

WESTERN AREAS LTD



CORPORATE PRESENTATION

RIU Conference

FEBRUARY 2016



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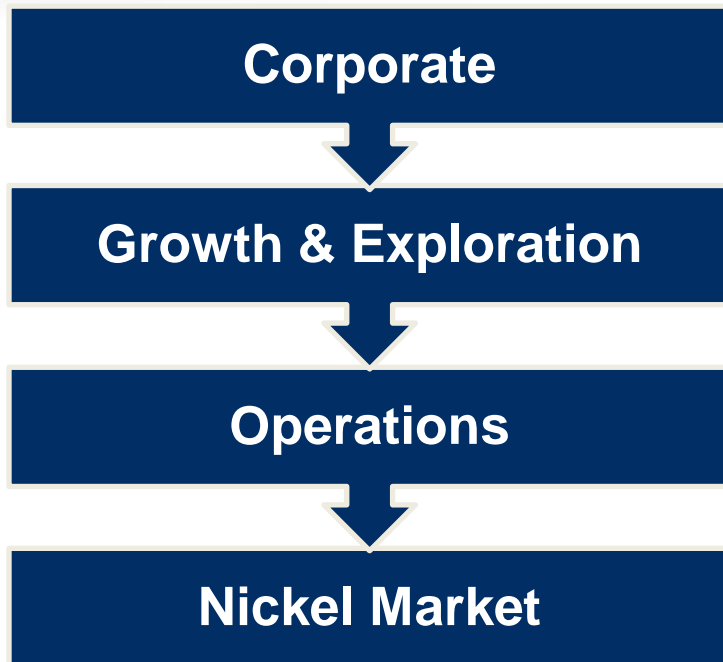
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The information within this PowerPoint presentation was compiled by Western Areas management, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. Andre Wulfse. Mr. Lougher and Mr. Wulfse are full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

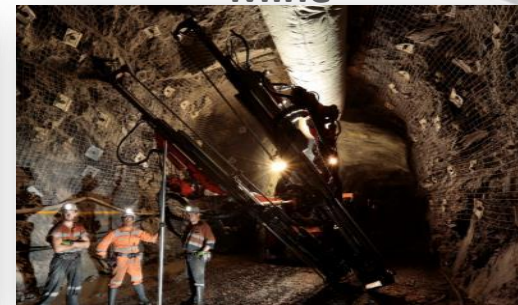
For the Purposes of Clause 3.4(e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.



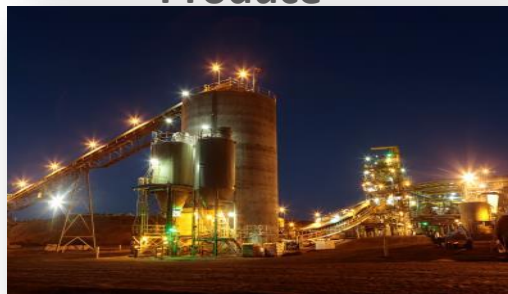
Explore



Mine



Produce



Sales



WESTERN AREAS LTD



CORPORATE



CORPORATE OVERVIEW



High quality assets

- Highest grade, low cash cost nickel producer
- Operational cashflow positive at current prices

Net Cash, consistent shareholder returns

- Flexibility with A\$50m ANZ facility
- Disciplined capital allocation

Organic growth options

- Strong near-mine and regional exploration
- Recently acquired Cosmos

Positioned for nickel recovery

- A\$1/lb lift in nickel price = circa A\$35m EBITDA
- Portfolio delivers optionality

A leading mid-tier base metal producer

ASX code	WSA
Share price	2.14
Shares outstanding (m)	233.4
Market Cap (A\$m) ¹	499.5
Cash (A\$m) ²	29.9

Cosmos Nickel Complex

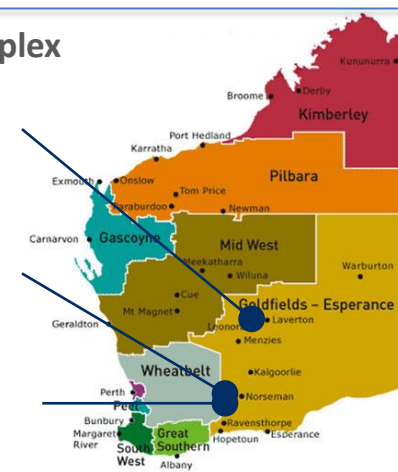
567kt Ni resources
Scoping study being reviewed

Flying Fox

12.9kt Ni mined FY15
62kt Ni reserves
99kt Ni resources

Spotted Quoll

13.6kt Ni mined FY15
107kt Ni reserves
145kt Ni resources



1. Based on share price of on 22 Feb 2016

2. Cash as at 31 December 2015

WESTERN AREAS ARE SAFE AREAS



Days LTI free

Exploration	2,740	Nov-08
Spotted Quoll	1,723	Aug-11
Cosmic Boy Concentrator	922	Oct-13
Flying Fox	905	Nov-13

12 month LTIFR moving average



Safe operations make efficient operations

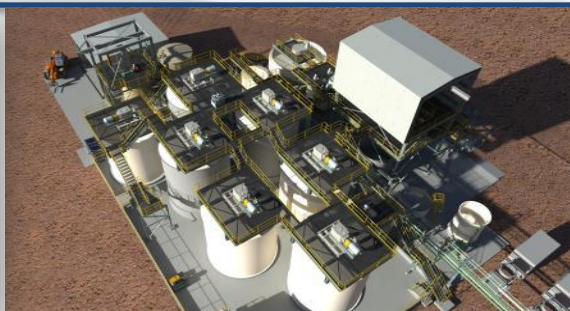
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GROWTH AND EXPLORATION OUTLOOK



BUILDING THE PLATFORM



Production

Development

Discovery & Exploration

Flying Fox

New Morning

Western Gawler JV

Spotted Quoll

Odysseus PFS

Cosmos Nickel Complex

Cosmic Boy Concentrator

Mill Recovery Enhancement Project

Forrestania

A portfolio delivering production longevity and growth optionality

ORGANIC GROWTH PROFILE



Large holding in 2 significantly endowed nickel provinces

Cosmos Nickel Complex / Odysseus – Western Australia

- Existing resources and infrastructure (previous Glencore/ Xstrata/Jubilee Mines operation)
- Option to develop a new West Australian integrated Nickel operation

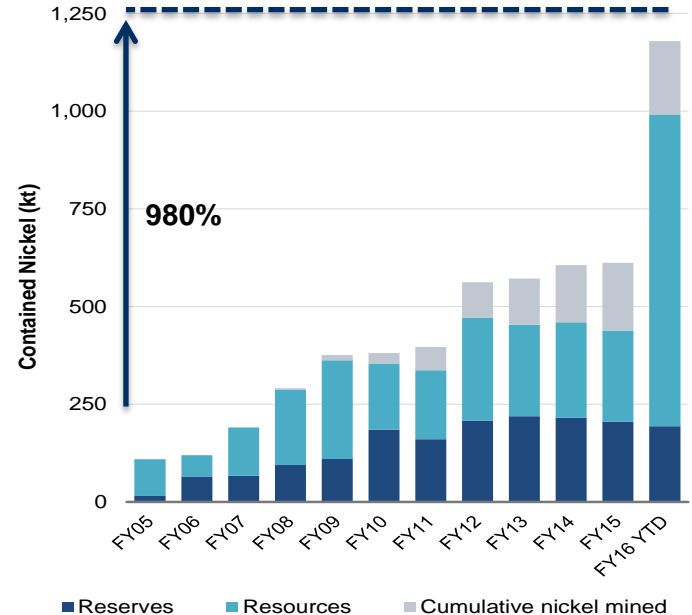
Forrestania Operations – Western Australia

- New Morning project – Near mine leveraging existing infrastructure with studies underway
- History of reserve/resource extension
- Mill Recovery Enhancement Project – lift metallurgical recoveries by 3-5%

Western Gawler – South Australia

- First mover advantage
- Intrusive style and geologically similar to Nova

Historic reserves & resources



WSA has a track-record of discovery and development



Strategic Rationale

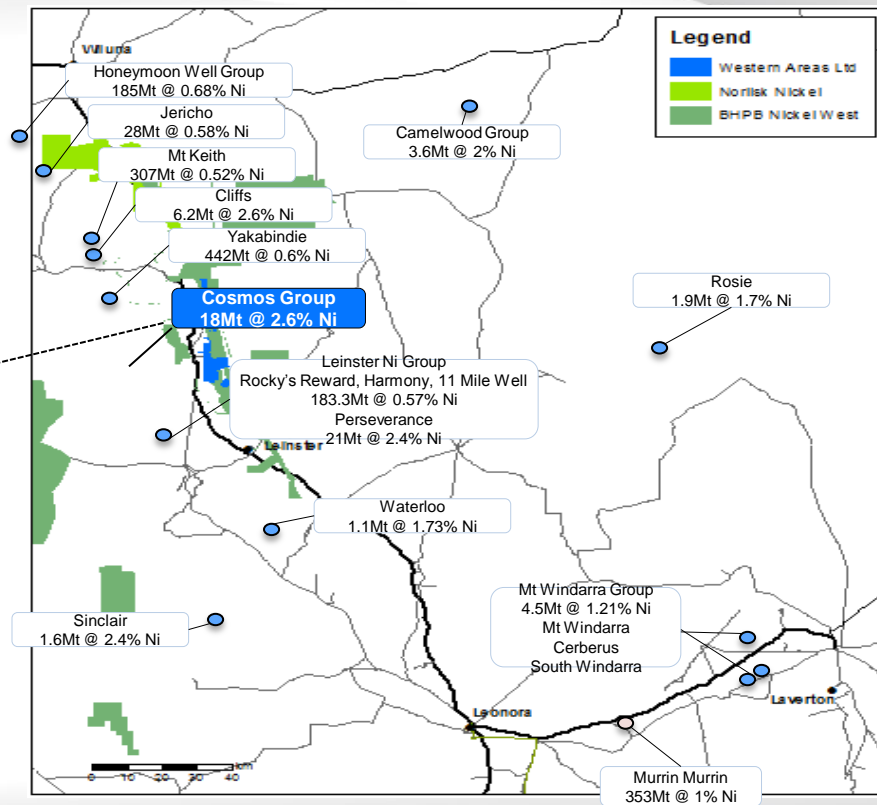
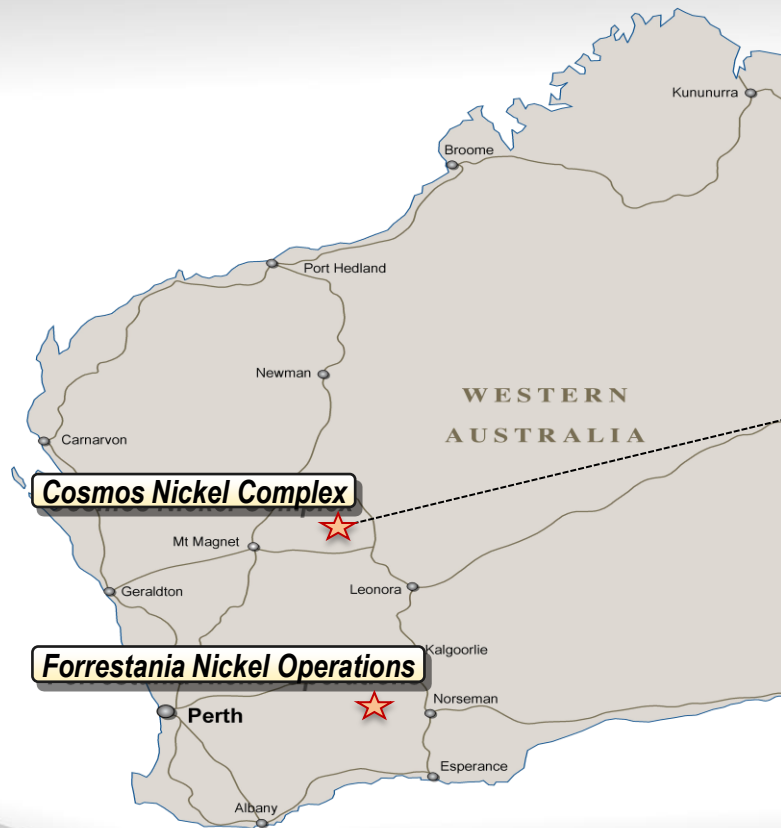
1. Low cost entry
2. Plays to WSA's core strengths
3. Right street address
4. WSA approach to exploration will be different
5. Potential 2nd operation
6. Full infrastructure and facilities
7. Future potential concentrate blending
8. "Ready to go" when nickel prices support development

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 - PAID;
 - b. A\$7.0m nine months post close (1/7/16); and
 - c. A\$6.0m eighteen months post close (1/4/17)



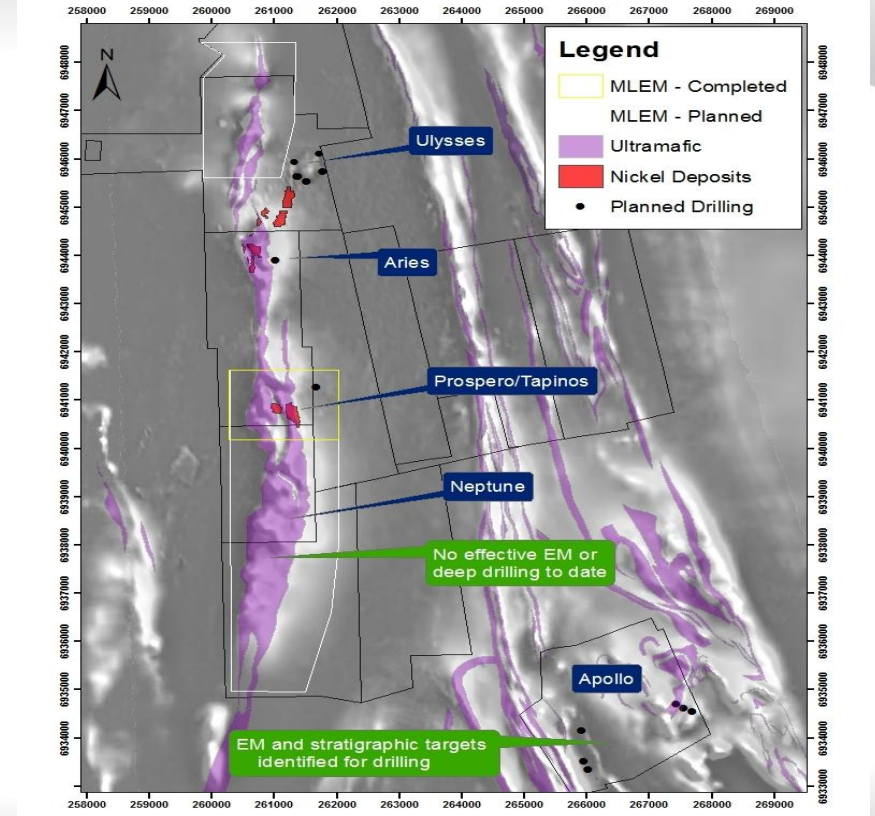
LOCATION – PREMIER NICKEL PROVINCES



COSMOS NICKEL COMPLEX



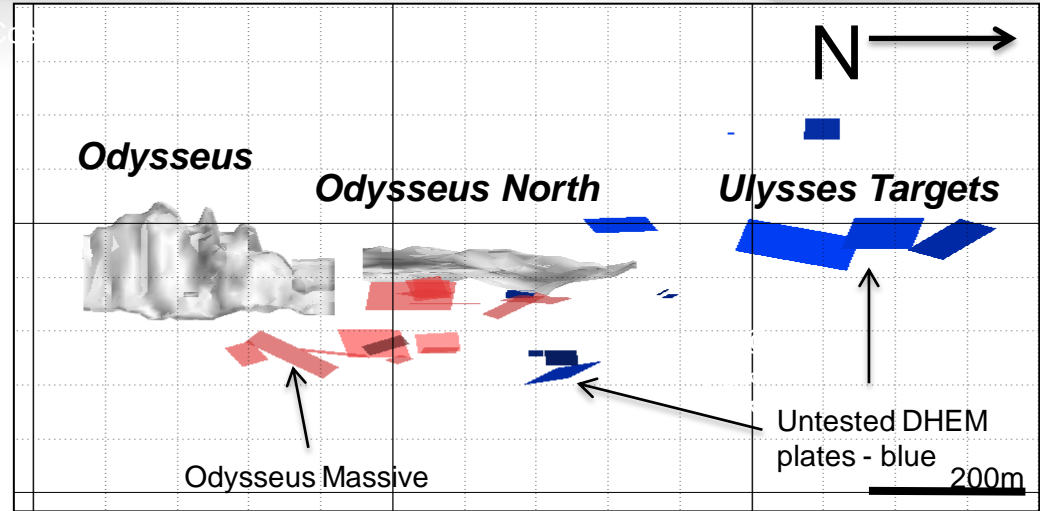
- **Tenements covering 88km²**
 - Near to BHP Leinster nickel operations
 - Previous highest grade open pit nickel mine globally
- **17km long ultramafic sequence**
 - Dominated by high MgO ultramafic rocks
- **High tenor nickel sulphide belt – up to 30% nickel**
 - Similar to Forrestania, higher than Leinster
 - Mining grades around 5% Nickel
- **Ground geophysics program commenced** using latest EM technology
 - MLEM work started on Neptune (previously named Lake Miranda)
- Review of Xstrata drill data base reveals intersections requiring follow-up work
 - Prospero - 4.2m @ 12.5% Ni (incl 2.4m @ 19.7% Ni)
 - Aries – 4.5m @ 12.3% Ni and 3.3m @ 10.6% Ni



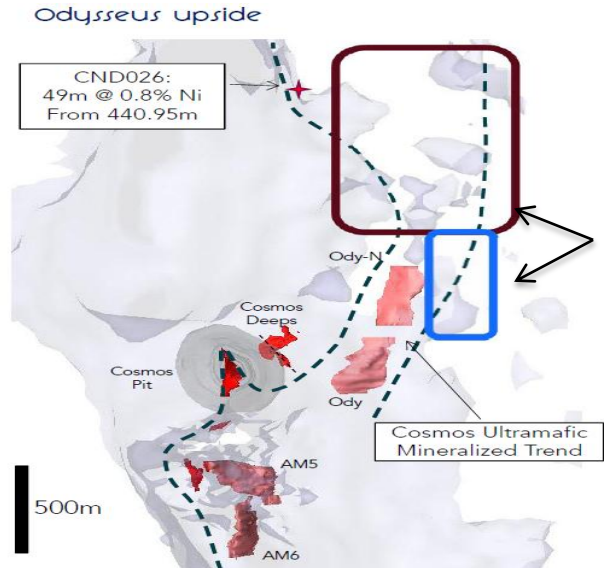
ODYSSEUS – ULYSSES EXPLORATION



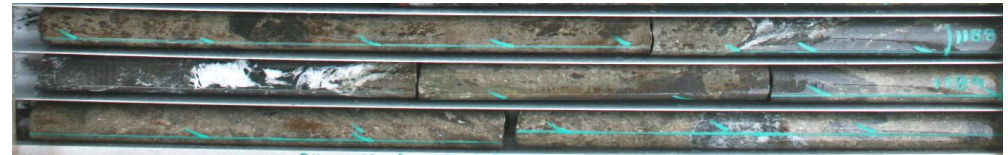
- 6 hole, 7,000 metre drilling program has been designed – focussed on Ulysses
- A\$2.6M exploration program
- Drilling untested plates designed at adding more resource tonnes to the Odyssey Project



Odysseus deposits – Long section



Target Areas



Odysseus Massive Nickel Sulphides – 3.92m @ 15.37% Ni (incl. 1m @ 18.1% Ni)

ODYSSEUS SCOPING STUDY REVIEW



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

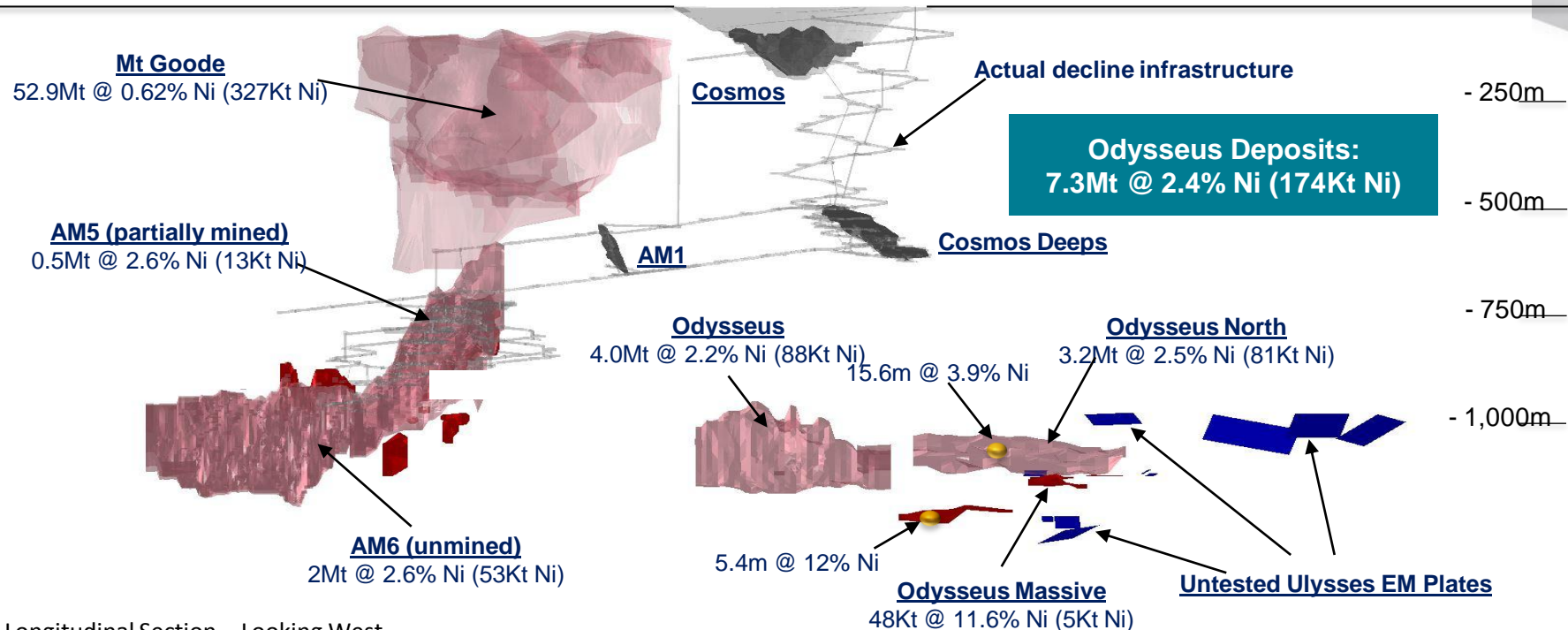
XNAO conducted an in-house study on the Odysseus group of deposits

- 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 is reviewing the existing XNAO study and has commenced a ‘gap analysis’ to complete a pre-feasibility study over the following 9 months

- Test near mine exploration potential beginning with Ulysses – drilling commencing in March quarter
- 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 testwork 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

ODYSSEUS COMPLEX AND OTHER RESOURCES



Longitudinal Section – Looking West

COSMOS AERIAL VIEW



Significant infrastructure in place:

- 450ktpa mill with expansion options
- Tailings storage and evaporation ponds
- Concentrate storage
- Coreyard facilities
- Gas connection
- Mill and mining spares inventory
- Approximately 500 person accommodation village
- Recreational facilities
- Aerodrome
- Administration and workshop buildings
- Telecommunications

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



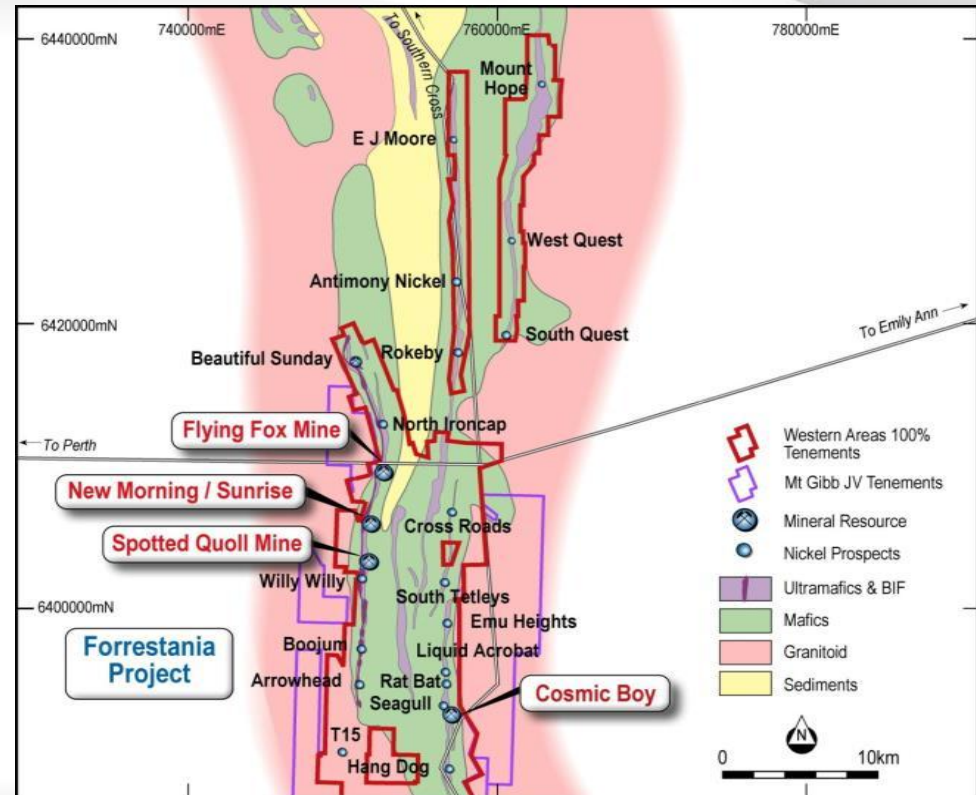
Aerodrome infrastructure

FORRESTANIA TENEMENTS



Regional Geology

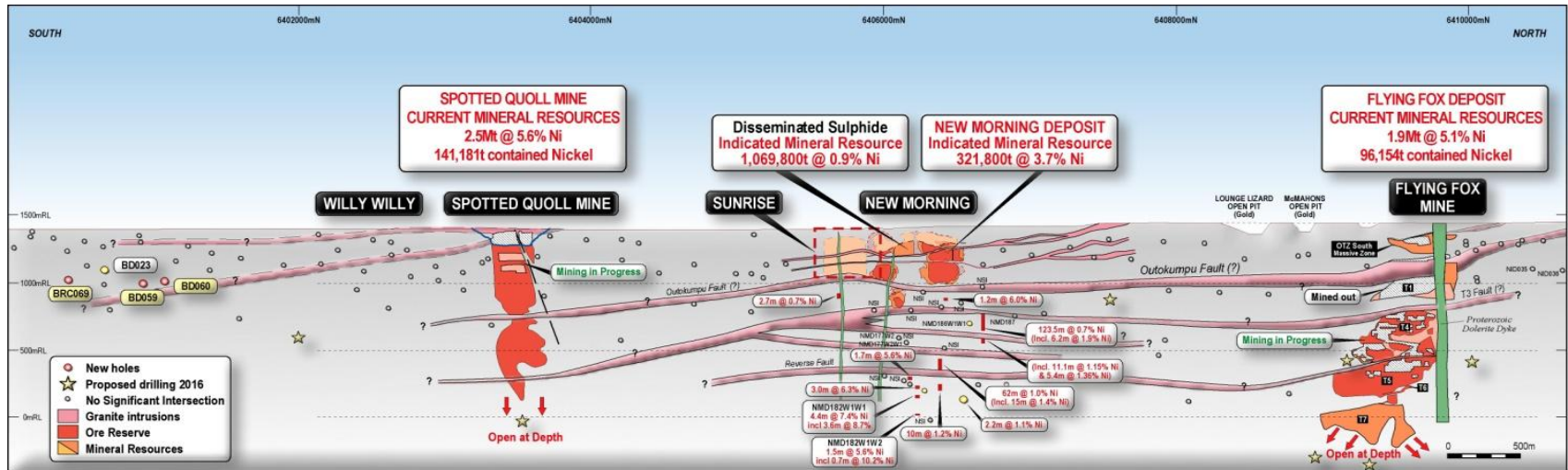
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Total endowment of **29.97Mt at 2.28% Ni for 684k Ni tonnes**
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade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



FORRESTANIA – NEAR MINE EXPLORATION



- Exploration spend in FY16 likely around A\$10m
- Focus is on near mine opportunities

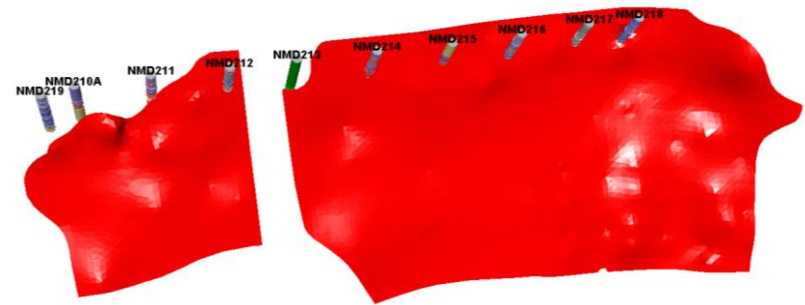
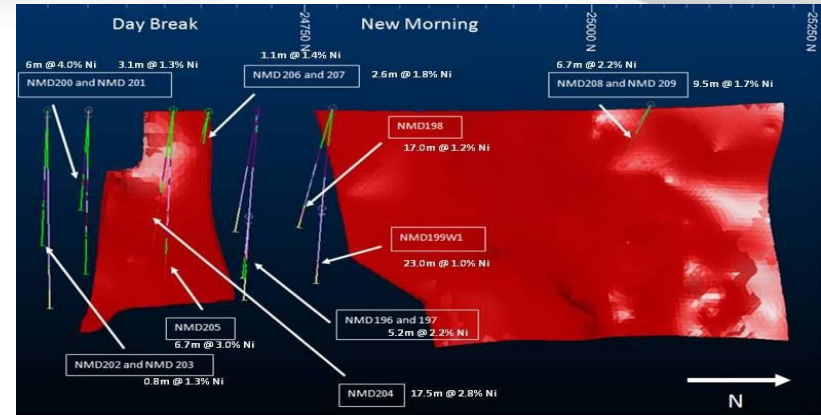


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 Interpreted Longitudinal Projection (10 Km Long) - January 2016
 FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY

ANCPI1188607



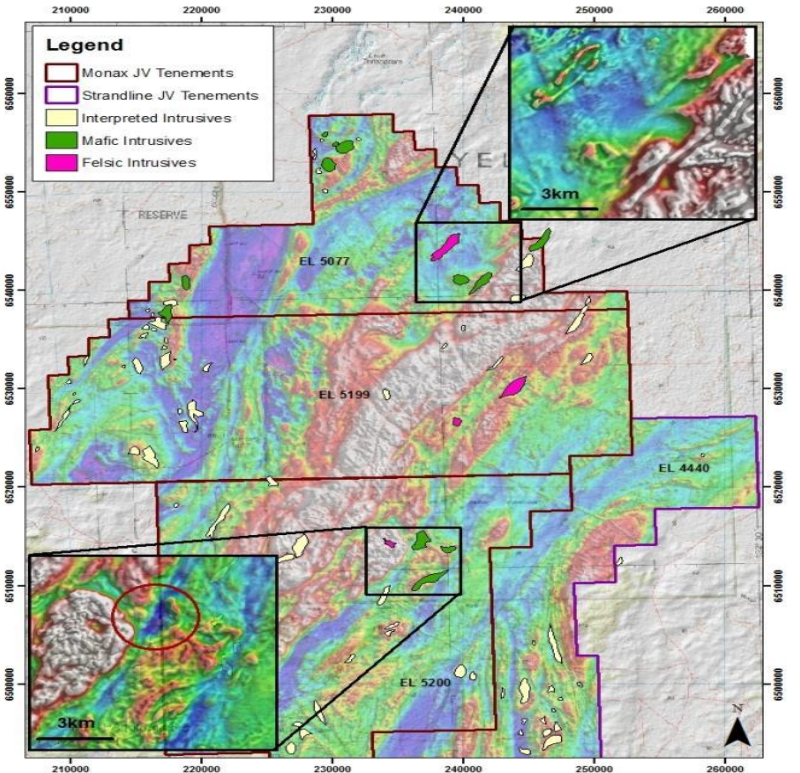
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings and accessible from either mine
- Open Pit and shallow underground studies commenced
- Massive sulphide Indicated Resource of 321.8kt @ 3.7% nickel
- Significant intersections:
 - 4.4m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

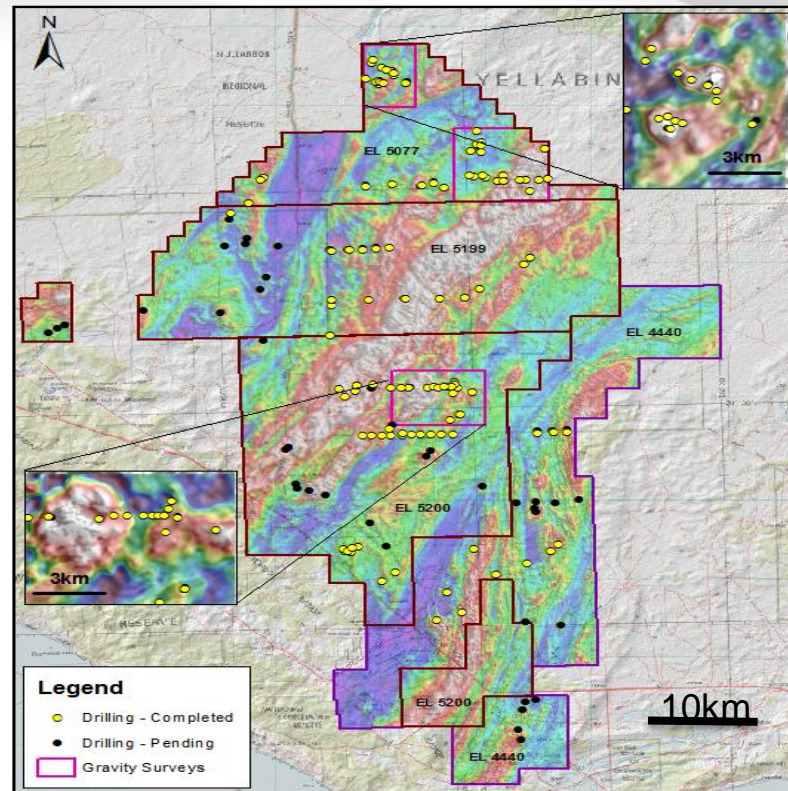


EXPLORATION SUMMARY



Broad scale prospectivity for Ni/Cu and Gold

- Ongoing RC drilling with encouraging early results
- Targeting potential mafic/ultramafic intrusions and generating geochemical targets in the broader areas
- 115 AC/RC/DD drill holes completed to date
- Full heritage access approvals nearing completion
- Geochemical review of drilling data highlights gold anomalism, confirms base metal potential
- Petrology confirms the presence of intrusive mafic and ultramafic rocks



Exploration activity overlaying magnetics (RTP)
Insets show residual gravity overlaying magnetics (RTP)

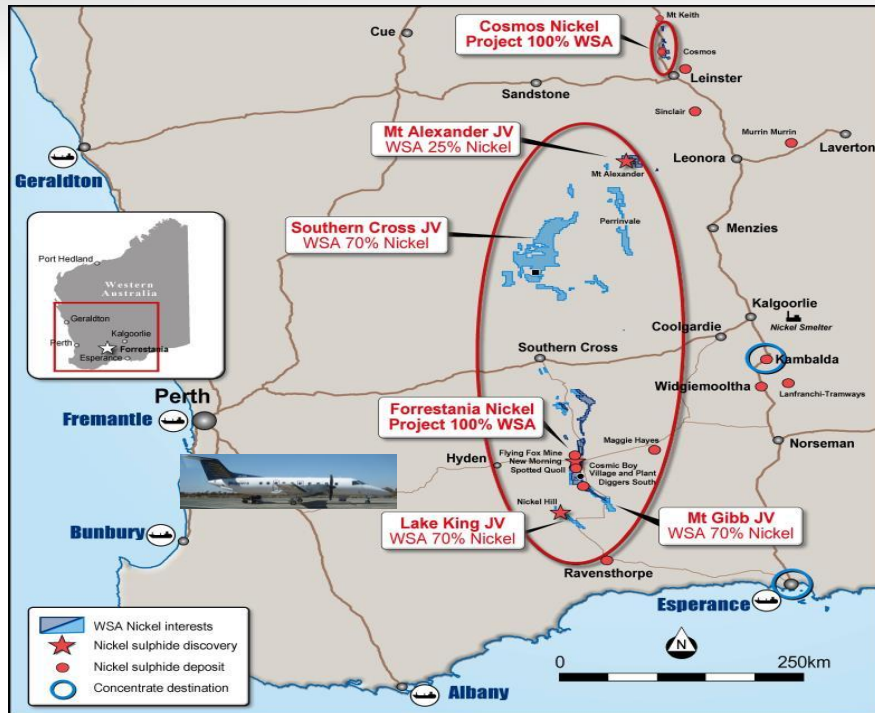
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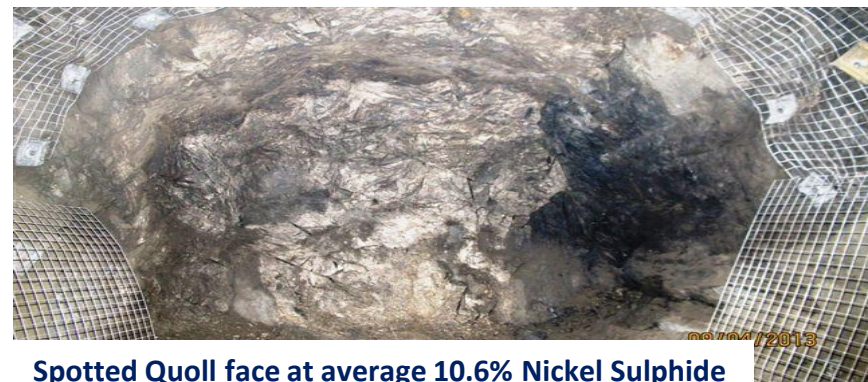
OPERATIONS



LOCATION, LOCATION, LOCATION.....



Lounge Lizard 10m wide face of 7% Massive Nickel Sulphide



Spotted Quoll face at average 10.6% Nickel Sulphide

Premier, stable mining district – tier 1 mines – organic growth

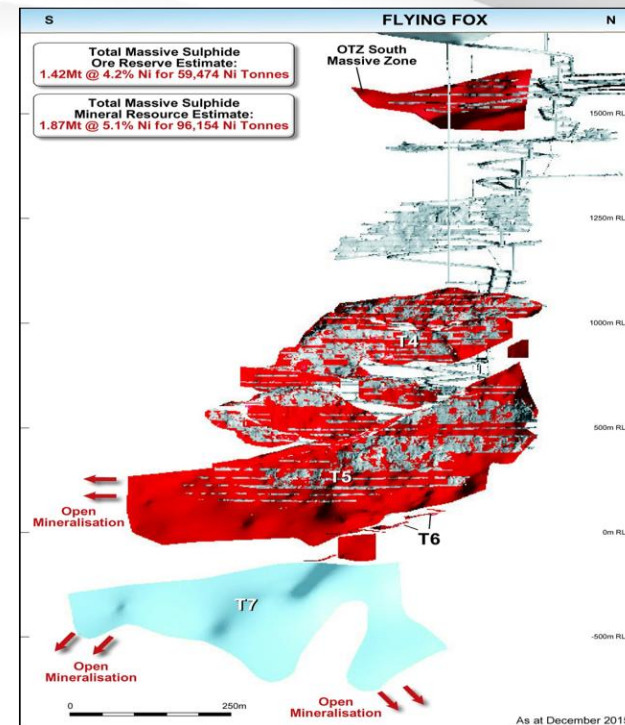
FLYING FOX MINE



Reserve Contained nickel	1.4Mt @ 4.2% 59,474 Ni tonnes
Resource Contained nickel	1.9Mt @ 5.1% 96,154 Ni tonnes
Mine life (reserve)	+5 years

Key points

- Reserve life has a demonstrated history of replenishment
- Added OTZ South Massive Zone – 182,898t @ 4.1% Ni for 7,417 nickel tonnes
- Recent drilling into T5 and T6 domain has been encouraging, including 6.3m @ 8.0% Ni
- Has been operating for over 9 years



WSA's foundation asset within Forrestania

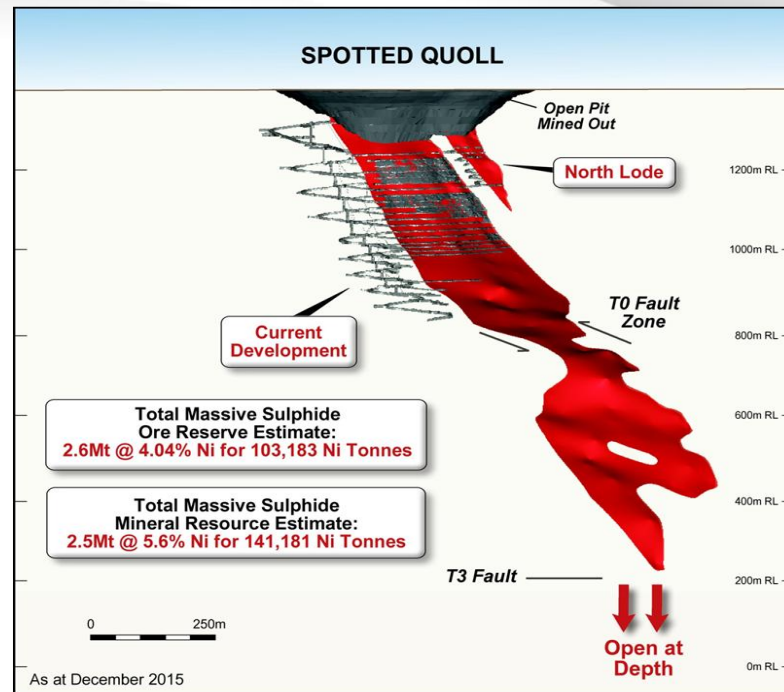
SPOTTED QUOLL MINE



Reserve Contained nickel	2.6Mt @ 4.0% 103,183 Ni tonnes
Resource Contained nickel	2.5Mt @ 5.6% 141,181 Ni tonnes
Mine life (reserve)	+9 years

Key points

- Discovered by WSA in 2007, 6km south of Flying Fox
- Remains open at depth and to the North
- Production has outperformed reserve tonnes and grade consistently
- Top down mining with paste fill
- Has never recorded an LTI



WSA Explored – Discovered – Developed – another world class nickel mine

FORRESTANIA NICKEL CONCENTRATOR

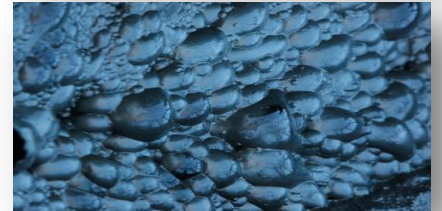


Concentrator Summary

- 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 between 14.0% to 15.0% Ni
 - **Premium blending product (Fe/Mg ratio >15:1)**
 - Desirable to smelters
- 14,000t of concentrate storage capacity

Export Infrastructure and Logistics

- Well established container logistics chain into China
- Shipping contract in place, FOB Esperance Port
- BHP Nickel West concentrate delivered to Kambalda



WSA produces a high quality concentrate

DECEMBER 2015 QUARTERLY REPORT



Tonnes Mined		2014/2015		2015/2016		YTD
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Flying Fox						
Ore Tonnes Mined	Tns	72,144	62,976	67,400	76,163	143,563
Grade	Ni %	4.6%	4.9%	4.7%	4.2%	4.4%
Ni Tonnes Mined	Tns	3,330	3,076	3,155	3,183	6,338
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	70,590	68,569	80,702	81,318	162,020
Grade	Ni %	4.8%	5.1%	4.8%	4.6%	4.7%
Ni Tonnes Mined	Tns	3,372	3,489	3,905	3,734	7,639
Total - Ore Tonnes Mined	Tns	142,734	131,545	148,102	157,481	305,583
Grade	Ni %	4.7%	5.0%	4.8%	4.4%	4.6%
Total Ni Tonnes Mined	Tns	6,702	6,565	7,060	6,917	13,977
Tonnes Milled and Sold		2014/2015		2015/2016		YTD
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Ore Processed	Tns	145,933	157,913	153,540	152,435	305,975
Grade	%	4.7%	4.7%	4.6%	4.6%	4.6%
Ave. Recovery	%	90%	89%	89%	89%	89%
Ni Tonnes in Concentrate	Tns	6,180	6,676	6,252	6,256	12,508
Ni Tonnes in Concentrate Sold	Tns	6,452	6,690	6,233	6,281	12,514
Total Nickel Sold	Tns	6,452	6,690	6,233	6,281	12,514
Financial Statistics		2014/2015		2015/2016		YTD
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.64	1.62	1.58	1.63	1.60
Haulage	A\$/lb	0.06	0.05	0.06	0.05	0.06
Milling	A\$/lb	0.46	0.40	0.45	0.41	0.43
Admin	A\$/lb	0.18	0.14	0.19	0.17	0.18
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.32	2.19	2.26	2.24	2.25
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	1.82	1.71	1.64	1.61	1.63
Exchange Rate US\$ / A\$		0.79	0.78	0.73	0.72	0.72

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Dec Qtr = A\$1:US\$0.7204)

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements.

Cash costs exclude royalties and concentrate logistics.

Note. Grade and recovery estimates are subject to change until the final assay data are received.

Some Facts

- ALL FY16 GUIDANCE METRICS ON TRACK OR BETTER
- LTIFR - ZERO
- Record Spotted Quoll production
- Unit cash cost of production at A\$2.25/lb (US\$1.63/lb) of nickel contained in concentrate
- Positive reconciliation to reserve a continued feature
- Exceptional consistency and 5 years without a guidance miss

A management team which consistently delivers guidance

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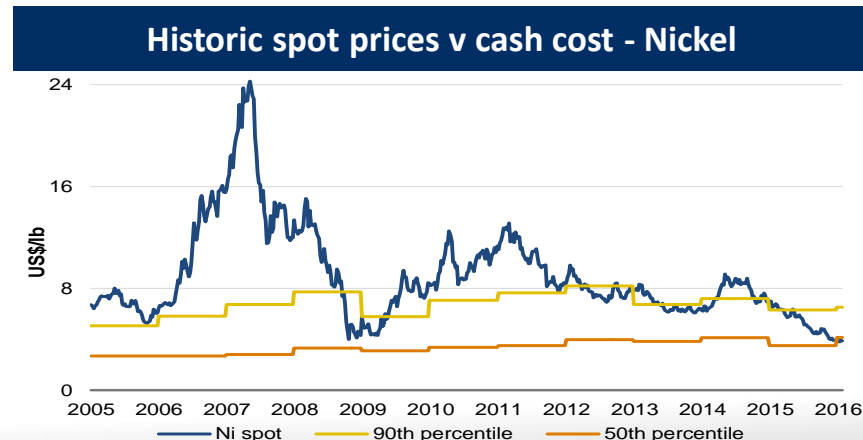
NICKEL MARKET



NICKEL MARKET SNAPSHOT



- Historically, on a through the cycle basis, the 90th percentile on the cost curve has acted as a catalyst for supply / demand adjustments by the nickel market
- The nickel price is now trading below the 50th percentile on the cash cost curve
 - WSA believes >60% of produces losing money, even before sustaining capex
 - WSA is one of the few nickel miners with a positive gross margin



WESTERN AREAS VALUE EQUATION



- High Grade = Margin
- Lowest Quartile Cash Costs

Highest Grade Nickel Globally



- Consistent returns to shareholders in Dividends

Cashflow 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



- Net cash with significant flexibility

Strong Balance Sheet



WESTERN AREAS LTD



THE END

