



Western Areas NL

Annual General Meeting

November 2012

“Think Nickel, think Western Areas”



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The information within this PowerPoint presentation was compiled by Mr. David Southam, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. John Haywood. Mr. Southam, Mr. Lougher and Mr. Haywood are full time employees of Western Areas. Mr. Lougher and Mr. Haywood are members of 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Southam, Mr. Lougher and Mr. Haywood consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

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“Western Areas has an enviable track record of exploring, finding, developing and producing highly profitable mines..”

- Introduction
- Operations
- Financial Summary
- Exploration and Growth Outlook
- Nickel Industry



Explore



Develop



Sales



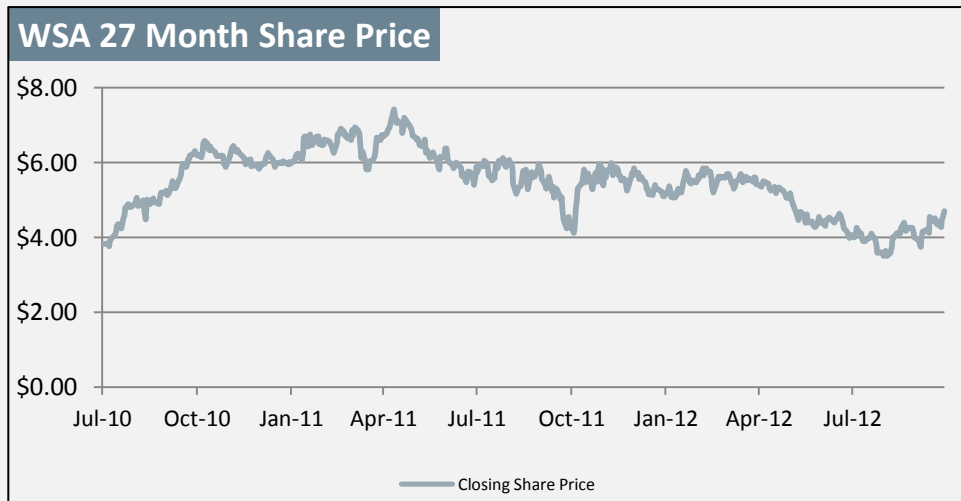
Produce

Introduction – Corporate Summary



Listing:	Member of S&P ASX 200
Shares on Issue:	179.7M
Share Price:	~ A\$4.00 (November 2012)
Market Cap: (undiluted)	~A\$720 million
Cash:	A\$50M at 30 Sept 2012

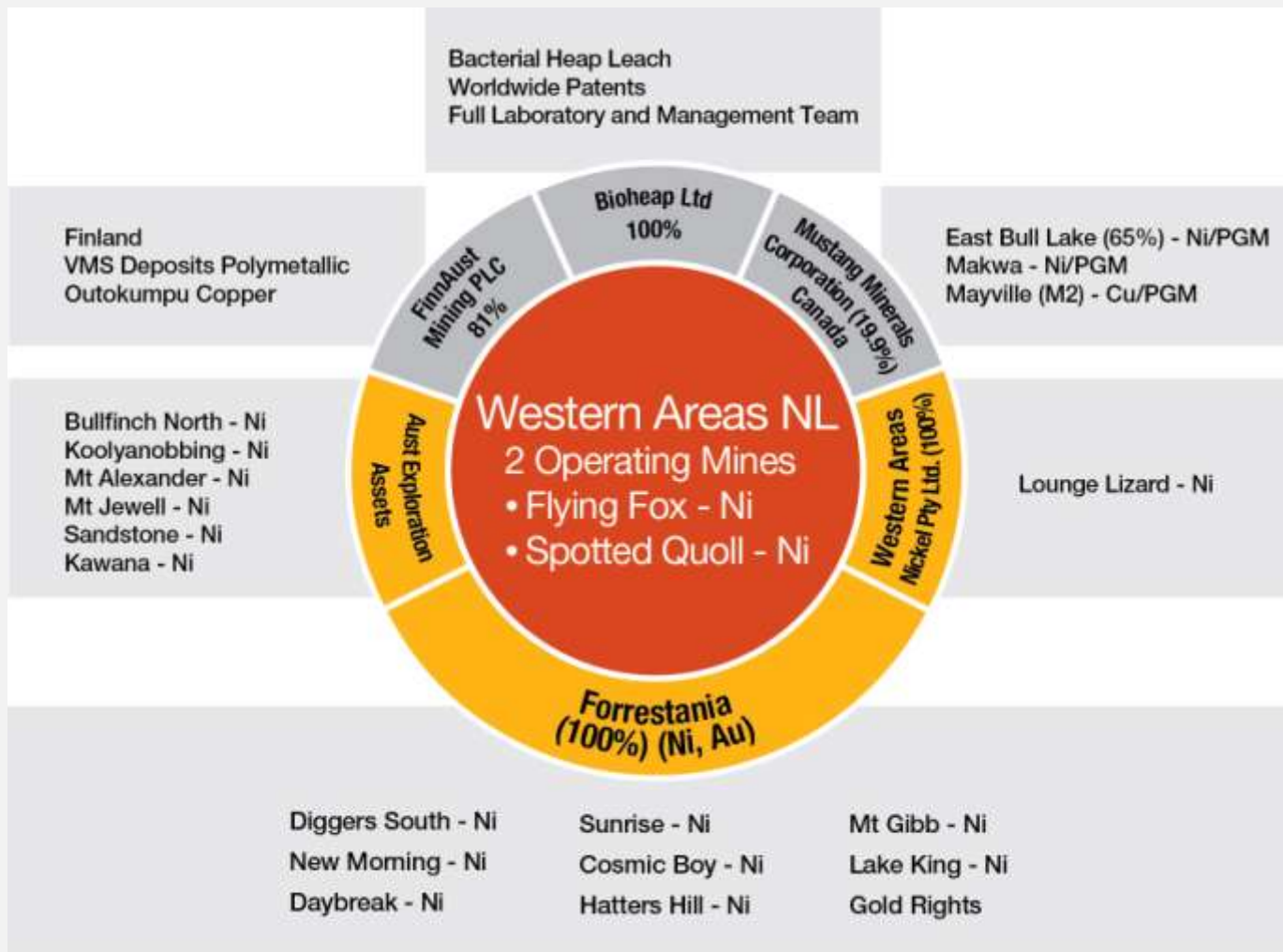
Top 15 Shareholders	%
1 T Streeter	14.36
2 Colonial Group	9.00
3 M & A Greenwell	5.46
4 Paradise Asset Management	4.13
5 Sydney Fund Manager	3.83
6 Northward	3.19
7 Giovanni Santaluccia	3.14
8 UBS Asset Management	2.84
9 Celeste Funds Management	2.62
10 Concise Asset Management	2.53
11 State Street	1.89
12 Antares	1.80
13 Vanguard	1.77
14 Mount Kellet	1.70
15 Deutsche	1.53
TOTAL	59.79





Western Areas is:

- **Australia's lowest cash cost nickel producer**
- **A proven explorer**, developer and operator led by an experienced management team
- **An S&P ASX 200** index member
 - Market cap ~ \$740 million at current prices
- **Profitable**, even at the current low A\$ nickel price
- **A proven dividend** payer, with a strong balance sheet
- **Australia's third largest** nickel producer at 31,000 tonnes of nickel mined and 25,000 tonnes of nickel in concentrate produced
 - No 1 = BHP-B Nickel West and No 2 = Glencore
- **Employer of approx 500 staff**, either directly or through contractors
- Into its **sixth** consecutive year of production, nine consecutive quarter with no downside surprises
 - First production 26 October 2006
- **Committed** to stable organic growth from the current solid platform





Delivering on Objectives

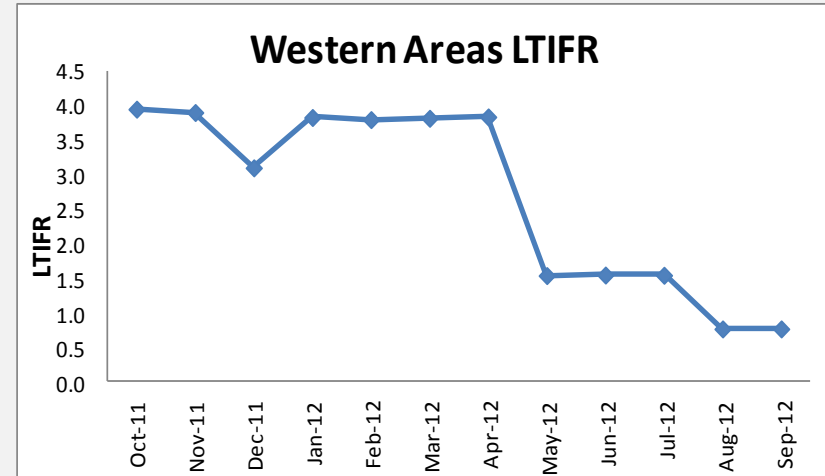
Objectives	What's Been Delivered
Pay Dividends	✓ 5c interim and 6c final dividend
Cashflow from Operations	✓ A\$159m cashflow, debt reduction and dividends
Profitable through the cycle	✓ Weak nickel price, EBITDA A\$185m, NPAT \$40m
Cash costs below A\$2.50/lb	✓ A\$2.43/lb
Increase resources at Spotted Quoll	✓ 130kt nickel reserve
Increase resources at Flying Fox	✓ Purchased KZL nickel assets - Lounge Lizard +40kt Ni
New discovery at Forrestania	✓ Sunrise - early encouragement
Mill expansion	✓ Study complete - awaiting board decision
Repay 2012 Convertible Bond	✓ Repaid from cashflow on 2 July \$105.5m
Tidy up backyard	✓ Outokumpu royalty retired

Western Areas are Safe Areas



Continuous Safety Improvement

- LTIFR at 0.77 is the lowest result since 2009
- Flying Fox > 600 days LTI free
- Spotted Quoll > 450 days LTI free
- Exploration >1,400 days LTI free
- MTIFR trending down to 16.2
- Contractors and Employees fully integrated into a site wide commitment



Environment and Social

- No environmental breaches
- Strong local commitments from the Hyden Respite Centre, Perth Zoo (Northern Quoll) and Starlight Children's Foundation WA





Summary

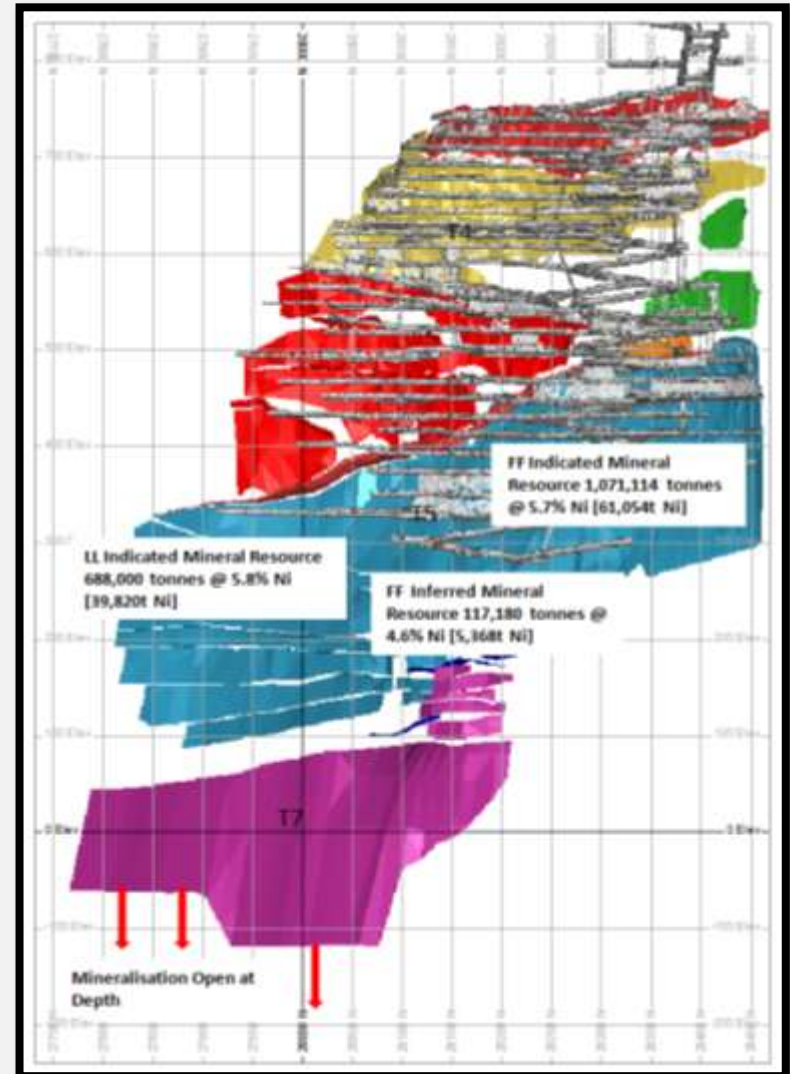
- Continuous high grade Nickel to 1300m. Open at depth
- Resource ore grades increase at depth from 3.9% to 5.8% Nickel
- **Announced intersection T7: 34.7m @ 8.9% Nickel**

Production

- FY2012 – 373,726t @ 5.0% nickel for **18.5kt** nickel
- FY2013 guidance – 16.0kt nickel
- Low cash cost operation <US\$3/lb

Purchase of Kagara Nickel Assets

- Combined total high grade resource now stands at around **106,000t of Nickel**
- Major UG drilling program ongoing at Lounge Lizard and T7
- Mineralisation open at depth
- **Flying Fox now approaching a 10 year mine life**
- **Purchase includes 300sqkm of tenements adjacent to Forrestania operations**

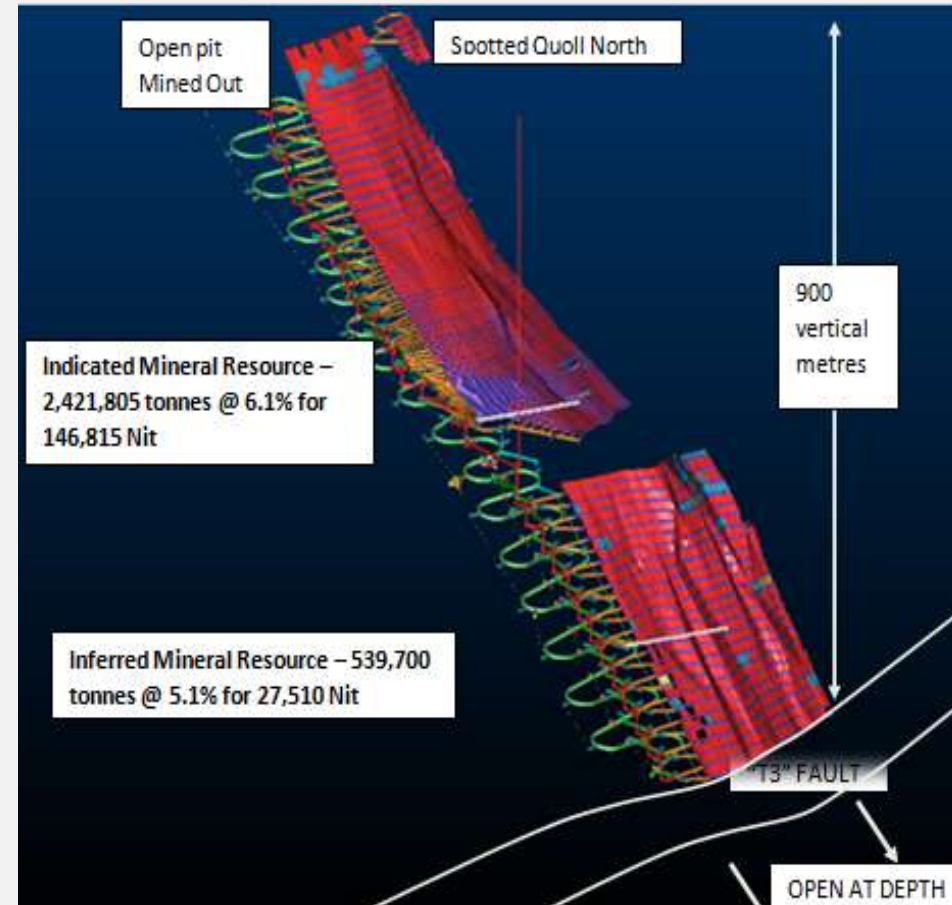


Summary

- Ore reserve was upgraded in June 2012 by 94% with an exceptional 88% conversion ratio:
 - 3.095mt @ 4.20% containing 131,360t nickel
- Remains open at depth
- Drilling is ongoing which will result in further conversion of inferred resource to indicated to reserve
- Already >10 year mine life on reserve
- **Resource upgrade to North Resource of 50kt @11.3% for 5,730 nickel tonnes**

Production

- Stage 1 underground first ore delivered ahead of schedule – (Nov 2011)
- Ramp up to 10,000tpa nickel is complete
- Mine optimisation study well advanced for potential increase in production up to 15,000tpa nickel





Concentrator Summary

- Current capacity of 550,000tpa of ore
- Nickel concentrate output >25,000tpa Ni
- Concentrate grades of around 14.0% Ni
 - Premium blending product (Fe/Mg ratio >15)
- 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

Concentrator Expansion

- Preliminary high grade expansion study (750ktpa) completed
- Expansion configured for upgrade to 1mtpa of ore
- Some items of infrastructure (crusher) already capable of 1mtpa



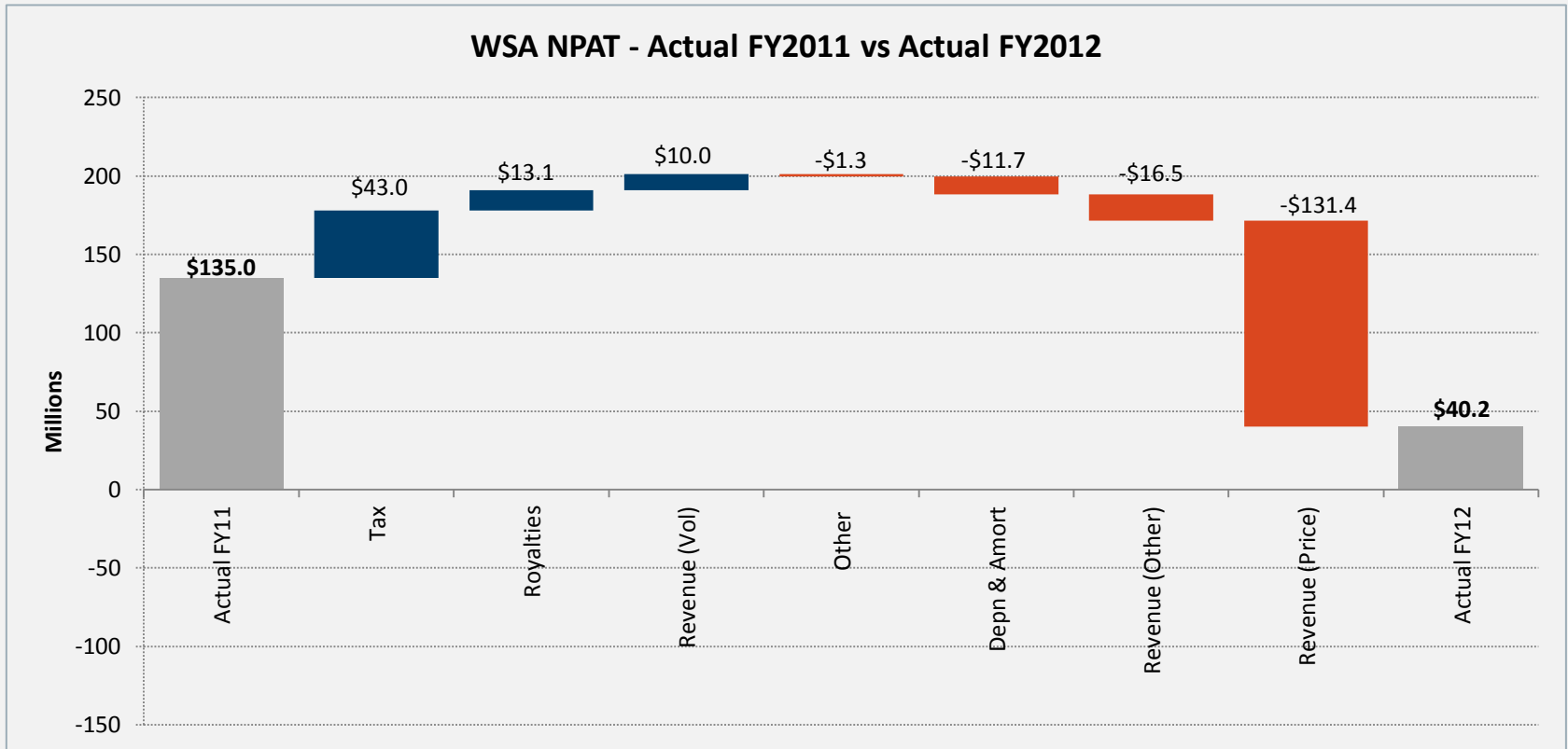


Lounge Lizard 10m wide face of 7% Massive Nickel Sulphide

Financial Highlights



Full Year Highlights (\$'000)	FY 2011	FY 2012
Mine Production (tonnes Ni)	32,222	31,102
Mill Production (tonnes Ni)	25,663	25,641
Recovery	91%	92%
Sales Volume (tonnes Ni)	27,498	26,637
Cash Costs (US\$/lb)	2.11	2.50
Cash Costs (A\$/lb)	2.12	2.43
Exchange Rate USD/ AUD	0.99	1.03
Nickel Price (U\$/tn)	25,089	17,791
EBITDA ('000)	312,018	186,583
EBIT ('000)	231,991	94,902
NPAT ('000)	134,973	40,181
Cashflow from Operations ('000)	276,235	159,253
Net Cashflow ('000)	143,580	(43,446)
Cash at Bank	208,948	165,502
Dividend (cents)	25.0	11.0



FY12 NPAT would have matched FY11 if not for the nickel price.

Tonnes Mined		2011/2012			2012/2013
		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Flying Fox					
Ore Tonnes Mined	Tn's	100,647	81,143	96,289	102,218
Grade	Ni %	4.9%	5.3%	5.3%	5.0%
Ni Tonnes Mined	Tn's	4,920	4,278	5,097	5,129
Spotted Quoll - Tim King Pit					
Ore Tonnes Mined	Tn's	71,406	57,204	-	-
Grade	Ni %	4.8%	4.0%	0.0%	0.0%
Ni Tonnes Mined	Tn's	3,455	2,280	-	-
Spotted Quoll - Underground					
Ore Tonnes Mined	Tn's	5,996	23,261	42,574	43,581
Grade	Ni %	3.3%	4.5%	5.1%	5.4%
Ni Tonnes Mined	Tn's	197	1,044	2,173	2,375
Total - Ore Tonnes Mined	Tn's	178,049	161,608	138,863	145,799
Grade	Ni %	4.8%	4.7%	5.2%	5.1%
Total Ni Tonnes Mined	Tn's	8,571	7,603	7,270	7,504
Tonnes Milled and Sold		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore Processed	Tns	138,360	131,748	143,148	142,795
Grade	%	5.2%	5.1%	4.9%	5.3%
Ave. Recovery	%	92%	93%	90%	92%
Ni Tonnes in Concentrate	Tns	6,632	6,276	6,320	6,951
Ni Tonnes in Concentrate Sold	Tns	6,487	8,154	6,888	6,923
Total Nickel Sold	Tns	6,487	8,154	6,888	6,923
Financial Statistics		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Cash Cost Ni in Con (***)	A\$/lb	2.15	2.48	2.90	2.49

Continued consistent production from Flying Fox

Spotted Quoll ramped up to 10ktpa nickel

Concentrate production ↑10% to 6,951t nickel

Unit Cash Costs ↓14% to A\$2.49/lb

Concentrate Supply and Offtake Contracts

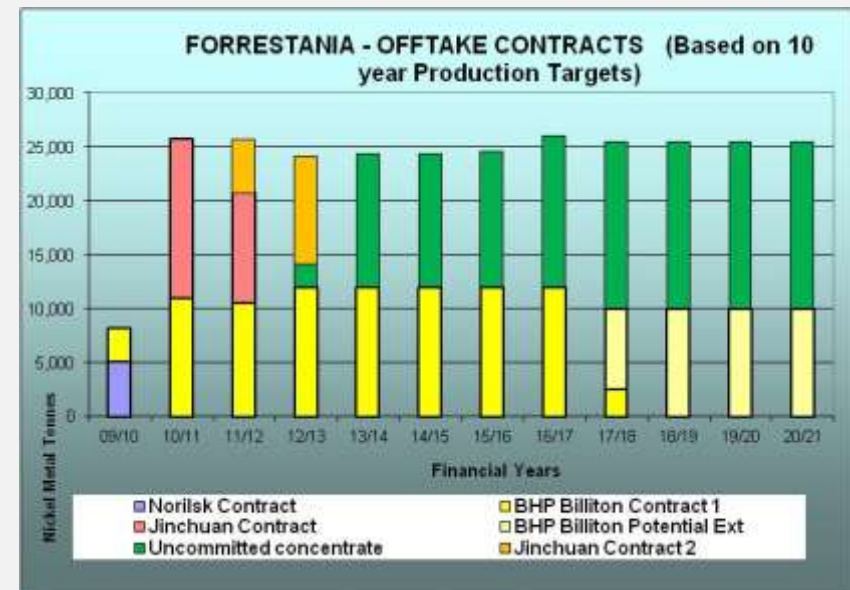
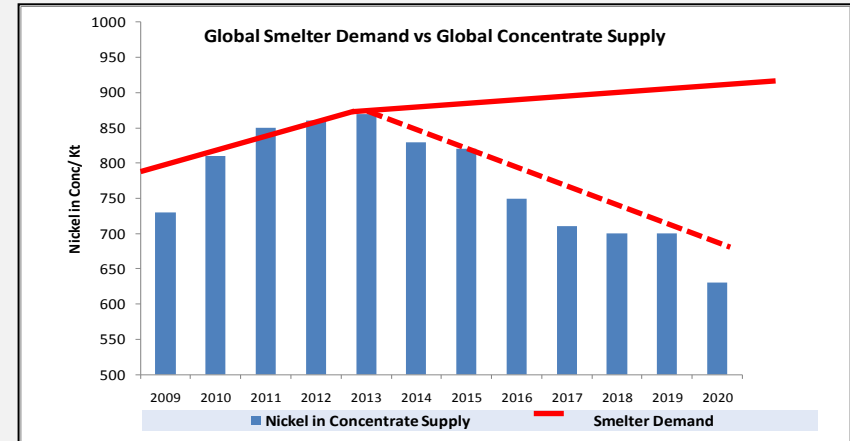
Concentrate Supply

- Tightness in smelter supply to be experienced from 2013
- Global nickel sulphide grades in decline
- Reliable nickel sulphide concentrate supply dwindling
- Laterites and Nickel Pig Iron do not fill the void

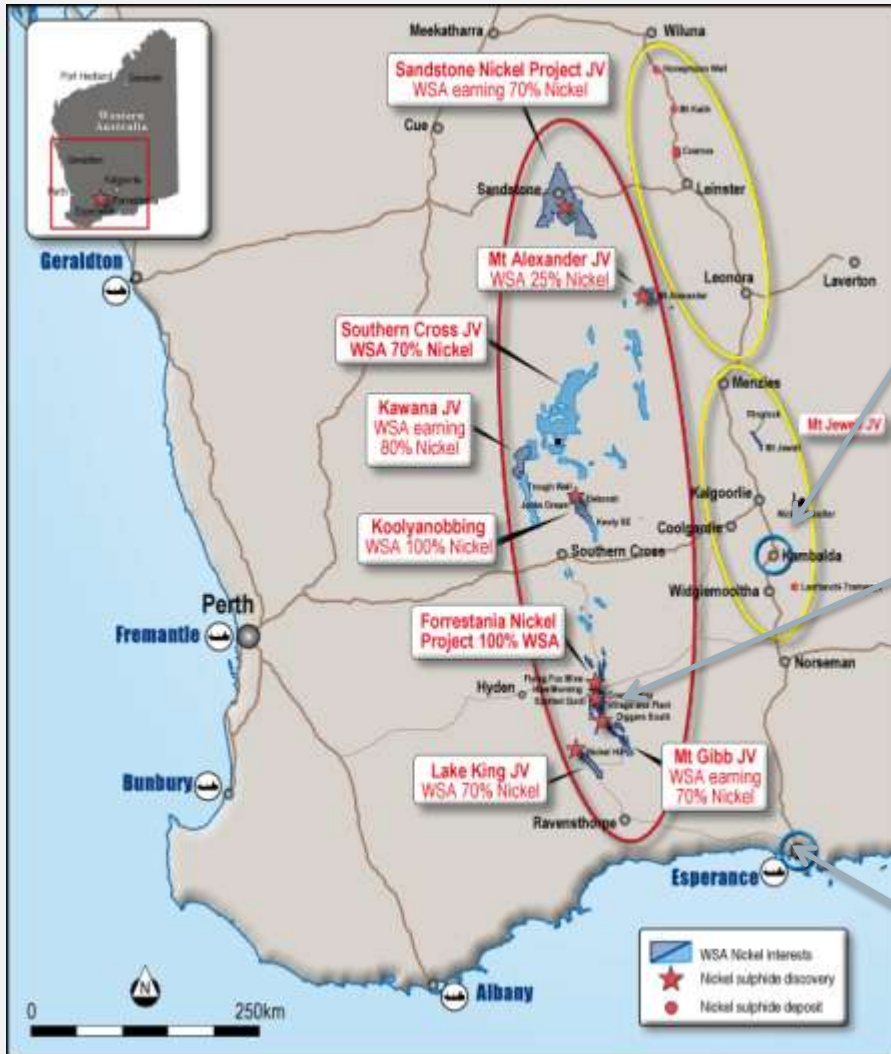
Offtake Contracts

- Long term offtake to BHP – 12ktpa nickel in concentrate
- New Jinchuan contract signed:
 - 12 month contract extension
 - Improved commercial terms
 - Significant uncommitted offtake beyond 2013
- Tender process has commenced for up to 2 years offtake from April 2013
- WSA in a unique position being an independent producer
- Ability to complete spot/ opportunistic sales

NOTE: The graph **FORRESTANIA – OFFTAKE CONTRACTS** is based on Western Areas' 10 Year Production Targets. These Targets include estimates and assumptions on production rates of existing ore reserves, conversion of existing mineral resources to ore resources and assumptions on potential extensions to existing mineral resources, based on current information. These Production Targets may vary due to future drilling results, nickel prices, costs and market conditions. **Refer to Disclaimer and Forward Looking Statement in Presentation**



Project Footprint



WSA concentrate to BHP Billiton



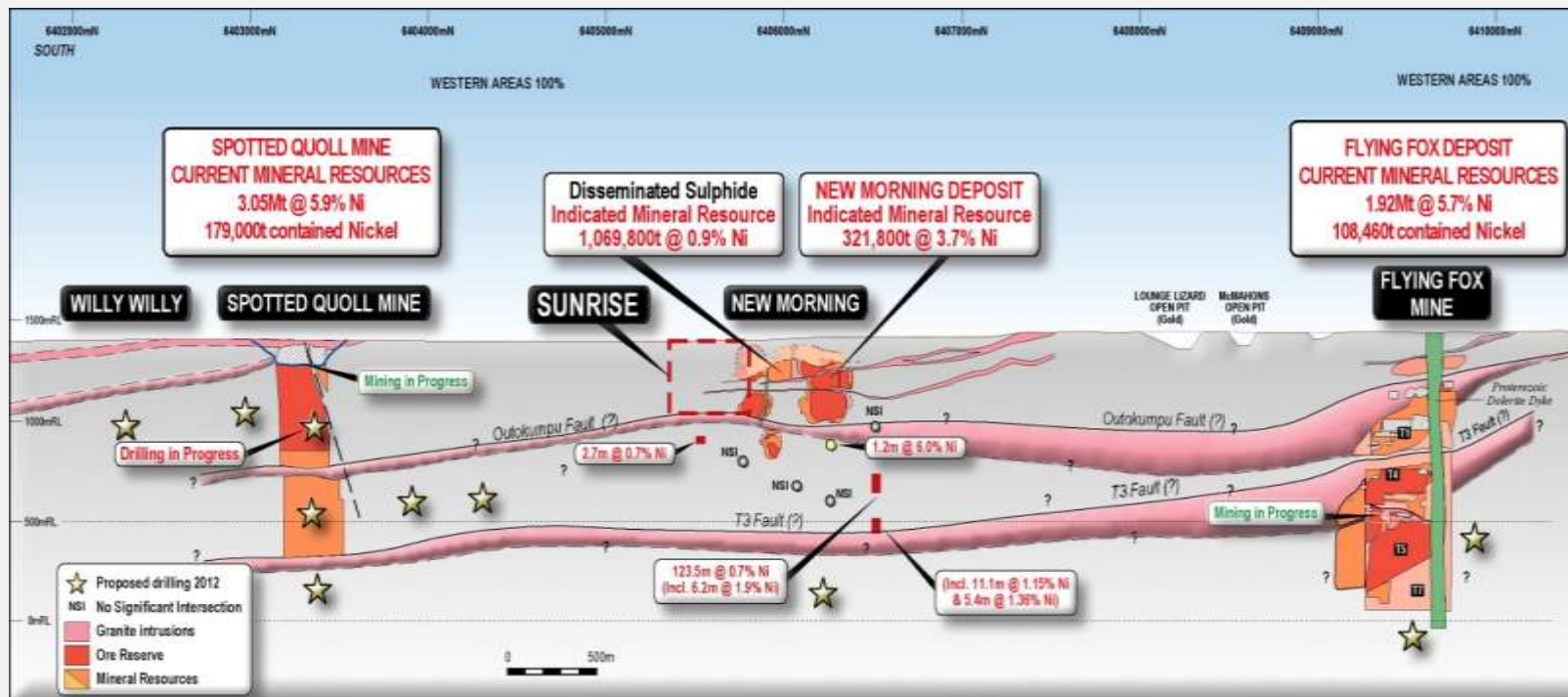
WSA operations



WSA concentrate exports

Short Term – Near Mine Exploration

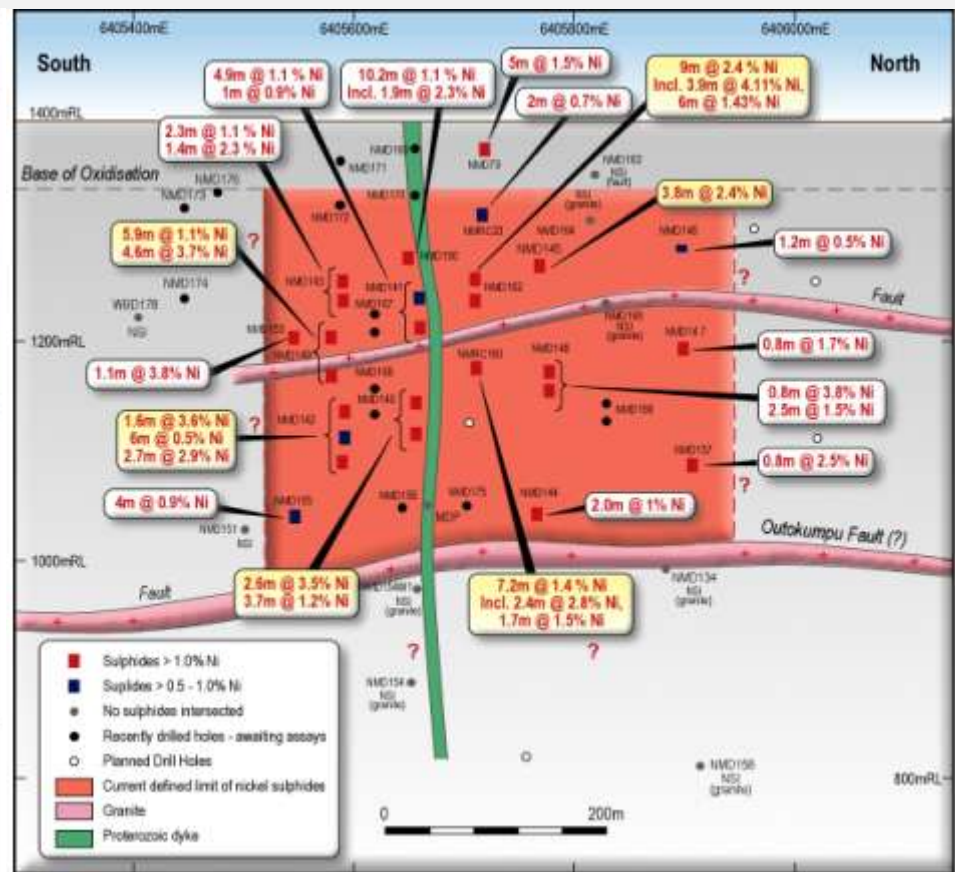
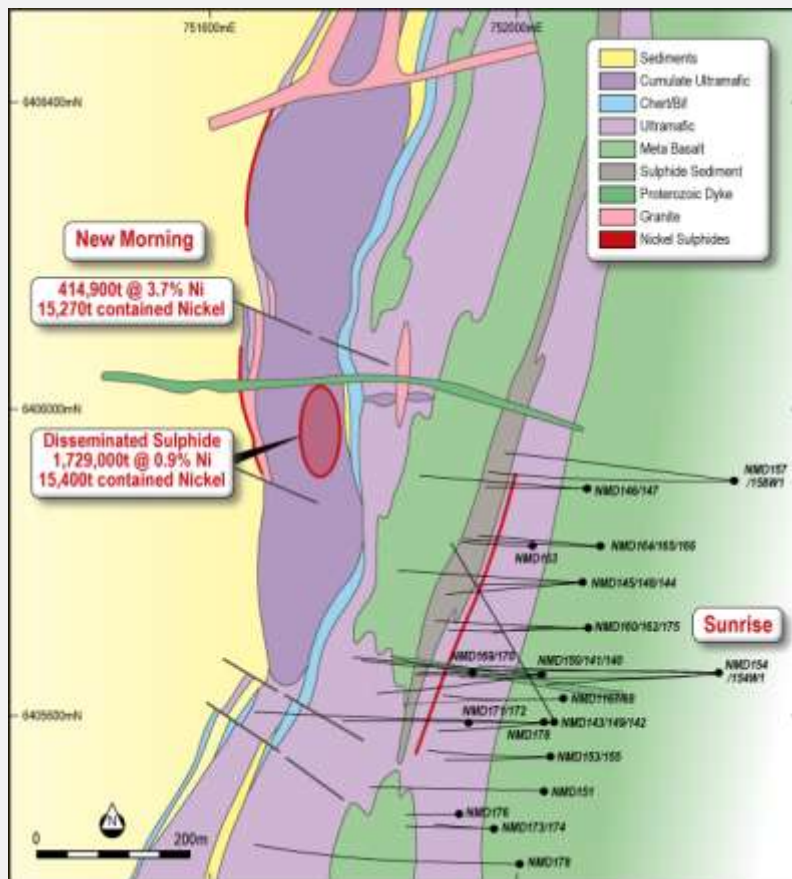
- Exploration Budget of A\$20M for FY13, majority to be spent on drilling at Forresteria
- 120km strike length (900 sq km) of prospective Forresteria Nickel Project, within 500km long nickel province
- Drilling Priority within 8km long zone (below). New discovery would access existing mine infrastructure
- Recent Sunrise discovery (see next slide)



New discovery-Sunrise



- WSA's latest new high grade discovery, 2km from Spotted Quoll and 300m SE of New Morning
- Best intersection 4.6m @ 3.7% nickel
- Major drilling program underway and results to be announced over next 6 months





Short Term < 12 Months

Flying Fox > 10 years – drilling in progress

Sunrise drilling results

Mill expansion decision

Cash costs <US\$3.00/lb

Strong cashflow

Dividends

New offtake contract – process begin Sept/ Oct

List FinnAust Mining

Medium Term 2-5 years

Spotted Quoll & Flying Fox – 30ktpa

Sunrise reserve & production – 5-10ktpa

4th mine from Forrestania (New Morning)

Mill expanded 750ktpa

First quartile cash costs

FinnAust in feasibility

Dividends

Mustang prod – 5ktpa

Long Term >5 years

Base Case production 40-50ktpa , plus new mines

Large disseminated resource potential

FinnAust producing

Base Metals exposure

Dividends

Continued exploration upside

Independent producer



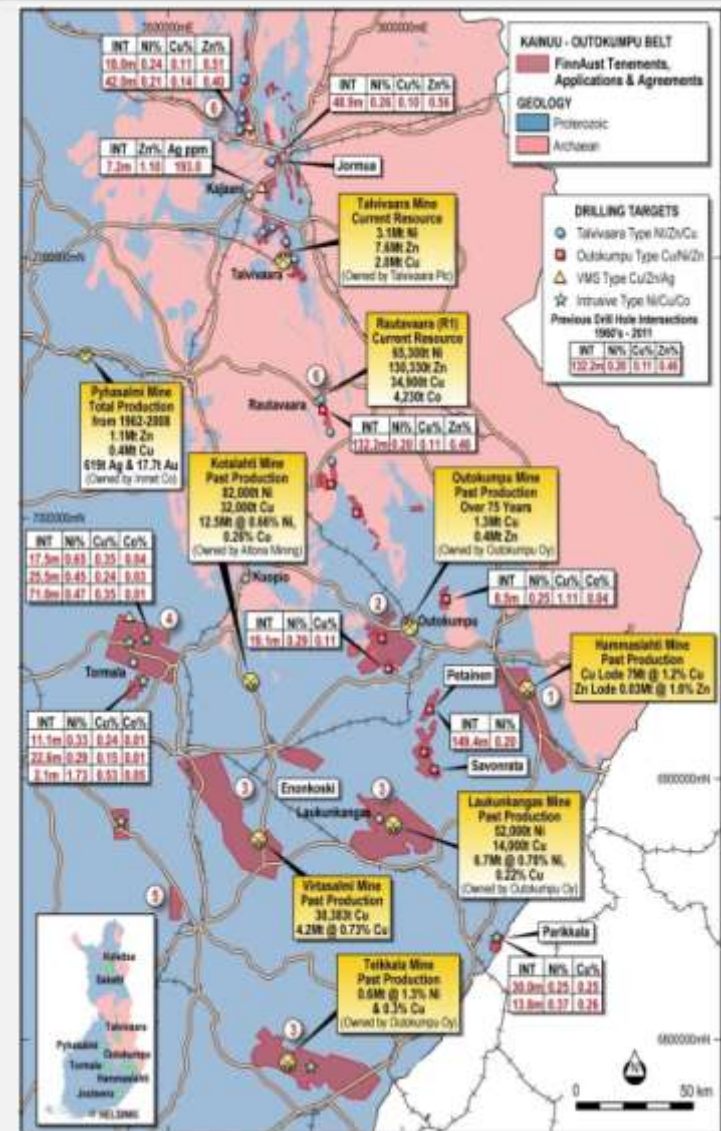
- **WSA** owns 19.9% of Mustang Minerals - a Canadian listed nickel and PGM company
 - WSA has two of 5 board seats, plus provides technical assistance
 - Makwa Nickel/PGE mine in Manitoba – feasibility in progress targeting 5ktpa Ni in concentrate
 - Mayville Copper/Nickel deposit in Manitoba – drilling in progress for open pit resource
 - Potentially significant Palladium & Platinum discovery adjacent to Mayville
- **WSA** is earning a 65% interest with Mustang at East Bull Lake
 - 80km west of Sudbury
 - Highly anomalous Nickel/Copper and Platinum/Palladium in Gabbro intrusion
 - Drill program commenced in 2012

Mayville drill core: 74.7m @ 0.75% Cu & 0.24% Ni



Finland – FinnAust Mining PLC Projects

- 81% WSA, planning to list on AIM - dependent on market conditions
- 300km long base metal province in Finland
- Numerous VMS style nickel/copper/zinc targets
- Geophysics proving very effective in defining targets
 - ZTEM survey completed
 - Significant results from historic and FinnAust drilling
- Major ramp up of drilling has commenced at Tormala and Hammaslahti districts





When will the Cycle Turn?

- Market bottom likely reached – current price uneconomic for many, insufficient to bring on supply
- Limited sources of good quality future supply for smelters
- Nickel Pig Iron constrained due to margin compression
- Huge Laterite projects serial underperformers
 - Capex blowouts
 - Not meeting production targets
- Indonesian ore export ban and tax increase still to bite
- Fortunately, not in the business of making predictions
- Many analysts tipping next 3 – 6 months for pickup, in conjunction with seasonal demand pickup

“The current nickel market appears to be ignoring the impending impact of Indonesian legislation...

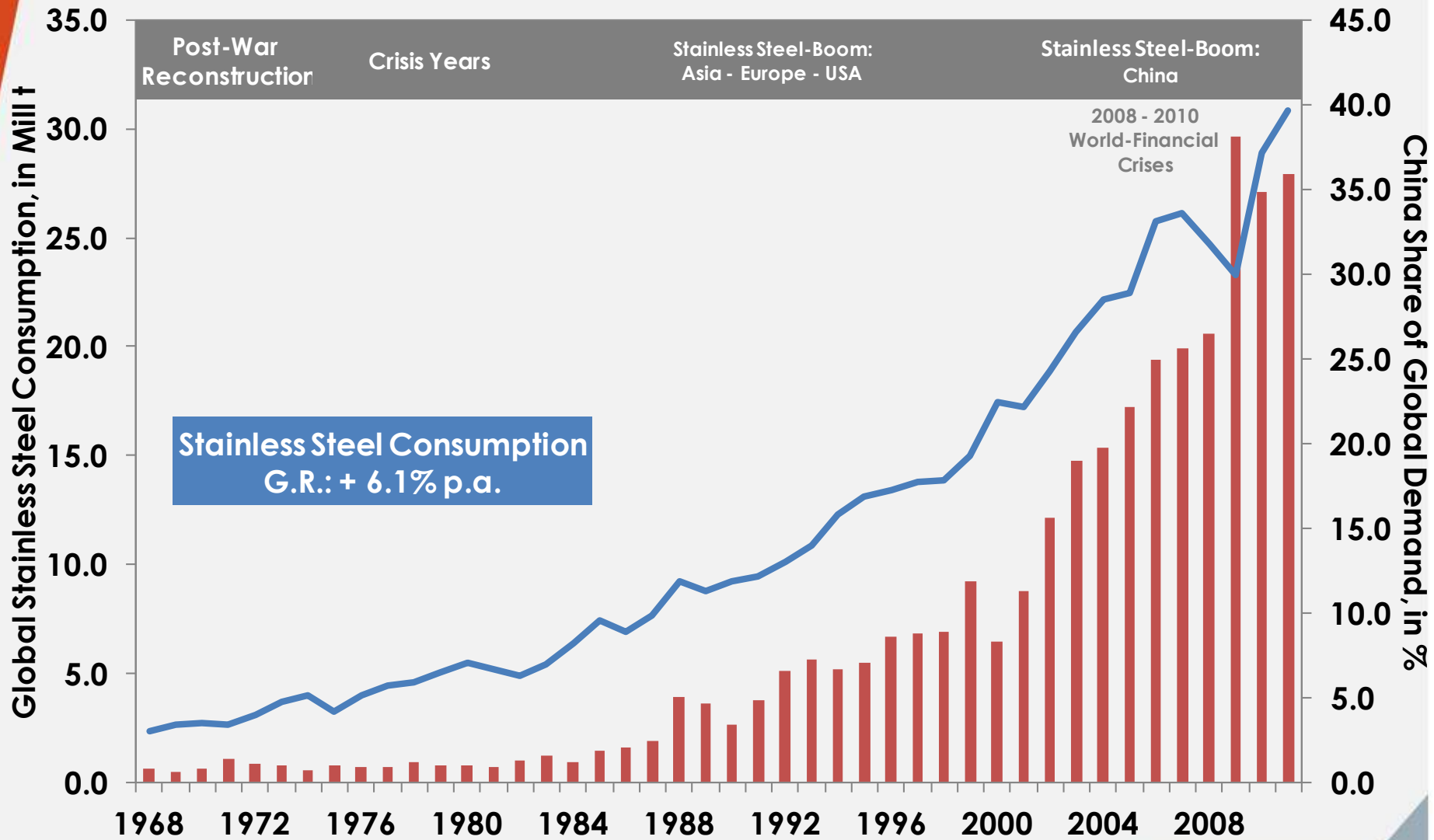
“We therefore favour bullish positions in nickel on a 3-6 month forward basis and in a quarter-four context.”

Citigroup Analysts, 31 May 2012

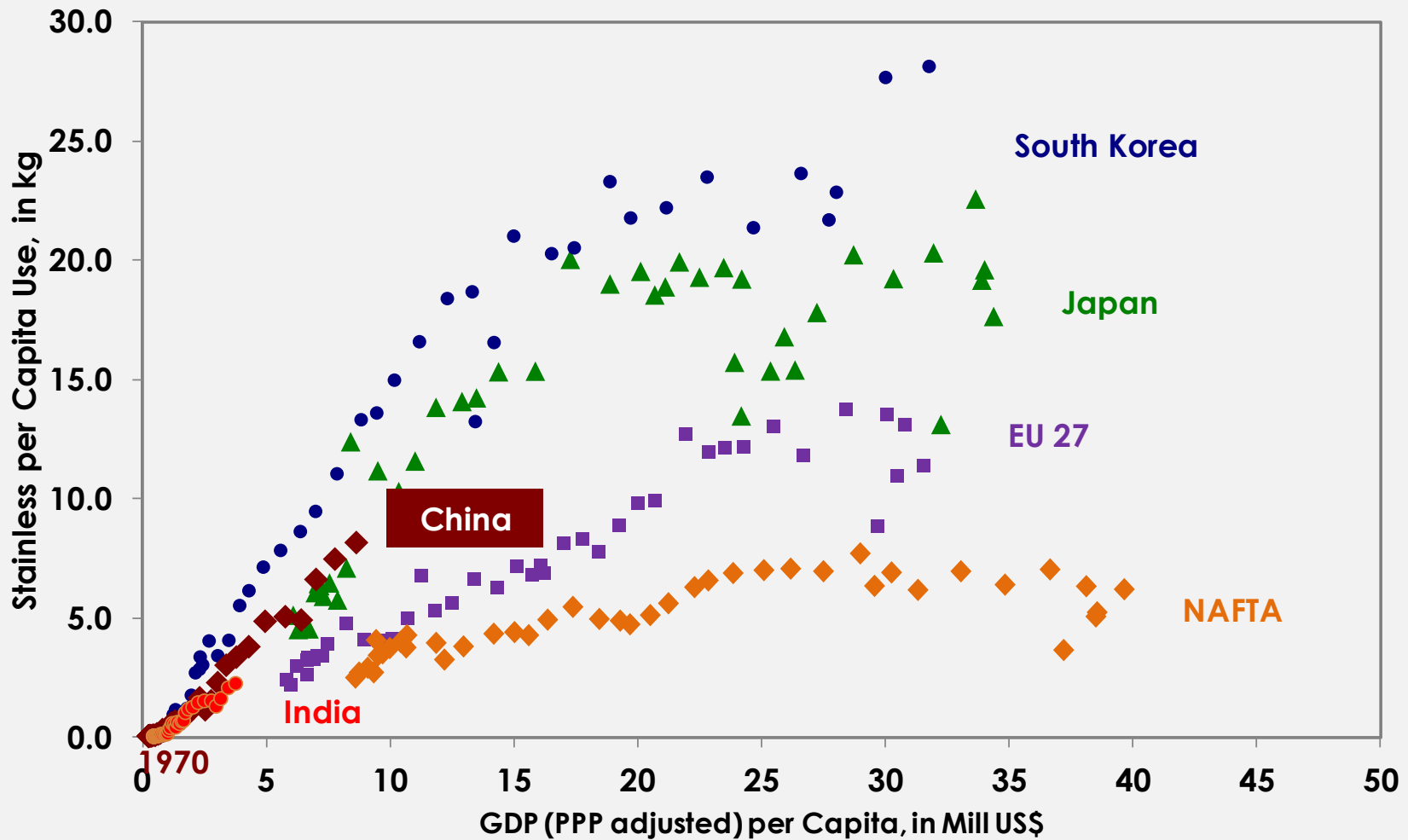
“We are raising our long-term nickel price from \$7.27/lb to \$9.5/lb. We believe that capex inflation remains a significant issue for the nickel industry.”

BofA Merrill Lynch, 27 July 2012

Global Stainless Consumption and Usage



China's future?



The End

