

WESTERN AREAS LTD



CORPORATE PRESENTATION

Macquarie Australia Conference

5 MAY 2016



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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.

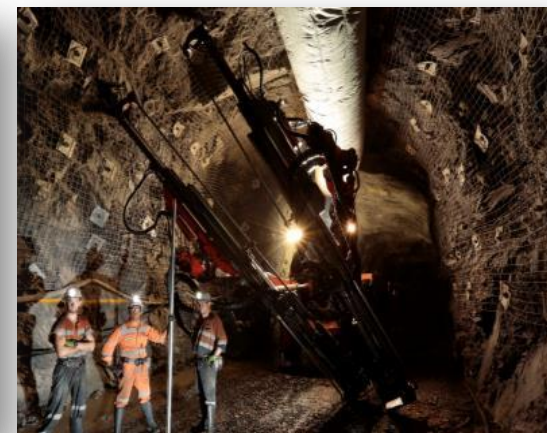
AGENDA



Explore



Mine



Produce



Sales



WESTERN AREAS LTD



CORPORATE



CORPORATE OVERVIEW

High quality assets

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

No debt, consistent shareholder returns

- Recent \$60m equity raise heavily oversubscribed
- Flexibility with A\$50m ANZ facility

Organic growth options

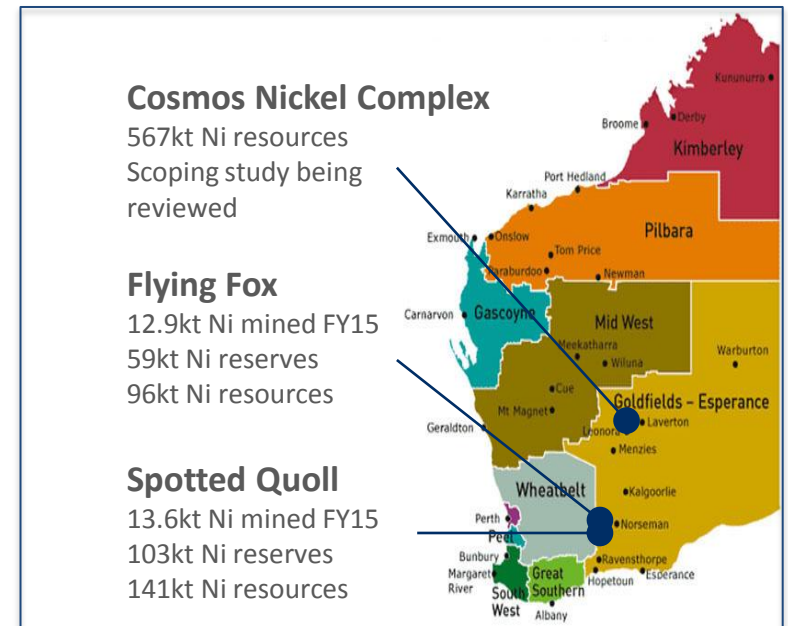
- Strong near-mine and regional exploration
- Acquired Cosmos

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

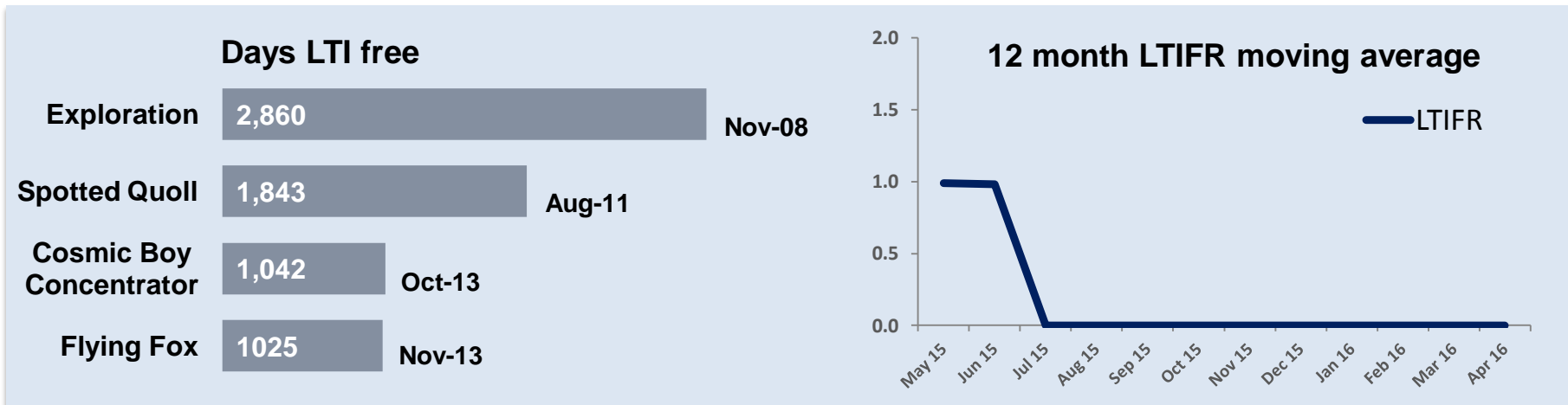
ASX code	WSA
Share price	2.54
Shares outstanding (m)	263.4
Market Cap (A\$m) ¹	669.0
Cash (A\$m) ²	42.5



1. Based on share price of on 26 April 2016
 2. Cash as at 31 March 2016

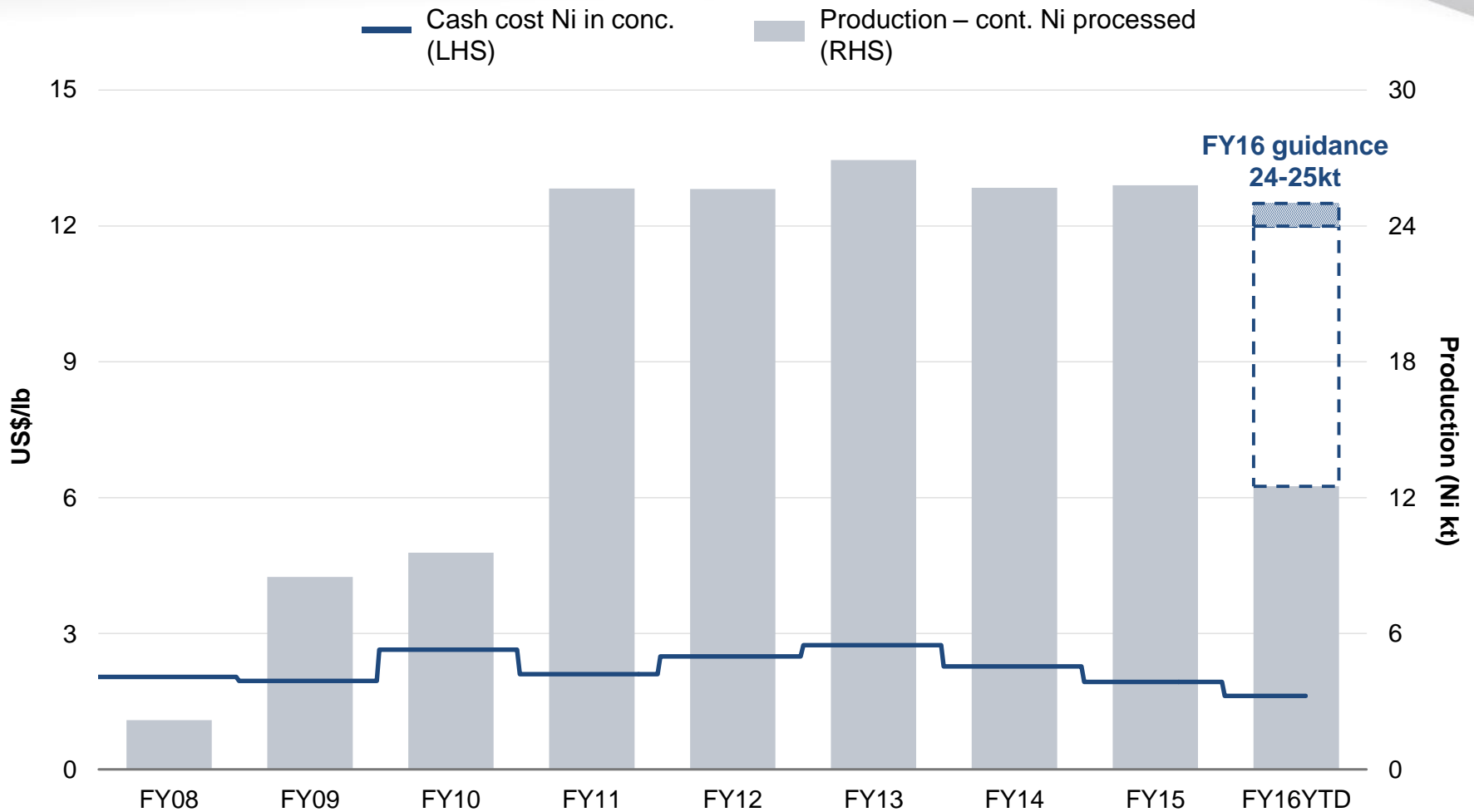


WESTERN AREAS ARE SAFE AREAS



Safe operations make efficient operations

CONSISTENT LOW COST OPERATIONS



WSA cost position provides ability to weather cyclical low nickel prices

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

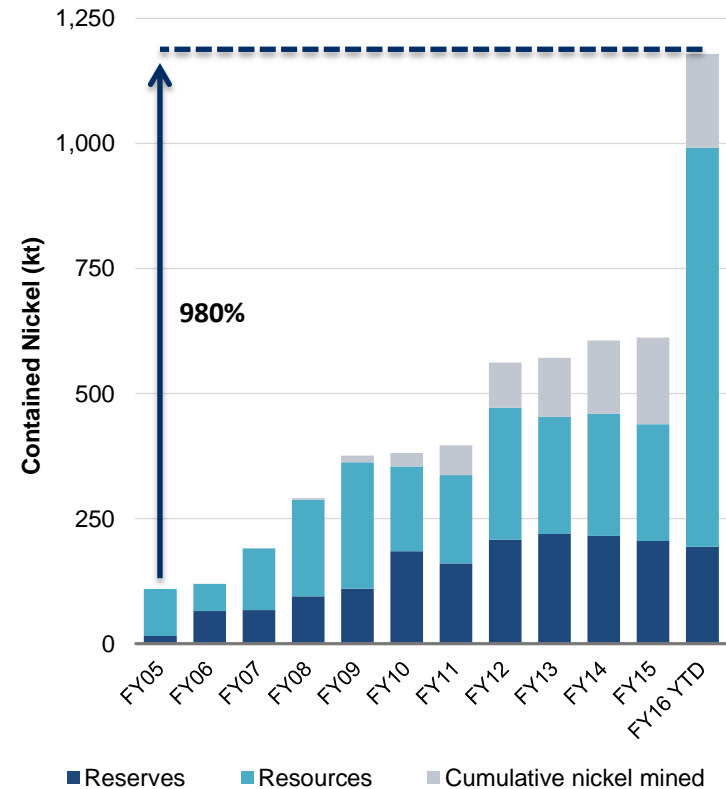
Forrestania Operations – Western Australia

- 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

MANAGING THROUGH THE CYCLE

Reducing cost structure

Cash cost reduction of \$0.19/lb in FY15 and more in 1HFY16

- Expertise in waste dilution and maximising grade and tonnage versus reserve
- Maximising plant and equipment productivity
- Absolute cost out with contractors, suppliers and at the corporate level

Prudent capital management

Deferral of \$34m of capital costs from FY16 to FY17

- Deferred the Mill Enhancement Project by 6 months, but long lead items ordered
- Exploration spend reduced, but still robust. Focus on Cosmos and Western Gawler
- Retain a strong balance sheet to provide flexibility

Opportunistic approach

Build portfolio

- Add quality projects that suffer through a lack of funding and/or play to our core strengths

Maintain valuation discipline

- Be patient in assessing opportunities. Do not succumb to the fear of “missing out”

The cost structure and capabilities to prosper throughout the cycle

FY16 GUIDANCE

FY16 Guidance	Updated Guidance
Mine Production (Nickel in Ore - tonnes)	25,000 to 27,000
Nickel in Concentrate Production (tonnes)	24,000 to 25,000
Unit Cash Cost of Production (In Concentrate)	A\$2.25/lb to A\$2.45/lb
Sustaining Capex	A\$34.0m
Forrestania and Regional Exploration	A\$11.0m
Mill Enhancement	A\$7.4m
Cosmos Exploration and Study Work	A\$4.0m

Comments

- Unit cost guidance range has been improved by A\$0.05/lb due to strong 1st half performance
- All other guidance metrics remain as reported in October 2015

All FY16 Guidance metrics on track or better

MARCH 2016 QUARTERLY REPORT

Tonnes Mined		2014/2015	2015/2016			YTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Flying Fox						
Ore Tonnes Mined	Tns	62,976	67,400	76,163	62,017	205,580
Grade	Ni %	4.9%	4.7%	4.2%	4.6%	4.5%
Ni Tonnes Mined	Tns	3,076	3,155	3,183	2,876	9,214
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	68,569	80,702	81,318	82,711	244,731
Grade	Ni %	5.1%	4.8%	4.6%	4.7%	4.7%
Ni Tonnes Mined	Tns	3,489	3,905	3,734	3,922	11,561
Total - Ore Tonnes Mined	Tns	131,545	148,102	157,481	144,728	450,311
Grade	Ni %	5.0%	4.8%	4.4%	4.7%	4.6%
Total Ni Tonnes Mined	Tns	6,565	7,060	6,917	6,798	20,775
Tonnes Milled and Sold		2014/2015	2015/2016			YTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Ore Processed	Tns	157,913	153,540	152,435	156,190	462,165
Grade	%	4.7%	4.6%	4.6%	4.4%	4.5%
Ave. Recovery	%	89%	89%	89%	90%	90%
Ni Tonnes in Concentrate	Tns	6,676	6,252	6,256	6,180	18,688
Total Nickel Sold	Tns	6,690	6,233	6,281	6,003	18,517
Financial Statistics		2014/2015	2015/2016			YTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	
Group Production Cost/lb						
Mining Cost	A\$/lb	1.62	1.58	1.63	1.66	1.62
Haulage	A\$/lb	0.05	0.06	0.05	0.05	0.05
Milling	A\$/lb	0.40	0.45	0.41	0.41	0.43
Admin	A\$/lb	0.14	0.19	0.17	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	2.19	2.26	2.24	2.27	2.26
Cash Cost Ni in Con/lb	US\$/lb	1.71	1.64	1.61	1.64	1.63
Exchange Rate US\$ / A\$		0.78	0.73	0.72	0.72	0.72

Some Facts

- ALL FY16 GUIDANCE METRICS ON TRACK OR BETTER
- LTIFR - ZERO
- Record Spotted Quoll ore tonnes
- Unit cash cost of production at A\$2.27/lb (US\$1.63/lb) of nickel contained in concentrate
- Record mill throughput during March
- Exceptional consistency and 5 years without a guidance miss

A management team which consistently delivers guidance

INVESTMENT HIGHLIGHTS

- ✓ One of the highest grade mines and lowest unit cash cost nickel concentrate producers
- ✓ A history of discovery and development
- ✓ A proven operator led by an experienced management team
- ✓ Operating cash flow positive, despite the current cyclically low nickel prices
- ✓ Guidance consistently met or exceeded
- ✓ Net cash with significant balance sheet flexibility and strength following the equity raising
- ✓ Strong safety track record with zero Lost Time Injuries in the past 12 months
- ✓ An S&P/ASX 200 index member
- ✓ Strategic owner of sought after nickel in concentrate
- ✓ Committed to stable organic growth with a pipeline of growth opportunities including the recently acquired Cosmos Nickel Complex
- ✓ Well positioned to benefit from an improvement in nickel price sentiment and outlook
- ✓ A good time to be exploring with significantly lower costs, whilst having the ability to assess small scale opportunities

WESTERN AREAS LTD

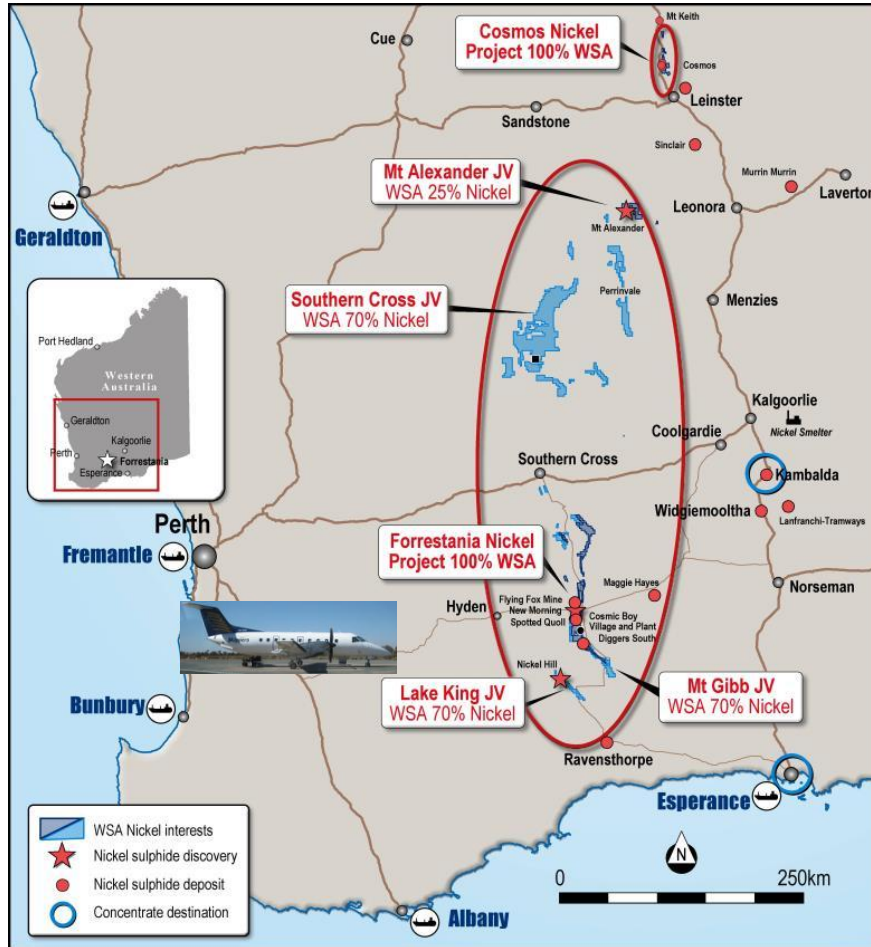


OPERATIONS

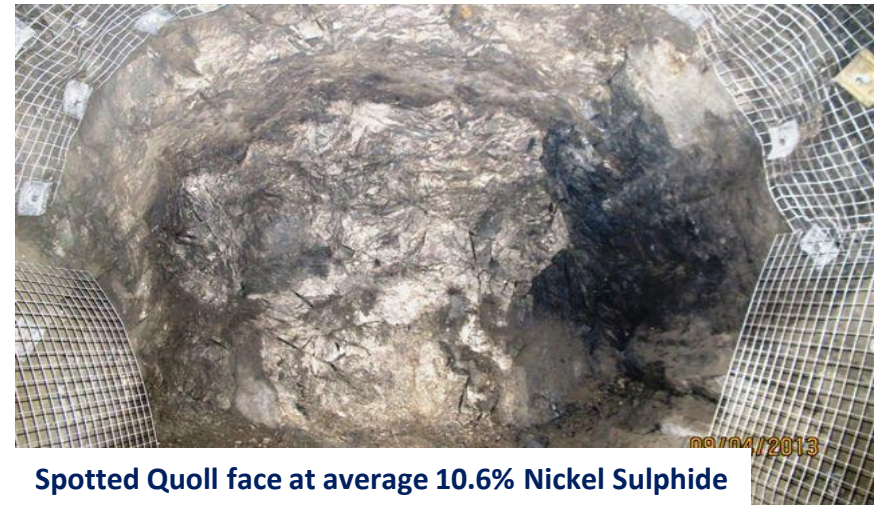




LOCATION, LOCATION, LOCATION.....



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



Spotted Quoll face at average 10.6% Nickel Sulphide

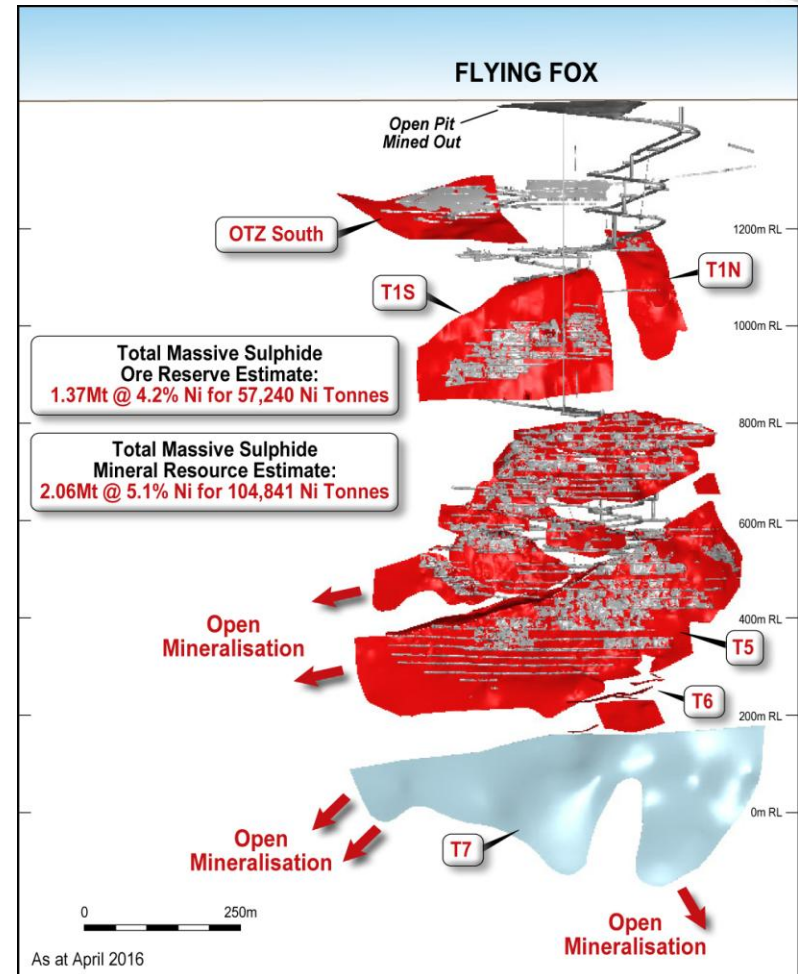
Premier and stable mining district with high quality mines and organic growth options

FLYING FOX MINE

Reserve Contained nickel	1.4Mt @ 4.2% 57,240 Ni tonnes
Resource Contained nickel	2.1Mt @ 5.1% 104,841 Ni tonnes
Mine life	+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



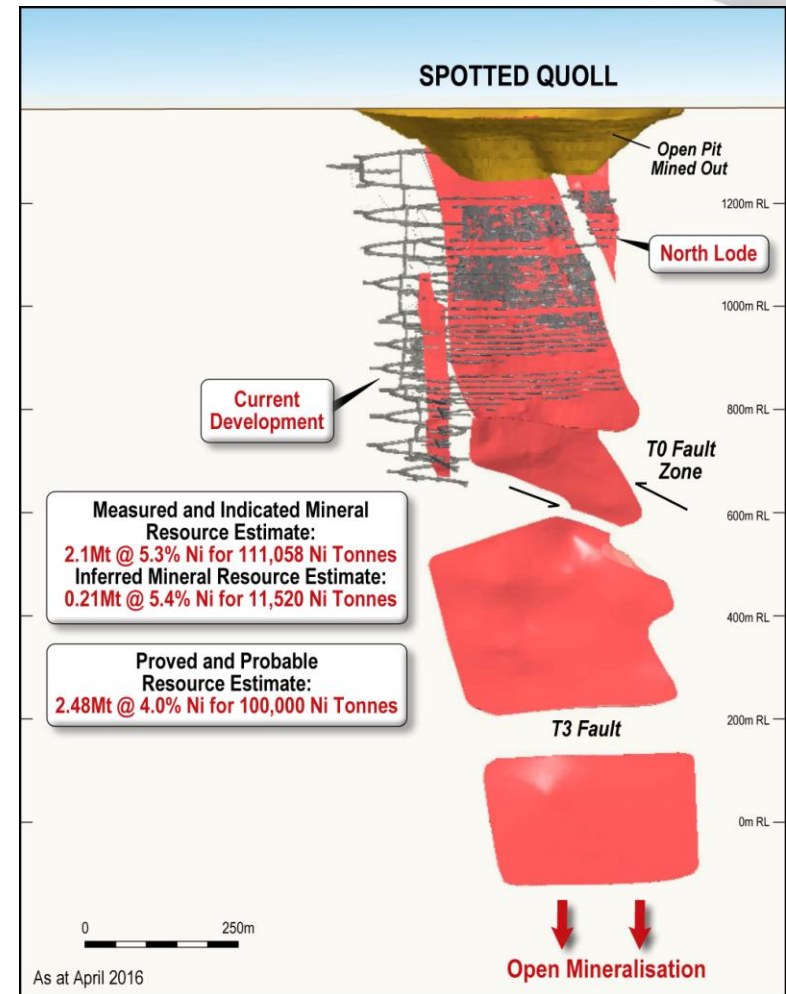
WSA's foundation asset within Forrestania

SPOTTED QUOLL MINE

Reserve Contained nickel	2.6Mt @ 4.0% 100,000 Ni tonnes
Resource Contained nickel	2.3Mt @ 5.3% 122,578 Ni tonnes
Mine life	+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 and Developed

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
- BHPB Nickel West concentrate delivered to Kambalda



WSA produces a high quality and in demand nickel concentrate

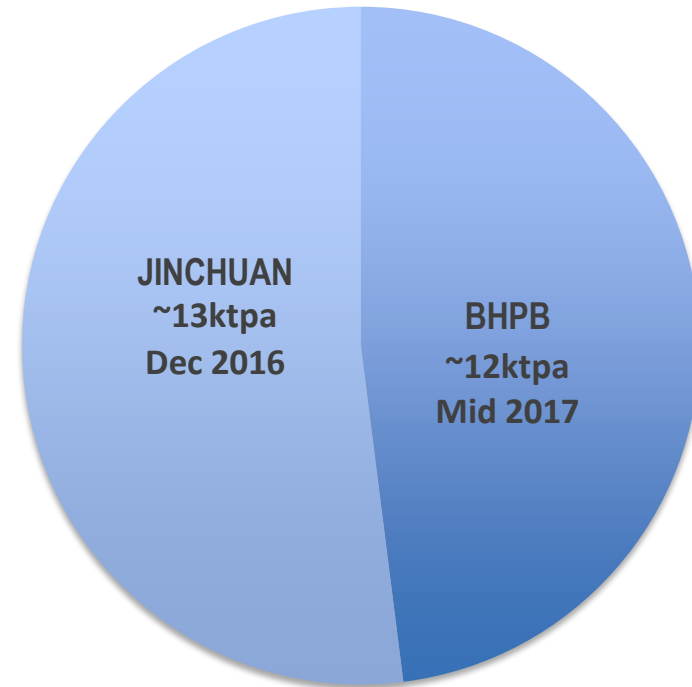
INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

Offtake Contracts

- FOB Terms
- Very competitive payable percentage of LME

Offtake Tender Announced

- Jinchuan currently in the 2nd half of a two year contract (26,000t of contained nickel)
- Tightness in smelter supply being experienced with mine closures
- Global nickel sulphide grades in decline
- Potential growth in roasting market in Asia



Well positioned to take advantage of tight market conditions

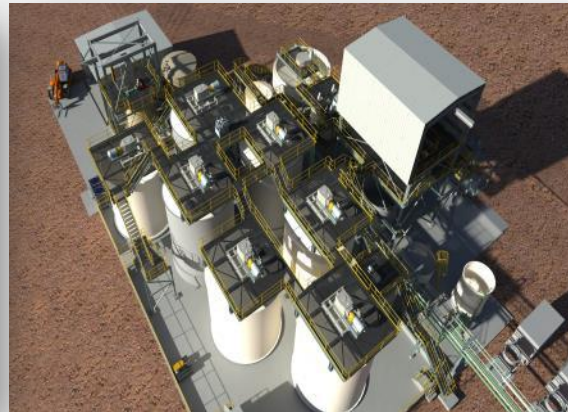
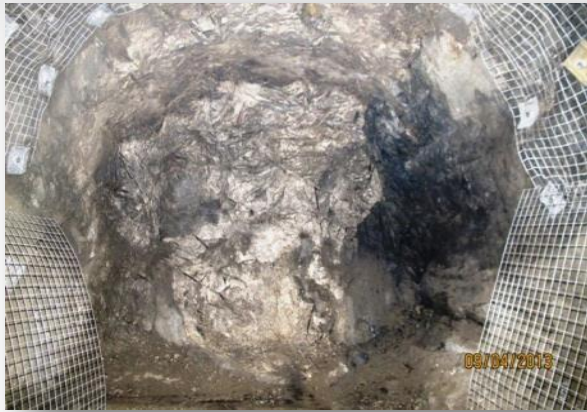
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GROWTH AND EXPLORATION OUTLOOK



... WHILE PRUDENTLY BUILDING THE PLATFORM



Production

Development

Exploration & Growth

Spotted Quoll

New Morning

Western Gawler JV

Flying Fox

Odysseus PFS

Cosmos Nickel Complex

Cosmic Boy Concentrator

Mill Recovery Enhancement Project

Forrestania

A portfolio with production longevity and growth optionality

COSMOS ACQUISITION

Strategic Rationale

- Low cost entry
- Plays to WSA's core strengths
- Right street address
- WSA approach to exploration will be different
- Potential 2nd operation
- Full infrastructure and facilities
- Future potential concentrate blending
- “Ready to go” when nickel prices support development

Purchase Price and Settlement Completed

- Paid A\$12.653m in April 2016 as full and final settlement



COSMOS AERIAL VIEW



Significant infrastructure in place:

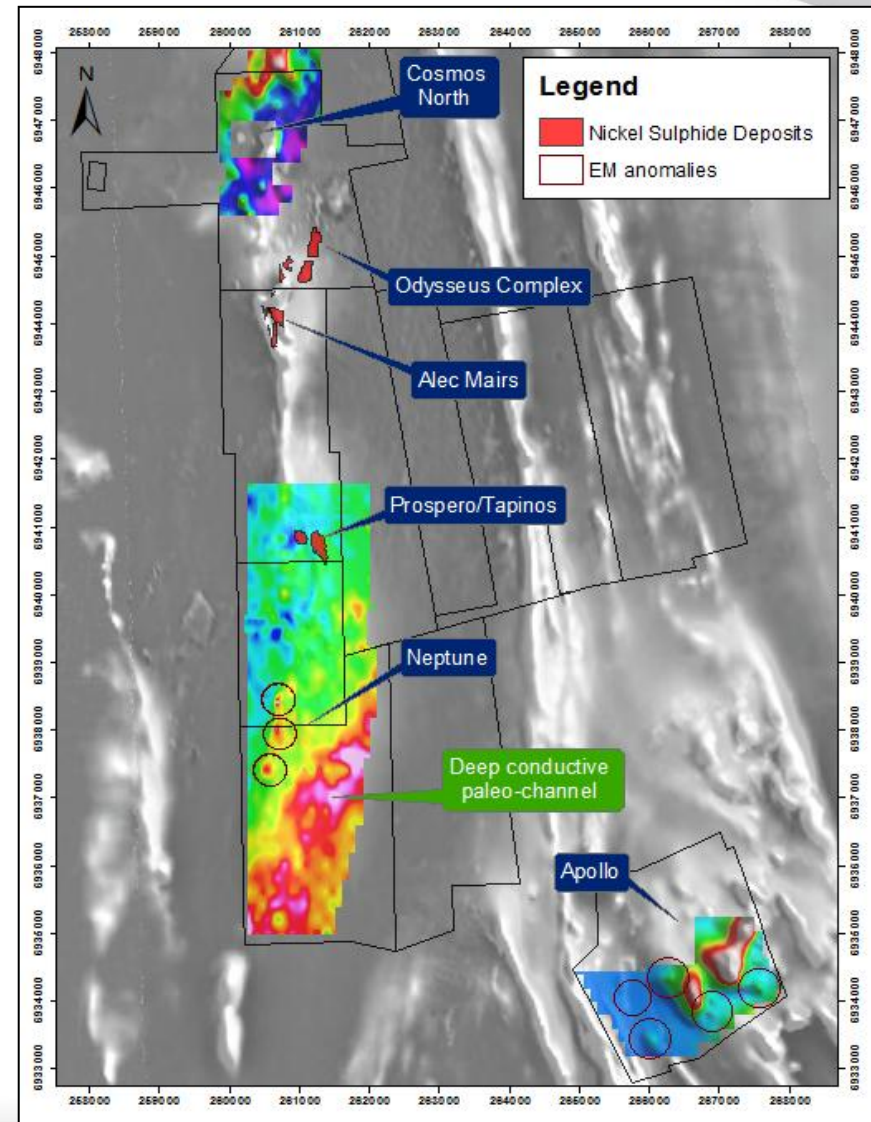
- 450ktpa mill with expansion options
- Tailings storage and evaporation ponds
- Concentrate storage
- Coreyard facilities
- Gas connection
- Mill and mining spares inventory
- Approximately 500 person accommodation village
- Recreational facilities
- Aerodrome
- Administration and workshop buildings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

COSMOS EXPLORATION

- **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
 - Similar to Forrestania, higher than Leinster
 - Mining grades around 5% Nickel

- **Ground geophysics program completed** using latest EM technology
 - Multiple targets generated
 - Work programs being designed
 - Venus heritage discussions progressing well

- 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 PRE-FEASIBILITY STUDY

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

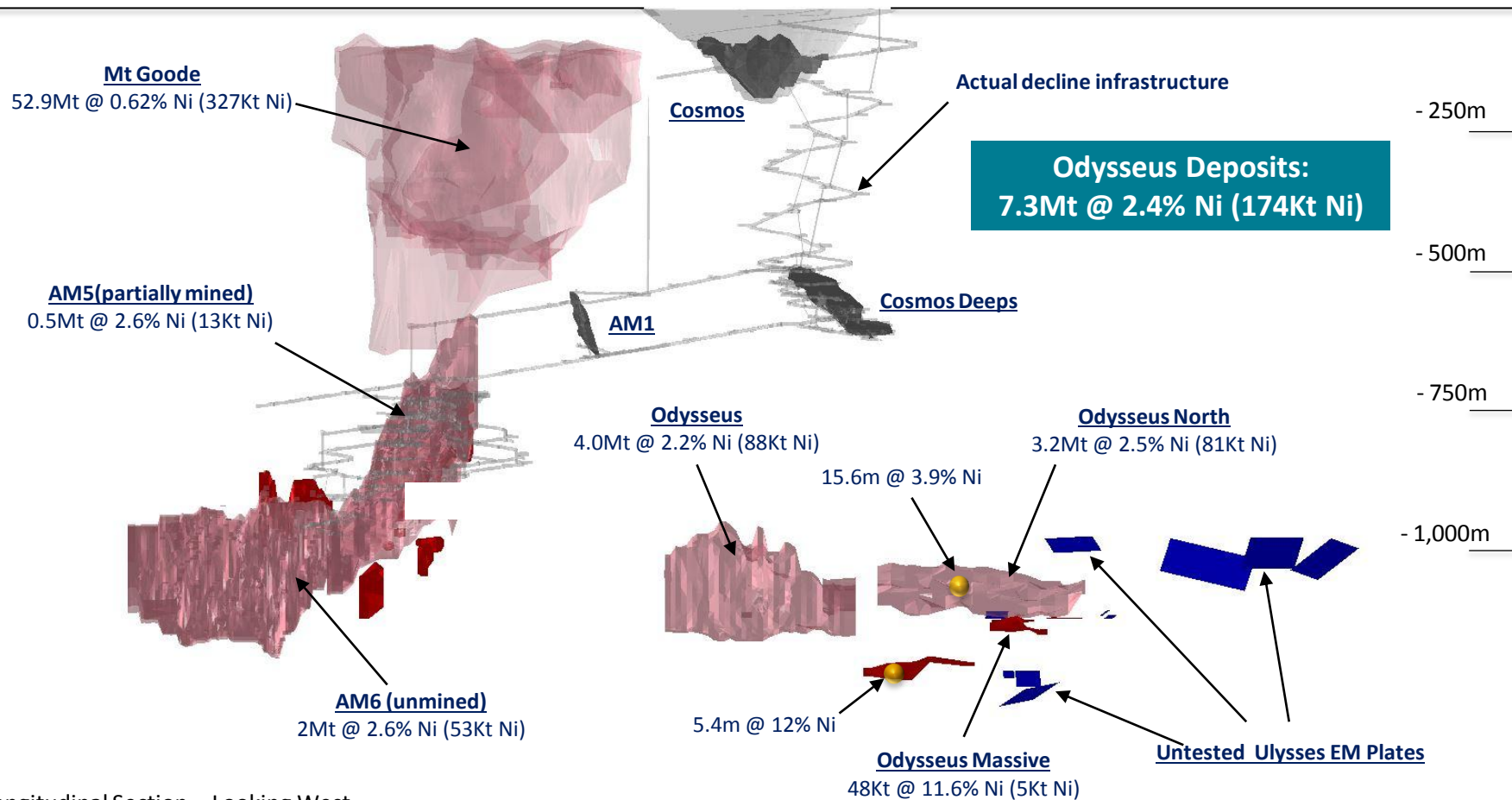
XNAO conducted an in-house study on the Odysseus group of deposits

- 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 pre-feasibility study

- 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

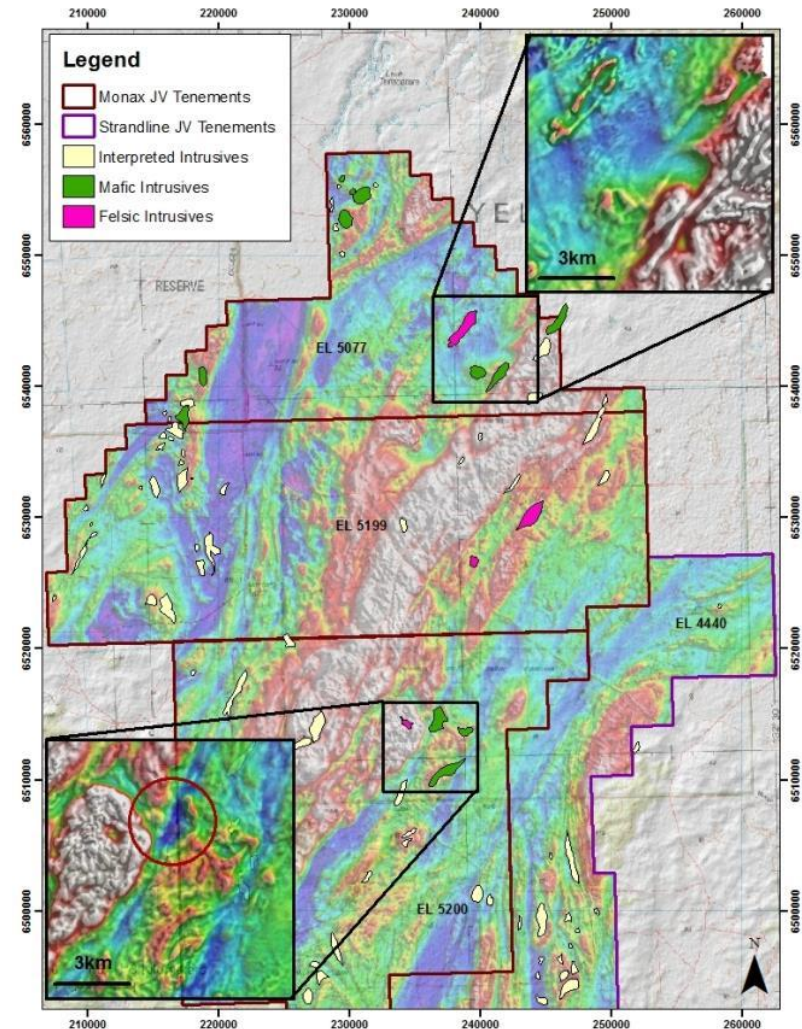


Longitudinal Section – Looking West



WESTERN GAWLER JOINT VENTURES

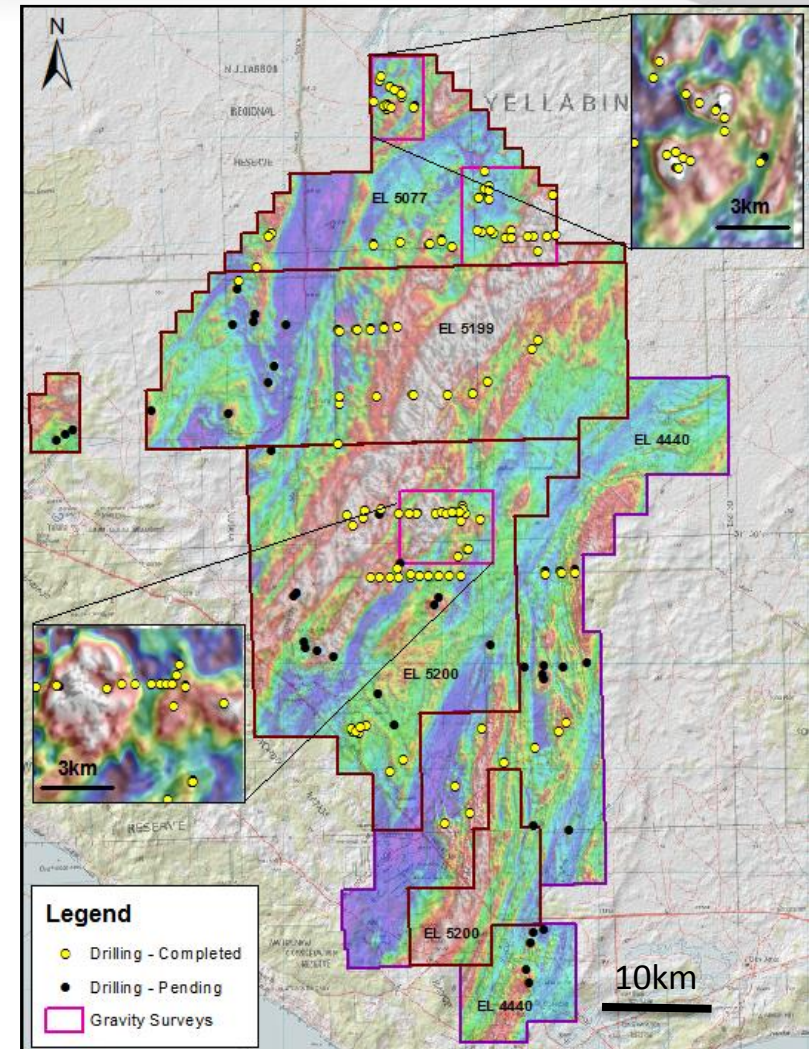
- Two separate agreements with Strandline Resources Ltd and Monax Mining Ltd:
 - Monax withdrawn from JV – now 100% WSA
 - Strandline farm in agreement – WSA 75%
- First mover advantages targeting massive high grade poly-metallic mineralisation
- Potential to host mafic-ultramafic intrusive related deposits
- 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

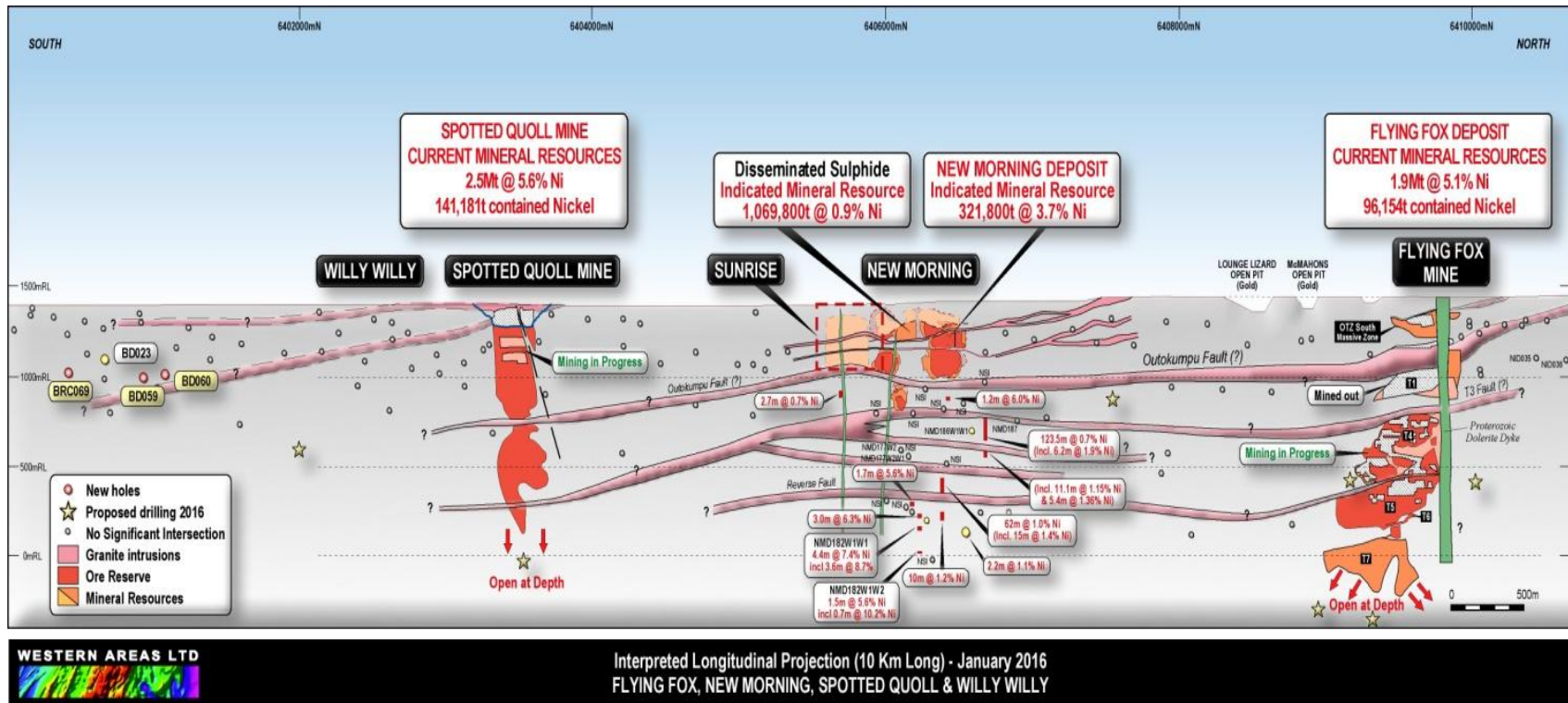


Exploration activity overlaying magnetics (RTP)
 Insets show residual gravity overlaying magnetics (RTP)



FORRESTANIA – NEAR MINE EXPLORATION

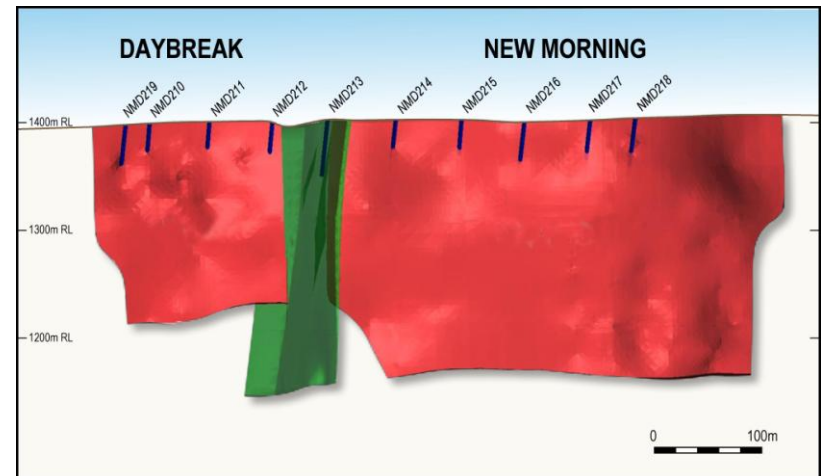
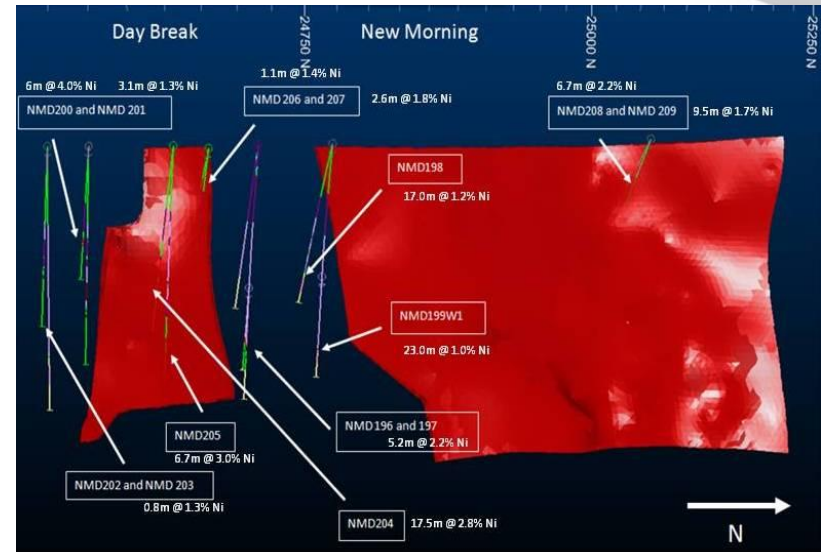
- Exploration spend in FY16 will be approximately A\$10m
- Focus is on near mine opportunities



ANCPI115BEC3F

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)



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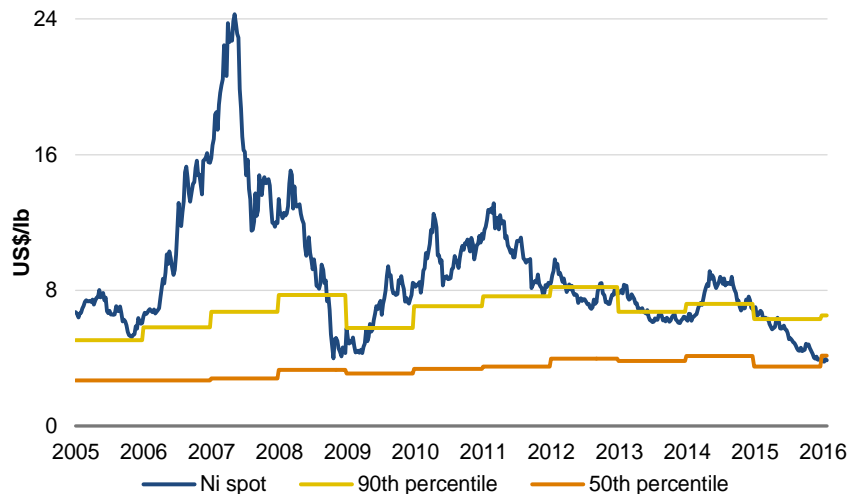
NICKEL MARKET



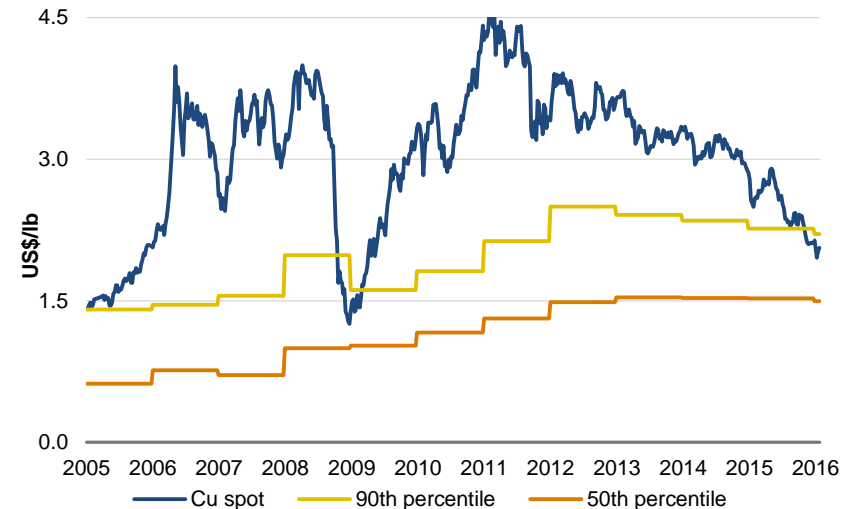
NICKEL MARKET SNAPSHOT

- 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 producers losing money, even before sustaining capex
 - WSA is one of the few nickel miners with a positive gross margin

Historic spot prices v cash cost - Nickel



Historic spot prices v cash cost - Copper



NICKEL PRICE DRIVERS

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

1. LME and Chinese 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 have depleted
- 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 has decreased from record highs
- Stainless steel demand on balance remains solid in China, however significant de-stocking over the first half of CY15 has occurred
- Nickel supply closures now occurring, but more required

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

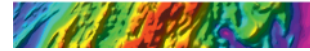


- No debt with significant financial flexibility

Strong Balance Sheet



WESTERN AREAS LTD



APPENDIX





EXPERIENCED BOARD AND SENIOR MANAGEMENT TEAM



Ian Macliver

Independent Non-Executive Chairman

Mr Macliver is a Chartered Accountant with many years experience as a senior executive and Director of both resource and industrial companies, with particular responsibility for capital raising and other corporate development initiatives



Dan Lougher

Managing Director & CEO

Mr Lougher is a qualified Mining Engineer with over 30 years experience in all facets of resource and mining, project exploration, feasibility, development and operational activities in Australia and overseas



David Southam

Executive Director

Mr Southam is a Certified Practising Accountant with over 20 years experience in accounting, capital markets, banking and finance across the resources and industrial sectors



Joseph Belladonna

CFO & Company Secretary

Mr Belladonna has been responsible for the initial set-up and ongoing management of the Group's accounting and information systems, corporate governance, and the risk management program of the Company



Julian Hanna

Non-Executive Director

Mr Hanna is a Geologist with over 30 years experience in gold and base metal exploration and mine development. Mr Hanna is a foundation director of Western Areas serving as the Managing Director for 12 years



Richard Yeates

Independent, Non-Executive Director

Mr Yeates is a Geologist with more than 30 years mining industry experience in various roles and has significant experience across a wide range of resource projects around the world



Craig Readhead

Independent, Non-Executive Director

Mr Readhead is a Lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas



Tim Netscher

Independent, Non-Executive Director

Mr Netscher is a Metallurgist and has significant broad-based experience at senior levels in the international resources industry, in roles spanning marketing, operations management, project management and business development



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



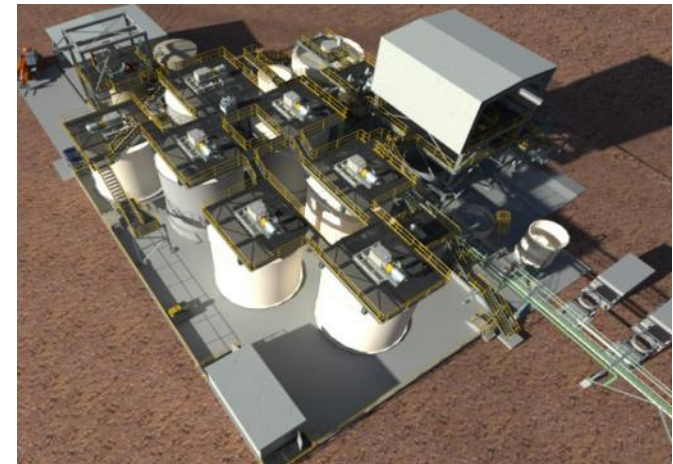
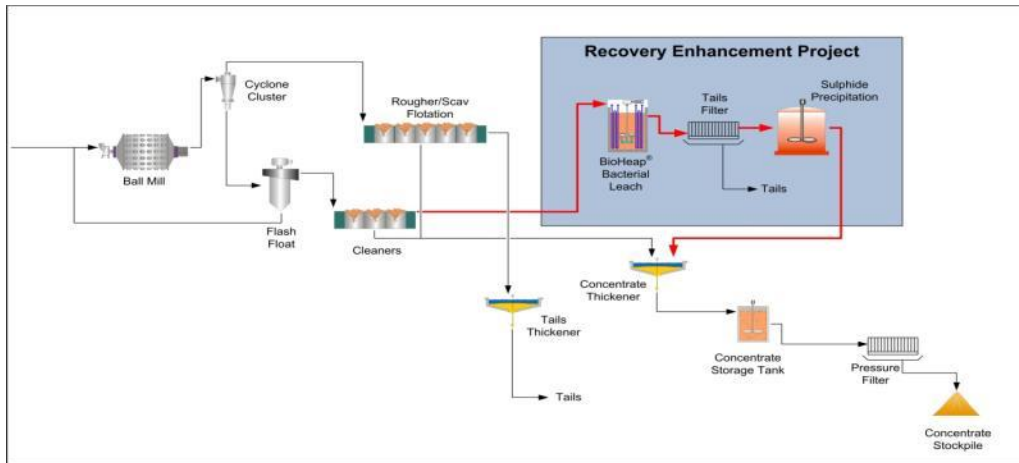
Fuel tanks



Aerodrome infrastructure

MILL RECOVERY ENHANCEMENT PROJECT

- Increase average nickel recoveries from 3% to 5% over the life of mine
- A\$22m project with 6 month construction time
 - Project construction has been deferred until July 2016 as part of capex optimisation initiatives
 - Long lead items ordered – A\$7.4m
- Unit cash operating cost A\$2.42/lb in concentrate
- The treatment of the Flash Cleaner Stream utilises the BioHeap® cultures
- Very short residence time of 5-7 days
- Sulphide precipitation circuit produces a high grade nickel sulphide product (~50% nickel)



WSA is at the forefront of technological improvements



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

