



Western Areas Ltd

Half Year Results – 22 February 2013

“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. Andre Wulfse. Mr. Southam, Mr. Lougher and Mr. Wulfse are full time employees of Western Areas Ltd. Mr. Lougher and Mr. Wulfse 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. Wulfse 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 profitable mines.”

- Introduction & Highlights
- Financials
- Operations
- Exploration & Growth Outlook



Explore



Develop



Sales



Produce



Production Assets

Flying Fox

- 1st nickel mine
- 15kt to 20kt nickel per annum

Spotted Quoll

- 2nd nickel mine
- 10kt to 15kt nickel per annum

Cosmic Boy

- Nickel concentrator – treats ore from both mines

Exploration & Growth

Forrestania & WA Regional

- Nickel

Canadian Assets

- Nickel / Copper
- Platinum group

Finland

- VMS
- Outokumpu Cu

Disciplined Acquisition Potential (Nickel & Base Metals)

Key Financial Takeaways – Half Year



- **LTIFR** of 0.78 at 31/12/12 – **NOW 0.00 AT 31/1/13**
- 14,461t nickel in ore production averaging 5.0% nickel
- Nickel in concentrate sales 13,752t to Jinchuan and BHP
- A\$2.69/lb cash cost in concentrate:
 - ✓ Remains best in class in Australia
- Cashflow from Operations A\$48.1m
 - ✓ Demonstrates the ability of WSA to generate positive operational cash at low nickel prices
- Underlying NPAT of A\$6.5m on reported NPAT of A\$2.1m:
 - ✓ Reported NPAT impacted by A\$4.4m post tax non-cash write off following an exit from the Sandstone JV
 - ✓ Revenue significantly impacted by a reduced nickel price and strong AUD:
- Substantial increase in Flying Fox Reserves
- Fully Franked Dividend of 2c per share

All ahead of guidance

Financial Snapshot



Half Yearly Snapshot	1H 2012	2H 2012	1H 2013
Mine Production (tonnes Ni)	16,230	14,872	14,461
Mill Production (tonnes Ni)	13,045	12,596	13,673
Recovery	93%	91%	91%
Sales Volume (tonnes Ni)	11,595	15,042	13,752
Cash Costs (US\$/lb)	2.23	2.77	2.79
Cash Costs (A\$/lb)	2.17	2.69	2.69
Exchange Rate USD/ AUD	1.03	1.03	1.04
Nickel Price (US\$/tn)	18,761	18,276	16,664
EBITDA ('000)	96,633	89,950	61,619
EBIT ('000)	52,814	42,088	17,433
NPAT ('000)	24,102	16,079	2,117
Cashflow from Operations ('000)	64,412	94,841	48,076
Net Debt ('000)	(179,844)	(220,198)	(194,354)
Cash at Bank	160,856	165,502	85,846
Dividend (cents)	5.0	6.0	2.0

Shipment timing impacted 2H 2012

Guidance maintained after full transition to Spotted Quoll Underground

Nickel Price is primary driver of EBITDA changes

Impacted by \$4.4m write-down (post tax)

Includes A\$105.5m Convertible Bond Repayment. ANZ debt of A\$45m retired in Jan 2013

Underlying NPAT 1H 2013: A\$6.5m (pre Sandstone impairment)



Delivering on Objectives

Objectives	What's Been Delivered
Pay Dividend	✓ 2c interim dividend
Cashflow from Operations	✓ A\$48.1m cashflow, debt reduction and dividends
Profitable through the cycle	✓ <nickel price, EBITDA A\$61.6m, Underlying NPAT \$6.5m
Cash costs below A\$3.00/lb	✓ A\$2.69/lb
Increase reserves at Flying Fox	✓ 72kt nickel reserve
New discovery at Forrestania	✓ New Morning and Sunrise
LTIFR < 1.0	✓ 0.78, but today sits at 0.00
Spotted Quoll production to 10kt nickel pa	✓ Achieving production target - delivered on budget



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

Earnings Data (\$'000)	1H FY 2012	2H FY 2012	1H FY 2013
Exchange Rate USD/ AUD	1.03	1.03	1.04
Nickel Price (US\$/tn avg)	18,761	18,276	16,664
Revenue	149,106	181,592	158,963
EBITDA	96,633	89,950	61,619
Depreciation & Amortisation	43,819	47,862	44,186
EBIT	52,814	42,088	17,433
Interest Expense	18,086	19,355	13,671
Tax	10,626	6,654	1,645
NPAT	24,102	16,079	2,117
Dividend (cents)	5.0	6.0	2.0
Earnings per share (cents)	13.4	9.0	1.1

Underlying* NPAT 1H 2013: A\$6.5m

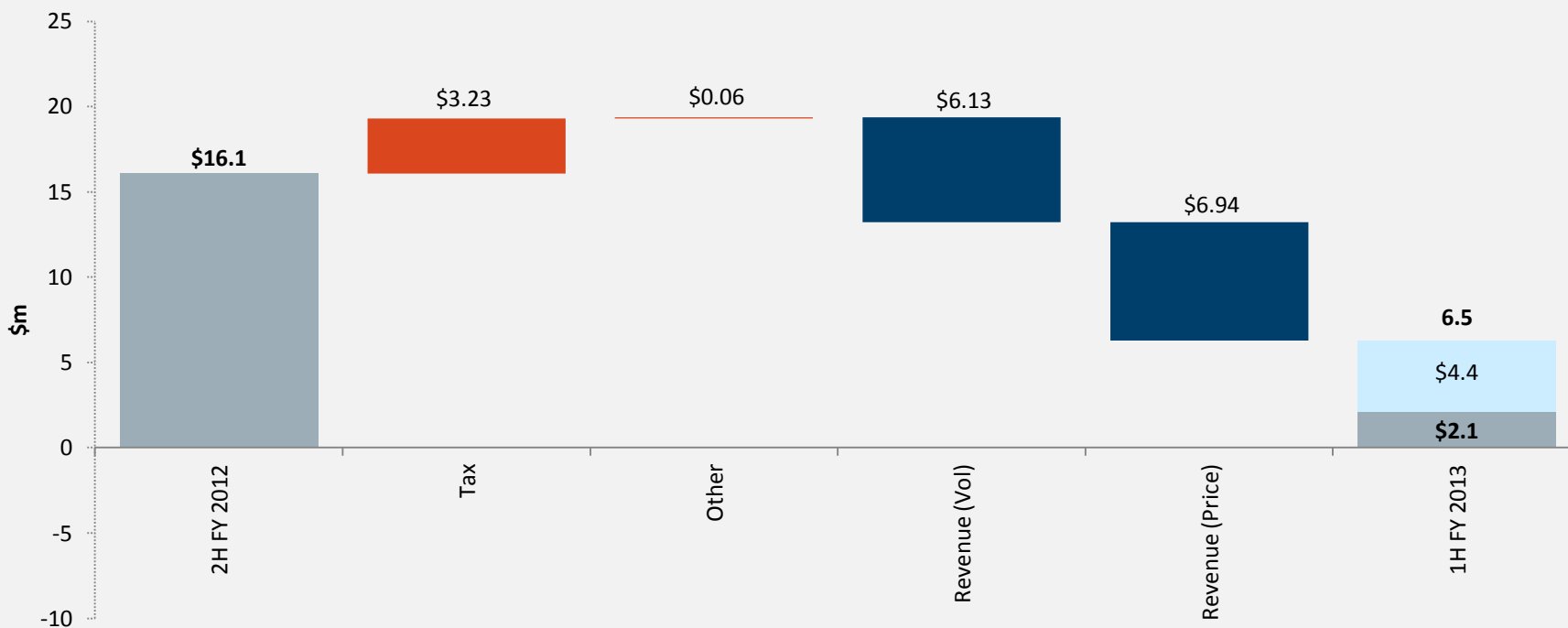
Commentary (1H FY 2012)

- Nickel price down A\$0.95/lb and A\$0.73/lb versus 1H 2012 and 2H 2012 respectively.
- Prior two halves have the impact of the super low cost Spotted Quoll Open Pit – 1H 2013 is purely two underground mines.
- Sales volume high in 2H 2012 due to timing of shipments
- Unit cash costs kept below guidance at A\$2.69/lb and consistent with 2H 2012.
- Sandstone post tax impairment charge of A\$4.4M.
- Interest expense reduction reflects retirement of A\$105.5m bond in July 2012
- Final dividend declaration of 2c fully franked represents return of 62% of underlying NPAT.

*Underlying NPAT reconciliation	\$m
Underlying NPAT	\$6.5
Less Sandstone impairment (post tax)	(\$4.4)
Reported NPAT	\$2.1



WSA NPAT - 2H FY 2012 vs 1H FY 2013



1H FY13 NPAT impacted by:

1. Exploration write off - Sandstone impairment
2. 2H FY2012 had record shipments – timing issue with a large shipment leaving just prior to 30/6/12
3. Significantly reduced realised nickel price from average US\$8.29/lb to US\$7.56/lb

Cashflow Statement

Cashflow Statement (\$'000)	1H FY 2012	2H FY 2012	1H FY 2013
Operating Cashflow	64,412	94,841	48,076
<i>Less:</i>			
Exploration	(17,860)	(15,940)	(12,795)
FinnAust Investment	(4,058)	(3,307)	(2,297)
Acquisition of Mining Interests	(1,512)	-	-
Mine Development	(38,506)	(28,911)	(15,475)
Capital Expenditure	(8,087)	(5,625)	(14,333)
Investment activities	(274)	(811)	-
Outokumpu Royalty Payout	(14,926)	-	(14,317)
Payment for subsidiary	-	(71,100)	-
Proceeds from Share Issues	-	-	50,000
Proceeds/(Costs) from Financing	(319)	44,486	(2,231)
Dividends Paid	(26,962)	(8,987)	(10,784)
Repayment of convertible bond	-	-	(105,500)
Net Cashflow	(48,092)	4,646	(79,656)
Cash at Bank	160,856	165,502	85,846

Commentary (1H FY 2013)

- Cashflow from Operations of A\$48.1m, significantly impacted by a lower nickel price and first income tax payment.
- Exploration and capex broadly in line with guidance.
- 2nd half exploration may be higher based on New Morning success.
- Final US\$15m paid for Outokumpu Royalty retirement.
- 2012 Convertible bond retired for A\$105.5m in July 2012.
- A\$50m received from equity placement in December (before costs).
- Final dividend of 6c per share from FY2012 paid in October 2012.

Balance Sheet	1H FY 2012	2H FY 2012	1H FY 2013
Cash at Bank	160,856	165,502	85,846
Receivables	28,971	25,360	26,276
Stockpiles & Inventory	50,841	42,121	41,699
PP&E	106,932	107,111	114,413
Exploration & Evaluation	106,660	133,282	140,051
Mine Development	247,401	295,634	272,104
Other	10,465	5,958	4,525
TOTAL ASSETS	712,126	774,968	684,914
Trade & Other Payables	70,328	66,444	45,216
Short Term Borrowings	103,449	162,656	45,073
Long Term Borrowings	250,268	256,003	265,296
TOTAL LIABILITES	424,045	485,103	355,585
SHAREHOLDERS EQUITY	288,081	289,865	329,329

Commentary (1H FY 2012)

- Strong balance sheet with reduced gearing - \$45m ANZ Facility repaid in January 2013.
- Repaid A\$105.5m bond on 2 July 2012 – well flagged to market and strong positioning
- Capital Management has plenty of headroom:
 - ANZ Facility of A\$65m – currently undrawn
 - Convertible bond July 2014 – A\$110.2m
 - Convertible bond July 2015 – A\$125.0m
- FY13 capex/mine development likely to be <A\$70m
- FY13 exploration may be more than A\$20m dependent on results from New Morning and Sunrise.
- New and longer dated ANZ Facility of A\$125m will be finalised shortly – provides repayment certainty on July 2014 bond



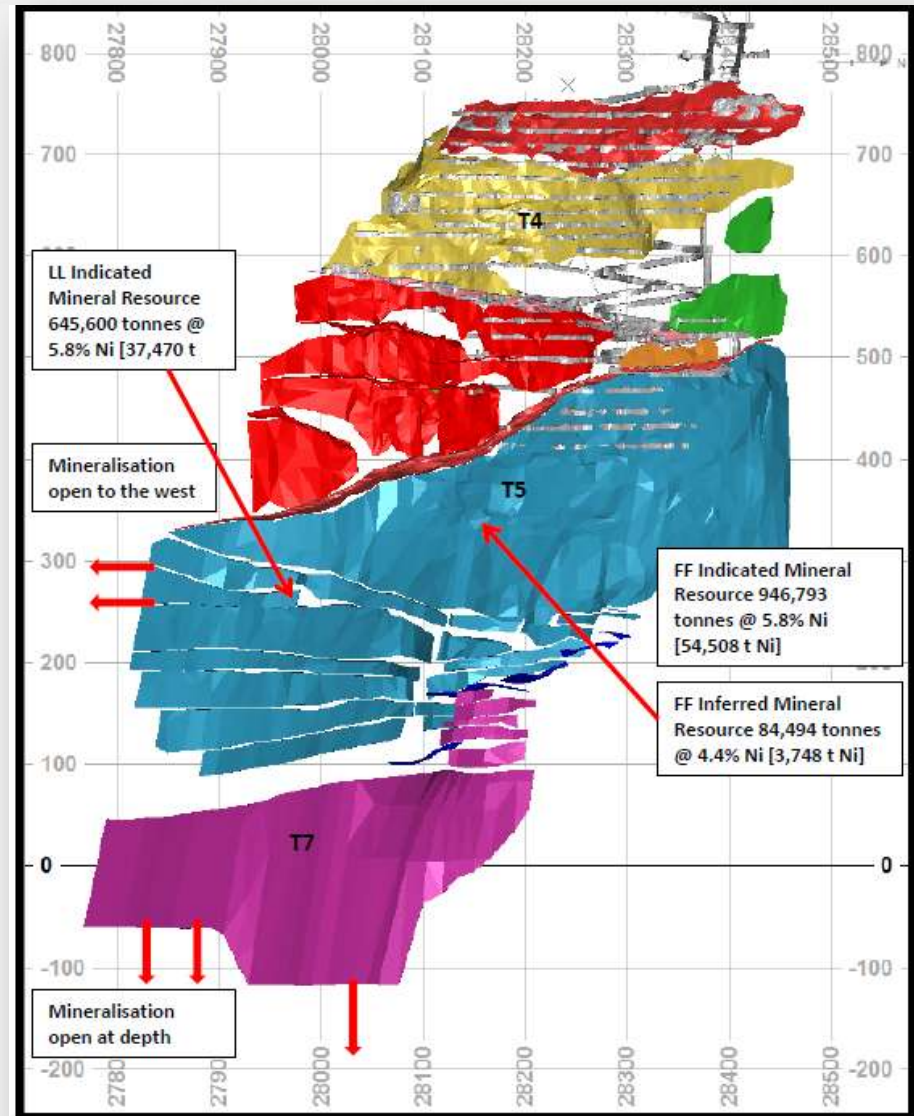


Summary

- Continuous high grade Nickel to 1300m. Open at depth
- Resource ore grades increase at depth from 3.9% to 5.8% Nickel
- **Announced intersection T5: 34.7m @ 8.9% Nickel**

Production

- FY2012 – 373,726t @ 5.0% nickel for **18.5kt** nickel
- FY2013 guidance – 16kt nickel in ore
- Low cash cost operation <US\$3/lb
- Ore Reserve now 72,200t of high grade nickel
- Total High Grade Resource now stands at around **100,286t of Nickel**
- Major drilling program ongoing at Lounge Lizard
- T5 & T7 down dip extensions cross into Lounge Lizard and remain open

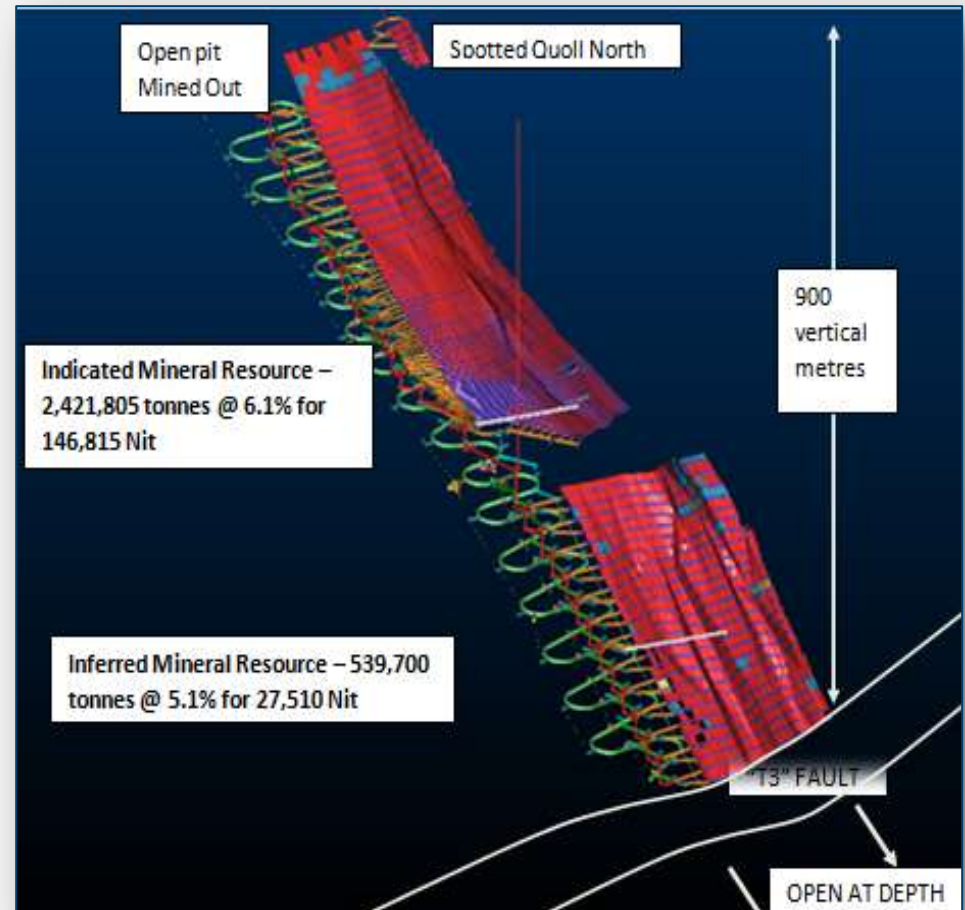


Summary

- Ore reserve was upgraded in June 2012 by 94% with an exceptional 88% conversion ratio
- Ore reserve now 3.0mt @ 4.20% containing 126,135t nickel
- Remains open at depth
- Surface drilling program complete to improve conversion of inferred resource to indicated resource
- Already >10 year mine life on reserve
- **New Spotted Quoll North Resource of 50kt @11.3% for 5,730 nickel tonnes**

Production

- Successfully ramped up nickel production to a 10ktpa rate for the six months to Dec 2012
- Mine optimisation study complete and decline being accelerated to reach 15ktpa nickel in FY2015





Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore (but being exceeded)
- Nickel concentrate output >25,000tpa Ni
- Concentrate grades of around 14.0% Ni
 - Premium blending product (Fe/Mg ratio >15)
 - Desirable to smelters as it enables lower quality concentrates to be economically utilised after blending
- 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





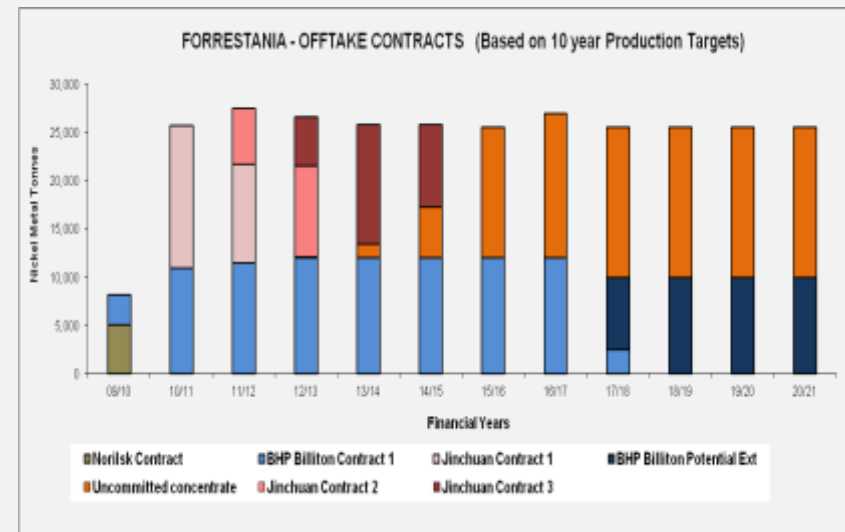
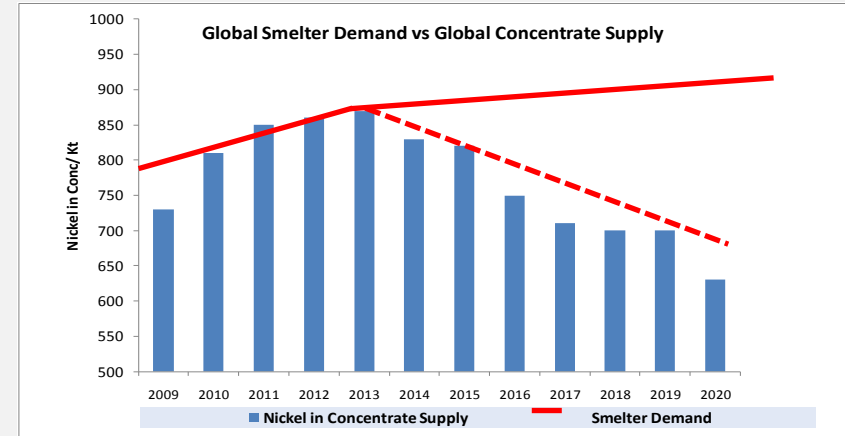
Concentrate Supply

- Tightness in smelter supply to be experienced from 2014
- Global nickel sulphide grades in decline
- Reliable nickel sulphide concentrate supply dwindling
- Laterites and Nickel Pig Iron do not fill the void

Offtake Contracts

- Jinchuan contract expires earlier than planned in Jan 2013 due to higher sales
- Tender process complete – 26,000t of nickel in concentrate awarded to Jinchuan
 - Improved payability achieved
 - Bids from end users, investors and traders
- 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**

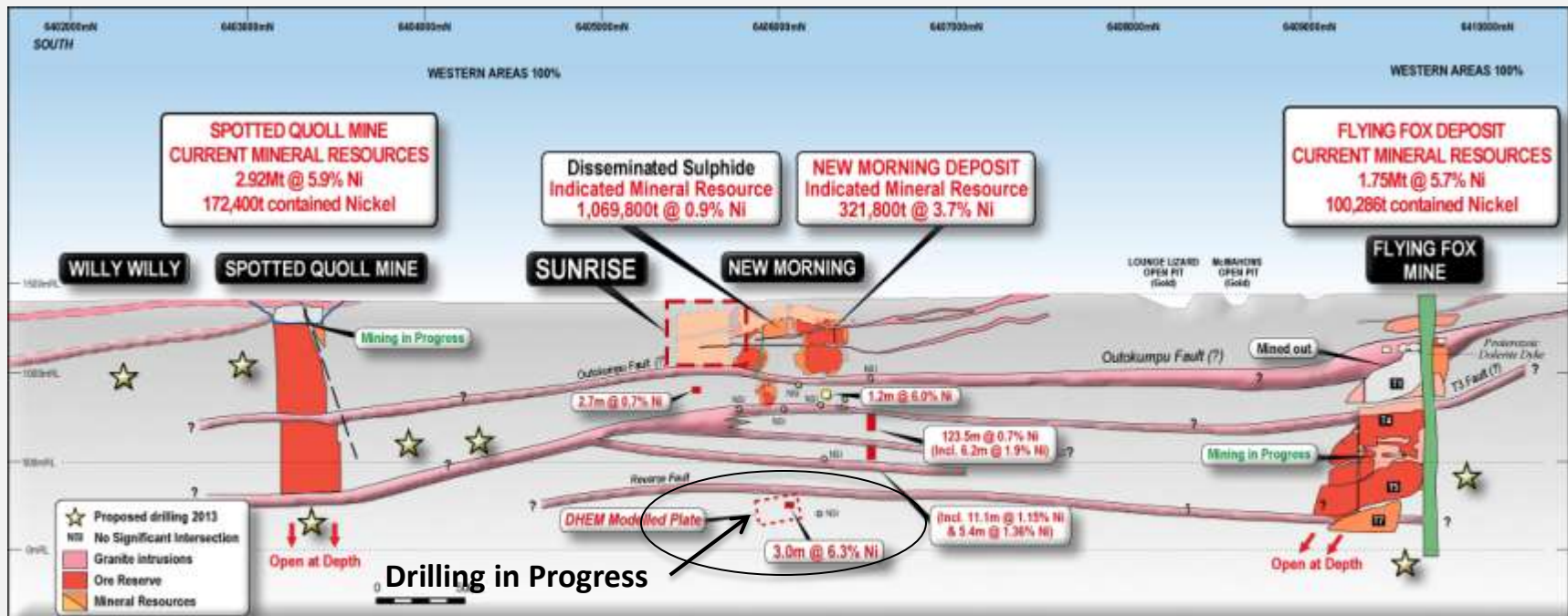




Short Term – Near Mine Exploration



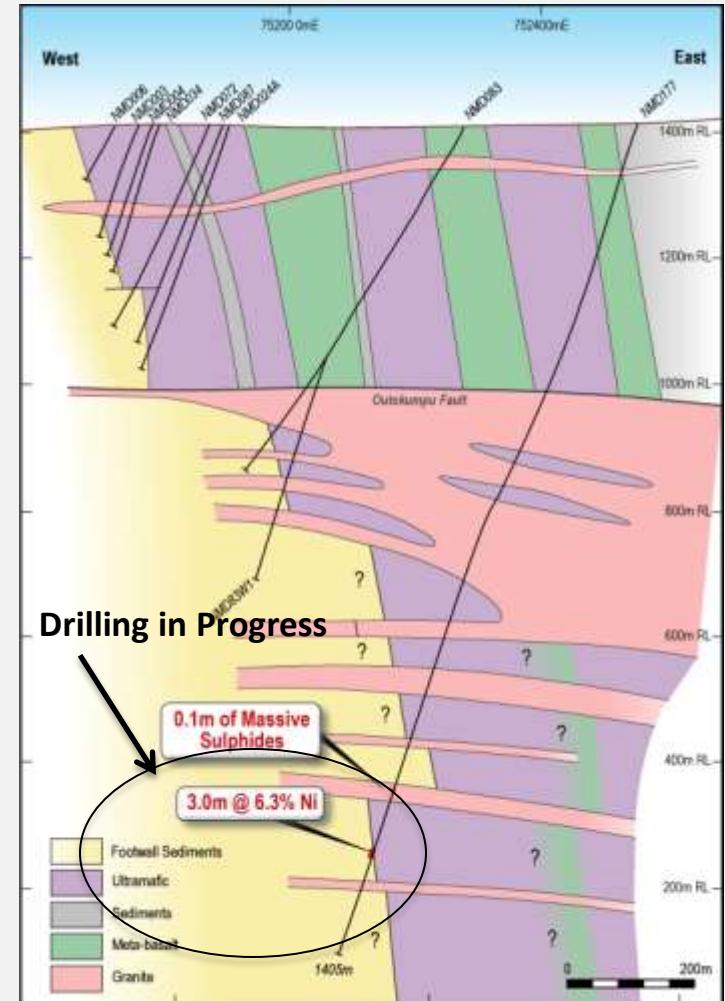
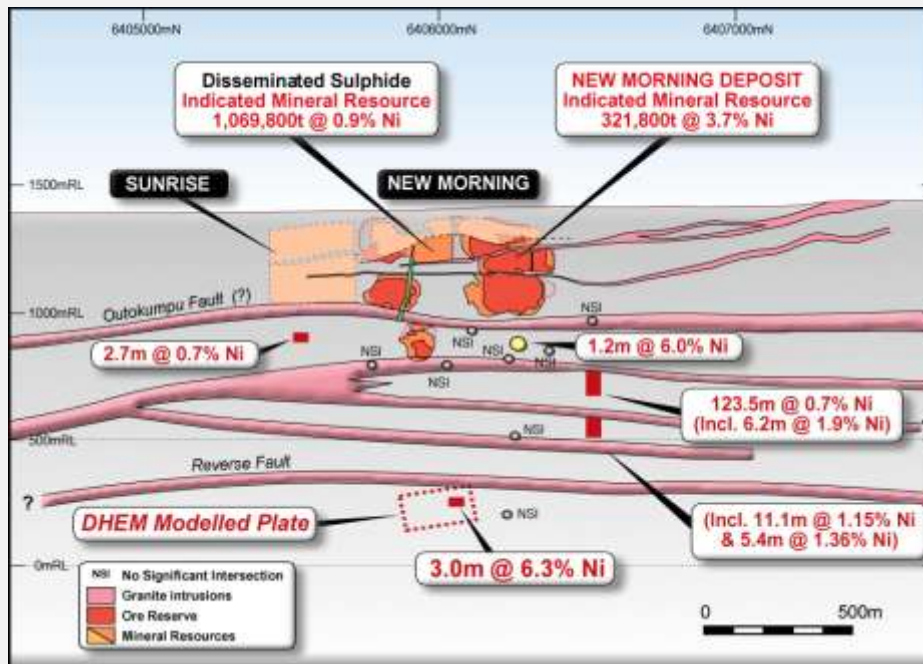
- Exploration Budget of A\$20M for FY13, majority to be spent on drilling at Forrestania
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 500km long nickel province
- Drilling Priority within 8km long zone (below). New discovery would access existing mine infrastructure.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



High Grade Discovery at New Morning



- WSA's latest new high grade discovery, 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Massive sulphide discovered below New Morning **3.0m @ 6.3% nickel including 2.4m @ 7.6% nickel**
- DHEM geophysics confirms plate approximately 250m x 150m
- Major drilling program underway

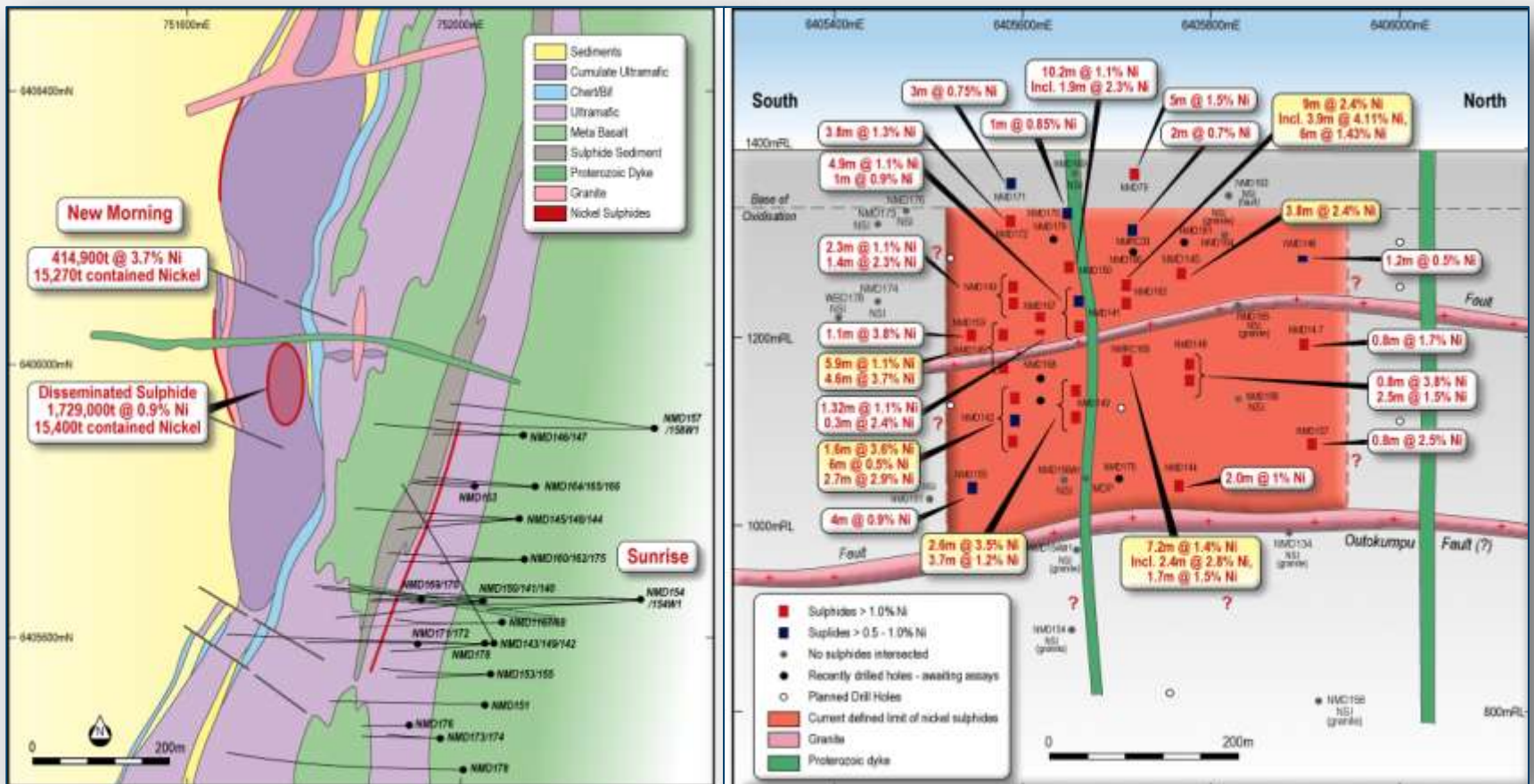


WESTERN AREAS LTD INTERPRETATIVE CROSS SECTION 64062001N - January 2013

New Discovery-Sunrise



- Another 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





- **WSA** owns 19.5% 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 – new resource expected Q1, FY2013
 - Potentially significant Palladium & Platinum discovery adjacent to Mayville

Mayville outcropping



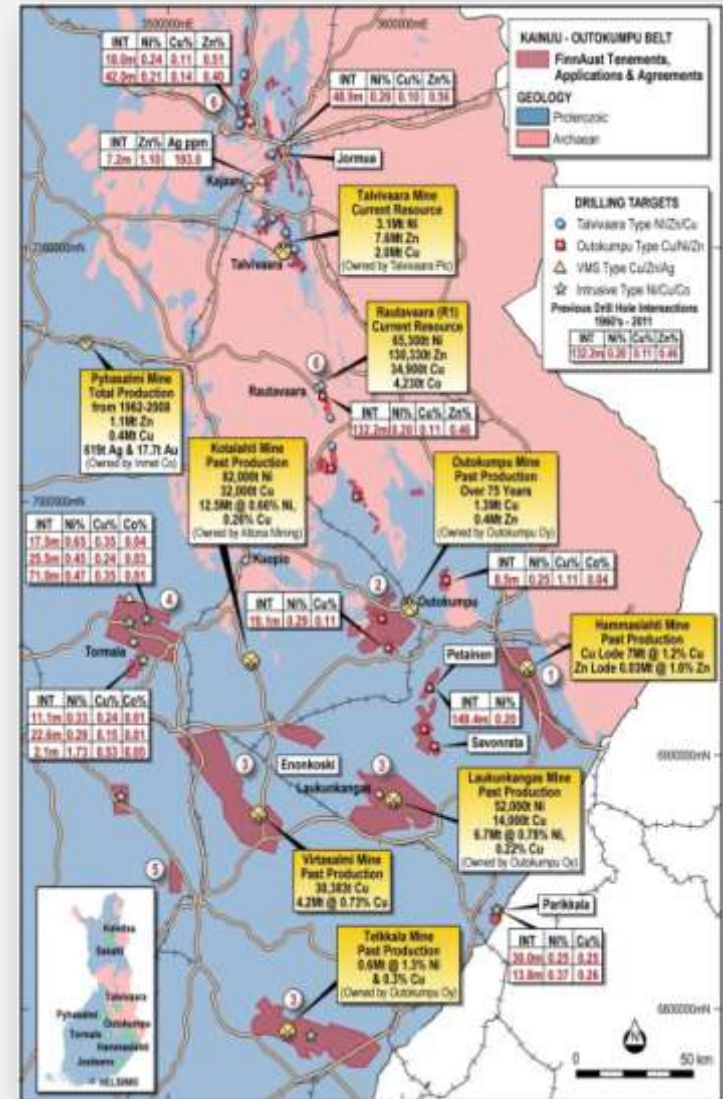
Mayville drill core: 74.7m @ 0.75% Cu & 0.24% Ni



Finland – FinnAust Mining PLC Projects



- 83% WSA, planning to list on AIM - dependent on market conditions
- 300km long base metal province in Finland
- Numerous nickel/copper/zinc mines & occurrences
- Focus on two key projects:
 1. Outokumpu Copper Project
 2. Hammaslahti VMS Project
- Drill priority targets for potential extensions and repetitions to known copper deposits
- Geophysics proving very effective in defining targets - ZTEM survey completed





Short Term < 12 Months

- Flying Fox > 10 years – drilling in progress
- Forrestania drilling
- Mill expansion decision
- Cash costs <US\$3.00/lb
- Strong cashflow
- Dividends
- Further enhanced offtake contract
- Advance FinnAust Mining exploration

Medium Term 2-5 years

- Spotted Quoll & Flying Fox – 30ktpa
- New Morning/ Sunrise reserve & production – 5-10ktpa
- 4th mine from Forrestania
- 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

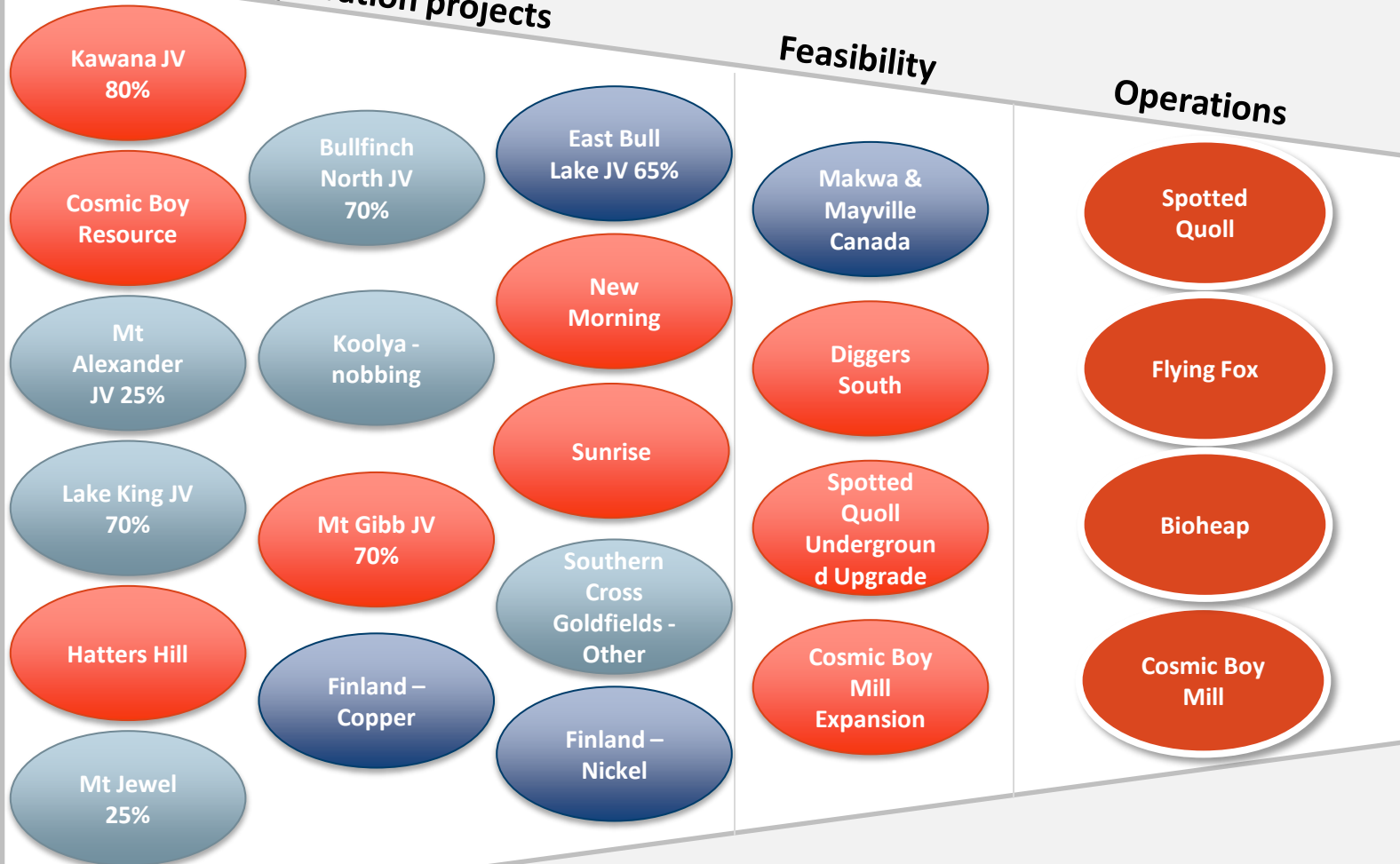
Disciplined Acquisition Potential (Nickel & Base Metals)




Exploration projects


Feasibility

Operations



 = International

 = WA Regional

 = Forresteria





- Current LME spot price **up ~ 10%** on average price for prior period
- Demand increase linked to:
 - Chinese steel production – construction and consumer good uses, linked to Chinese economic growth
 - North American economy – linked to consumer goods
 - European economy – linked to consumer goods
 - Two from three showing good signs
- Supply side still suggests positive pricing dynamic:
 - Indonesian laterite export ban to hit new age nickel pig iron producers
 - Looming quality sulphide gap with major mines reaching end 2013-2014
- Consolidation in the nickel industry a potential driver over 2013

We believe prices have bottomed and will gradually trend higher over our forecast period to encourage the rise in capacity utilization rates required to meet our forecast demand growth. We expect marginal costs to be a key determinant of prices.

Based on the historical inventory/price relationship and our cost work, we see fundamental price support in the \$8.50/lb to \$9.50/lb range.

*-RBC Capital Markets,
21 January 2013*

“Nickel Market Outlook”



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 ~ \$900 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** producer of nickel 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 **seventh** consecutive year of production, tenth consecutive quarter with no downside surprises
 - First production 26 October 2006
- **Committed** to stable growth from the current solid platform

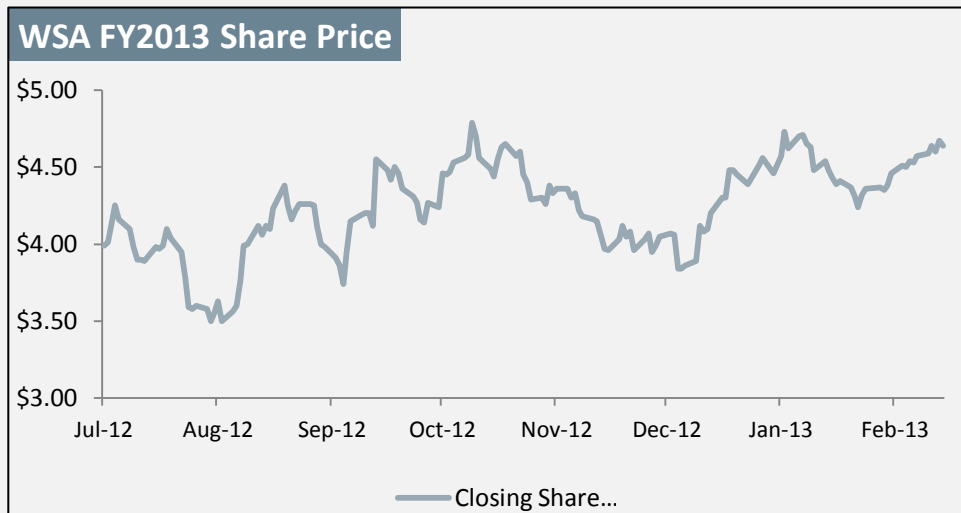


Introduction – Corporate Summary



Listing:	Member of S&P ASX 200
Shares on Issue:	196.8M
Share Price:	~ A\$4.60 (February 2013)
Market Cap: (undiluted)	~ A\$900 million
Cash:	A\$86M at 31 Dec 2012

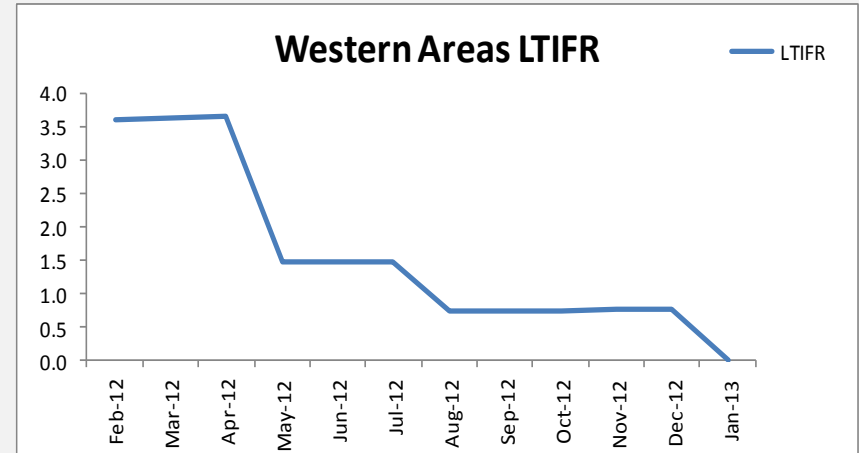
Top 15 Shareholders	%
1 T Streeter	13.42
2 Colonial Group	7.77
3 M & A Greenwell	5.17
4 Sydney Fund Manager	3.92
5 Paradise Investment Management	3.57
6 Giovanni Santaluccia	3.17
7 Celeste Funds Management	2.69
8 Concise Asset Management	2.63
9 UBS Asset Management	2.53
10 Tribeca Investments	2.38
11 Platypus Asset Management	2.33
12 Antares	1.99
13 State Street	1.75
14 BlackRock	1.61
15 Mount Kellet	1.59
TOTAL	56.52





Continuous Safety Improvement

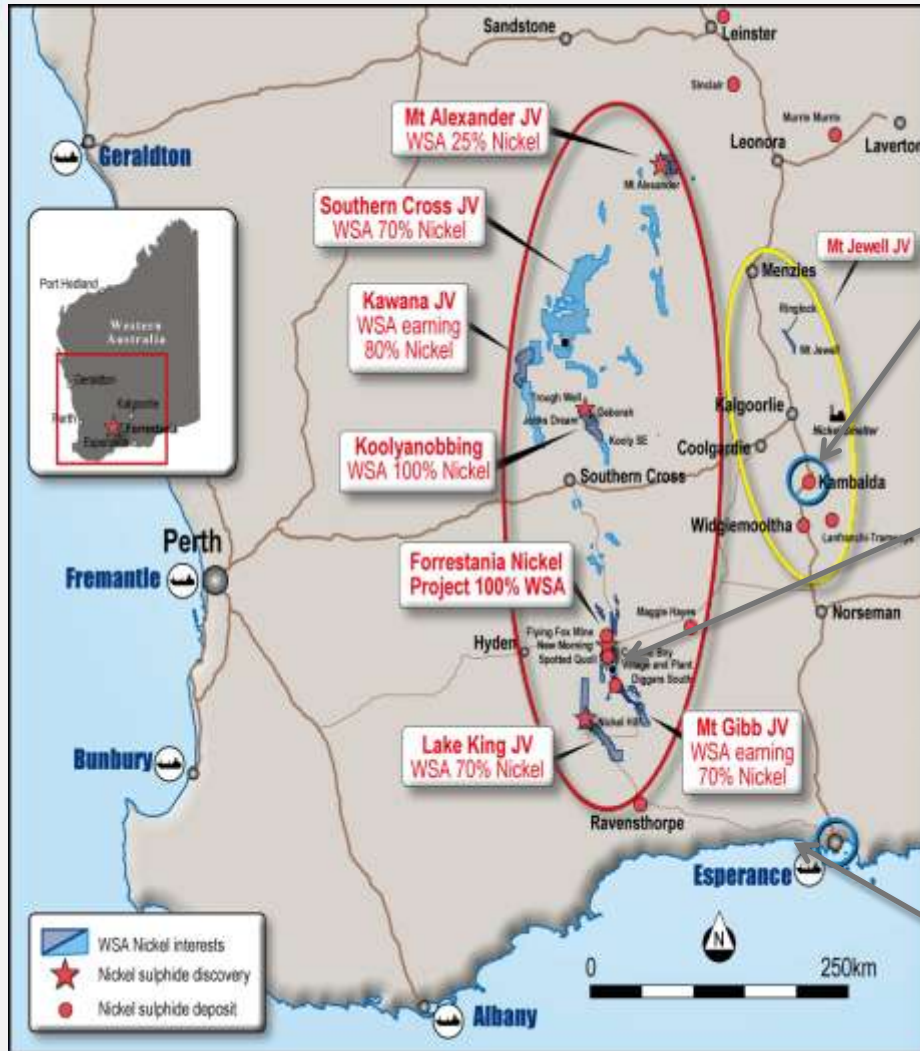
- **LTIFR at 0** is the lowest result since 2009
- Flying Fox > 800 days LTI free
- Spotted Quoll > 450 days LTI free
- Exploration >1,500 days LTI free
- MTIFR trending down to 10.9
- Contractors and Employees fully integrated into a site wide commitment



Environment & Social

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





WSA concentrate to BHP Billiton



WSA operations



WSA concentrate exports

December Quarter



Tonnes Mined		2011/2012		2012/2013		FY Total
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
Flying Fox						
Ore Tonnes Mined	Tn's	81,143	96,289	102,218	89,846	192,064
Grade	Ni %	5.3%	5.3%	5.0%	4.9%	5.0%
Ni Tonnes Mined	Tn's	4,278	5,097	5,129	4,380	9,509
Spotted Quoll - Tim King Pit						
Ore Tonnes Mined	Tn's	57,204	-	-	-	-
Grade	Ni %	4.0%	0.0%	0.0%	0.0%	-
Ni Tonnes Mined	Tn's	2,280	-	-	-	-
Spotted Quoll - Underground						
Ore Tonnes Mined	Tn's	23,261	42,574	43,581	50,907	94,488
Grade	Ni %	4.5%	5.1%	5.4%	5.1%	5.2%
Ni Tonnes Mined	Tn's	1,044	2,173	2,375	2,577	4,952
Total - Ore Tonnes Mined	Tn's	161,608	138,863	145,799	140,753	286,552
Grade	Ni %	4.7%	5.2%	5.1%	4.9%	5.0%
Total Ni Tonnes Mined	Tn's	7,603	7,270	7,504	6,957	14,461
Tonnes Milled and Sold		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Ore Processed	Tns	131,748	143,148	142,795	151,855	294,650
Grade	%	5.1%	4.9%	5.3%	4.9%	5.1%
Ave. Recovery	%	93%	90%	92%	90%	91%
Ni Tonnes in Concentrate	Tns	6,276	6,320	6,951	6,722	13,673
Ni Tonnes in Concentrate Sold	Tns	8,154	6,888	6,923	6,829	13,752
Total Nickel Sold	Tns	8,154	6,888	6,923	6,829	13,752
Financial Statistics		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Cash Cost Ni in Con (***)	A\$/lb	2.48	2.90	2.49	2.89	2.69

On target to exceed guidance for nickel in ore production

Spotted Quoll ramped up to 10ktpa nickel

Concentrator operating > capacity, on target to exceed guidance

Unit Cash Costs < guidance of A\$3.00/lb