

WESTERN AREAS LTD

Annual General Meeting

24 November 2016



AGENDA



DISCLAIMER AND FORWARD LOOKING STATEMENTS

This presentation is being furnished to you solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential. The information contained in this presentation does not constitute or form any part of any offer or invitation to purchase any securities and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

The distribution of this presentation in jurisdictions outside Australia may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. This is not for distribution or dissemination in the U.S.

The information contained in this presentation has been prepared by Western Areas Ltd. No representation or warranty, express or implied, is or will be made in or in relation to, and no responsibility or liability is or will be accepted by Western Areas Ltd, employees or representatives as to the accuracy or completeness of this information or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. No party has any obligation to notify opinion changes or if it becomes aware of any inaccuracy in or omission from this presentation. All opinions and projections expressed in this presentation are given as of this date and are subject to change without notice.

This document contains forward-looking statements including nickel production targets and cost estimates. These statements are based on assumptions and contingencies that are subject to change without notice, and certain risks and uncertainties that could cause the performance or achievements of Western Areas Ltd to differ materially from the information set forth herein. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. Individuals should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to the forecasted periods, which reflect Western Areas Ltd’s view only as of the date hereof.

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.

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.



A grayscale photograph of three men in an industrial setting, likely a construction or manufacturing site. They are all wearing hard hats and safety vests. The man on the left is wearing glasses and a white hard hat. The man in the center is wearing glasses and a white hard hat with a headlamp. The man on the right is wearing glasses and a white hard hat. They are all smiling and looking towards the camera. The background shows industrial structures and equipment.

CORPORATE

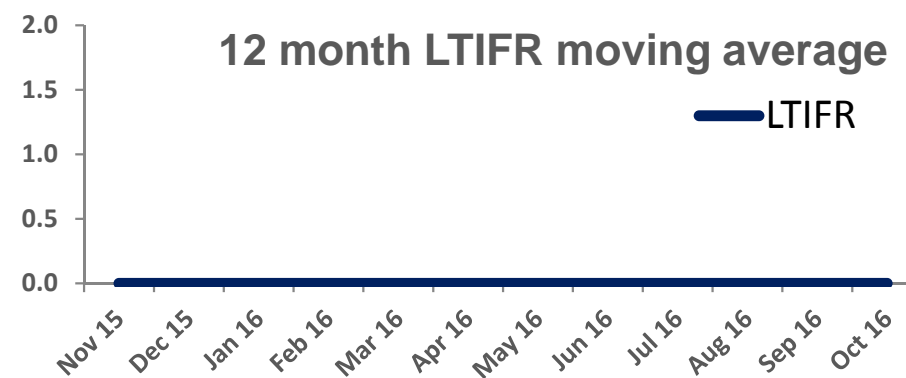
FY16 HIGHLIGHTS

- ✓ **Jul 2015** Paid down \$125m convertible bond
 - Company debt free
 - Currently \$81.1m in bank (end of Sept Qtr)
- ✓ **Oct 2015** Purchased the Cosmos Nickel Project \$24.5m
 - Progressed drilling approvals for Lake Miranda
 - Commenced PFS study for Odysseus Project
- ✓ **Mar 2016** Raised \$75 by Placement and SPP
 - Completed Cosmos purchase
- ✓ **FY 2016** Strong operational metrics – results at lower end of guidance
 - Prudent and effective cost management supported by all partners
 - Continued strong safety culture
 - Ni price at 13 year low

WESTERN AREAS ARE SAFE AREAS



	Days LTI free	
Exploration	3,044	Nov-08
Spotted Quoll	2,027	Aug-11
Cosmic Boy Concentrator	1,226	Oct-13
Flying Fox	1,209	Nov-13



Safe operations make efficient operations

CORPORATE OVERVIEW

High quality assets

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

No debt, clean balance sheet, low costs

- Further flexibility with undrawn A\$50m ANZ facility
- Low unit cash cost producer

Organic growth options

- Strong near-mine and regional exploration
- Cosmos exploration and Odysseus PFS

Positioned for nickel recovery

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

ASX code	WSA
Share price	3.16
Shares outstanding (m)	272.2
Market Cap (A\$m) ¹	860
Cash (A\$m) ²	81.1

Cosmos Nickel Complex

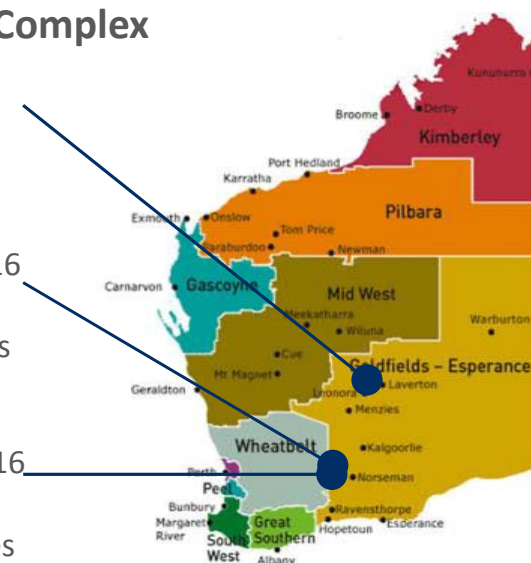
567kt Ni resources
PFS underway

Flying Fox

12.4kt Ni mined FY16
48.2kt Ni reserves
102.2kt Ni resources

Spotted Quoll

15.2kt Ni mined FY16
97kt Ni reserves
119.8kt Ni resources

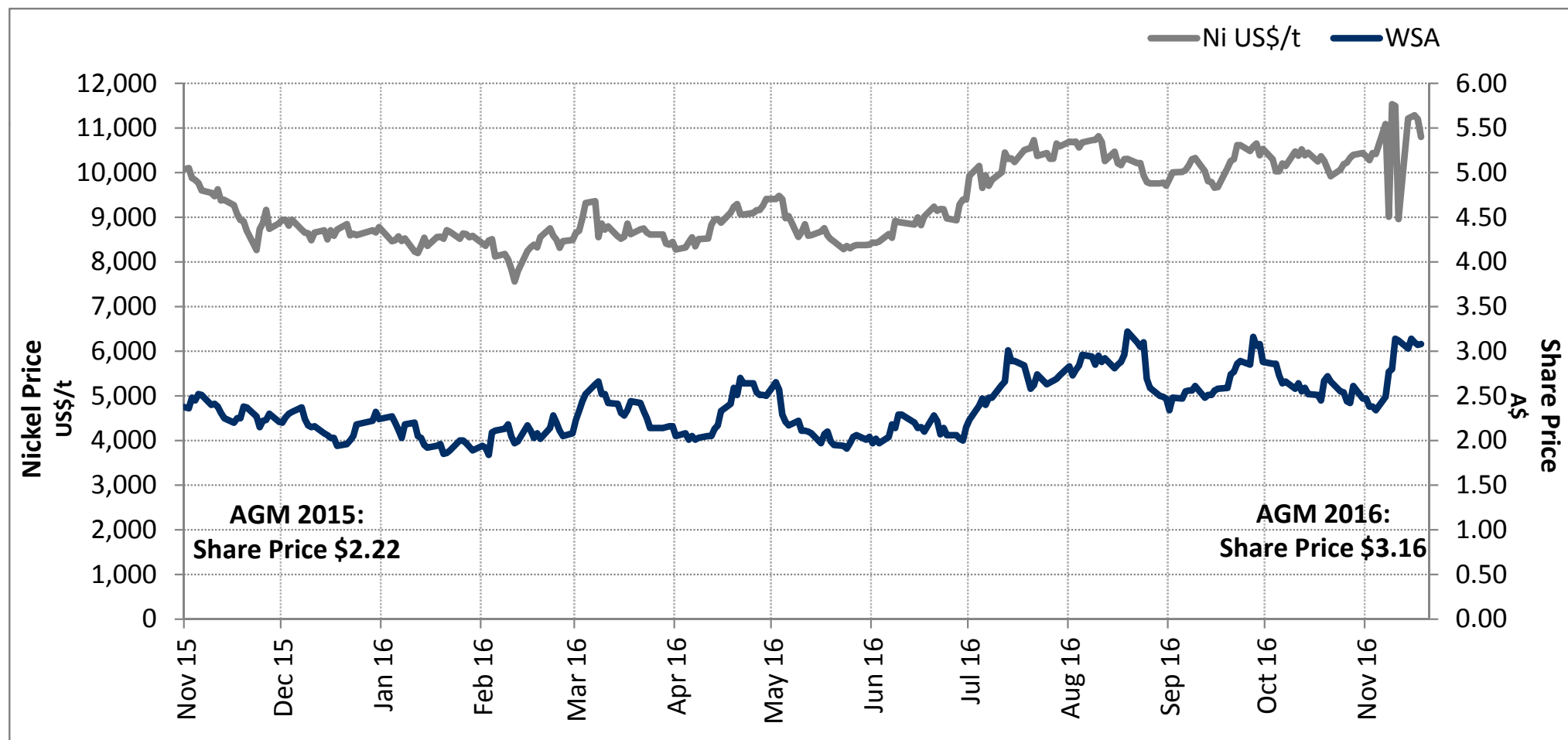


A leading mid-tier base metal producer



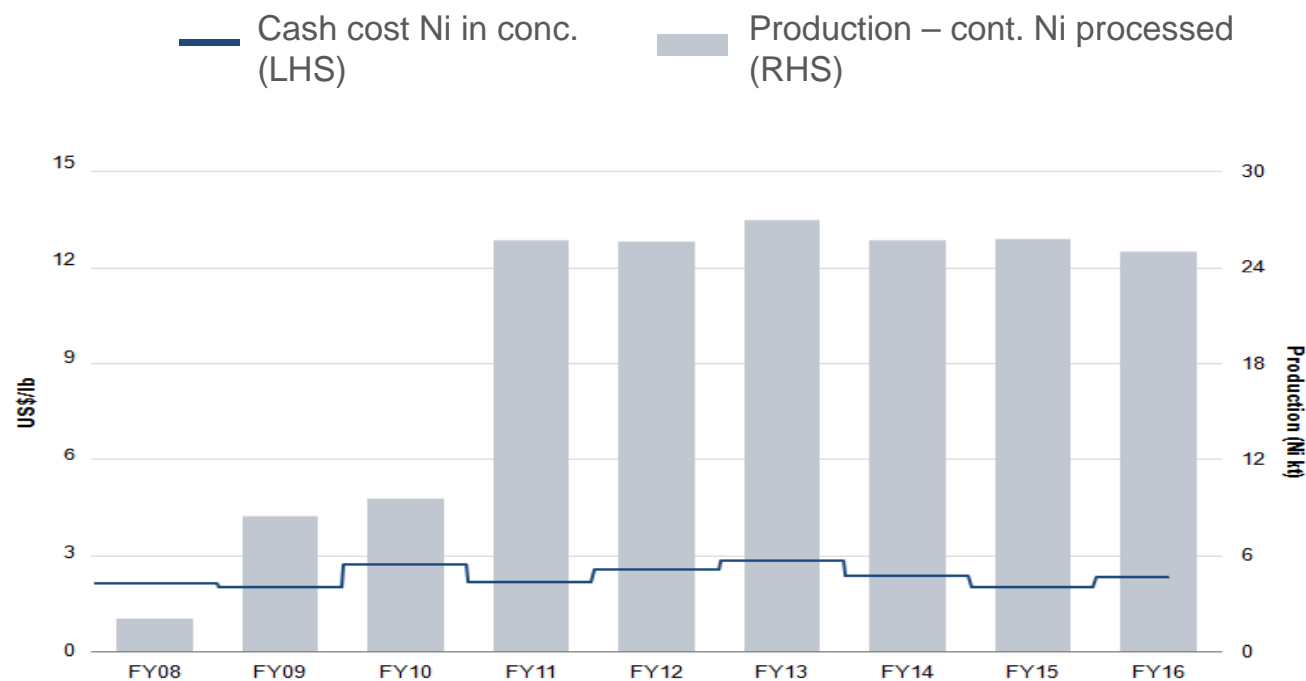
1. Based on share price on 7 November 2016
2. Cash as at 30 September 2016

NICKEL PRICE AND WSA SHAREPRICE



CONSISTENT LOW COST PRODUCER

- **ALL FY16 GUIDANCE METRICS MET OR EXCEEDED**
- LTIFR – ZERO – over 2 yrs LTI free
- Record Spotted Quoll mine production of 15,175 Ni tonnes
- Unit cash cost of production at A\$2.26/lb (US\$1.64/lb) of nickel in concentrate
- Record annual mill throughput at 616,279 ore tonnes
- Exceptional consistency and 6 years without a guidance miss



A management team which consistently delivers guidance

FY17 GUIDANCE

Category	FY17 Guidance
Mine Production (Nickel in Ore tonnes)	22,500 to 24,500
Nickel Tonnes in Concentrate Production	20,200 to 22,000
Unit Cash Cost of Production (In Concentrate)	A\$2.40/lb to A\$2.75/lb
Sustaining Capex*	A\$22m to A\$24m
Forrestania and Regional Exploration	A\$8m
Feasibility Studies	A\$2m

**Includes one-off ventilation shaft at Spotted Quoll for A\$6m*

Comments

- Capex light, cashflow maximisation model adopted – not focussed on volume maximisation
- Flexibility to increase productivity on sustained nickel price improvement
- Sustaining capital includes the last major item of capex at either mine – ventilation shaft for A\$6m
- Mill Enhancement project deferred to FY18, but ready to go with 6 month construction time
- Lowest sustaining capex for many years
- Exploration budget for Cosmos, Western Gawler and Forrestania
- Unit cash costs reflect savings banked in FY16, offset by fixed cost allocation and lower production
- Production remains flexible, but reflects mining the flatter dip zone at Spotted Quoll for longer in FY17
- Next guidance update planned to be with the half year results release

The background image is a grayscale photograph of a wastewater treatment plant. It shows a large circular aeration tank with a worker standing on a metal walkway with railings. The worker is wearing a hard hat and safety gear. In the background, there are various pipes, structural steel, and a small utility vehicle. The overall scene is industrial and functional.

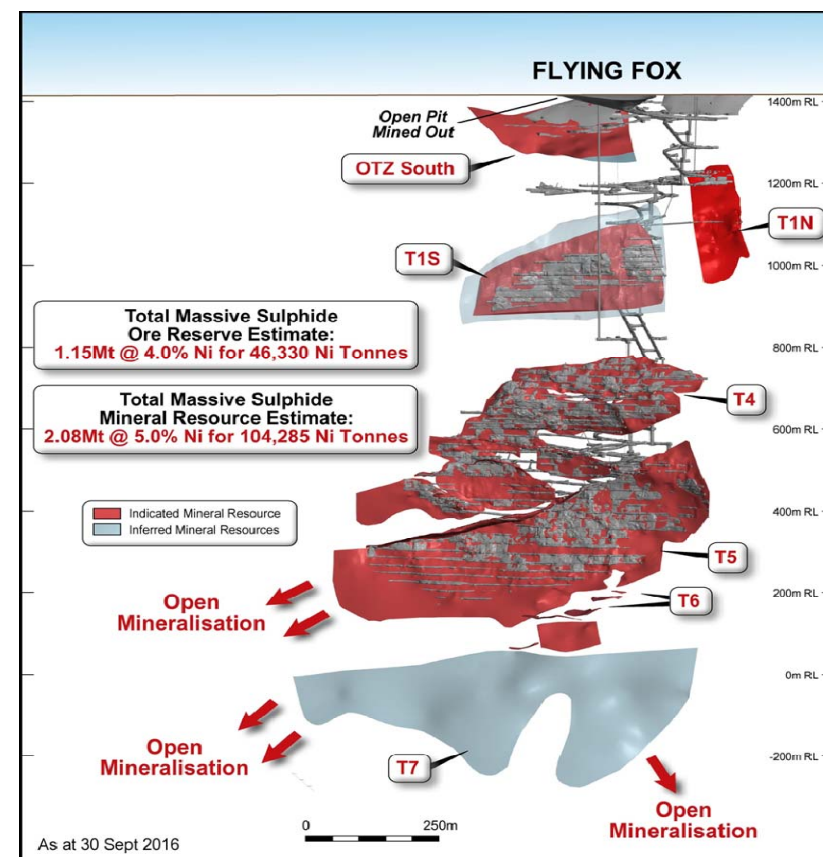
--- OPERATIONS

FLYING FOX MINE

Reserve Contained nickel	1.15Mt @ 4.0% 46,330 Ni tonnes
Resource Contained nickel	2.08Mt @ 5.0% 104,285 Ni tonnes
Mine life	5 years

Key points

- FY16 production – 12,432 Ni tonnes
- 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 10 years



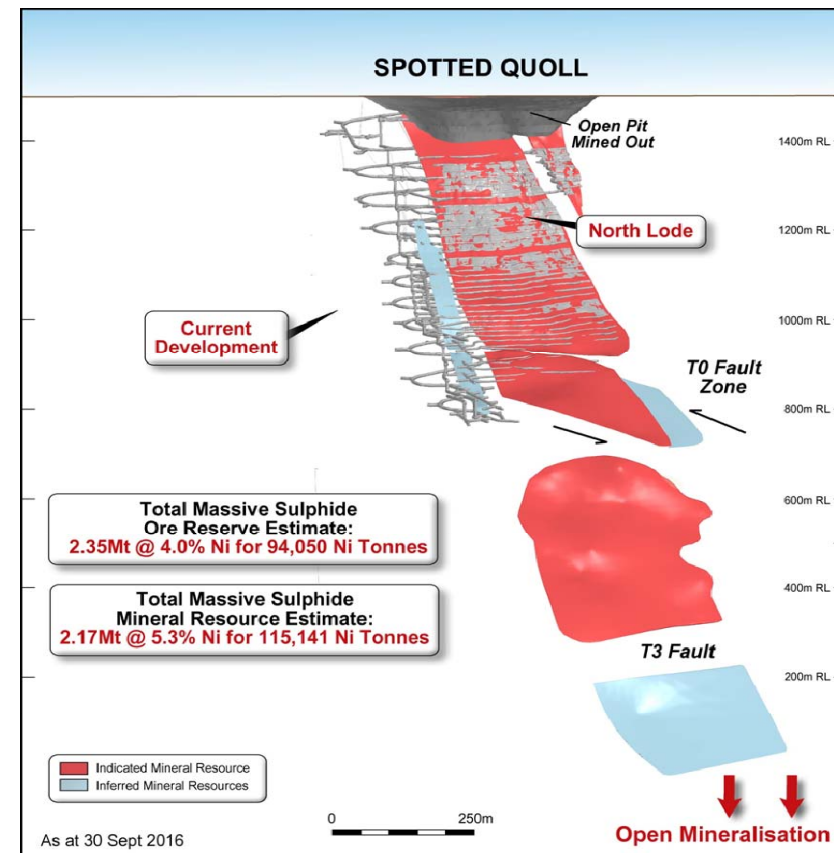
WSA's foundation asset within Forrestania

SPOTTED QUOLL MINE

Reserve Contained nickel	2.35Mt @ 4.0% 94,050 Ni tonnes
Resource Contained nickel	2.17Mt @ 5.3% 115,141 Ni tonnes
Mine life	+8 years

Key points

- Has never recorded an LTI
- FY16 record annual production – 15,175 Ni tonnes
- 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



WSA Explored, Discovered and Developed

FORRESTANIA NICKEL CONCENTRATOR

Concentrator Summary

- Mill processed an annual record of 616k tonnes of ore in FY16, for 25,009 nickel tonnes
- 12% above name plate capacity of 550,000 tpa
- Concentrate grades of between 14.0% to 15.5% Ni
 - Premium blending product (Fe/Mg ratio >15:1)
 - Desirable to smelters

Export Infrastructure and Logistics

- Export concentrate transported to Esperance Port in half height containers and through to China
- Shipping contract in place, FOB Terms
- BHPB Nickel West concentrate delivered to Kambalda



WSA produces a high quality and in demand nickel concentrate

INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

Offtake Contracts

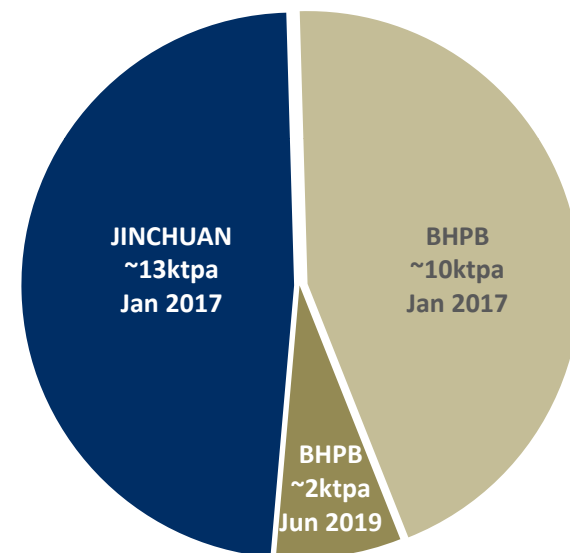
- Existing contracts with Jinchuan/BHPB
- “FOB” Terms
- Very competitive payable percentage of LME

Offtake Status – Opportunities for Western Areas

- 10ktpa contract for BHPB expires for first time in 7 years
- Tender process commenced in September and is well advanced
- **Potential growth in roasting market in Asia – the Company is investigating alternative markets**
- Shortage of high quality premium blending concentrate

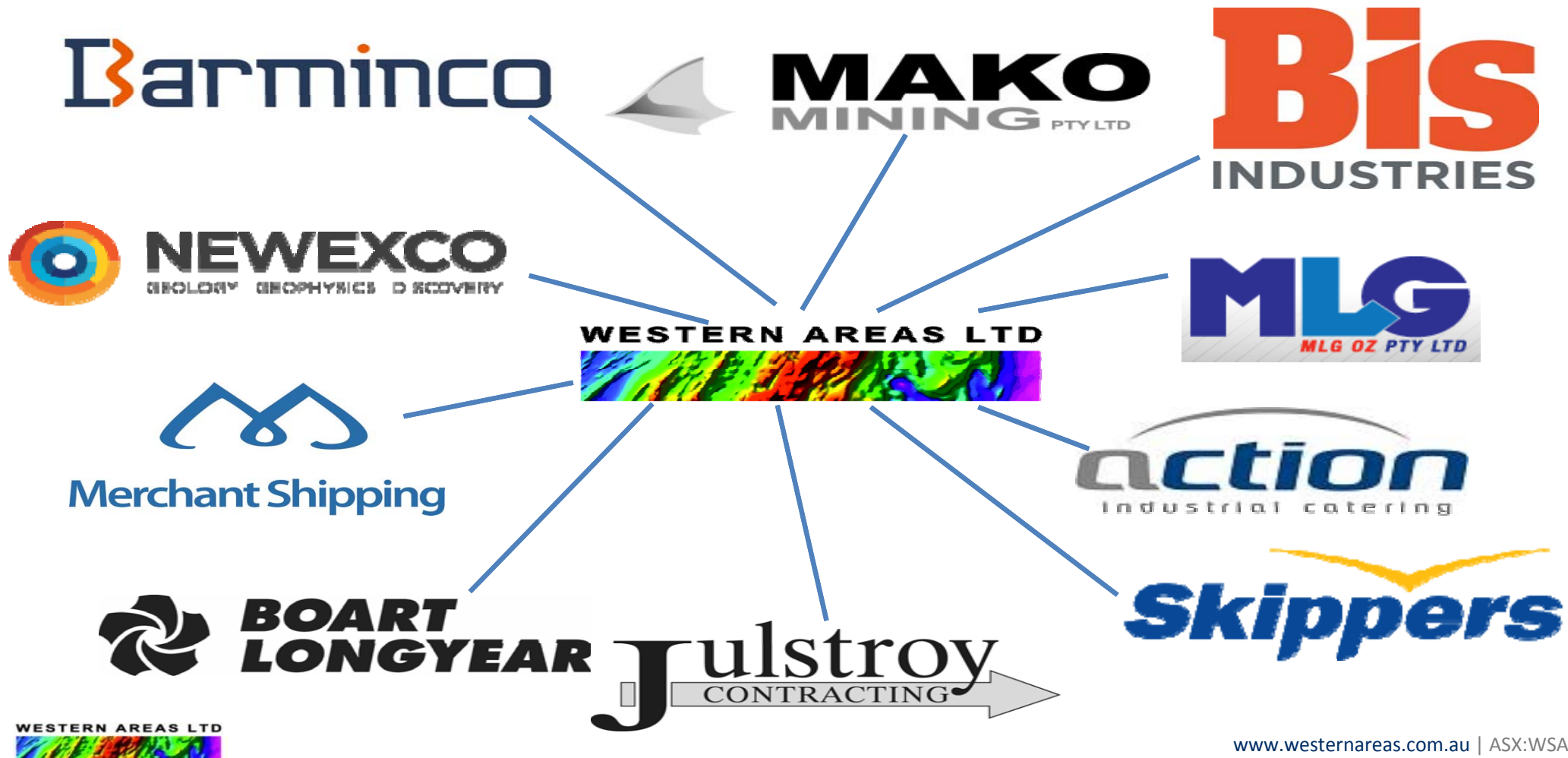
Evaluating New Markets

- Potential to produce nickel sulphate through the mill recovery enhancement project and from New Morning Project



THANK YOU

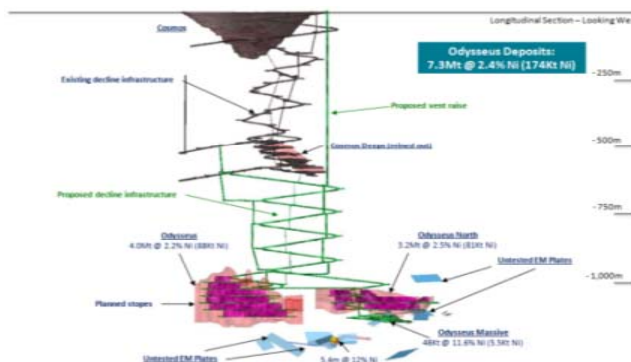
Everyone working together





GROWTH & EXPLORATION OUTLOOK

BUILDING THE PLATFORM



Exploration and Growth

- Cosmos Nickel Complex
- Western Gawler JV
- Forrestania

Development

- Odysseus PFS
- New Morning
- Mill Recovery Enhancement

Production

- Spotted Quoll
- Flying Fox
- Cosmic Boy Concentrator

A portfolio with production and growth optionality

ORGANIC GROWTH PROFILE

Large holding in 2 significantly endowed nickel provinces

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%
- Evaluating Lithium potential at the Forrestania tenements

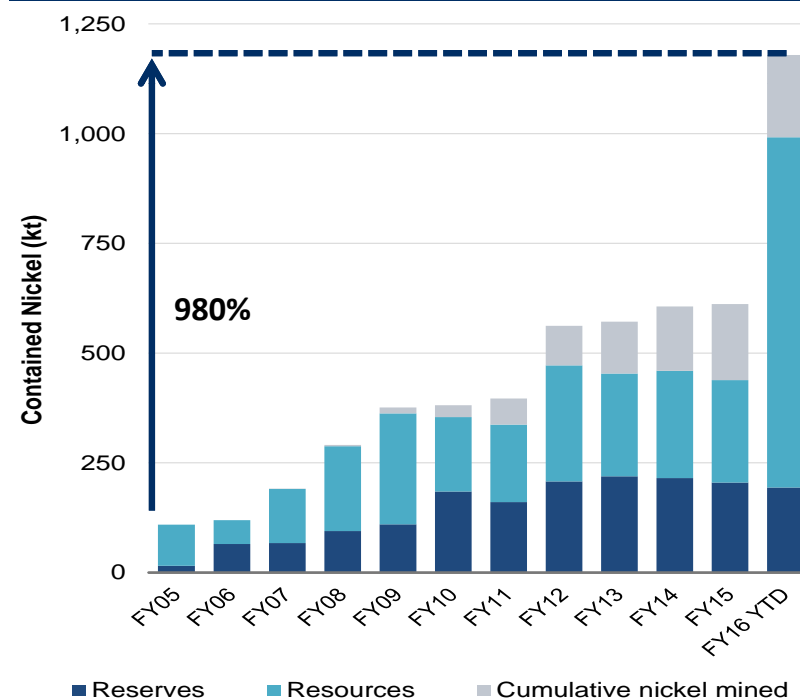
Cosmos Nickel Complex / Odysseus – Western Australia

- Existing resources and infrastructure (previous Glencore/Xstrata/Jubilee Mines operation)
- Option to develop a new West Australian integrated Nickel operation
- Drilling at Neptune to commence around year end

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



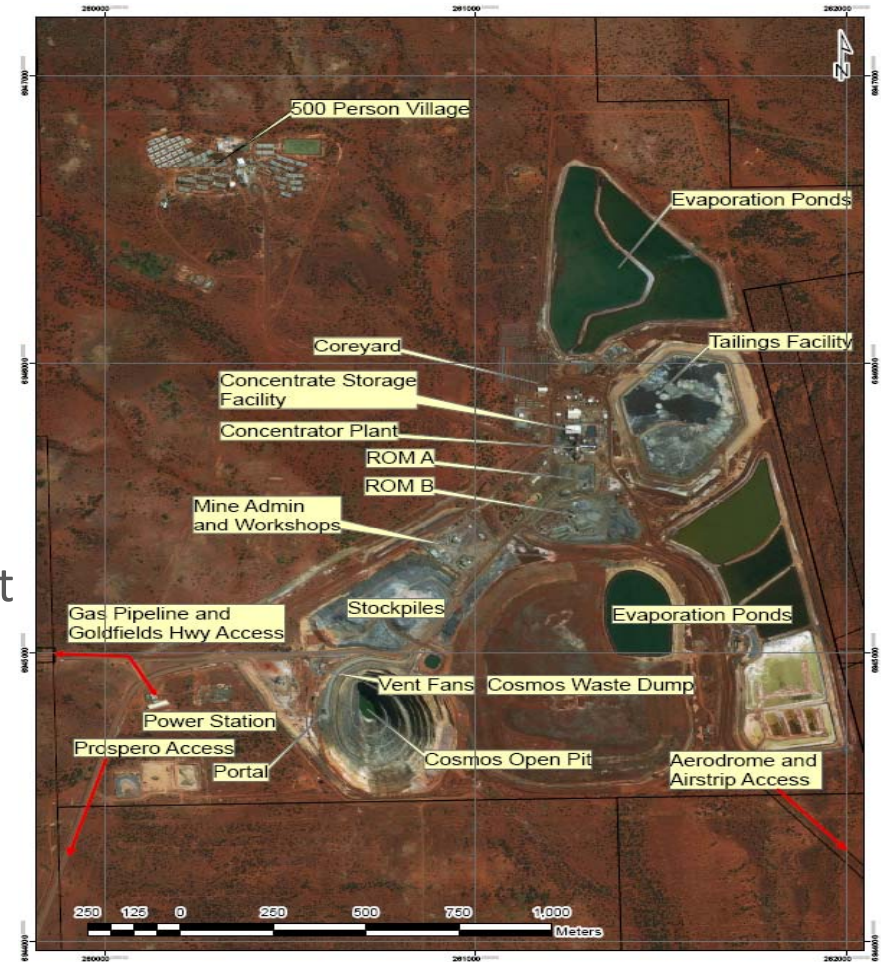
COSMOS ACQUISITION

Strategic Rationale

- Low cost entry – Full purchase price \$24.5m plus stamp duty
- Right street address – historical highest grade mine globally; under explored ultramafic belt (88km²)
- Full infrastructure and facilities – Mill, camp, aerodrome, gas pipeline
- Potential 3rd mine – drilled out resources
- “Ready to go” when nickel prices support development



WESTERN AREAS LTD



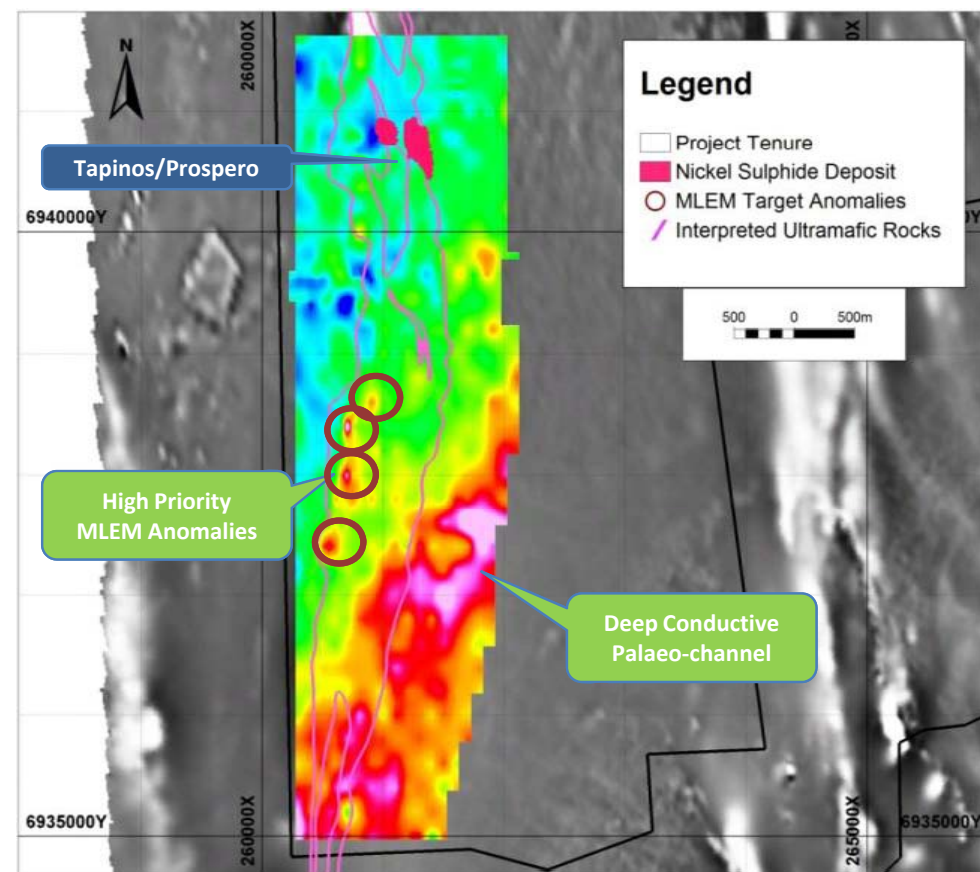
COSMOS EXPLORATION

Focus on Neptune (previously Lake Miranda)

- Tenements covering 88km²
- Heritage surveys successfully completed
- Section 18 approved
- Significant anomalies detected through MLEM
- Drilling targeted by end of CY16
- DHEM being completed between Odysseus and Prospero

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



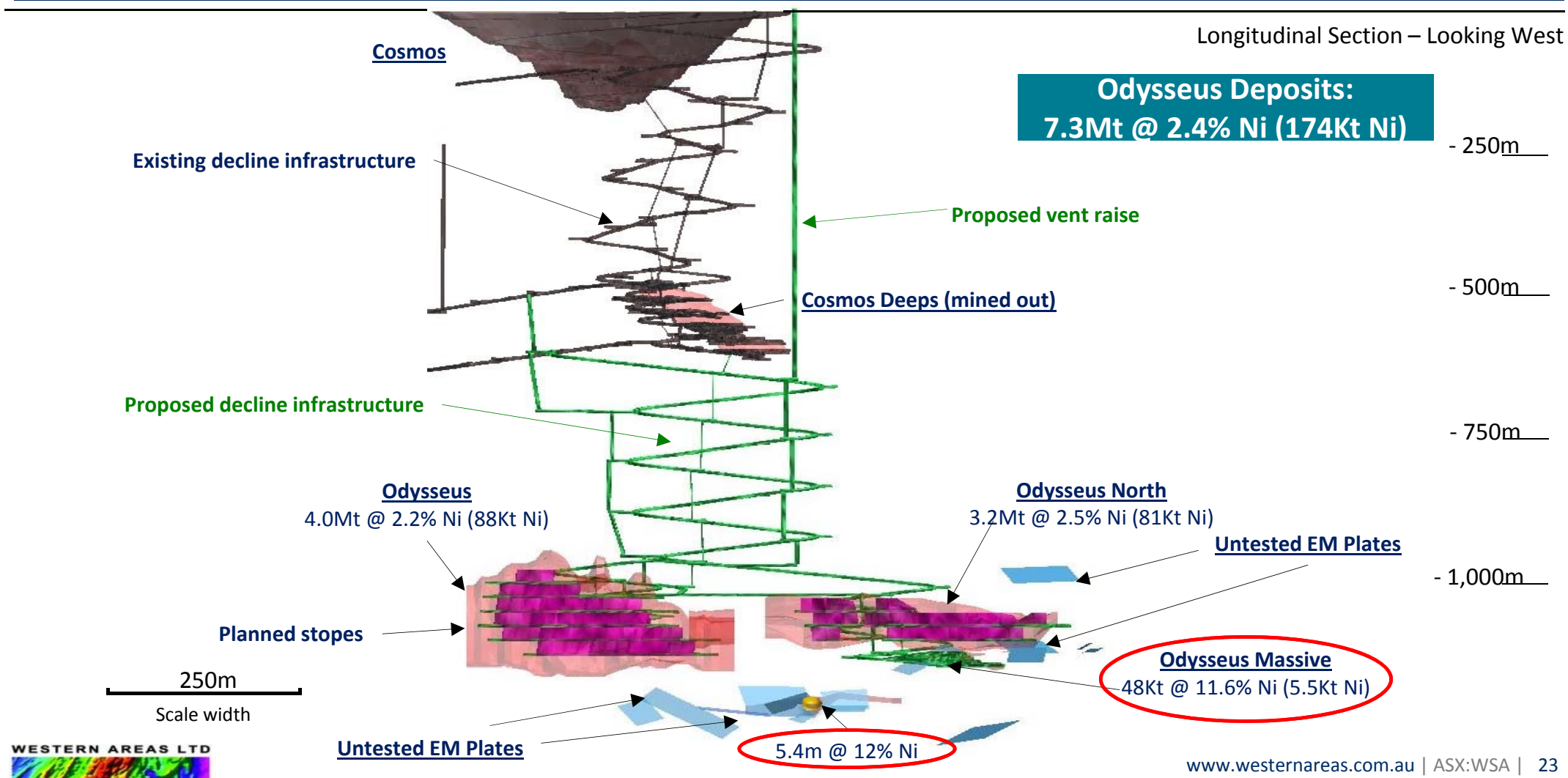
ODYSSEUS PRE-FEASIBILITY STUDY

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

Pre-feasibility Study Commenced

- Targeted completion in December quarter 2016
- Significant savings >30% identified for operating and capital costs
- Review mining method, mining schedule and underground infrastructure
- Produce concentrate grade in line with FNO grades and improve nickel recovery
- Review metallurgical testwork and flow sheet to optimise processing plant
- Further optimise capital and operating cost assumptions
- Explore contractor versus owner operator alternatives and leverage FNO experience
- Full feasibility study planned for CY2017

ODYSSEUS CONCEPTUAL MINE DESIGN



WESTERN GAWLER JOINT VENTURE

Greenfields Exploration

- Large strategic holding (4,450km²)
- Camp scale opportunities
- Majority 100% owned
 - With Strandline farm in agreement – WSA earning up to 90%

Right Address

- Prospective under explored belt
- Analogous to Fraser Range
- Targeting poly-metallic base metal and gold mineralisation

Right Rocks

- Mafic/Ultramafic intrusive rocks
- Magmatic nickel sulphides confirmed in multiple locations (Petrology)

Right Signatures

- Anomalous values returned from drilling



EXPLORATION SUMMARY

Broad scale prospectivity for Ni/Cu and Gold

Successful first phase of exploration

- Mafic/Ultramafic intrusions identified
- Broad spaced drilling in progress
 - 150 AC holes -12,451m , 1xDDH – 582.6m

Numerous areas of potential identified –

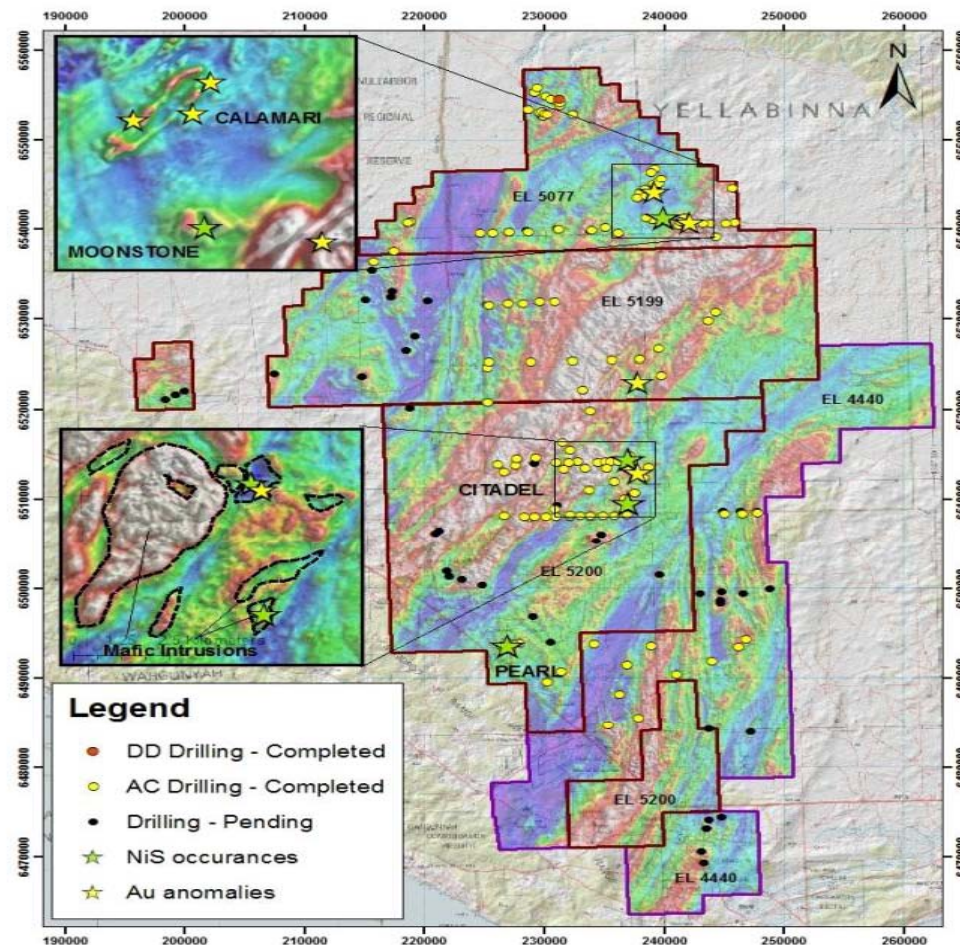
- Coincident magnetic and gravity anomalies and geochemical anomalism from drilling
- Pearl, Atomic Café, Citadel, Moonstone, Calamari

Planned exploration (next six months)

- Further testing prospect areas
 - Pearl, Citadel, Moonstone
 - Gravity and ground electromagnetic surveys
- Prospect generation – Yalata area
 - On ground exploration to commence
 - Gravity / First phase drilling
- Drill testing of anomalies

Community – Proactive engagement to support activities

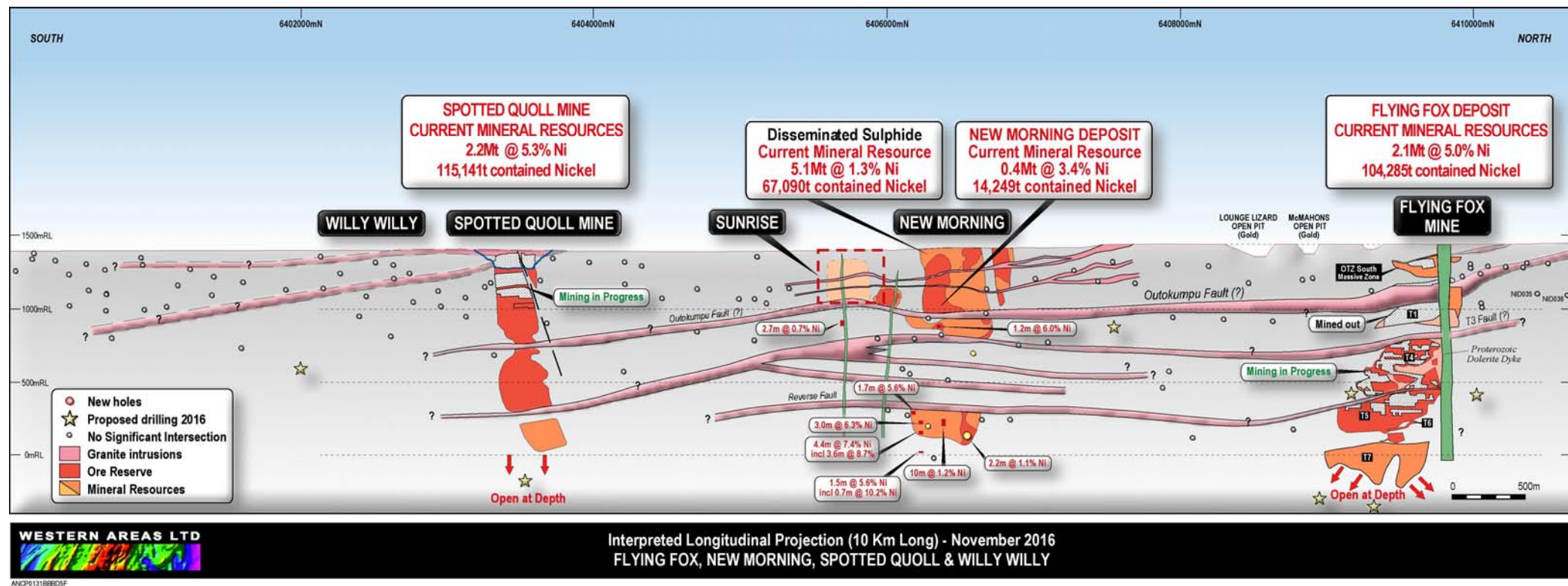
WESTERN AREAS LTD



Exploration drilling overlaying magnetics (RTP)

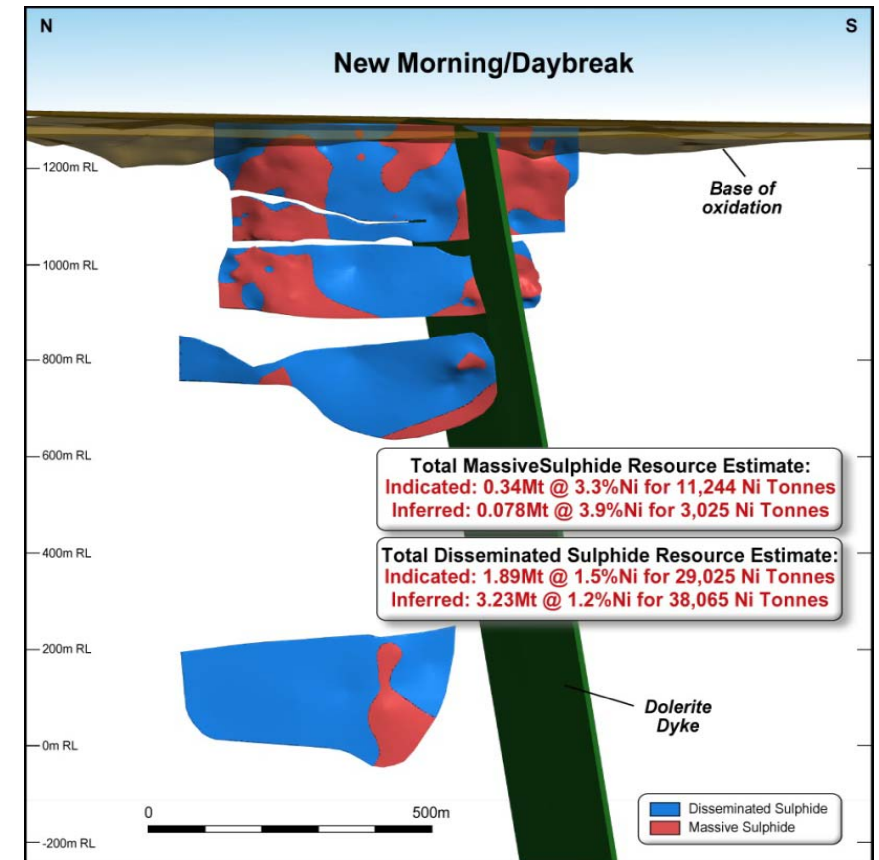
FORRESTANIA – NEAR MINE EXPLORATION

- Focus is on near mine opportunities
- Upgrade New Morning / Daybreak resource – potential open pit



NEW MORNING / DAYBREAK

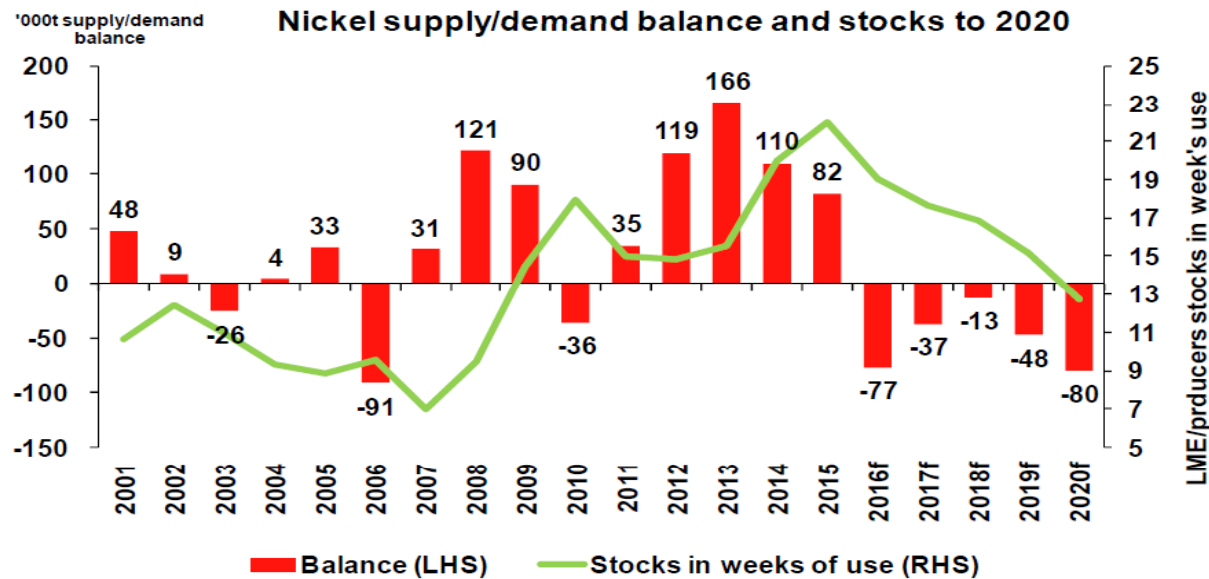
- Massive sulphide Resource of 418kt @ 3.4% for 14,249 nickel tonnes
- Low grade resource (at 0.5% Ni COG) of 5.1m tonnes @ 1.3% for 67,090 nickel tonnes
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings and accessible from either mine
- Open Pit and shallow underground studies commenced
- BioHeap testwork ongoing to evaluate heap leach criteria



NICKEL MARKET



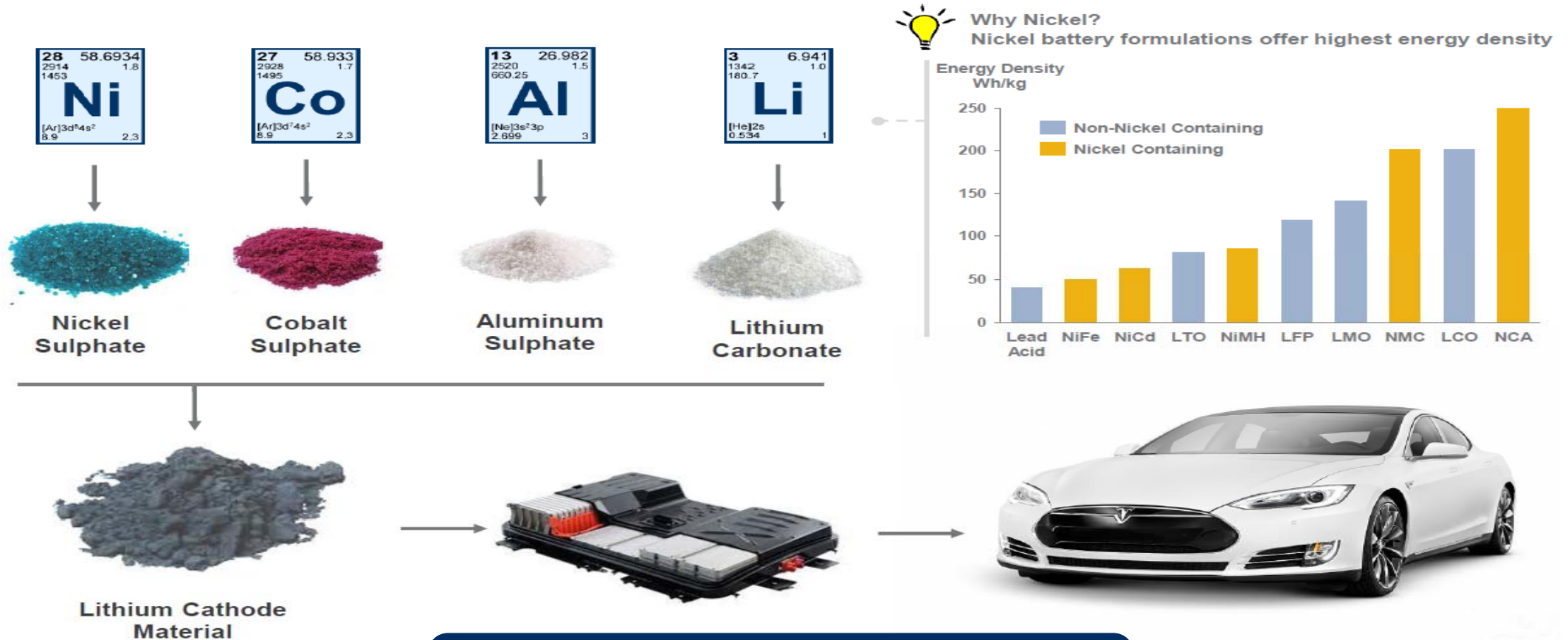
LARGE OVER-SUPPLY MOVING TO DEFICIT



Source: INSG, Macquarie Research, May 2016

- Last 5 yrs of surplus supply
- **Forecast of 70-75k tonnes deficit in 2016**
- Does not factor in current Filipino environmental concerns and mine closures
- Current LME stockpiles falling and no increase in SHFE inventory
- Strong growth in **300 series SS** (contains 10-12% nickel)
- Emerging Electric Vehicle market

NICKEL IS A KEY INGREDIENT IN LITHIUM-ION BATTERIES (~50KG NI PER CAR)



"Our cells should be called Nickel-Graphite, because primarily the cathode is nickel and the anode side is graphite with silicon oxide... [there's] a little bit of lithium in there, but it's like the salt on the salad," Tesla CEO Elon Musk

A grayscale photograph of a large mining truck, likely a Caterpillar 980G, loaded with a pile of large, dark rocks. The truck is positioned in a quarry or open-pit mine, with steep, rocky walls visible in the background. The truck's massive, treaded tires are prominent in the foreground. A dark blue rectangular overlay is positioned on the left side of the image, containing the text "THE END" in white, uppercase letters. Above the text is a short horizontal white line.

THE END