

WESTERN AREAS LTD



# CORPORATE PRESENTATION

FEBRUARY 2015





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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

- Corporate
- Operations
- Exploration & Growth Outlook
- Offtake & Nickel Market

## Explore



## Mine



## Produce



## Sales



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## CORPORATE OVERVIEW





# CORPORATE OVERVIEW

## Board & Senior Management

Name	Position
Ian Macliver	Independent Non-Executive Chairman
Dan Lougher	Managing Director & CEO
David Southam	Executive Director
Joseph Belladonna	Chief Financial Officer & Company Secretary
Julian Hanna	Non-Executive Director
Richard Yeates	Independent, Non-Executive Director
Craig Readhead	Independent, Non-Executive Director
Tim Netscher	Independent, Non-Executive Director

## Key Information

as at 22 January 2015

Share price	4.00
52 week high/low (A\$)	5.30 / 2.30
Shares outstanding (m)	232.6
Market Capitalisation (A\$m)	930.4
Cash (A\$m) <sup>1</sup>	178.7
Debt (A\$m) <sup>1</sup>	125.0
Undrawn ANZ Facility	125.0

1. Cash as at 31 December 2014 and face value of the convertible bond debt

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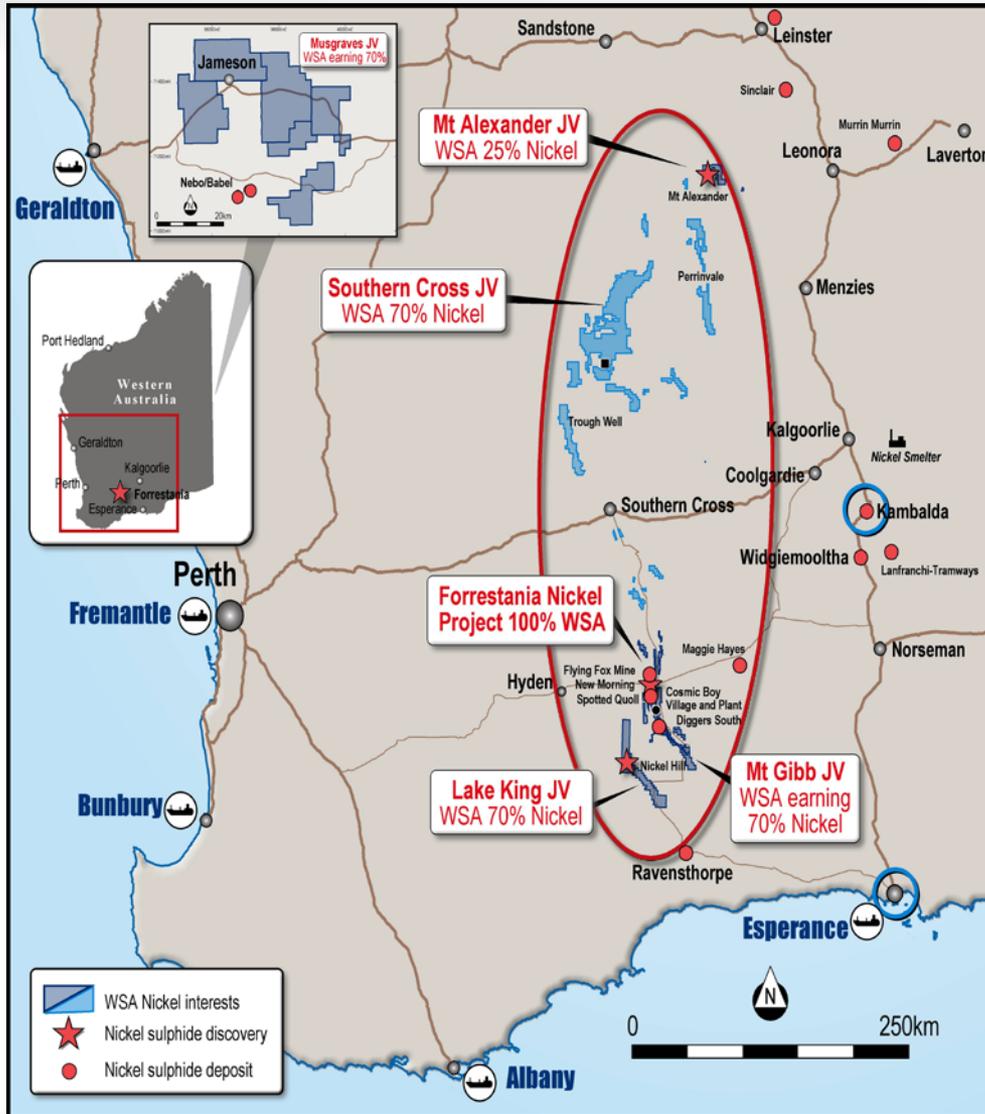


# OPERATIONS





# LOCATION, LOCATION, LOCATION.....



## Some Facts

- FIFO & DIDO mine site – no near town infrastructure like Kalgoorlie, Kambalda and Port Headland
- 55 minute flight to Forrestania
- Once you arrive at site:
  - 5 minutes from camp
  - 5 minutes from mill
  - 20 minutes from mines
- Use of local and WA based contractors
- 500 bed camp with excellent recreation facilities and IT infrastructure
- Extremely low headcount turnover due to culture, quality of mines, quality of camp and flat management structure
- Half-way between sale points at Kambalda and the Esperance Port



# WESTERN AREAS ARE SAFE AREAS

## Continuous Safety Improvement

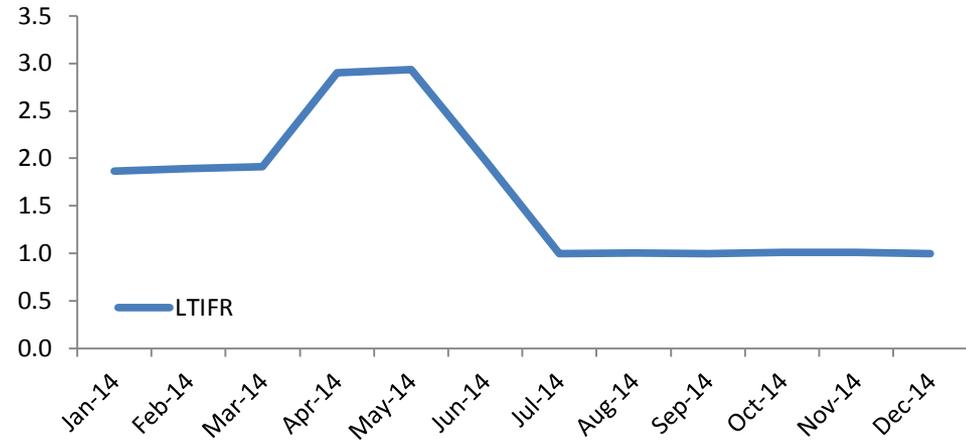
- LTIFR 1.00
- Flying Fox >535 days LTI free
- Spotted Quoll >1,350 days LTI free
- Exploration >2,370 days LTI free
- Cosmic Boy Concentrator >550 days LTI free
- Contractors and employees fully integrated into a site wide commitment

## Environment & Social

- No environmental breaches
- Strong local commitments to schools and associations around Forrestania, Perth Zoo (Western Quoll) and Starlight Children's Foundation WA



## LTIFR

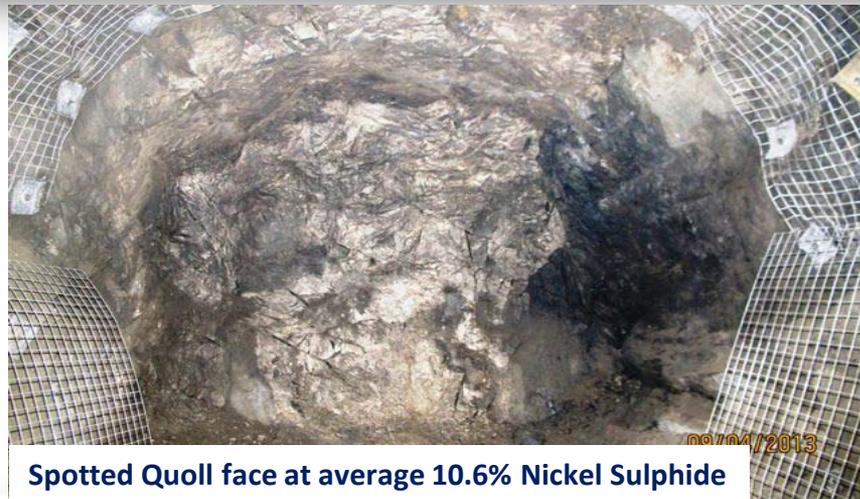




# OPERATING HIGH GRADE MINES



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



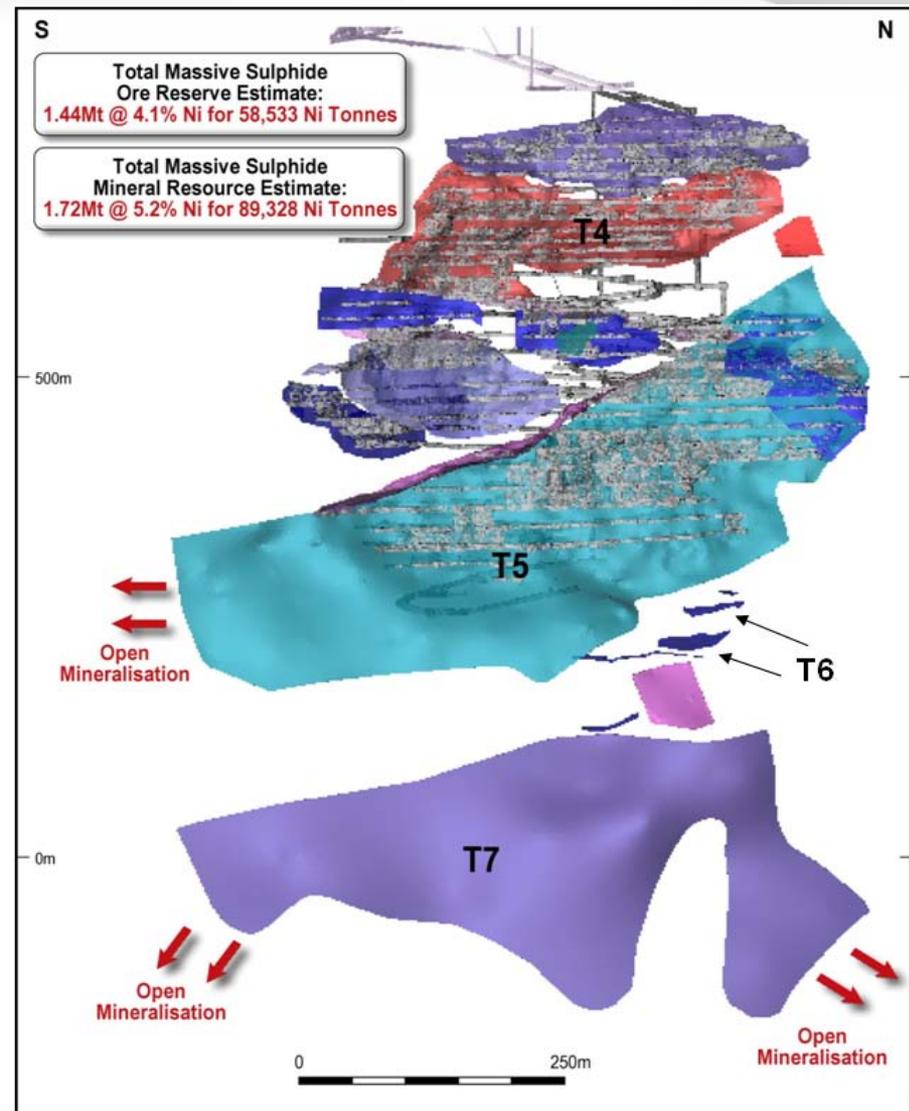
Spotted Quoll face at average 10.6% Nickel Sulphide



# FLYING FOX MINE

## Mineral Resource and Ore Reserve

- Reserve upgrade announced:
  - Added 7,572t nickel grading 6.5%
- High Grade (excluding disseminated sulphide resource) **Mineral Resource: 1.72Mt @ 5.2% Ni** containing 89,328 Ni Tonnes
- **Ore Reserve: 1.44Mt @ 4.1% Ni** containing 58,533 Ni Tonnes
- Underground drilling program to extend Mineral Resource remains a focus
- 1HFY15 – 129,219t @ 5.0% Ni for 6,498t Ni
- Recent exploration highlights in T5 and T6 include:
  - T5 – 3.3m @ 9.5% nickel
  - T6 – 3.5m @ 5.6% nickel





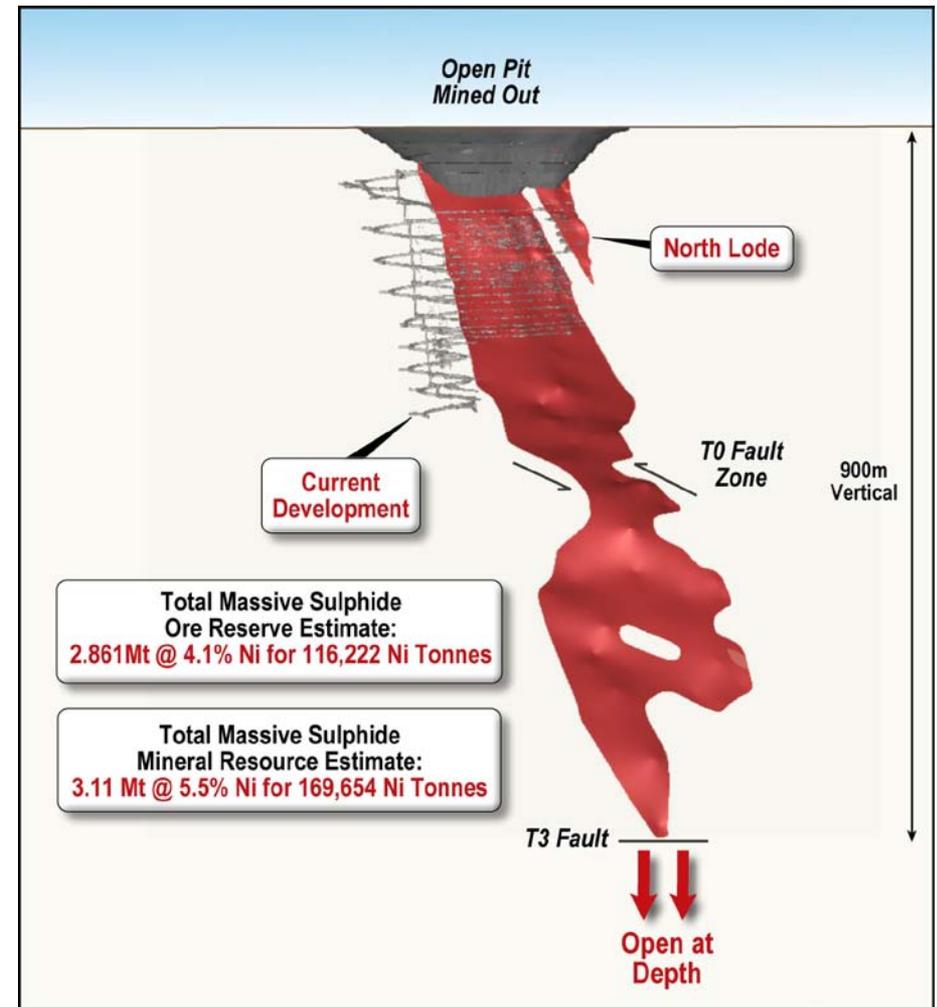
# SPOTTED QUOLL MINE

## Mineral Resource and Ore Reserve

- **Mineral Resource: 3.11Mt @ 5.5% Ni** containing 169,654 Ni tonnes
- **Ore Reserve: 2.86Mt @ 4.1% Ni** containing 116,222 Ni tonnes
- Remains open at depth and to the North
- Already around a 10 year mine life on Reserve

## Production

- 1HFY15 – 136,770t @ 4.9% Ni for 6,759t Ni
- Low cash cost operation
- Top-down mining using paste fill





# FORRESTANIA NICKEL CONCENTRATOR

## Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore but is achieving throughput 9% above capacity
- Nickel concentrate output circa 25,000tpa Ni
- Concentrate grades of around 14.0% Ni
  - Premium blending product (Fe/Mg ratio >15:1)
  - Desirable to smelters
- 14,000t of concentrate storage capacity

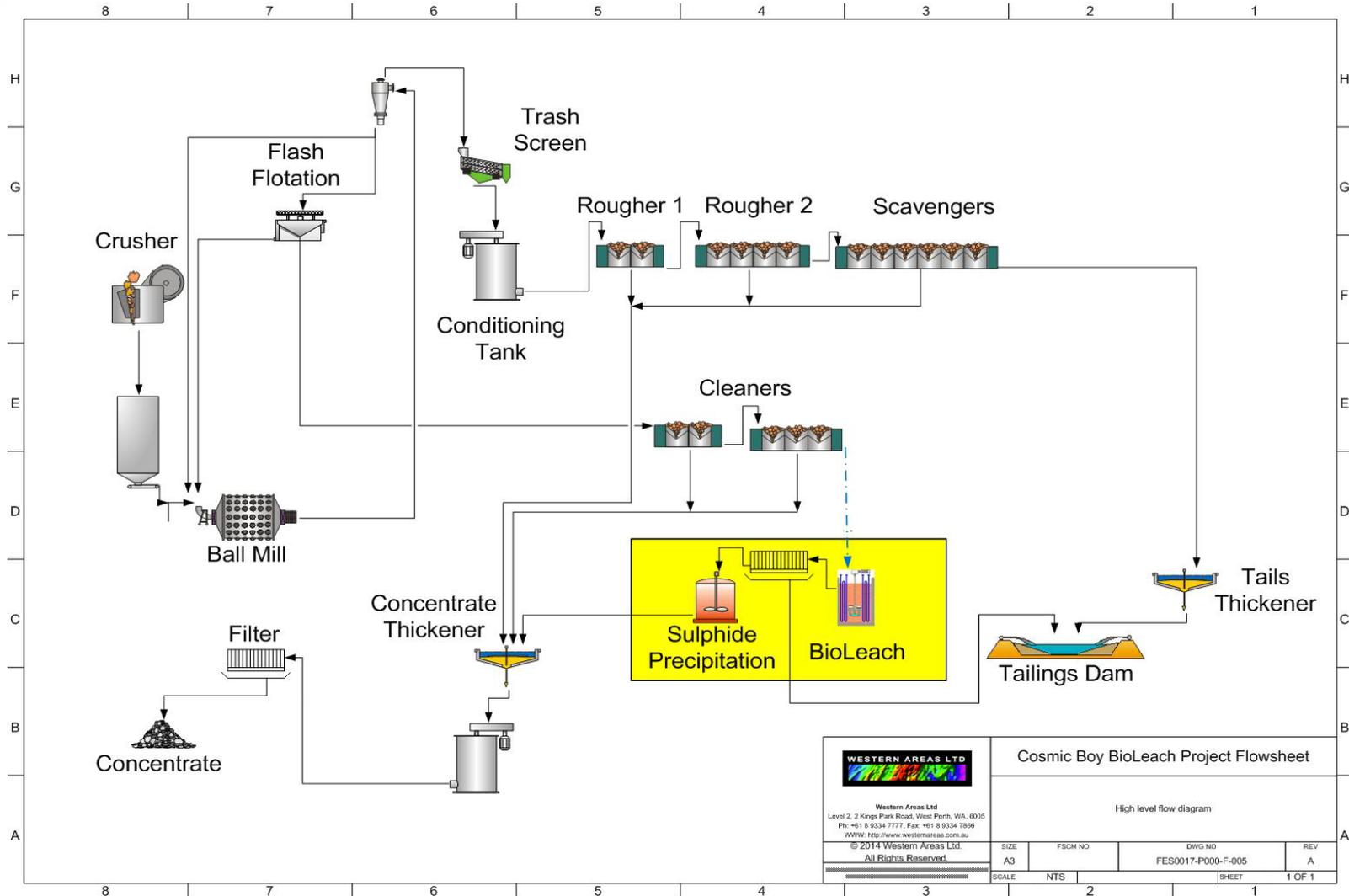
## Export Infrastructure and Logistics

- Access to >1400 sealed shipping containers
- No environmental issues
- Shipping contract in place, FOB Esperance Port





# MILL RECOVERY ENHANCEMENT PROJECT



 <p>Western Areas Ltd Level 2, 2 Kings Park Road, West Perth, WA, 6005 Ph: +61 8 9334 7777, Fax: +61 8 9334 7886 WWW: http://www.westernareas.com.au</p>		<p>Cosmic Boy BioLeach Project Flowsheet</p> <p>High level flow diagram</p>		
<p>© 2014 Western Areas Ltd. All Rights Reserved.</p>	<p>SIZE: A3</p>	<p>FSCM NO:</p>	<p>DIWG NO: FES0017-P000-F-005</p>	<p>REV: A</p>
<p>SCALE: NTS</p>	<p>2</p>	<p>SHEET: 1</p>	<p>1 OF 1</p>	



# MILL RECOVERY ENHANCEMENT PROJECT

- Currently progressing through feasibility study
- Increase average nickel recoveries from 89% up to 93%
- Approximately 6 month construction time
- Early indicative capex of around A\$20m
- Quick payback and potentially operational early FY16
- The treatment of the Flash Cleaner Stream utilises the BioHeap® cultures on a continuous basis produced from a Bacterial farm
- Very short residence time of 5-7 days
- Operation at elevated pH eliminates the need for iron and arsenic precipitation circuits. Hence reduced CAPEX
- Sulphide precipitation circuit produces a high grade nickel sulphide product (~50% nickel)





# FY15 GUIDANCE

Target	Metric
Mine Production (Nickel in Ore)	25,000 to 27,000 tonnes
Nickel in Concentrate Production	24,500 to 25,500 tonnes
Unit Cash Cost of Production (Nickel in Concentrate)	A\$2.70/lb to A\$2.80/lb*
Sustaining Capital Expenditure & Mine Development	A\$50m to A\$60m
Exploration	A\$20m

## Comments

- ✓ Guidance to be updated on release of the half yearly results
- ✓ \*Unit cash costs are likely to be significantly improved for the full year



# DECEMBER QUARTERLY REPORT

Tonnes Mined		2013/2014		2014/2015		YTD
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
<b>Flying Fox</b>						
Ore Tonnes Mined	Tns	79,328	67,966	65,097	64,122	129,219
Grade	Ni %	4.1%	5.1%	5.2%	4.9%	5.0%
Ni Tonnes Mined	Tns	3,243	3,479	3,384	3,114	6,498
<b>Spotted Quoll - Underground</b>						
Ore Tonnes Mined	Tns	71,614	58,497	68,446	68,324	136,770
Grade	Ni %	4.8%	4.8%	4.8%	5.1%	4.9%
Ni Tonnes Mined	Tns	3,466	2,801	3,276	3,483	6,759
<b>Total - Ore Tonnes Mined</b>	Tns	150,942	126,463	133,543	132,446	265,989
<b>Grade</b>	Ni %	4.4%	5.0%	5.0%	5.0%	5.0%
<b>Total Ni Tonnes Mined</b>	<b>Tns</b>	<b>6,709</b>	<b>6,280</b>	<b>6,660</b>	<b>6,597</b>	<b>13,257</b>
Tonnes Milled and Sold		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Ore Processed	Tns	147,544	151,232	153,474	152,407	305,881
Grade	%	4.8%	4.7%	4.7%	4.7%	4.7%
Ave. Recovery	%	90%	89%	90%	90%	90%
<b>Ni Tonnes in Concentrate</b>	<b>Tns</b>	<b>6,344</b>	<b>6,336</b>	<b>6,511</b>	<b>6,434</b>	<b>12,945</b>
Ni Tonnes in Concentrate Sold	Tns	6,418	6,374	6,648	6,246	12,894
<b>Total Nickel Sold</b>	<b>Tns</b>	<b>6,418</b>	<b>6,374</b>	<b>6,648</b>	<b>6,246</b>	<b>12,894</b>
Financial Statistics		2013/2014		2014/2015		DEC
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	YTD
<b>Group Production Cost/lb</b>						
Mining Cost (*)	A\$/lb	1.84	1.99	1.82	1.55	1.68
Haulage	A\$/lb	0.06	0.05	0.06	0.06	0.06
Milling	A\$/lb	0.43	0.43	0.44	0.43	0.44
Admin	A\$/lb	0.21	0.16	0.20	0.21	0.21
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
<b>Cash Cost Ni in Con (***)</b>	<b>A\$/lb</b>	<b>2.52</b>	<b>2.61</b>	<b>2.50</b>	<b>2.23</b>	<b>2.37</b>
<b>Cash Cost Ni in Con/lb (***)</b>	<b>US\$/lb (**)</b>	<b>2.26</b>	<b>2.43</b>	<b>2.31</b>	<b>1.91</b>	<b>2.11</b>
<b>Exchange Rate US\$ / A\$</b>		<b>0.90</b>	<b>0.93</b>	<b>0.93</b>	<b>0.86</b>	<b>0.89</b>

## Some Facts

- Best cost performance in three years at A\$2.23/lb (US\$1.91/lb) in Q2 and materially below guidance
- Grades and waste dilution management lead to strong reserve reconciliation – particularly at Flying Fox
- Remarkable consistency of production and other physicals
- Mill continues to beat nameplate by 10%

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# OFFTAKE CONTRACTS AND NICKEL MARKET





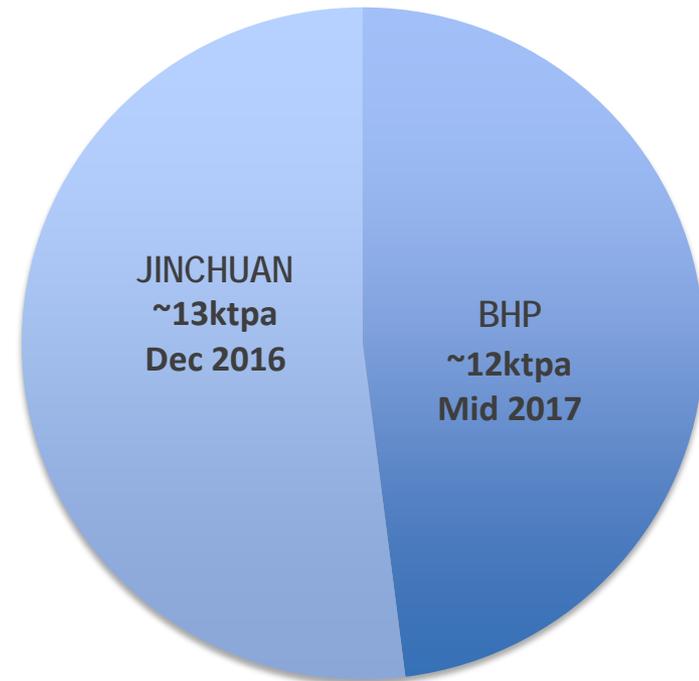
# INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

## Offtake Contracts

- FOB Terms
- Very competitive payable percentage of LME

## Offtake Tender Announced

- Recently awarded Jinchuan a two year contract (26,000t of contained nickel)
- Tightness in smelter supply being experienced
- Global nickel sulphide grades in decline





# NICKEL PRICE DRIVERS

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

1. Level of global nickel supply
2. Cost and capacity of Chinese nickel pig iron (“NPI”) production
3. Indonesian nickel laterite export ban / Philippine response
4. Global stainless steel demand
5. Shorter term political factors



**What we believe is occurring:**

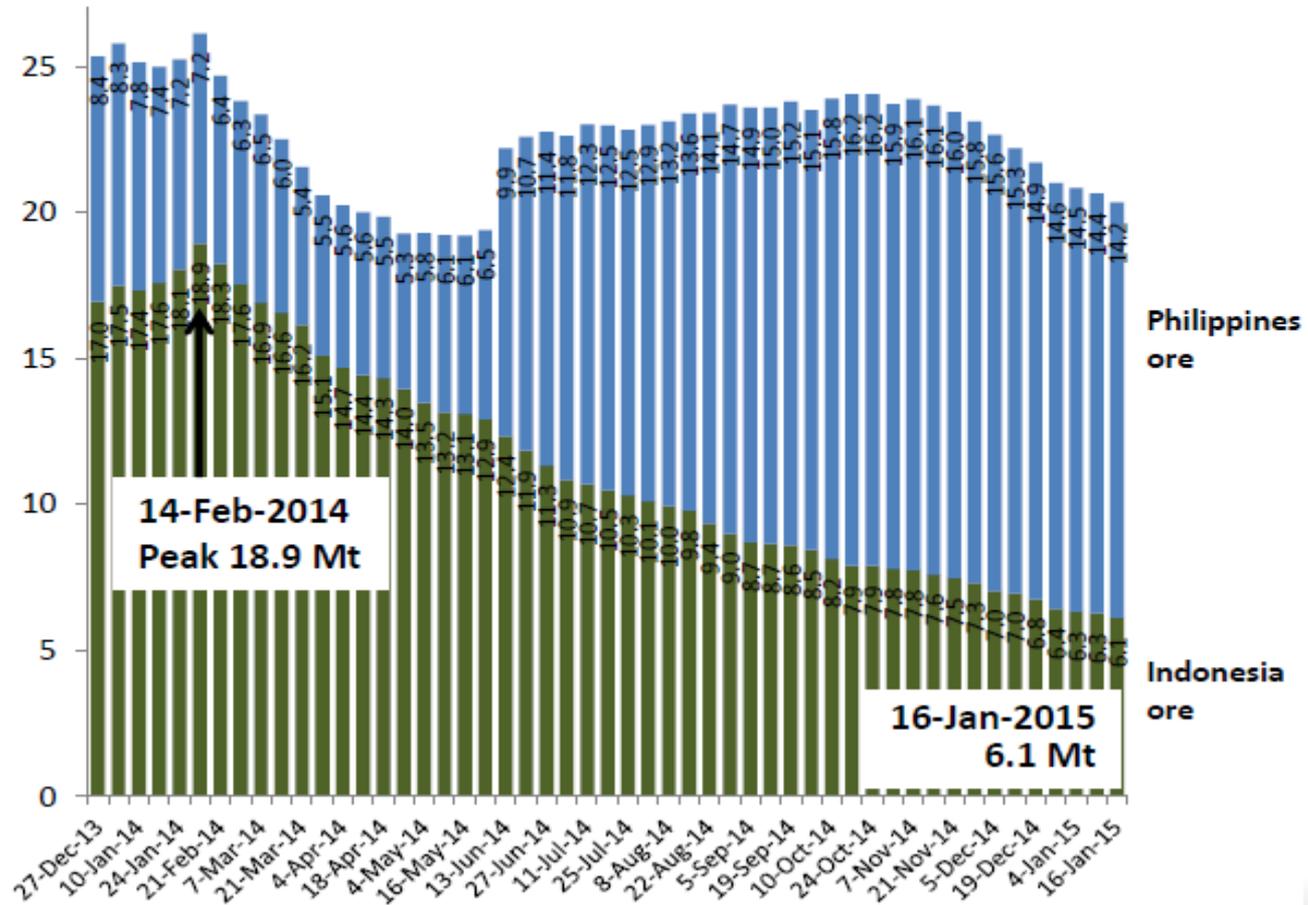
- Chinese ore stocks may run out mid-year with ore stocks on the decline
- Monsoon season now starting to bite Philippine exports
- NPI producer stockpiles greater than anticipated and ore blending has extended life
- LME stocks have continued to rise due to Chinese hidden stocks
- Stainless steel demand on balance remains strong in China

***The fundamental market conditions and forecasts point to a nickel price rally late Q2 in CY15***



# CHINESE ORE STOCKPILES

## Chinese Nickel Ore Stocks Total (Mt)



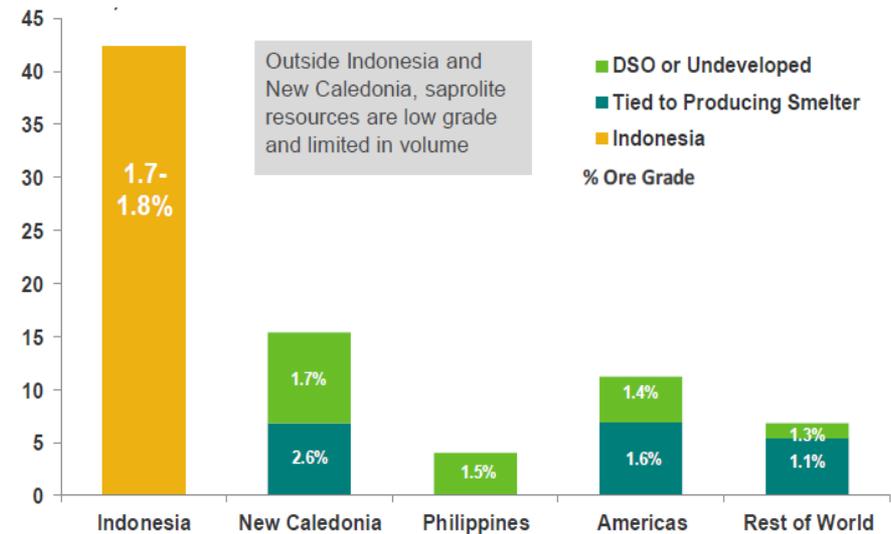
Source: Royal Nickel



# NICKEL MARKET DYNAMICS

- Indonesia in a unique position in respect of high Ni grade, low Fe product
- Very strong message from the Indonesian government that **the ban is permanent**
- Reduction in Chinese NPI and Ferronickel from Japan of approximately 300ktpa contained nickel
- Approvals for Indonesian based NPI take a minimum of 18 months, plus construction, power supply and skilled labour issues mean that any meaningful production in at least 5 years away
- Nickel market deficits set to start in CY15, assuming 4% nickel demand growth and the Indonesian ban holding

## World Saprolite Resources (Mt Ni contained)



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# EXPLORATION AND GROWTH OUTLOOK

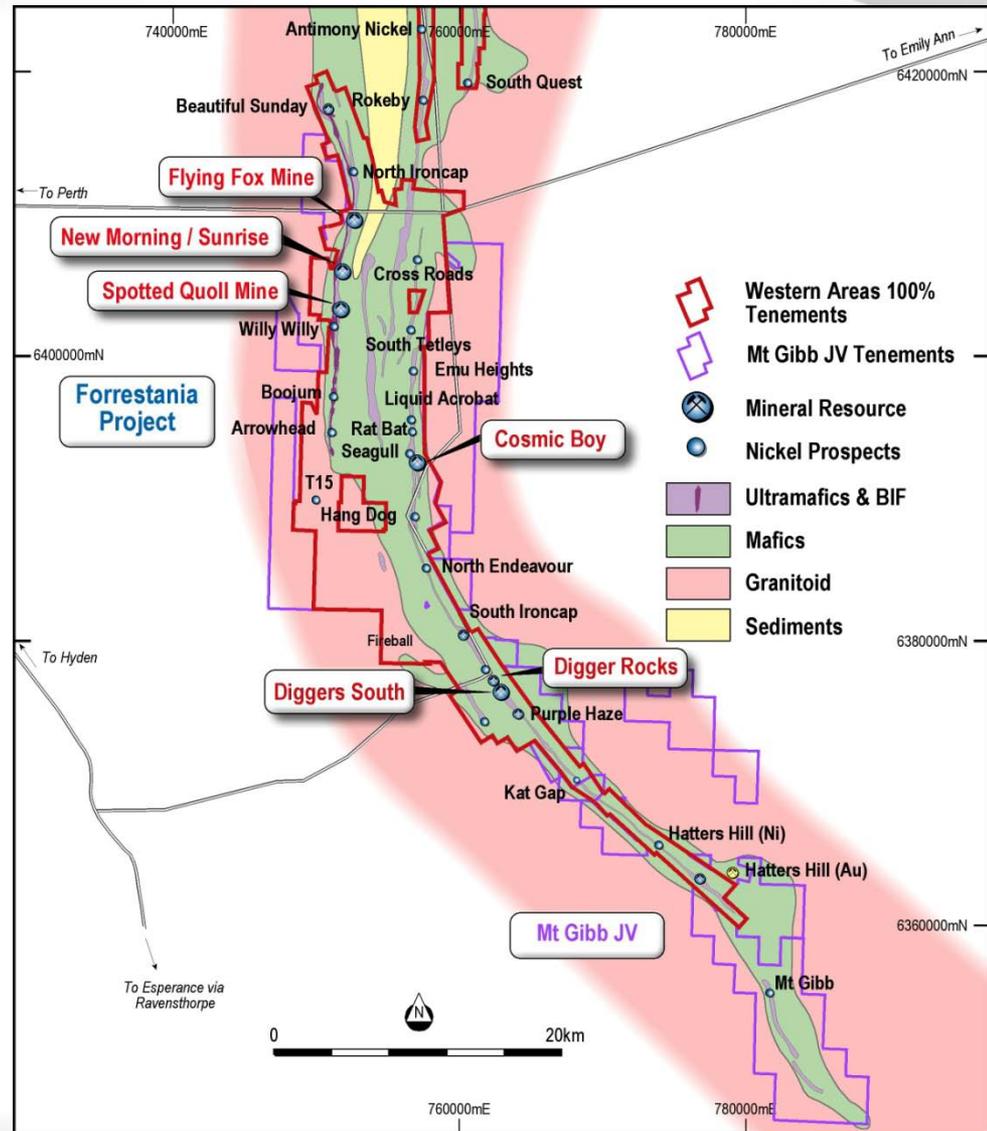




# FORRESTANIA TENEMENTS

## Regional Geology

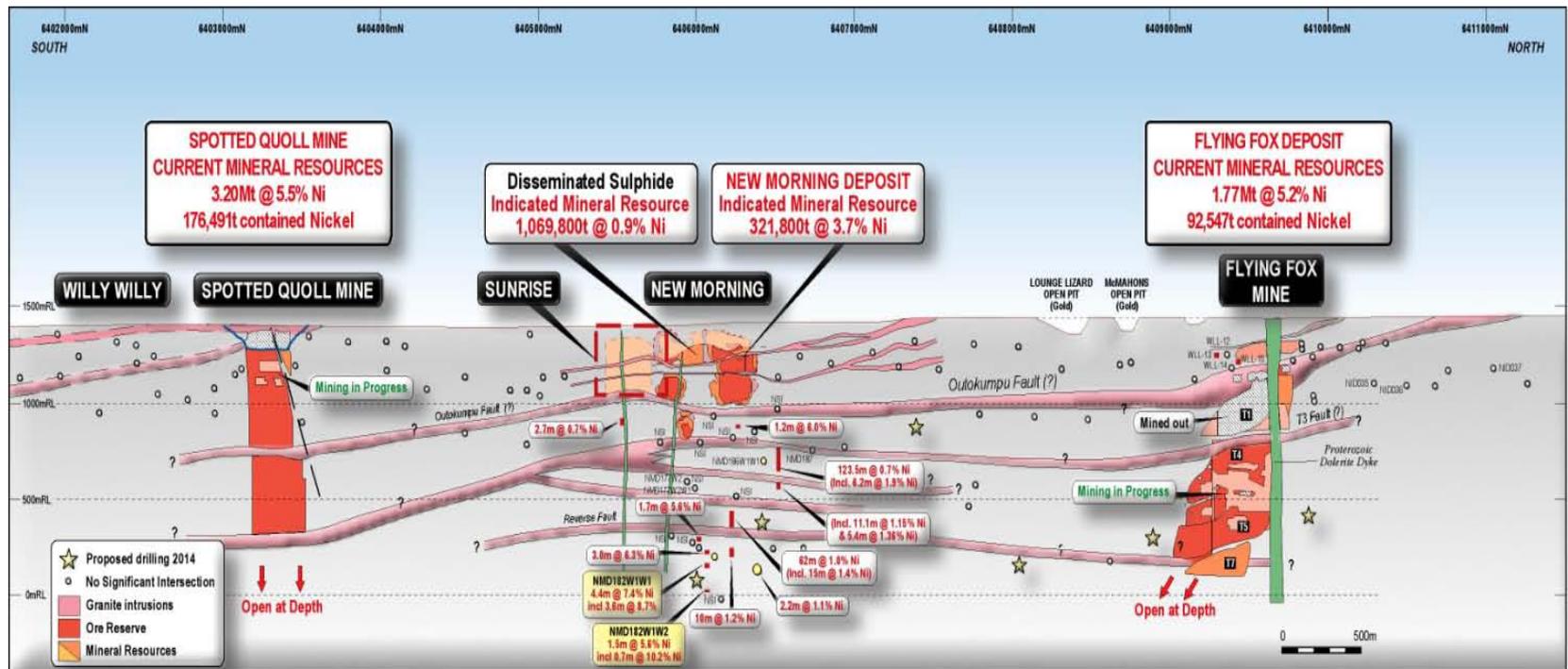
- 120km strike length (600 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Six ultramafic belts
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade Flying Fox, Spotted Quoll and New Morning deposits





# SHORT TERM – NEAR MINE EXPLORATION

- Exploration spend in FY15 likely >\$20m
- Drilling priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach



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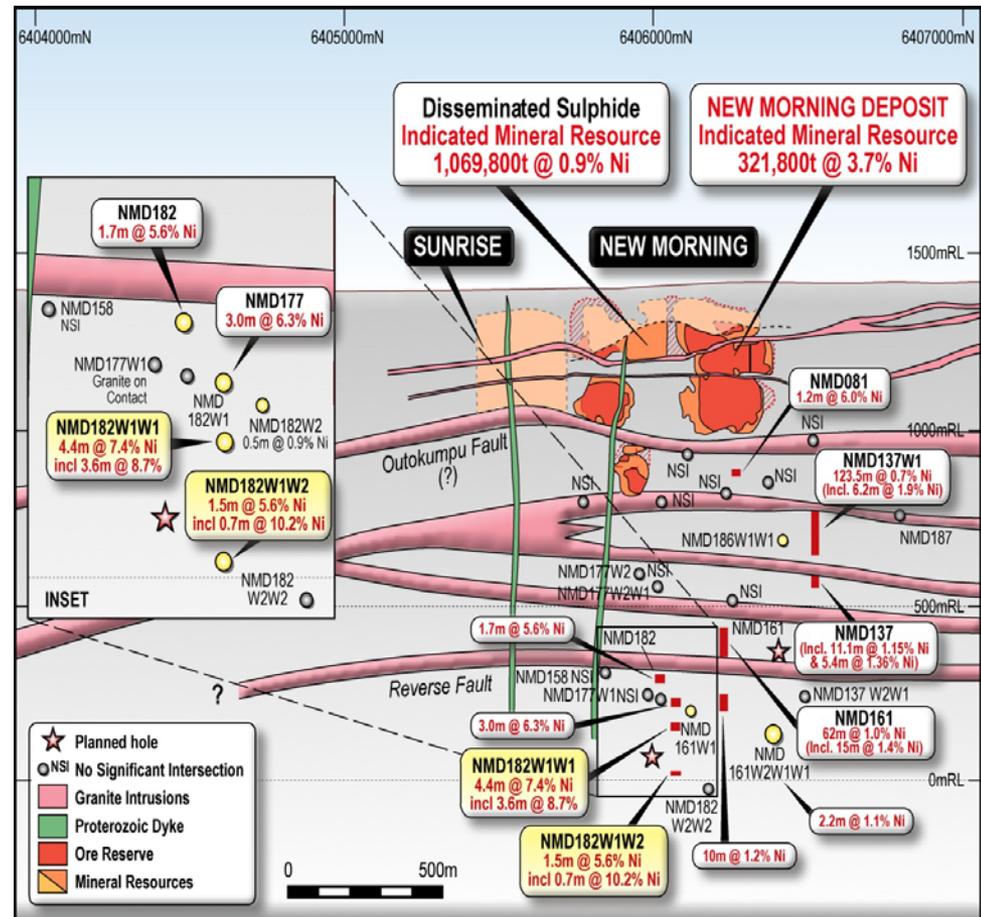
A14C/P2/15/0001

Interpreted Longitudinal Projection (8 Km Long) - October 2014  
FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY



# NEW MORNING

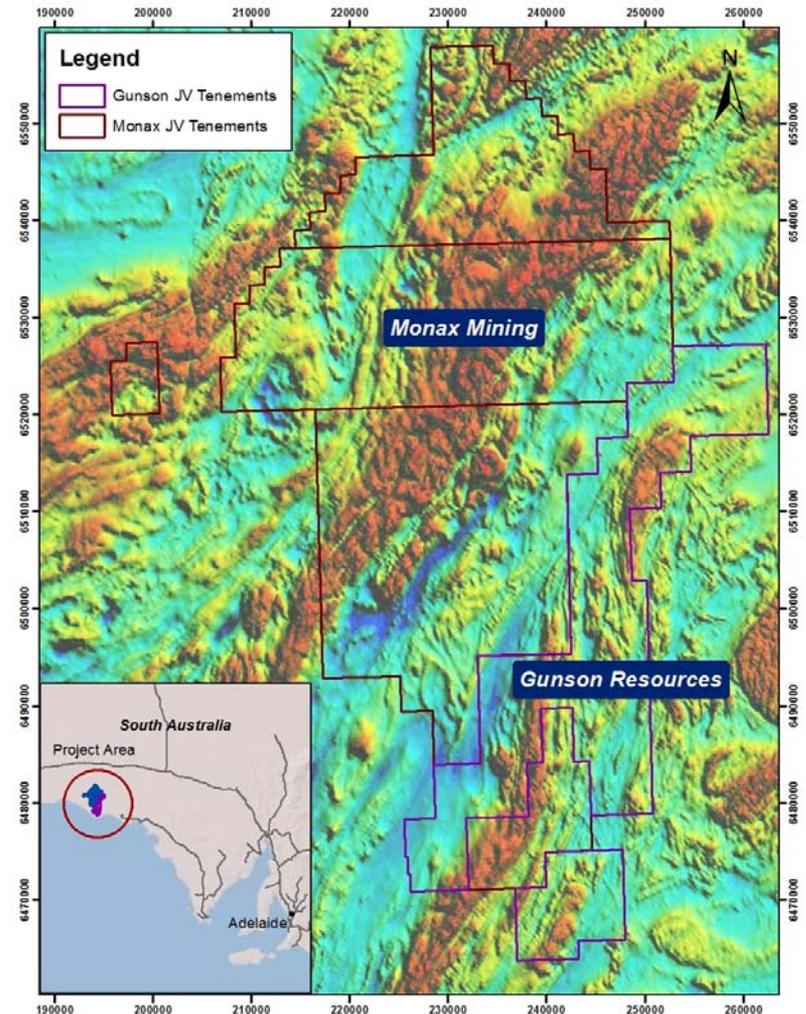
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- Potential major capex savings and accessible from either mine
- Open Pit and shallow underground studies commenced
- Massive sulphide Indicated Resource of 321.8kt @ 3.7% nickel
- Significant intersections:
  - 4.4m @ 7.4% nickel including 3.6m @ 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)





# WESTERN GAWLER JOINT VENTURES

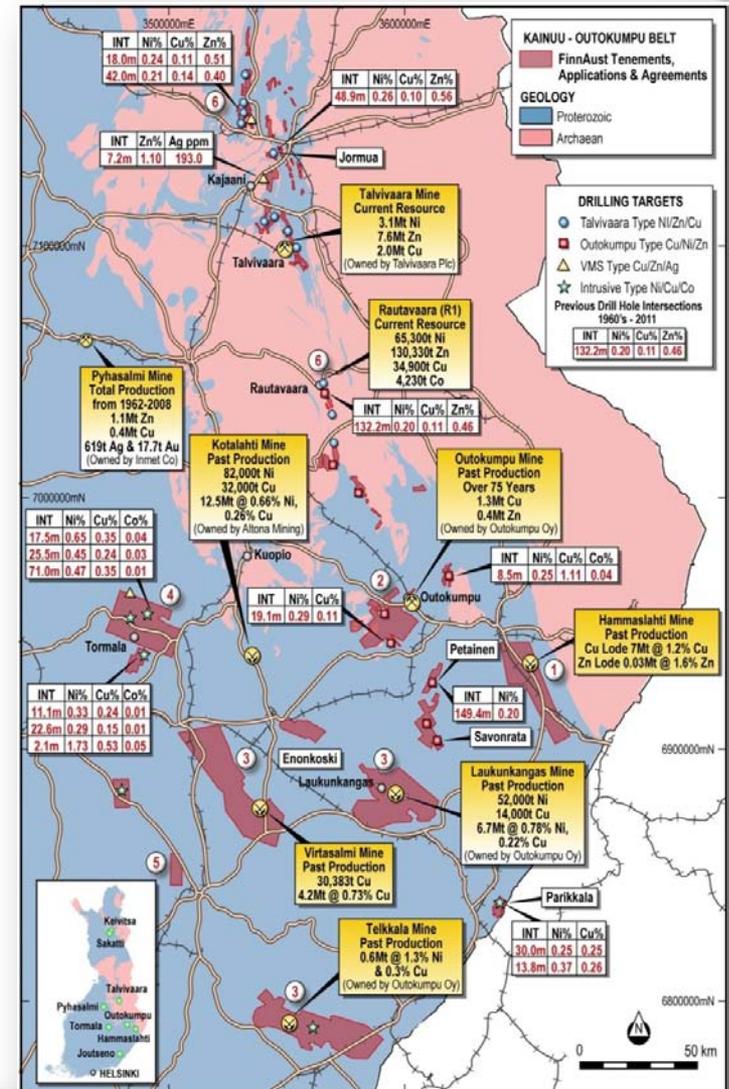
- Part of regional exploration strategy
- Two separate Farm-In Agreements with Gunson Resources Ltd and Monax Mining Ltd:
  - A\$0.8m on each to earn 75% over 2 years
  - Further A\$0.4m on each for 90% over additional 18 months
  - Close to existing infrastructure
  - Total area 2,746km<sup>2</sup>
- 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.
- Targeted and basement lithology drilling program mid 2015





# FINLAND – FINNAUST MINING PLC PROJECTS

- Listing on AIM completed in December 2013 and 62% WSA owned
- Current market cap circa A\$10m
- 300km long base metal province in Finland
- Numerous nickel/copper/zinc mines & occurrences
- Recent drilling at the Hammaslahti Project:**
  - 5.6m at 3.2% Cu, 2.7% Zn, 0.7% Pb, 71gpt Ag and 0.76 gpt Au from 196.80m downhole.
  - Includes 8.65m at 2.2% Cu, 2.0% Zn, 0.5% Pb, 47gpt Ag and 0.50 gpt Au.
- Drilling commenced for potential extensions and repetitions to known copper deposits
- Geophysics proving very effective in defining targets - ZTEM survey completed





# WESTERN AREAS VALUE EQUATION

- High Grade = Margin
- Survival

Highest Grade Nickel Globally



- Returns to shareholders in Dividends

Cashflow Positive



- Guidance continually met or exceeded

Strong Track Record of Delivery



- Looming shortage of nickel post Indo ban

Nickel Price Primed for Upside



- New mine successfully brought on in 24 months

History of Discovery and Development



- Flexibility in meeting future demands or opportunities

Strong Balance Sheet



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THE END

