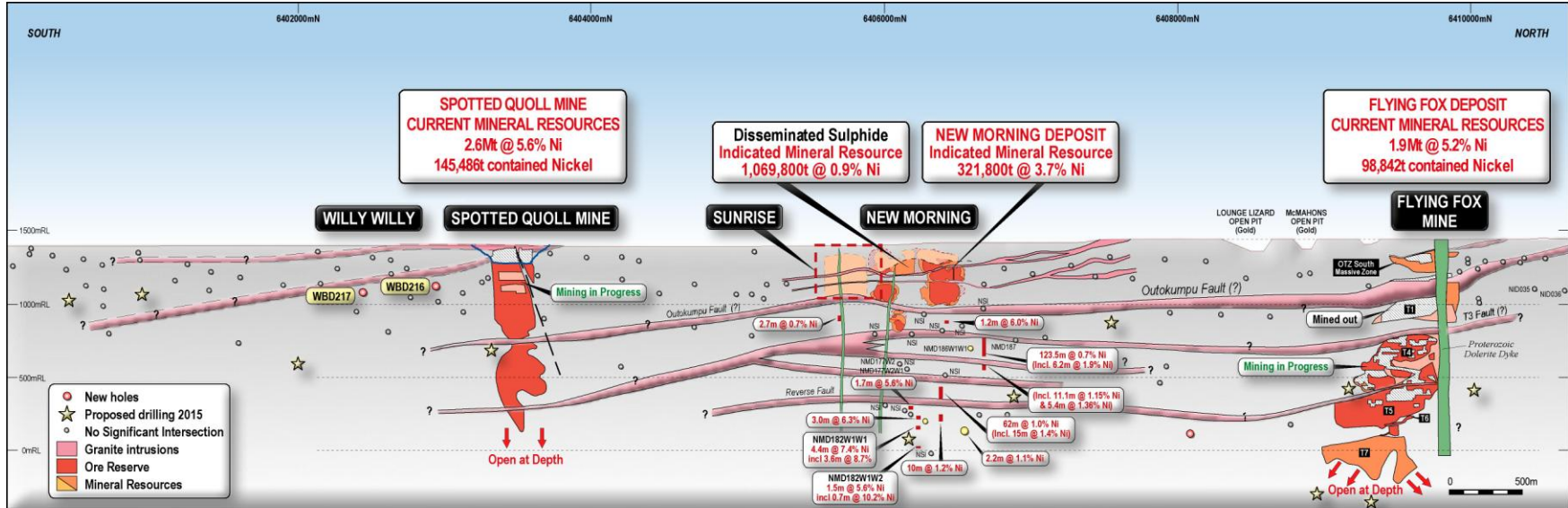
GROWTH AND EXPLORATION OUTLOOK



SHORT TERM – NEAR MINE EXPLORATION



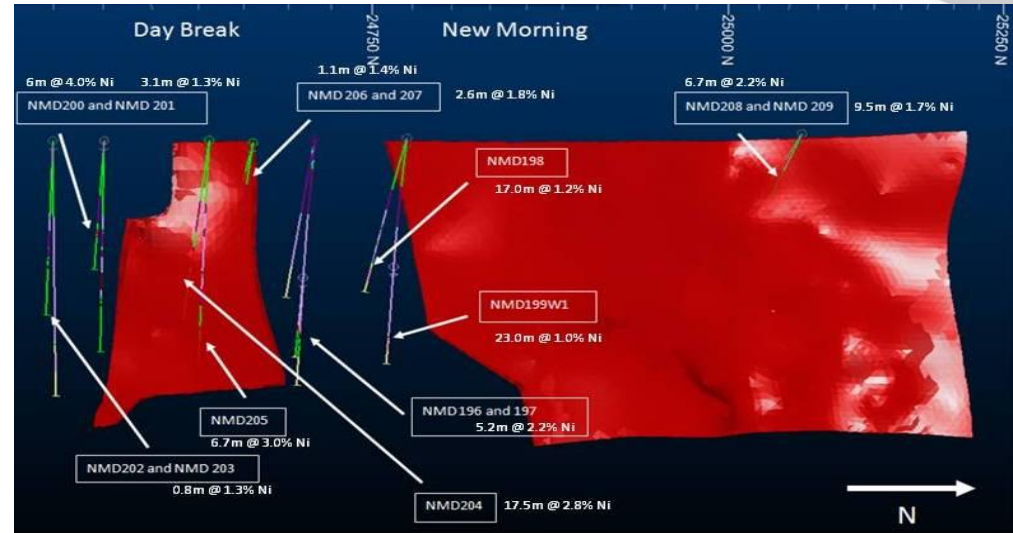
- Exploration spend in FY16 likely <\$15m
- Drilling priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach.



NEW MORNING



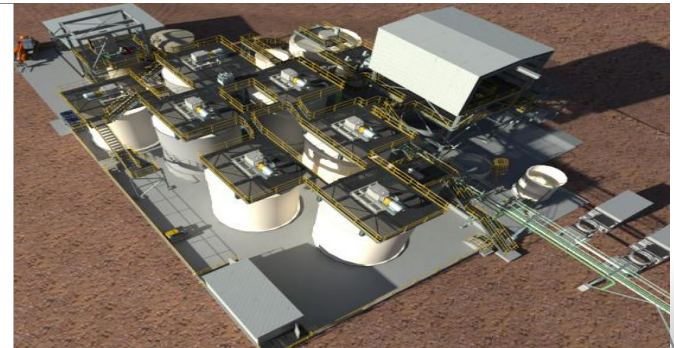
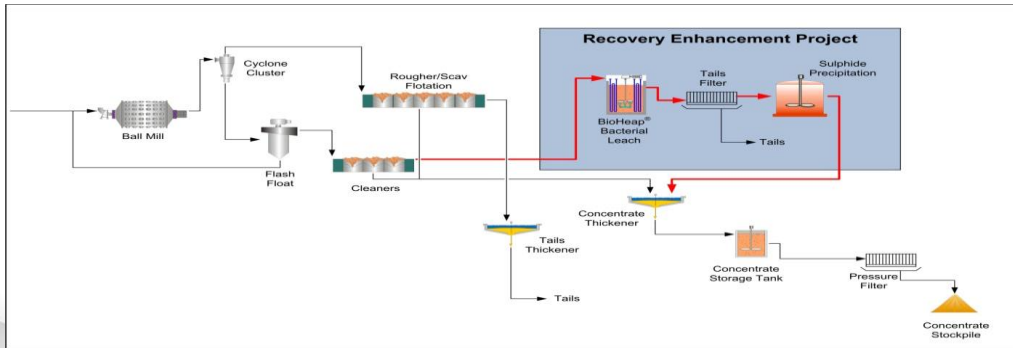
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings & accessible from either mine
- Open Pit and shallow underground studies commenced
- Massive sulphide Indicated Resource of 321.8kt @ 3.7% nickel
- Significant intersections:
 - 4.4m @ 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)



MILL RECOVERY ENHANCEMENT PROJECT



- Project approved - 20 July 2015
- Long lead item orders placed– initial commitment A\$7.4m completed
- Project construction has been deferred until July 2016 as part of capex optimisation initiatives
- Increase average nickel recoveries from 3% to 5% over the life of mine
- A\$22m project with 6 month construction time
- GR Engineering appointed under EPC with guaranteed maximum price arrangement
- Unit cash operating cost A\$2.42/lb in concentrate
- 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)

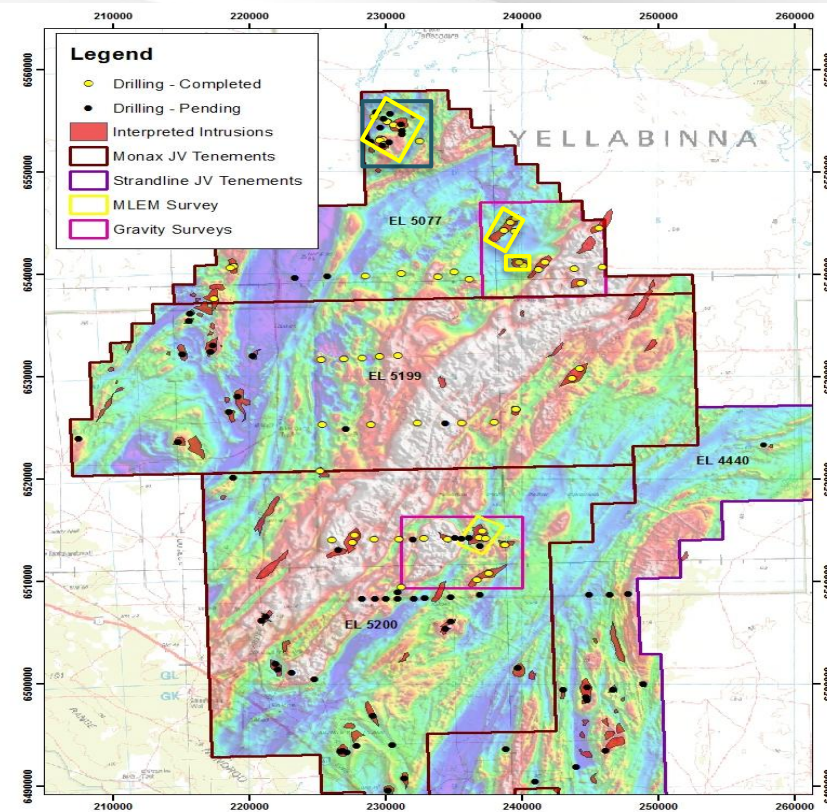


WESTERN GAWLER JOINT VENTURES

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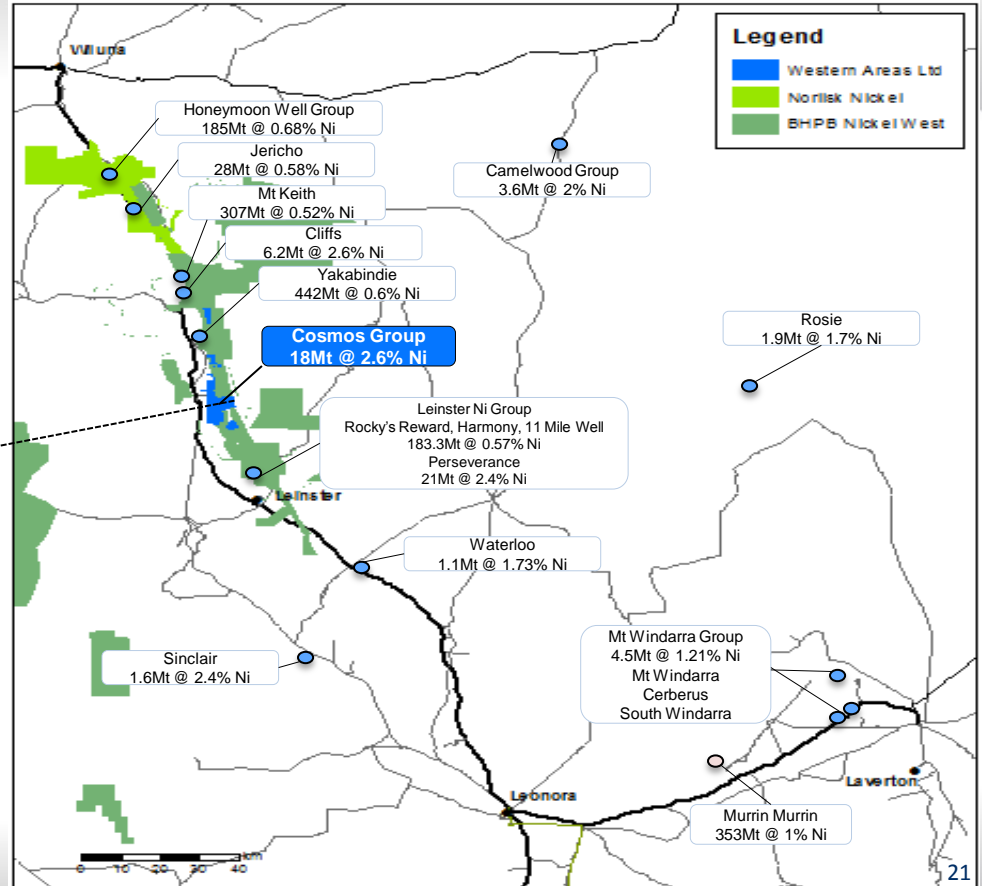
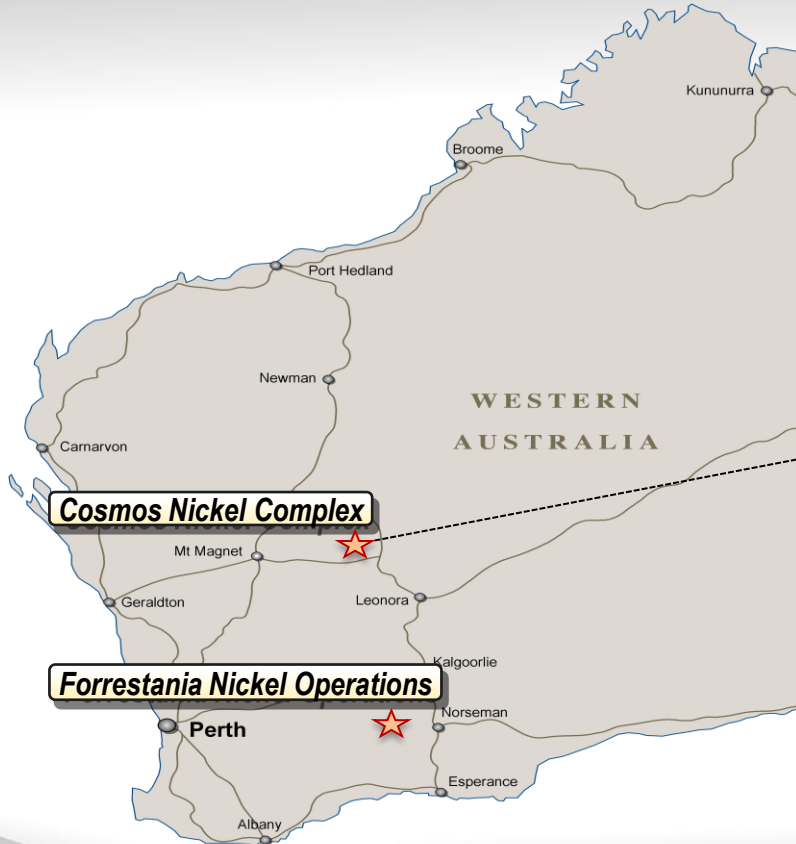
- Two separate Farm-In Agreements with Strandline Resources Ltd and Monax Mining Ltd:
 - A\$1.2m on each to earn 90% over 3.5 years
 - 90% earn into Monax now completed
 - Total area 2,746km²
- First mover advantages targeting massive high grade poly-metallic mineralisation
- High resolution airborne geophysics completed (57,477km were flown)
- First phase drilling in progress – testing magnetic features and confirming bedrock geology
- Prospective mafic-ultramafic intrusives identified from drilling
- Geophysical test work underway in areas of interest



Western Gawler Project - Activity Summary - October 2015

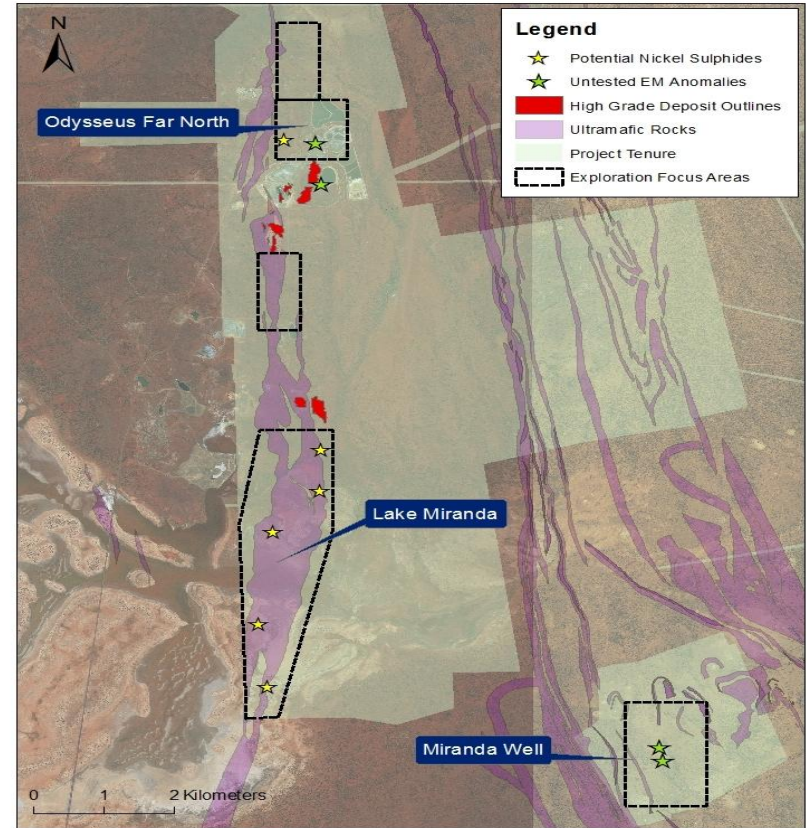
Coord System: GDA1994 MGA Zone 53S

LOCATION – PREMIER NICKEL PROVINCES

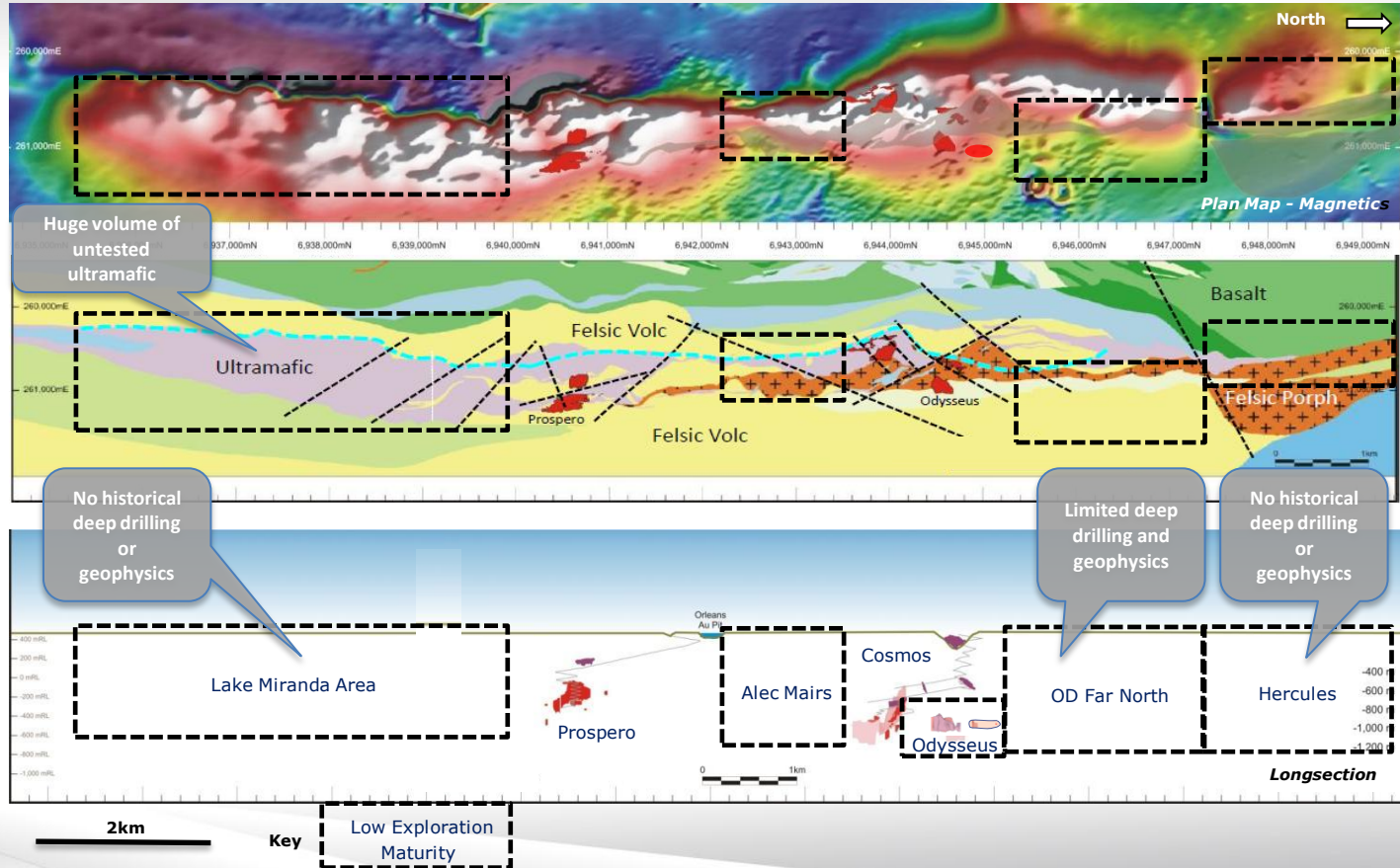


COSMOS NICKEL COMPLEX

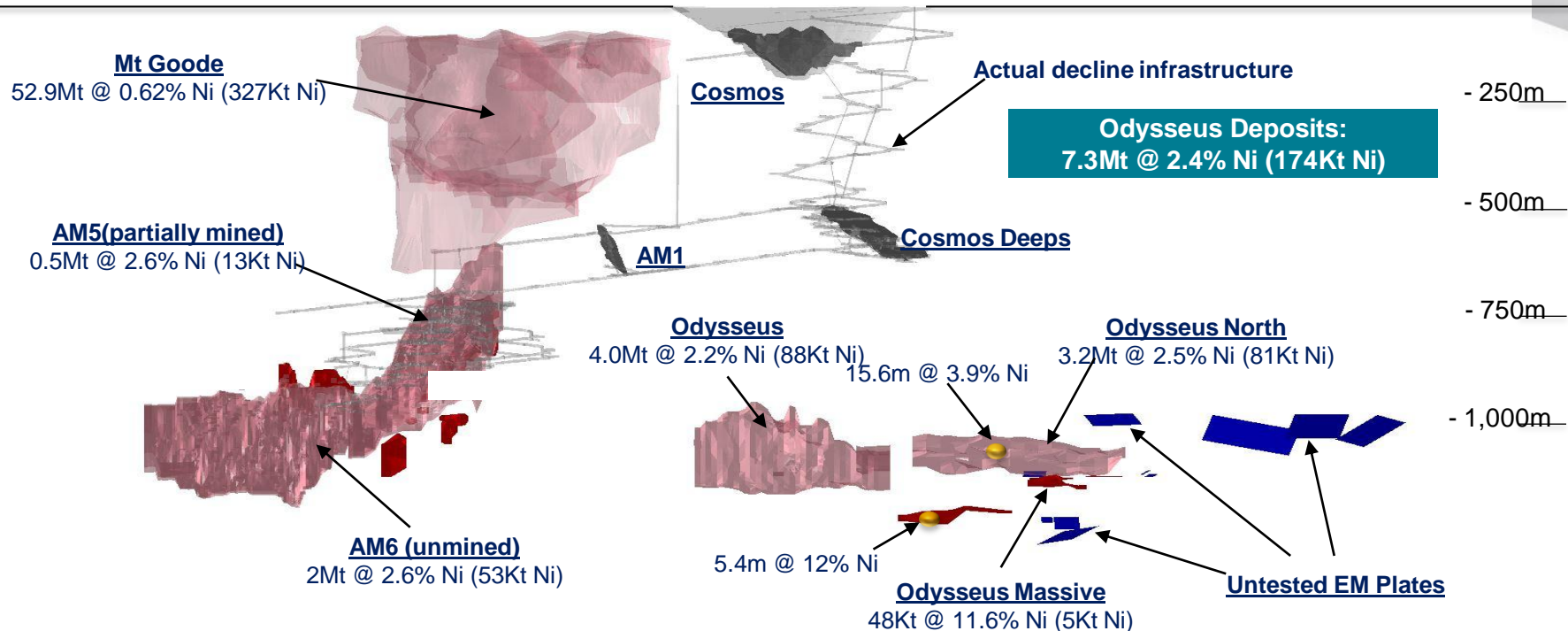
- Geophysical test surveys underway - prior to tender
- Test work to be completed over priority areas at Odyssey North and Lake Miranda
- Three different geophysical contractors to trial systems on site
- Application of latest technology and acquisition methods
- New methods will provide a step change in detection capabilities – open up new parameter space



COSMOS BELT POTENTIAL



ODYSSEUS COMPLEX AND OTHER RESOURCES



Longitudinal Section – Looking West

COSMOS INFRASTRUCTURE



Mill with tailings dam in background



Refuge chambers



Mill infrastructure



Water evaporation fans

COSMOS INFRASTRUCTURE



Administration infrastructure



Spare and brand new SAG mill in storage



Fuel tanks



Aerodrome infrastructure

WESTERN AREAS VALUE EQUATION

- High Grade = Margin
- Lowest Quartile Cash Costs

Highest Grade Nickel Globally



- Consistent returns to shareholders in Dividends

Cash flow Positive



- Guidance continually met or exceeded

Strong Track Record of Delivery



- Zero Lost Time Injuries in past 12 months

Safety



- Pipeline of growth opportunities

Growth



- Fundamentals and forecasts positioned to rebound

Nickel Price Primed for Upside



- New mine successfully brought on in 24 months

History of Discovery and Development



- Debt free and maximum flexibility

Strong Balance Sheet



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NICKEL MARKET



NICKEL PRICE DRIVERS



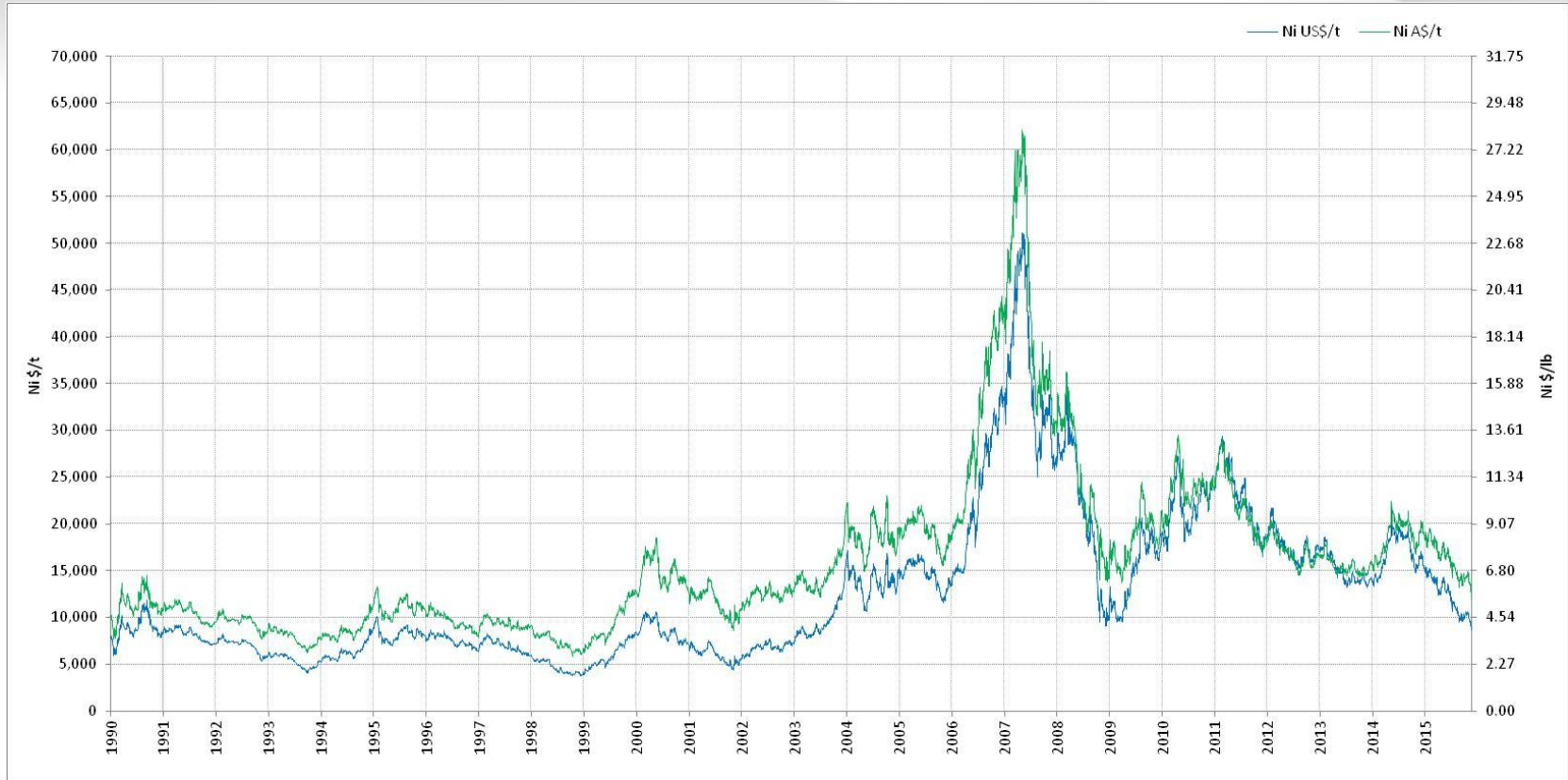
There are a number of factors that influence the nickel price including:

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

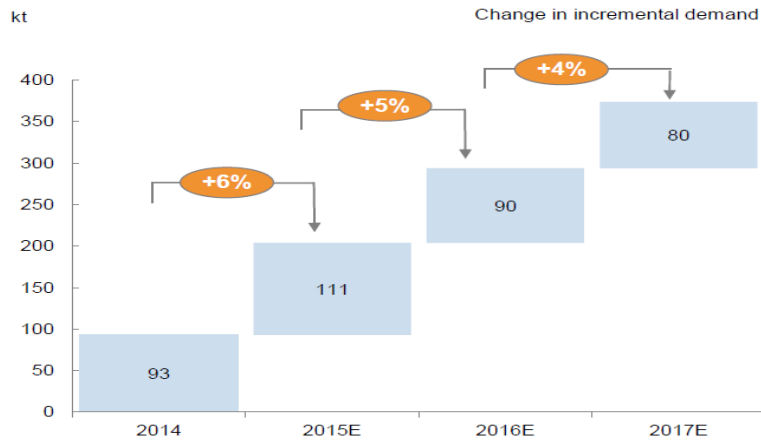
HISTORICAL NICKEL PRICE (1990-PRESENT)



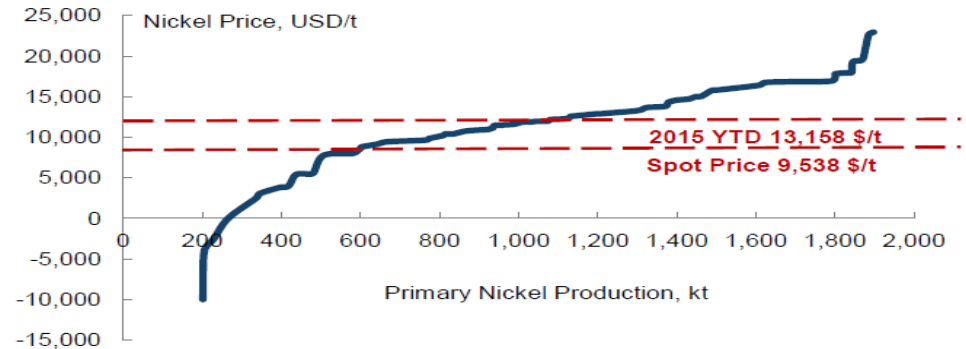
NICKEL PRICE DRIVERS



Nickel consumption keeps growing and...

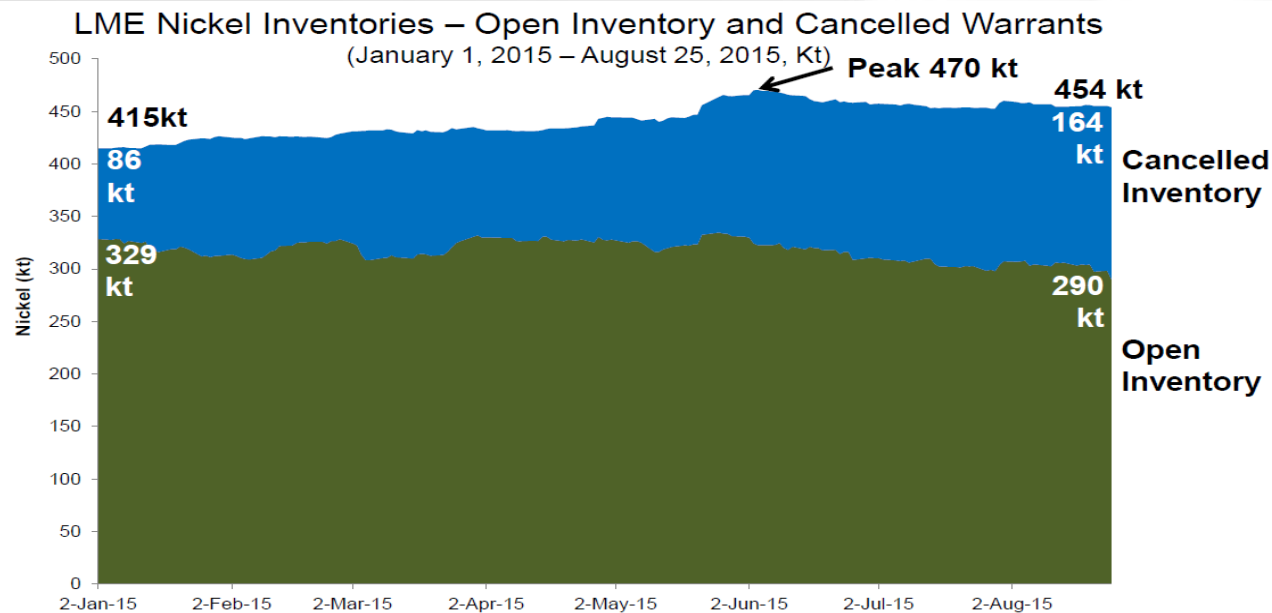


2015 Global Nickel Cash Cost Curve (C1): Over 60% is Loss Making...



- 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

NICKEL PRICE DRIVERS - LME



- 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

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THE END – THANK YOU

