



Western Areas Ltd

Macquarie WA Forum - October 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.

For 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.

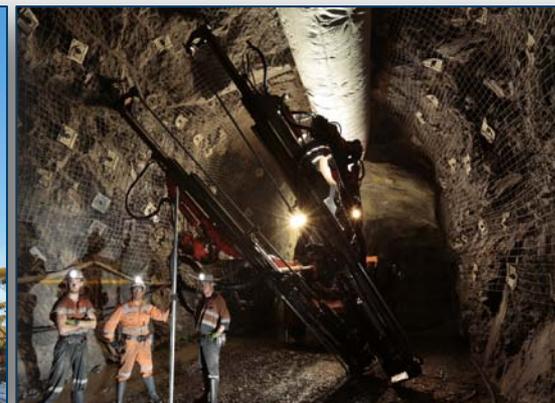


“Western Areas has an enviable track record of exploring, finding, developing and producing profitable mines.”

- Introduction
- Operations
- Exploration & Growth Outlook
- Financials
- Nickel Industry



Explore



Develop



Sales



Produce

“Think Nickel, think Western Areas”

Introduction – Corporate Summary



Listing:	Member of S&P ASX 200
Shares on Issue:	196.8M
Share Price:	~ A\$2.75 (Oct 2013)
Market Cap: (undiluted)	~ A\$550 million
Cash:	A\$85M at 30 Sept 2013

Top 15 Shareholders	%
1 T Streeter	12.16
2 JCP Partners	8.12
3 Colonial Group	7.01
4 M & A Greenwell	5.10
5 Celeste Funds Management	4.10
6 BT Investments	3.35
7 Concise Asset Management	3.28
8 Antares	2.57
9 Giovanni Santalucia	2.54
10 Bennelong	2.18
11 Tribeca	2.18
12 Kinetic Investment Partners	1.85
13 Highclere	1.71
14 Mount Kellet	1.56
15 AMP	1.51
TOTAL	59.22





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 ~ \$550 million at current prices
- **Profitable**, even at the current low A\$ nickel price
- **A proven dividend** payer, with a strong balance sheet. FY13 2 cents/share.
- **Australia's third largest** producer of nickel around 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, 13th consecutive quarter with no downside operational surprises. First production 26 October 2006.
- **Committed** to stable growth from the current solid platform



Production Assets

Flying Fox

- 1st nickel mine
- 15kt 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

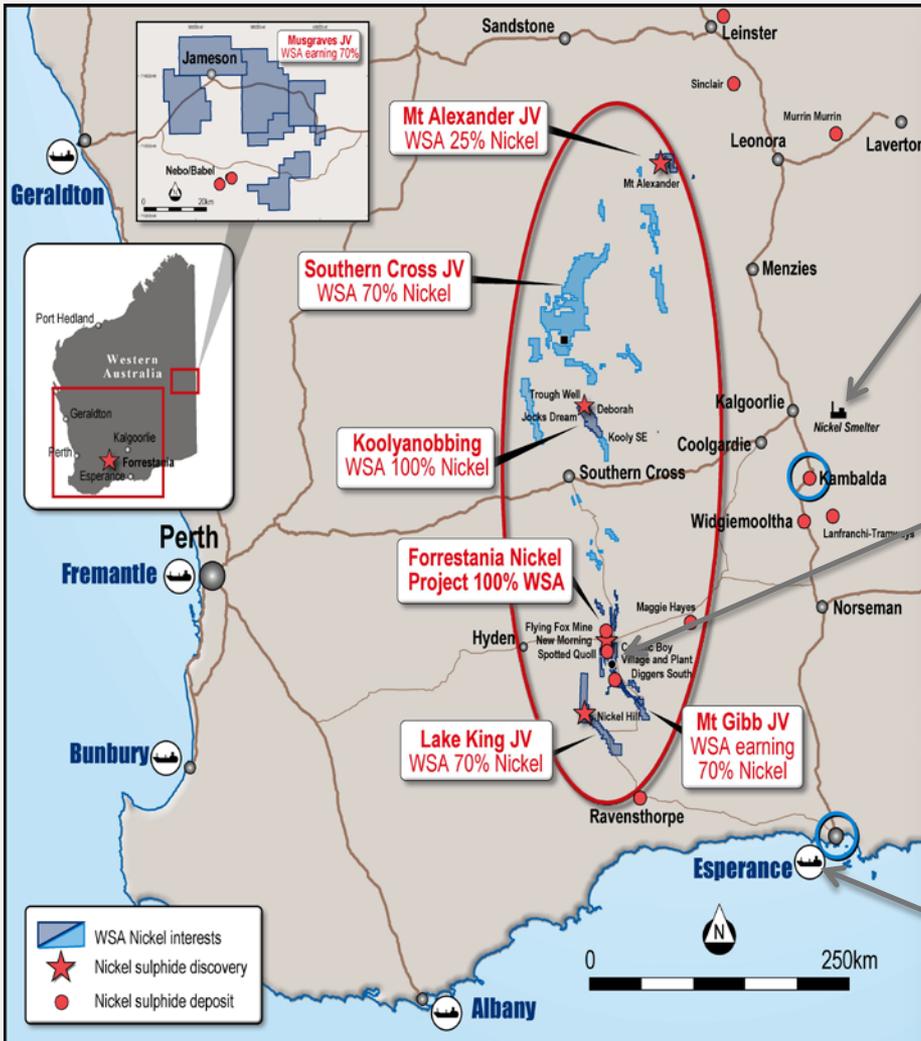
Canadian Assets

- Nickel/Copper
- PGEs

Finland

- VMS
- Outokumpu Cu

Disciplined Acquisition Potential (Nickel & Base Metals)



WSA concentrate to BHP Billiton



WSA operations

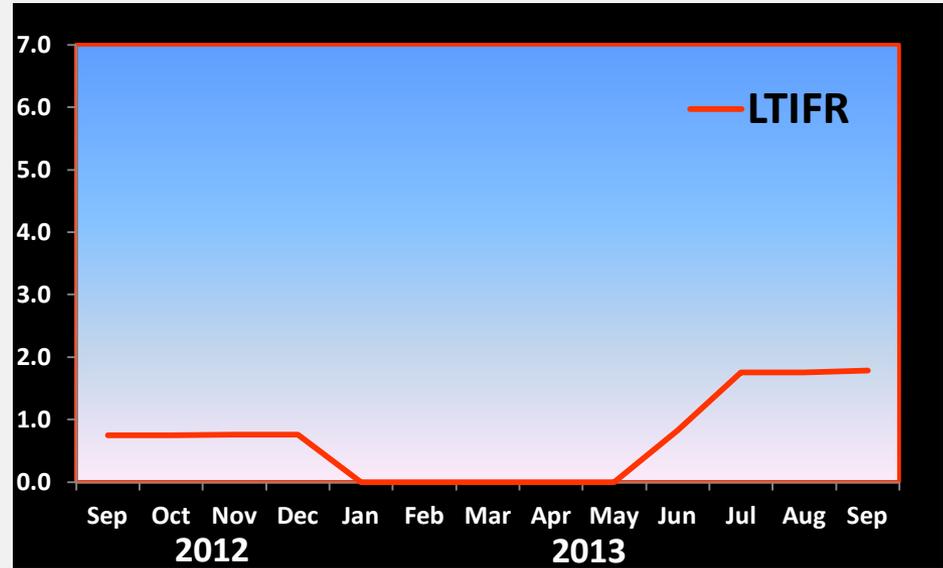


WSA concentrate exports



Continuous Safety Improvement

- LTIFR 1.79
- Flying Fox >83 days LTI free
- Spotted Quoll >898 days LTI free
- Exploration >1,795 days LTI free
- Cosmic Boy Concentrator >100 days LTI free
- MTIFR 7.1
- 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







Tonnes Mined		2012/2013			2013/2014
		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Total - Ore Tonnes Mined	Tns	140,753	142,003	127,181	163,739
Grade	Ni %	4.9%	5.0%	4.7%	5.1%
Total Ni Tonnes Mined	Tns	6,957	7,147	6,031	8,290
Tonnes Milled and Sold		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore Processed	Tns	151,855	145,348	146,256	150,475
Grade	%	4.9%	5.0%	5.1%	4.9%
Ave. Recovery	%	90%	91%	89%	90%
Ni Tonnes in Concentrate	Tns	6,722	6,611	6,634	6,593
Ni Tonnes in Concentrate Sold	Tns	6,829	6,845	7,222	6,554
Total Nickel Sold	Tns	6,829	6,845	7,222	6,554
Stockpiles		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Contained Ni in Stockpiles	Tns	8,074	7,330	5,700	6,661
Financial Statistics		Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Group Production Cost/lb					
Mining Cost (*)	A\$/lb	2.27	2.23	1.87	1.65
Haulage	A\$/lb	0.05	0.05	0.05	0.06
Milling	A\$/lb	0.41	0.41	0.38	0.40
Admin	A\$/lb	0.17	0.19	0.18	0.19
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.89	2.86	2.46	2.28
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	3.00	2.97	2.44	2.09
Exchange Rate US\$ / A\$		1.04	1.04	0.99	0.92

Comments

1. Highest mine production and lowest unit cash cost @ A\$2.28/lb in concentrate since the Dec Q 2011.
2. Positive reserve reconciliation on grade/tonnes plus cost reduction program delivering results.
3. Record Spotted Quoll mine production 4,090t nickel (5.3% grade).
4. Concentrator availability 98%, recovery 90% and 10% above capacity.
5. Rain impacted road conditions and sales to BHP, therefore stocks increased.
6. Cash at Bank increased A\$4.9m to A\$85.3m despite half yearly interest payment & QP settlements.
7. 13 quarters in a row of on target or better operational performance.
8. FY14 guidance to be updated at half year - however cannot hide from it being a very good start - above budget.

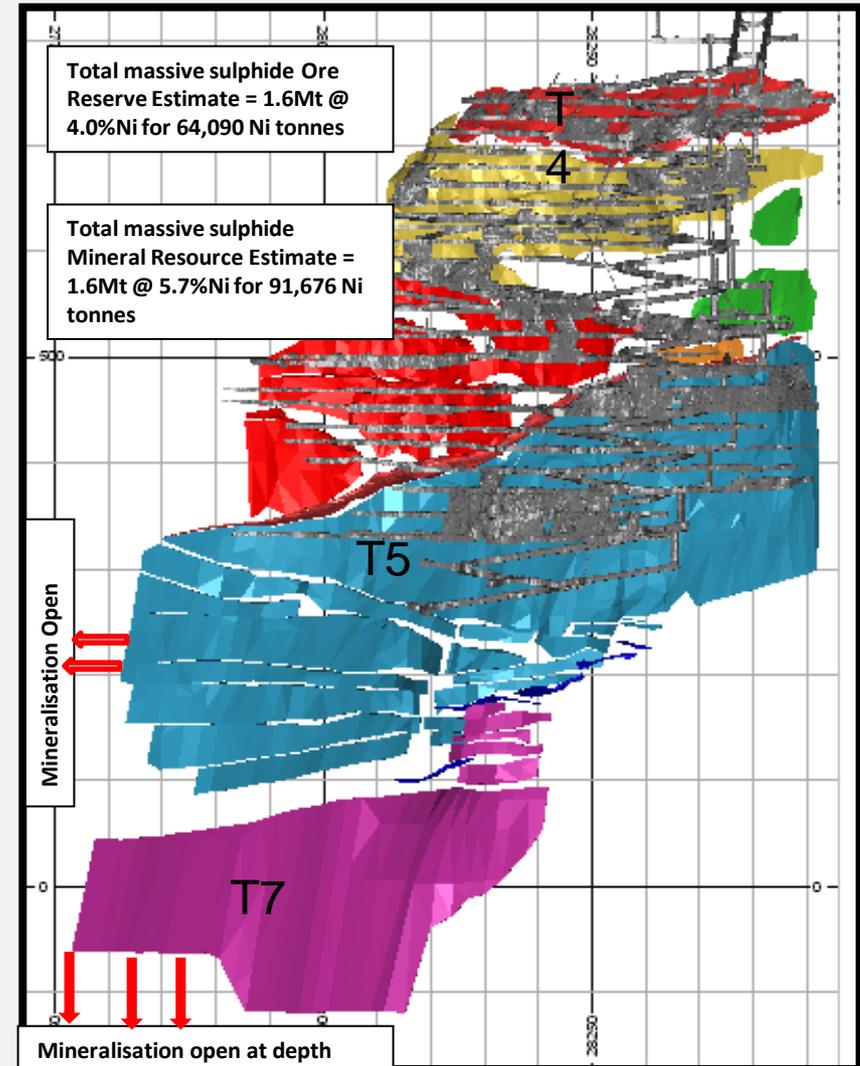


Mineral Resource and Ore Reserve

- High Grade (excluding disseminated sulphide resource) Mineral Resource: 1.68Mt @ 5.7% Ni = 94,600 Ni Tonnes
- Ore Reserve: 1.67Mt @ 4.0%Ni = 67,000 Ni Tonnes
- Nickel grades increase with depth from 3.9% to 5.8%
- Underground drilling program to extend Mineral Resource is ongoing
- Over 700m strike length in T5

Production

- FY2013 – 348,448t @ 4.9%Ni for 17Kt nickel
- Low cash cost operation <US\$3/lb
- Life of Mine – 5-6 Years, extensional drilling in progress



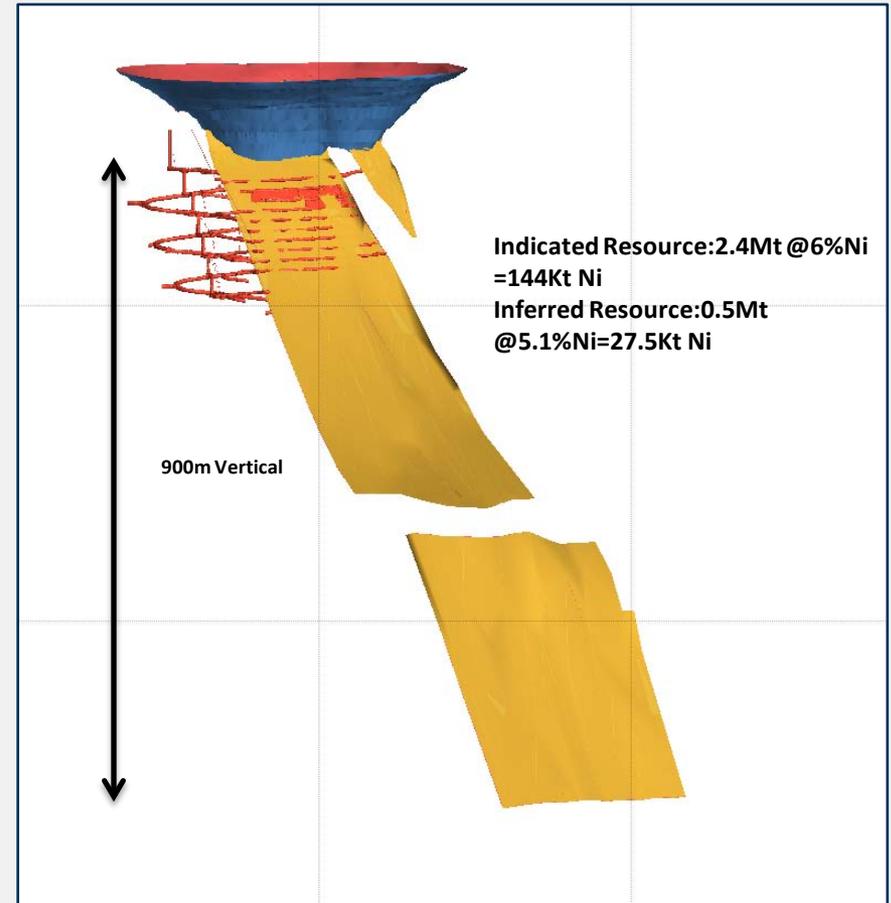


Mineral Resource and Ore Reserves

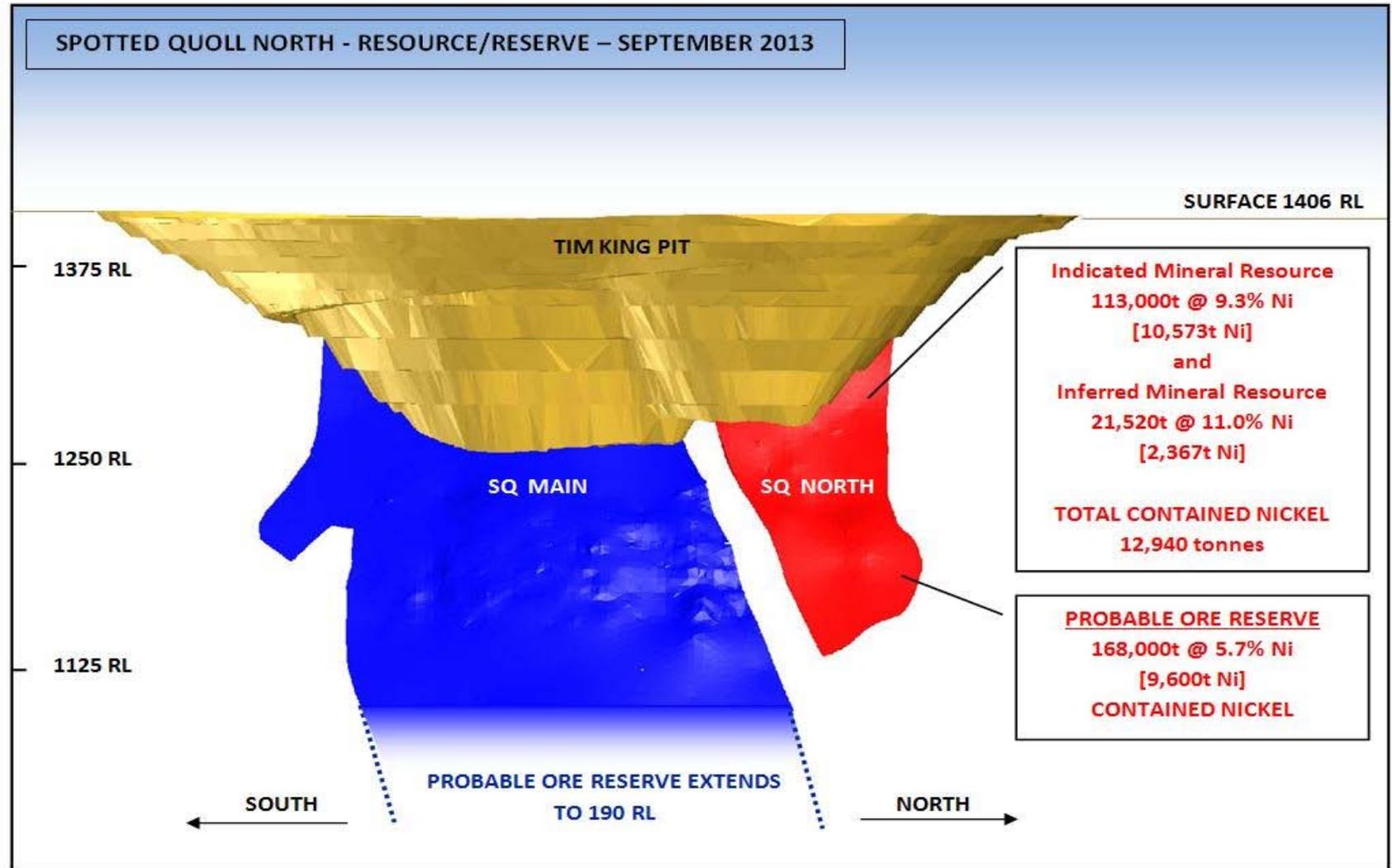
- Ore reserve now 2.9mt @ 4.2% containing 121,400t nickel
- Remains open at depth and to the North
- Surface drilling program complete to improve conversion of inferred resource to indicated resource – Sept Q
- Already >10 year mine life on reserve
- **New Spotted Quoll North Resource of 113kt @ 9.3% for 12,940 nickel tonnes**

Production

- FY2013 – 207,288t @ 5.1% Ni for 10.6Kt nickel
- Successfully ramped up nickel production to a 12ktpa run rate in FY2014
- Top-down mining using paste fill. Plant fully operational



Spotted Quoll North





Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore (but being exceeded)
- Nickel concentrate output circa 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

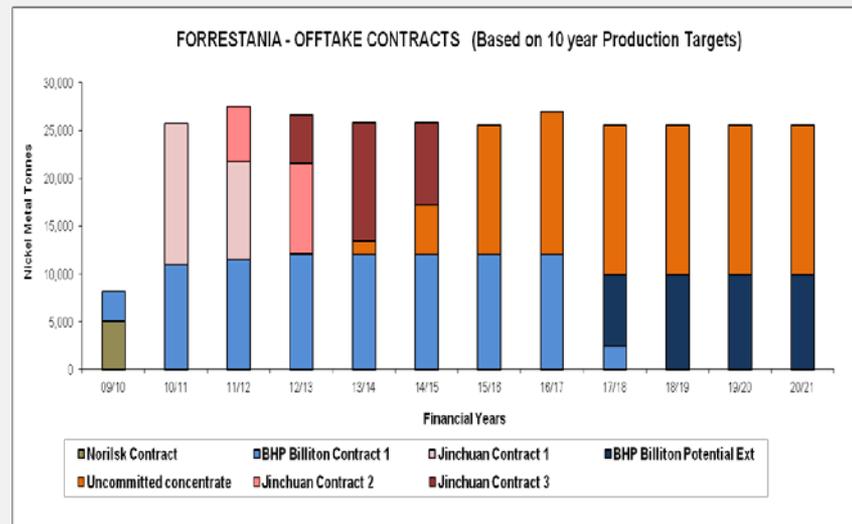
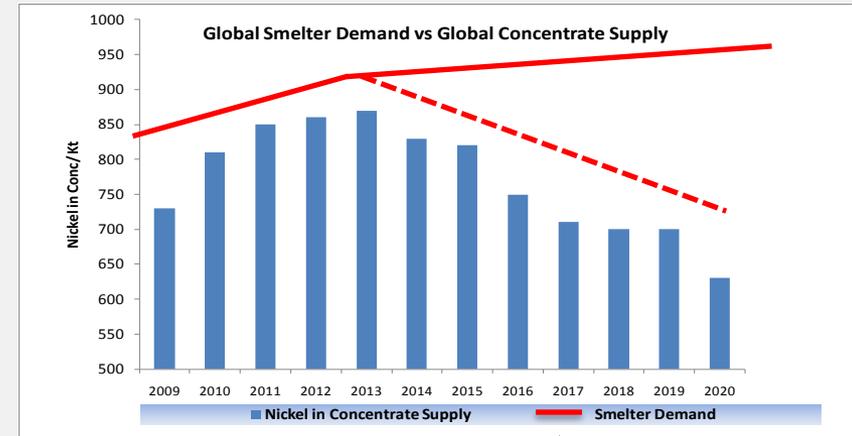


Concentrate Supply

- 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

- Offtake to BHP 2017 – 12ktpa nickel in concentrate
- Offtake to Jinchuan Feb 2015
- FOB Terms
- Very competitive payable terms
- WSA in a unique position being an independent producer
- Ability to complete spot/opportunistic sales



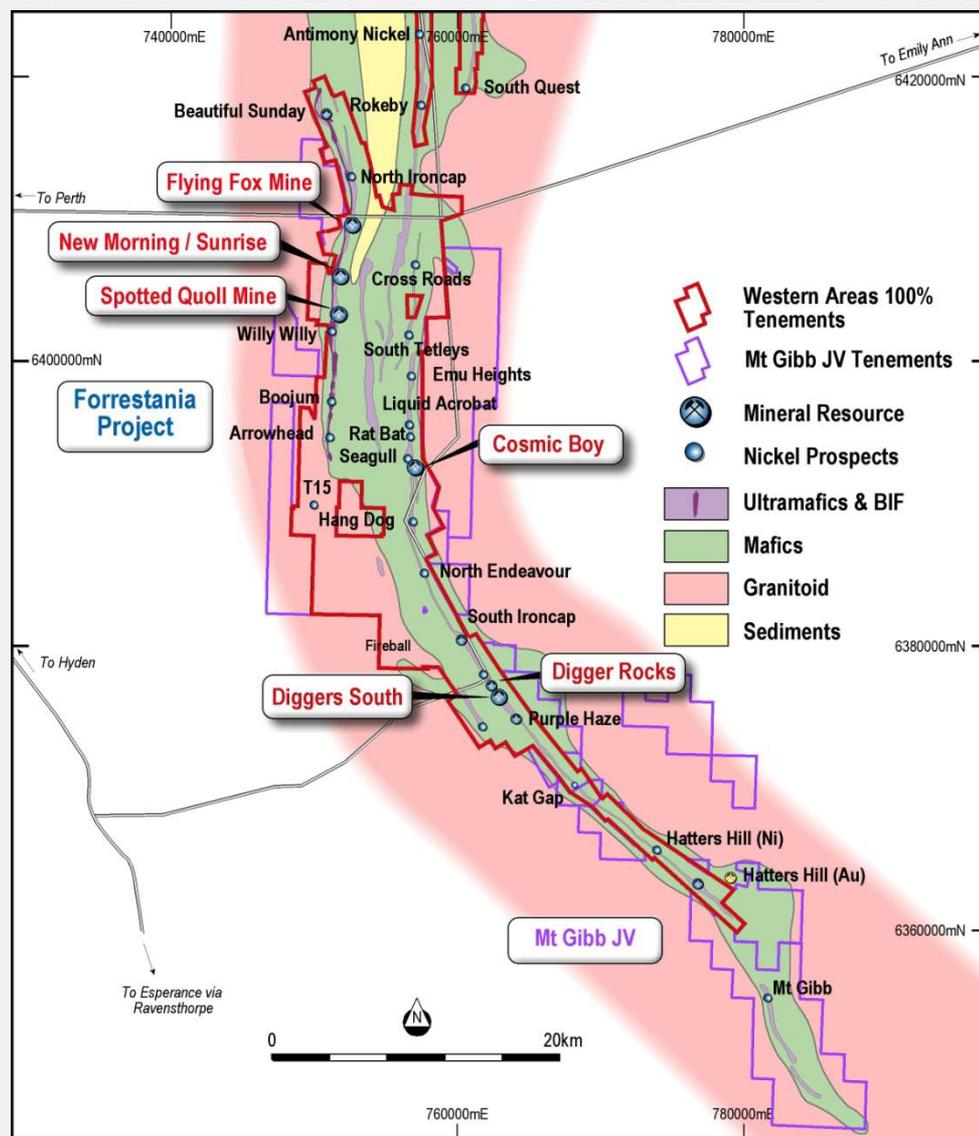
NOTE: The graph **FORRESTANIA – OFFTAKE CONTRACTS** is based on Western Areas’ 10 Year Production Targets. These Targets include estimates and assumptions on production rates of existing ore reserves, conversion of existing mineral resources to ore resources and assumptions on potential extensions to 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**





Regional Geology

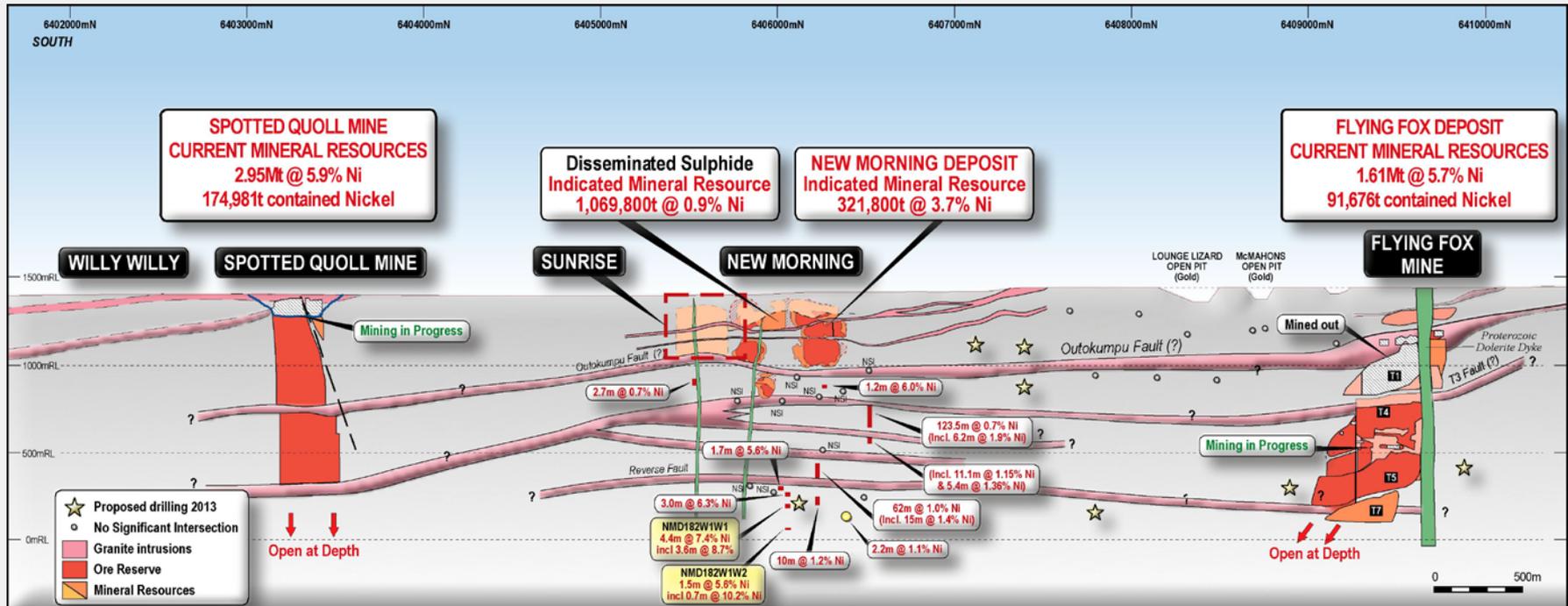
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Six ultramafic belts
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade Flying Fox, Spotted Quoll and new Morning deposits



Short Term – Near Mine Exploration



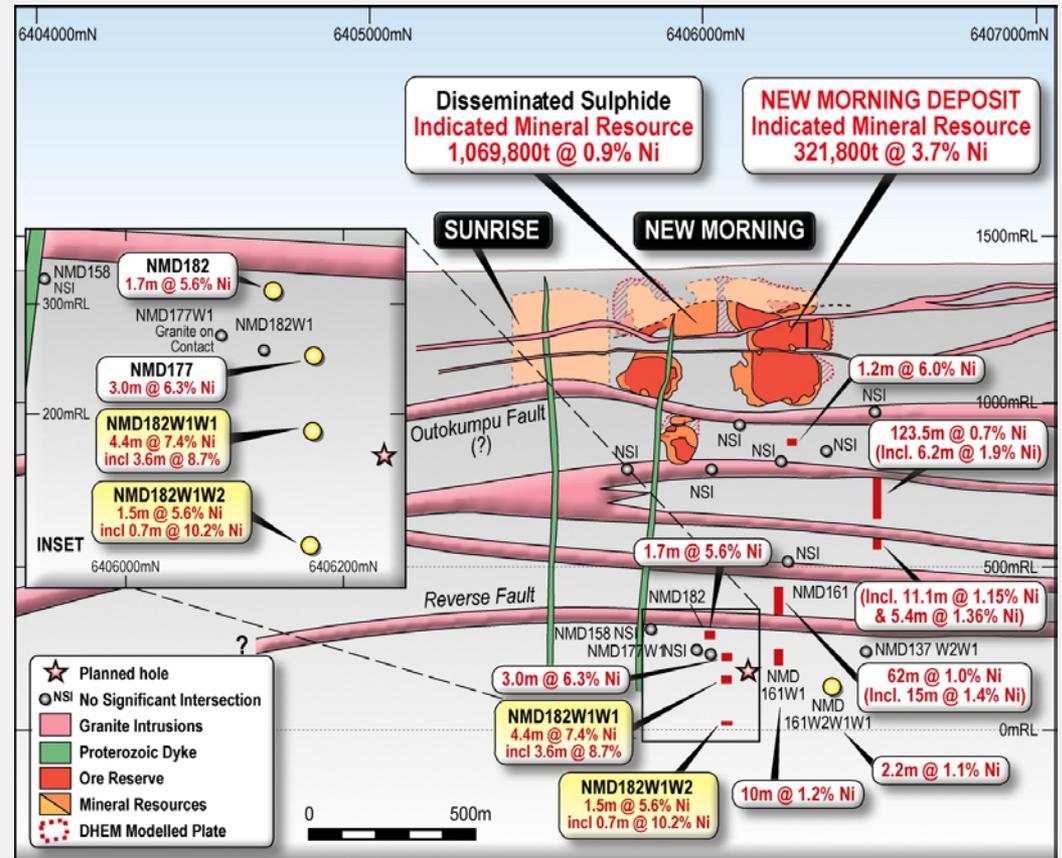
- Exploration Budget of A\$15M for FY14, majority spent on drilling at Forrestania
- Drilling Priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach
- Recent New Morning massive sulphide and Sunrise discoveries



High Grade Discovery at New Morning

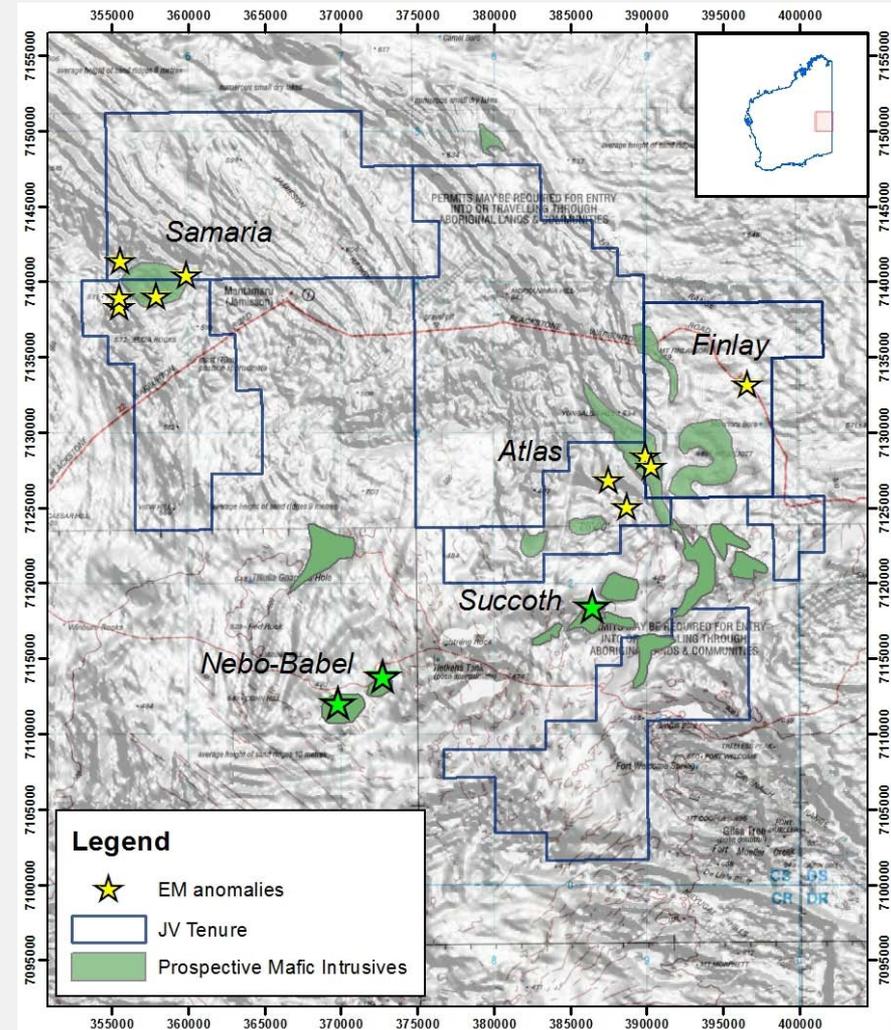


- WSA's latest new high grade discovery, 2.5km from Flying Fox and 2.8km from Spotted Quoll
 - All approvals in place, potential major capex savings & accessible from either mine
- Massive sulphide discovered below New Morning:
 - **4.4M @ 7.4% nickel including 3.6m @ 8.7% nickel**
 - **3.0m @ 6.3% nickel including 2.4m @ 7.6% nickel**
- Major drilling program continues with use of DHEM data

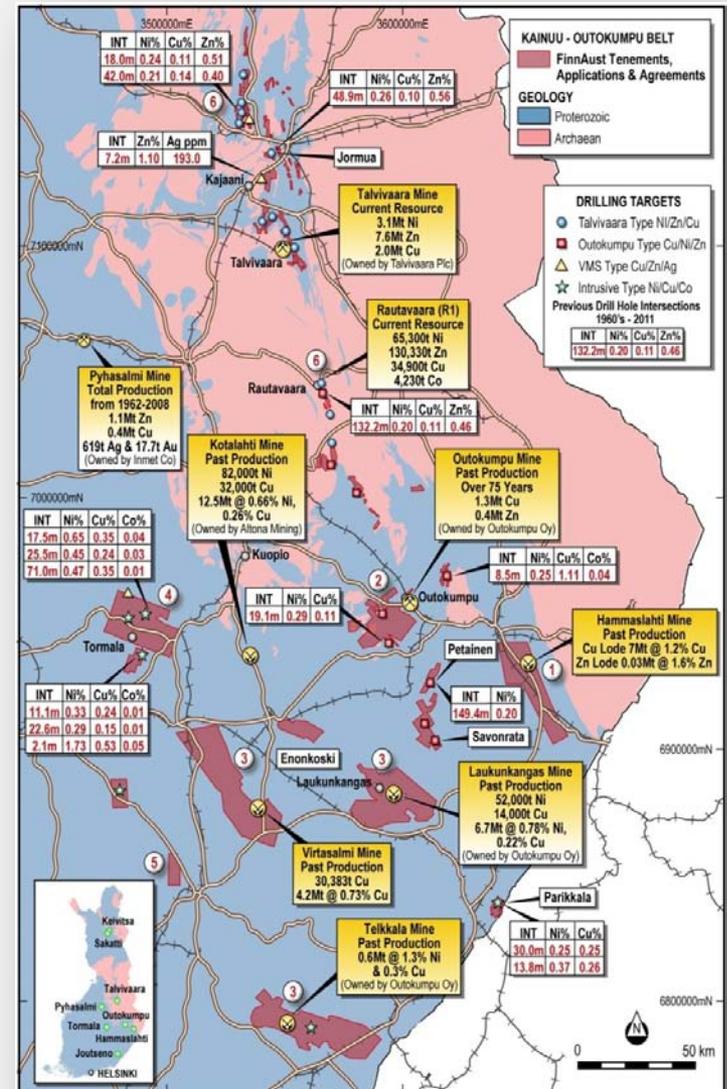




- Attractive entry point for highly prospective landholding where significant pre-work completed
- Up to 70% earn into prospective **West Musgrave** tenements (1,075km²) with Traka Resources
- Demonstrated strong endowment (BHPB's Nebo – Babel – Succoth deposits)
- Targeting massive sulphides (nickel/copper)
- Geophysical surveys commenced on priority targets (MLEM)
- A number of highly conductive targets identified with drilling to commence in November



- 84% WSA, preparing to list on AIM - dependent on market conditions in CY2013
- 300km long base metal province in Finland
- Numerous nickel/copper/zinc mines & occurrences
- Focus on two key projects:
 - Outokumpu Copper Project
 - 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





Organic Growth

Western Ultramafic Belt:

- ✓ New Morning channel
- ✓ Between Spotted Quoll & Flying Fox

Selected Overseas Exploration

Leverage from WSA's Concentrate off take

Joint Ventures

Traka Resources

Southern Cross

Base Metals – many opportunities being presented

Acquisitions

Base Metals

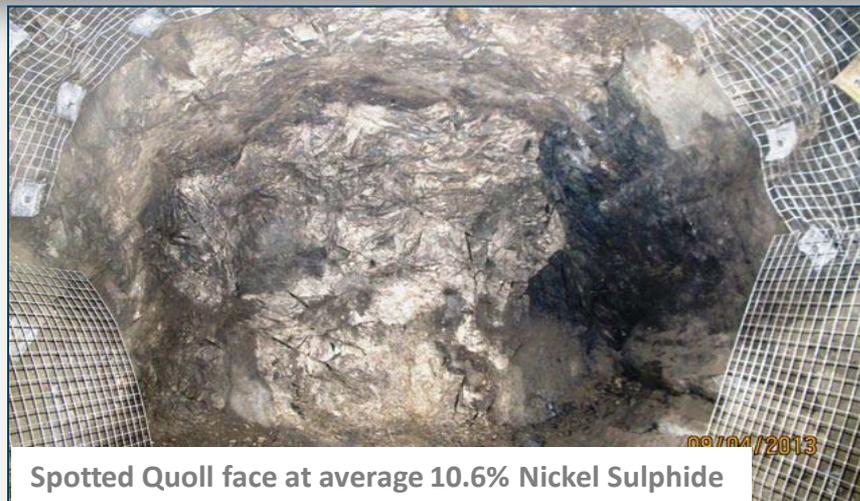
Bottom Half of the Cost Curve

Use WSA expertise – exploration, dev and ops

The 2 “D” – discipline and due diligence



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



Spotted Quoll face at average 10.6% Nickel Sulphide



Full Year Highlights (\$'000)	FY 2012	FY 2013
Mine Production (tonnes Ni)	31,102	27,639
Mill Production (tonnes Ni)	25,641	26,918
Recovery	92%	91%
Sales Volume (tonnes Ni)	26,637	27,819
Cash Costs (A\$/lb)	2.43	2.68
Exchange Rate USD/ AUD	1.03	1.03
Nickel Price (U\$/tn)	17,791	16,112
EBITDA ('000)	186,662	125,867
Underlying EBIT ('000)	94,981	40,599
Underlying NPAT ('000)	40,236	5,590
Reported NPAT ('000)	40,181	(94,105)
Cash Flow from Operations ('000)	159,253	112,115
Cash at Bank	165,502	80,719
Dividend (cents)	11.0	2.0

Unit cash cost of concentrate production below guidance

Nickel price fall in 2HFY2013 negatively impacted revenue

Nickel price decline in 2H FY2013 impacted with negative QP of A\$14.0m

Non cash impairment of \$99.7M (post tax)

2H FY2013 stronger with reduced capex

Debt repayments totalled A\$150m

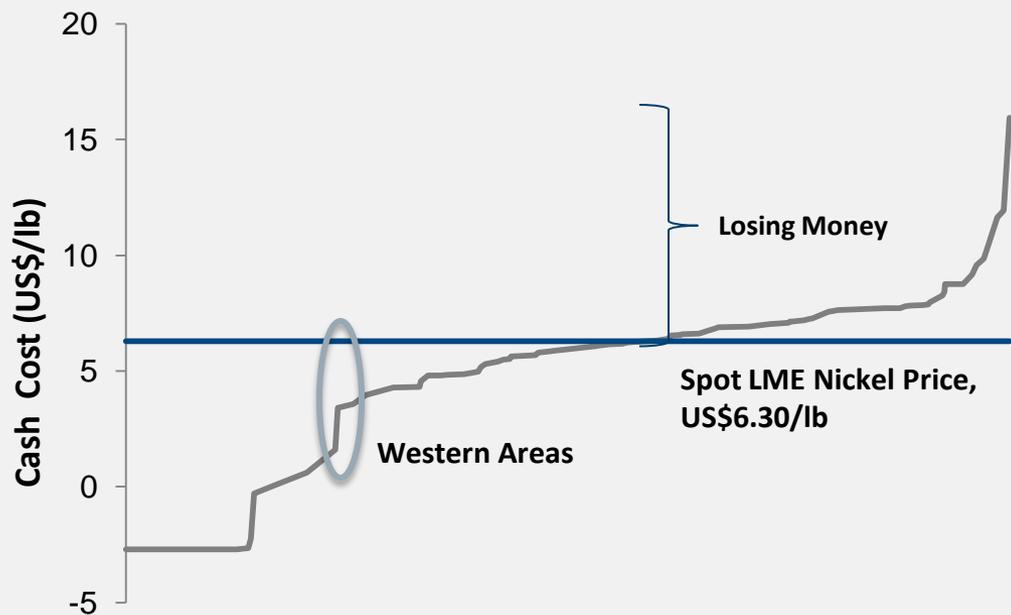
Bottom Quartile Producer



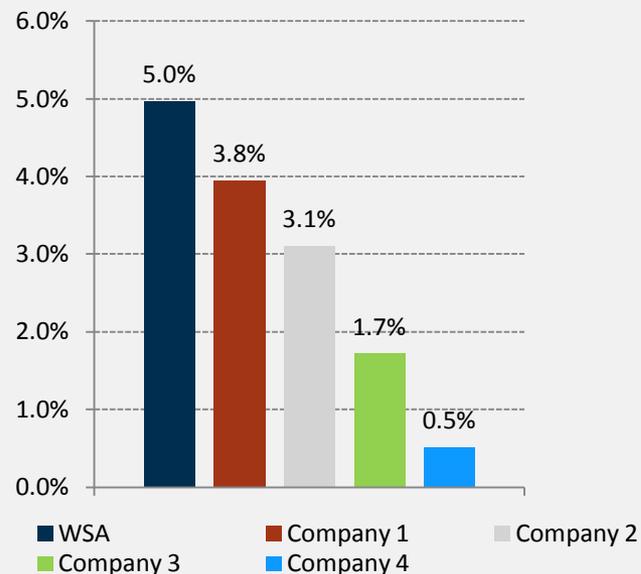
50% of nickel production at a loss, including NPI

Grade is King

Top Tier assets will survive



Nickel Grade Mined Comparison FY2013





ANZ Facility

- A\$125m facility, expiring in 2016
- Fully covers the July 2014 convertible bond of A\$110.2m
- Margin is less than the coupon for the 2014 and 2015 convertible bonds

July 2014 Convertible Bond

- Planned to be repaid via all cash or a mixture of cash & the ANZ Facility
- Convertible bonds have been a very successful funding tool for both WSA and investors

WSA gearing levels have been reduced over the last 12 months:

- Repaid \$105.5m convertible bond from free cash flow generation
- Repaid A\$45m to ANZ which was used to facilitate the acquisition of Kagara Ltd's nickel assets
- Remain cash flow positive despite a challenging nickel price impacted by a strong AUD
- Sustaining capex profile likely to reduce over the coming years

- High Grade = Margin
- Survival ✓

Highest Grade Nickel Globally



- Returns to shareholders in Dividends ✓

Cash flow Positive



- Guidance continually met or exceeded ✓

Strong Track Record of Delivery



- Current global production at marginal cost ✓

Nickel Price Primed for Upside



- New mine successfully bought on in 24 months ✓

History of Discovery and Development



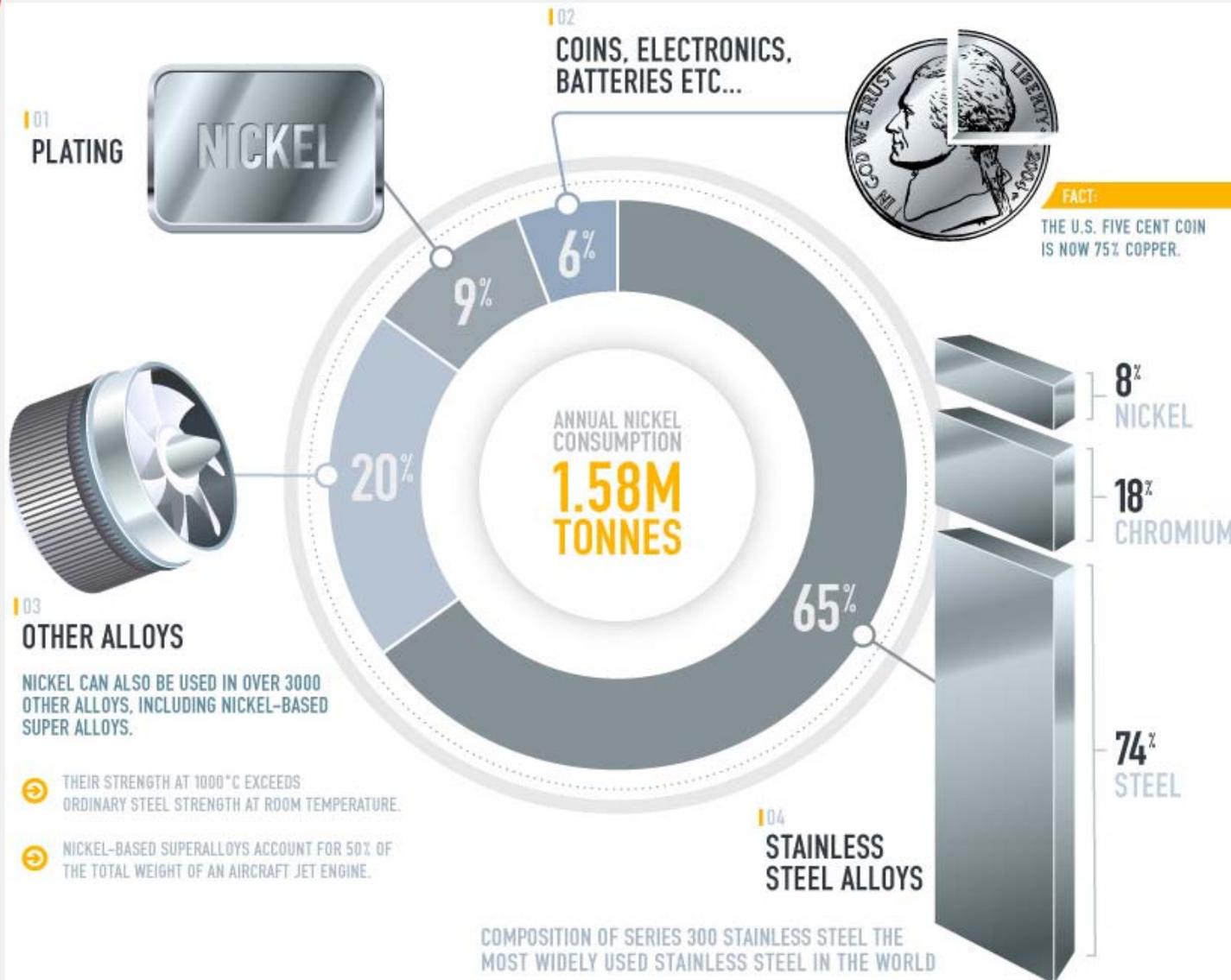
- Flexibility in meeting future demands or opportunities ✓

Strong Balance Sheet





Nickel Market Outlook

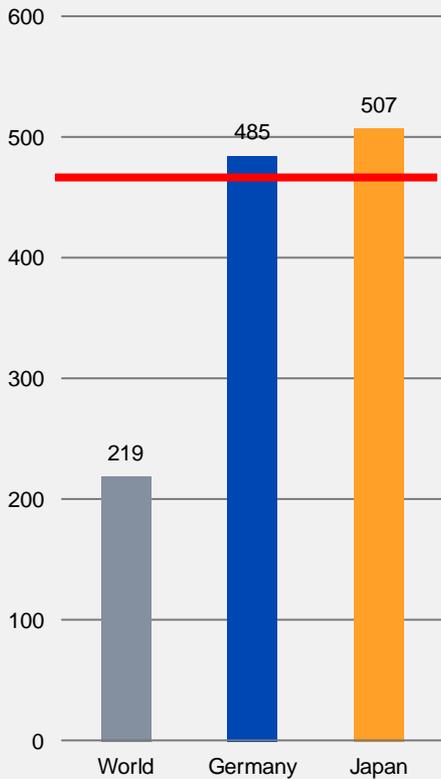


Whilst best known for its use in coins, nickel has far more strategic uses

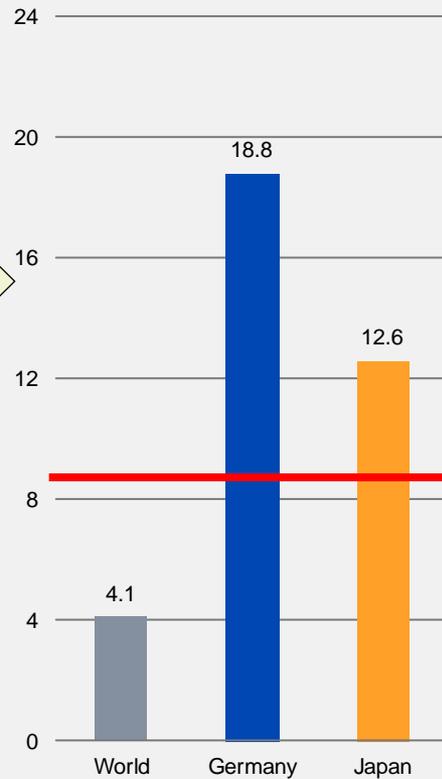
It can be alloyed with other metals to create truly extraordinary materials

Nearly 70% of nickel supply ends up in stainless steel

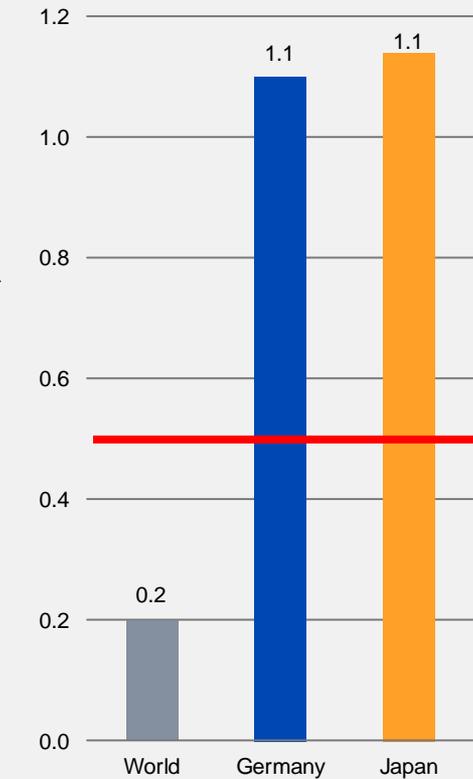
Steel consumption (kg/capita)



Stainless consumption (kg/capita)



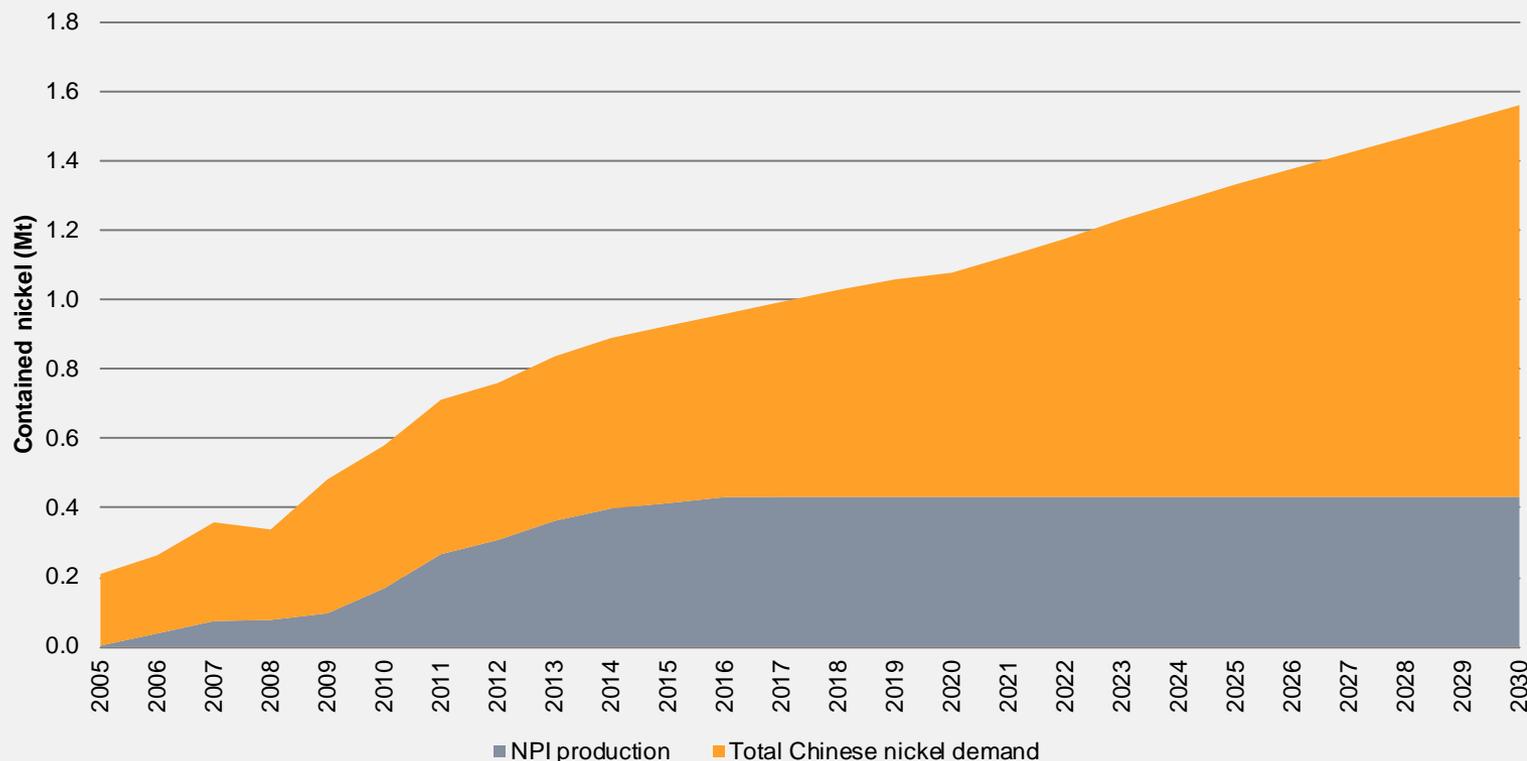
Nickel consumption (kg/capita)



At Japanese and German per capita consumption levels, Chinese nickel demand would increase by nearly one million tonnes during this decade



Forecast Chinese nickel demand and Nickel Pig Iron (NPI) production

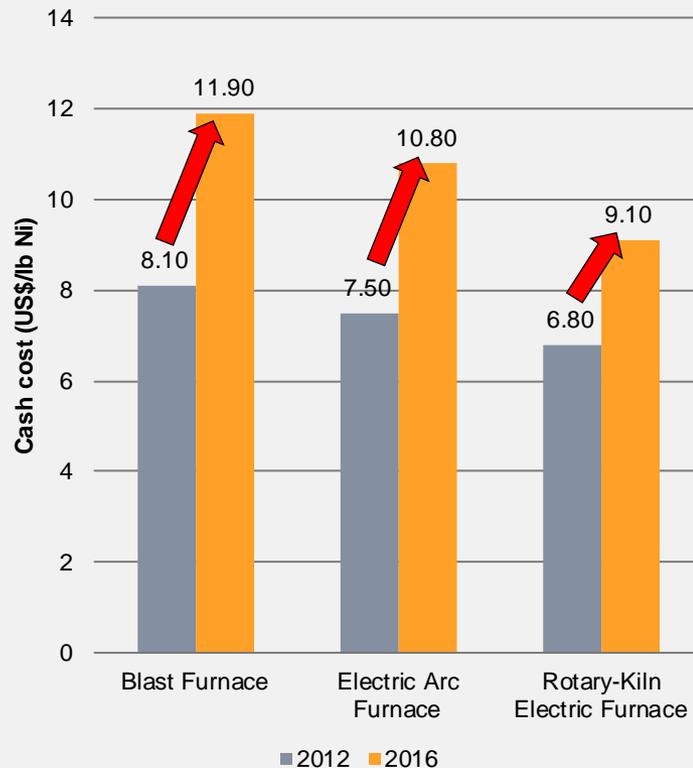


NPI production will likely not increase at its current pace into the future.
Chinese demand for nickel will have to be met by alternate sources of production.



NPI is too expensive to continue to fill the gap.....

2012 and 2016 estimated NPI cash cost (US\$/lb)



Cost Pressures

1. Electricity (25-75% of cost)
2. Labour costs increasing
3. Indonesian Laterite the only supplier for low cost RKEAF
4. Increase ore export taxes

NPI is already a high cost method of nickel production, and domestic economic forces in China may adversely impact economics

Questions?



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