

WESTERN AREAS LTD



DIGGERS & DEALERS PRESENTATION

“SETTING UP FOR GROWTH”

4 August 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



Who We Are & Value Drivers

Operations

Cosmos Acquisition

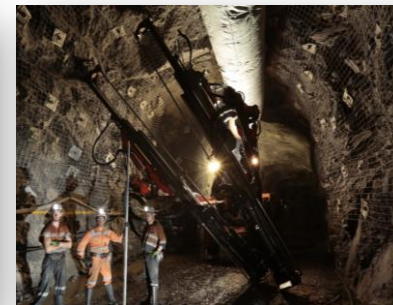
Exploration and Discovery

Nickel Market

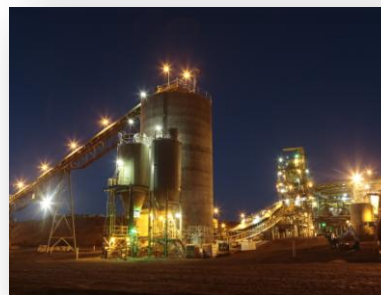
Explore



Mine



Produce



Sales



WESTERN AREAS LTD



WHO WE ARE & VALUE DRIVERS



WESTERN AUSTRALIA'S PREMIER NICKEL COMPANY

WESTERN AREAS LTD



Zero Lost Time Injury Frequency Rate

High Grade, Low Cash Cost Nickel Producer

Strong Organic Growth Portfolio

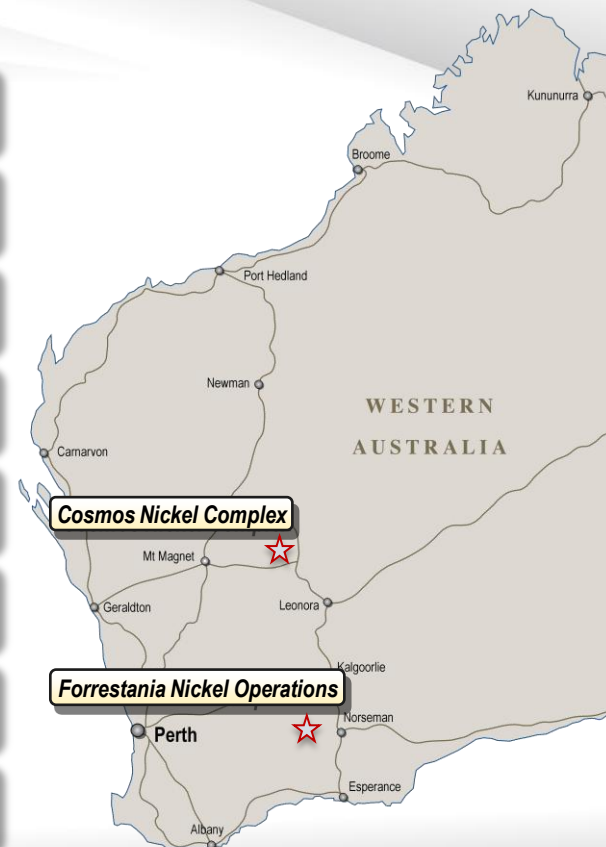
Debt Free Dividend Payer

Cash Flow Positive in Current Nickel Price

Robust Balance Sheet, Positioned to Grow

Exploration & Discovery Upside

Leveraged to Forecast Nickel Price Rise



CORPORATE OVERVIEW



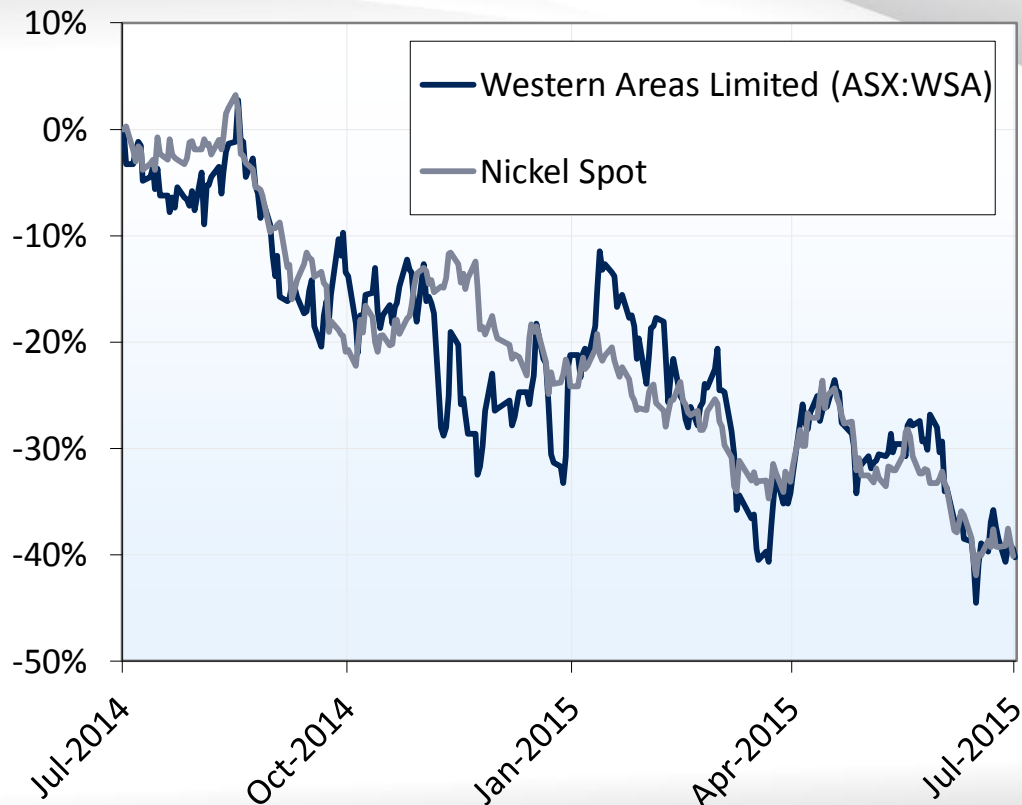
Board & Senior Management

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 30 July 2015

Share price	3.09
52 week high/low (A\$)	4.96 / 2.85
Shares outstanding (m)	233.2
Market Capitalisation (A\$m)	720.6
Cash (A\$m) ¹	70.6
Debt (A\$m) ¹	NIL
ANZ Facility	NIL



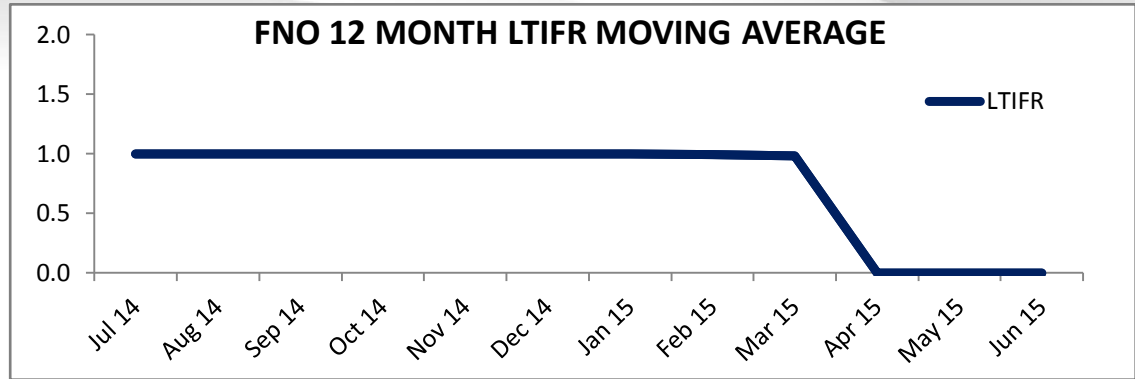
1. Cash as at 30 June 2015 A\$195.6m LESS the face value of the convertible bond debt A\$125m

WESTERN AREAS ARE SAFE AREAS



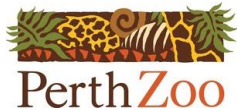
Continuous Safety Improvement

- LTIFR – ZERO at 30 June 2015
- Flying Fox > 720 days LTI free
- Spotted Quoll > 1,538 days LTI free
- Exploration > 2,555 days LTI free
- Cosmic Boy Concentrator > 737 days LTI free
- Contractors and employees fully integrated into a site wide commitment

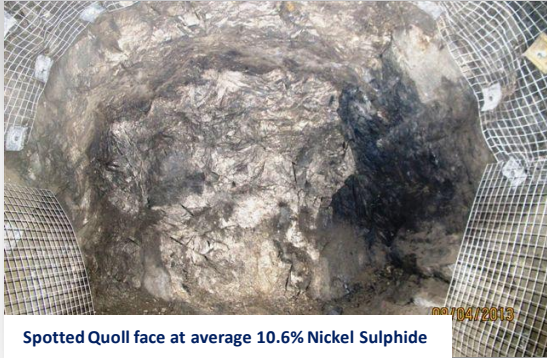


Environment & Social

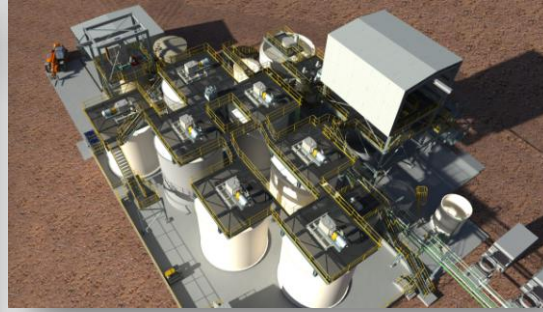
- Strong local commitments to schools and associations around Forrestania, Perth Zoo (Western Quoll) and Starlight Children's Foundation WA



BUILDING THE PLATFORM



Spotted Quoll face at average 10.6% Nickel Sulphide



New Morning



Western Gawler JV

Spotted Quoll

Odysseus PFS

Cosmos Nickel Complex

Flying Fox

Mill Recovery Enhancement
Project

Forrestania

Production

Development

Discovery & Exploration

WHY ARE WE BUILDING THE PLATFORM NOW?



The nickel price is here currently – at the bottom of the plunge

Nickel is a Cyclical Commodity

- Currently we are at the bottom of the cycle, but remain cash flow positive
- Platform built up now with a mix of:
 - Near term development
 - Excellent discovery opportunities in proven areas
 - Exploration upside from green fields joint ventures
- Building the platform now sets Western Areas up for returns across the nickel price cycle
- **Returns will be magnified in any nickel price upswing**



Our platform is set to reap the rewards of a price bounce

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OPERATIONS



JUNE 2015 QUARTERLY REPORT



Tonnes Mined		2014/2015				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Flying Fox						
Ore Tonnes Mined	Tns	65,097	64,122	72,144	62,976	264,339
Grade	Ni %	5.2%	4.9%	4.6%	4.9%	4.9%
Ni Tonnes Mined	Tns	3,384	3,114	3,330	3,076	12,904
Spotted Quoll - Underground						
Ore Tonnes Mined	Tns	68,446	68,324	70,590	68,569	275,929
Grade	Ni %	4.8%	5.1%	4.8%	5.1%	4.9%
Ni Tonnes Mined	Tns	3,276	3,483	3,372	3,489	13,620
Total - Ore Tonnes Mined	Tns	133,543	132,446	142,734	131,545	540,268
Grade	Ni %	5.0%	5.0%	4.7%	5.0%	4.9%
Total Ni Tonnes Mined	Tns	6,660	6,597	6,702	6,565	26,524
Tonnes Milled and Sold		2014/2015				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Ore Processed	Tns	153,474	152,407	145,933	157,913	609,727
Grade	%	4.7%	4.7%	4.7%	4.7%	4.7%
Ave. Recovery	%	90%	90%	90%	89%	90%
Ni Tonnes in Concentrate	Tns	6,511	6,434	6,180	6,676	25,801
Ni Tonnes in Concentrate Sold	Tns	6,648	6,246	6,452	6,690	26,036
Total Nickel Sold	Tns	6,648	6,246	6,452	6,690	26,036
Financial Statistics		2014/2015				YTD
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.82	1.55	1.64	1.62	1.66
Haulage	A\$/lb	0.06	0.06	0.06	0.05	0.06
Milling	A\$/lb	0.44	0.43	0.46	0.40	0.43
Admin	A\$/lb	0.20	0.21	0.18	0.14	0.18
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.50	2.23	2.32	2.19	2.31
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.31	1.91	1.82	1.71	1.94
Exchange Rate US\$ / A\$		0.93	0.86	0.79	0.78	0.84

Some Facts

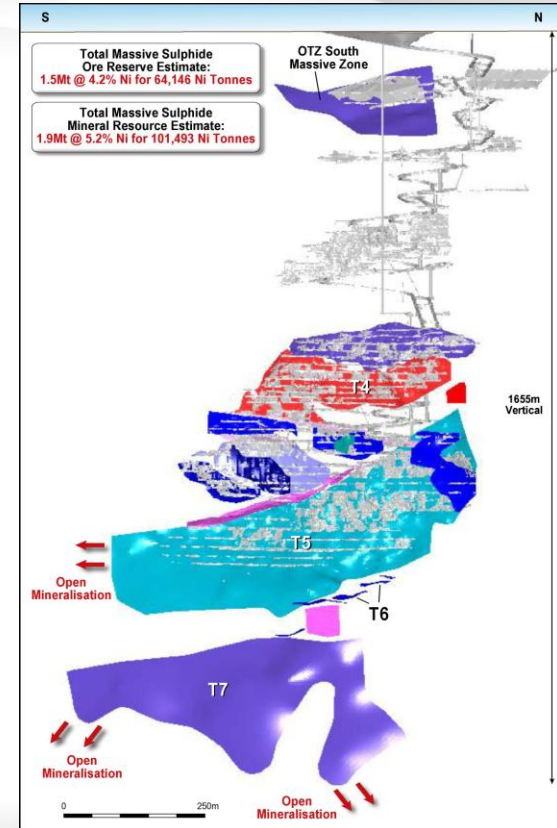
- ALL FY15 GUIDANCE METRICS BEATEN
- LTIFR - ZERO
- Record milled tonnes and highest quarter nickel in concentrate production
- Unit cash cost of production the lowest quarter all year at A\$2.19/lb (US\$1.71/lb) – full year A\$2.31/lb (US\$1.94/lb)
- Positive reconciliation to reserve a continued feature
- Exceptional consistency and 4.5 years without a guidance miss
- Free cash flow generated with cash at bank ending at A\$195.6m

FLYING FOX MINE



Mineral Resource and Ore Reserve

- Resource and Reserve Upgrade 30 June 2015:
 - Added 7,596 nickel tonnes after depletion of 12,904 nickel tonnes in FY15
 - Effective increase of 20,500 nickel tonnes
- High Grade (excluding disseminated sulphide resource) **Mineral Resource: 1.9Mt @ 5.2% Ni** containing 101,493 Ni Tonnes
- Ore Reserve: 1.5Mt @ 4.2% Ni** containing 64,146 Ni Tonnes
- Reserve life has a demonstrated history of replenishment
- FY15 production was 264,339t @ 4.9% Ni for 12,904t nickel tonnes
- Added OTZ South Massive Zone – 182,898t @ 4.1% Ni for 7,417 nickel tonnes



SPOTTED QUOLL MINE

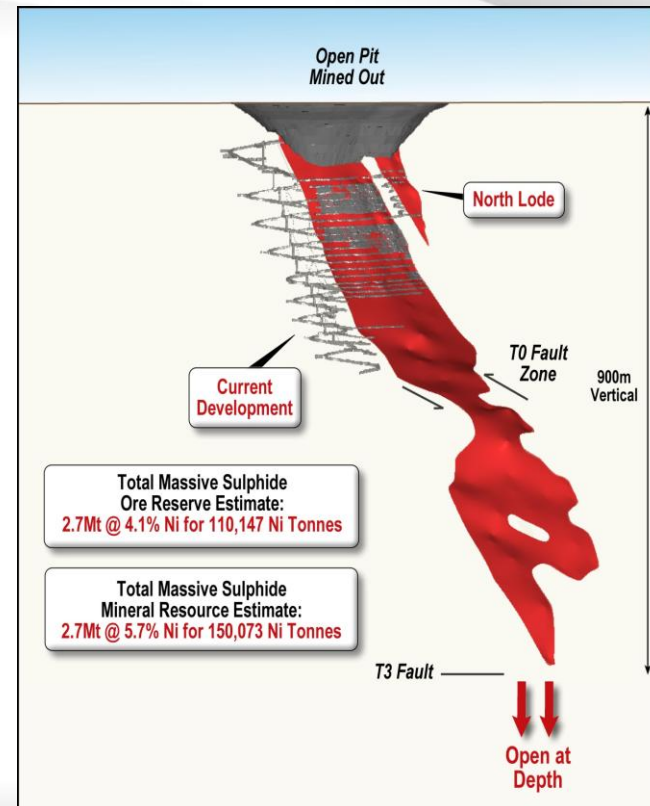


Mineral Resource and Ore Reserve

- **Mineral Resource: 2.7Mt @ 5.7% Ni** containing 150,073 Ni tonnes
- **Ore Reserve: 2.7Mt @ 4.1% Ni** containing 110,147 Ni tonnes
- Remains open at depth and to the North
- Already around a 10 year mine life on Reserve

Production

- FY15 – 275,929t @ 4.9% Ni for 13,620t nickel tonnes
- Top-down mining using paste fill



FORRESTANIA NICKEL CONCENTRATOR

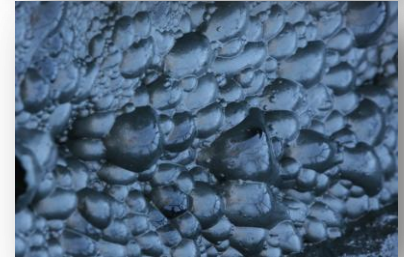


Concentrator Summary

- Current nameplate capacity of 550,000tpa of ore but is achieving throughput 10% 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
- Using 25 trucks for concentrate transportation
- Shipping contract in place, FOB Esperance Port

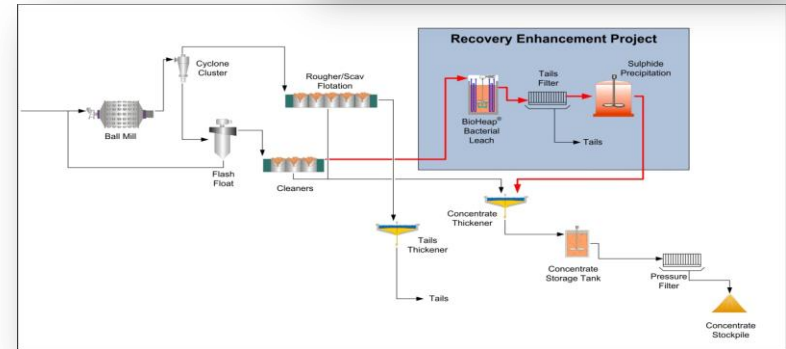
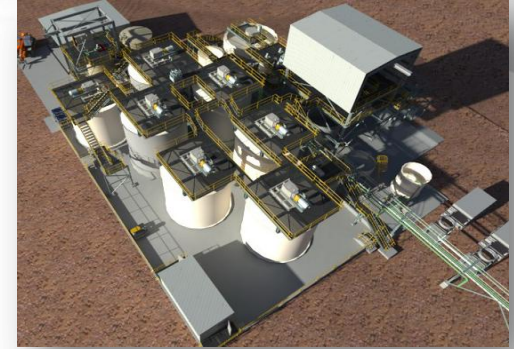


MILL RECOVERY ENHANCEMENT PROJECT



Project approved – 20 July 2015

- Increase average nickel recoveries from 3% to 5% over the life of mine
- Up to an additional 1200 nickel tonnes/annum
- A\$22m project with 6 month construction time
- GR Engineering appointed under EPC with guaranteed maximum price arrangement
- Unit cash operating cost A\$2.42/lb in concentrate
- IRR of 39% and payback of 39 months using consensus pricing (US\$8.68lb @ A\$0.80)
- Long lead item orders being placed and detailed engineering commenced – initial commitment A\$7m
- 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
- Sulphide precipitation circuit produces a high grade nickel sulphide product (~50% nickel)



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COSMOS ACQUISITION



STRATEGIC RATIONALE & SUMMARY

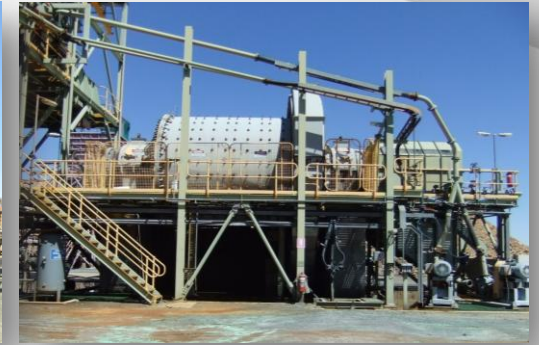


Strategic Rationale

1. Plays to WSA's core strengths
2. Right street address
3. WSA approach to exploration will be different
4. Potential 2nd operation
5. Full infrastructure and facilities
6. Future potential concentrate blending
7. Low cost entry
8. WSA's ability to fund from existing cash
9. WSA ready to hit the ground running Day 1

Transaction Summary

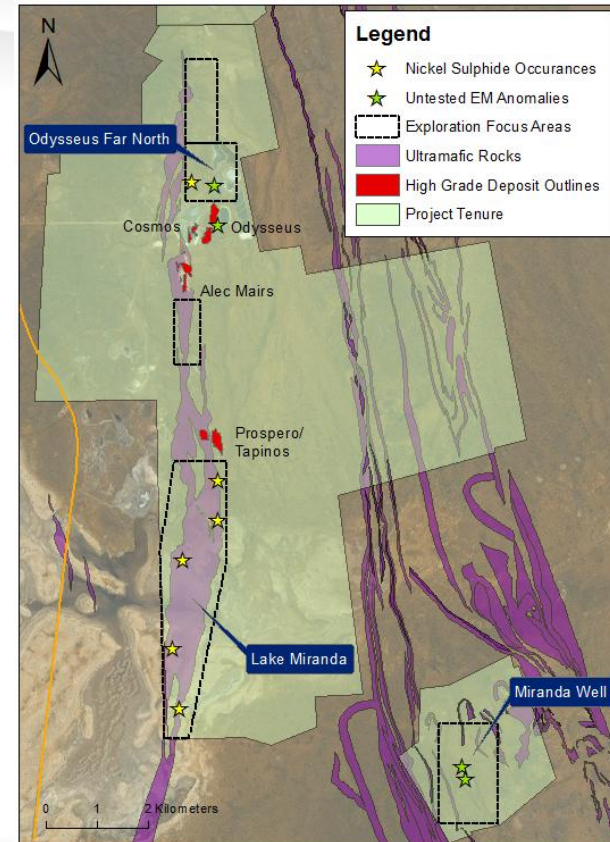
1. 100% Asset acquisition of the Cosmos Nickel Complex
2. A\$24.5m purchase price with deferred payments:
 - a. A\$11.5m on close;
 - b. A\$7.0m nine months post close; and
 - c. A\$6.0m eighteen months post close



COSMOS NICKEL COMPLEX

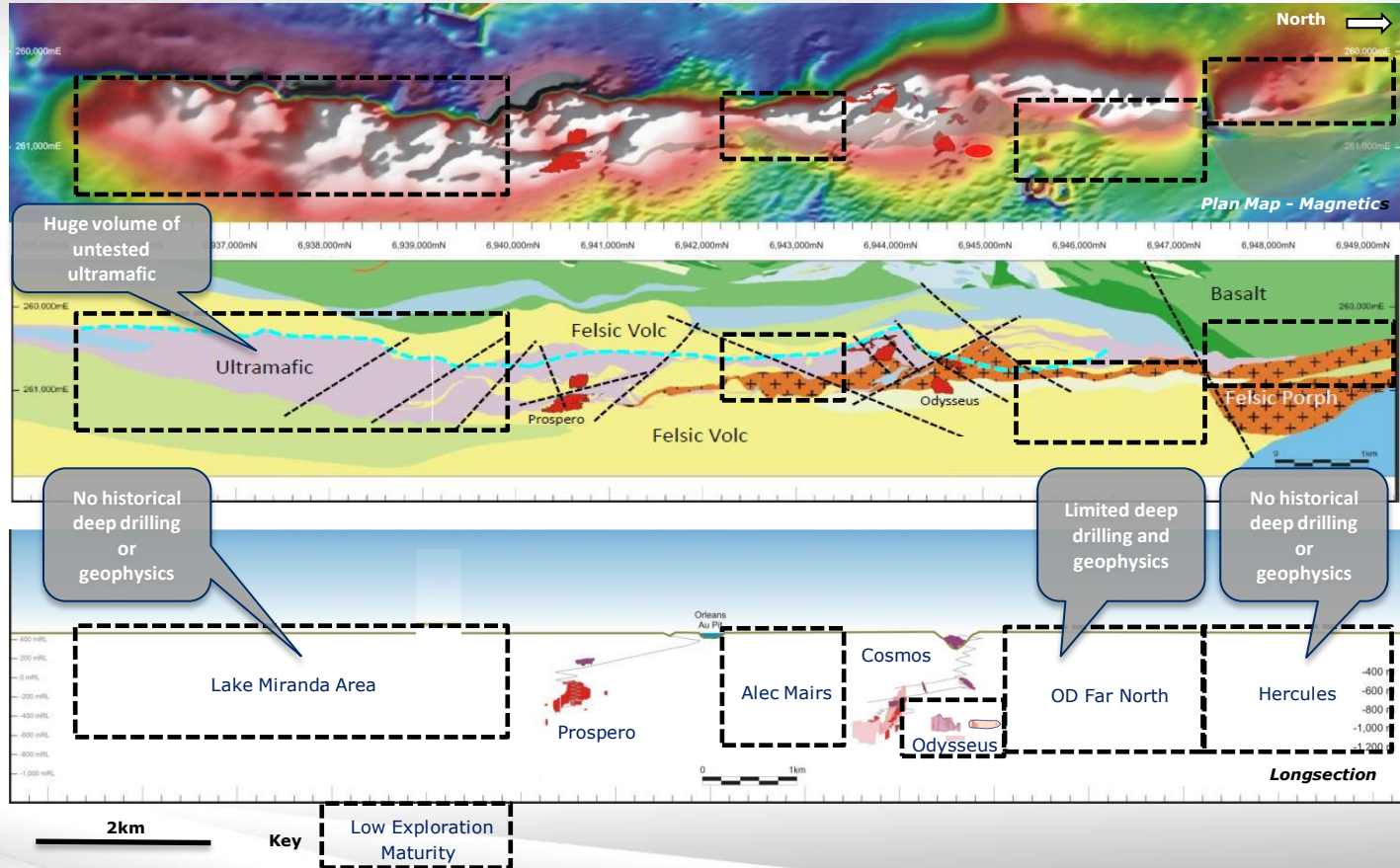


- 26 mining and infrastructure tenements - 88km²
- 17km long ultramafic sequence:
 - Dominated by high MgO ultramafic rocks
- High tenor nickel sulphide belt – up to 30% nickel:
 - Similar to Forrestania, higher than Leinster
 - Mining grades around 5% Nickel
- Deposits hosted within felsic volcanic rocks:
 - Low ‘false positives’ for geophysics
 - Electromagnetic (EM) conductors represent nickel sulphides
- Under-explored outside of mine environment:
 - Lake Miranda and Miranda Well
- Proximal to BHPB Nickel Assets:
 - Leinster Nickel Operations
 - Yakabindie
 - Camelot Nickel Camp

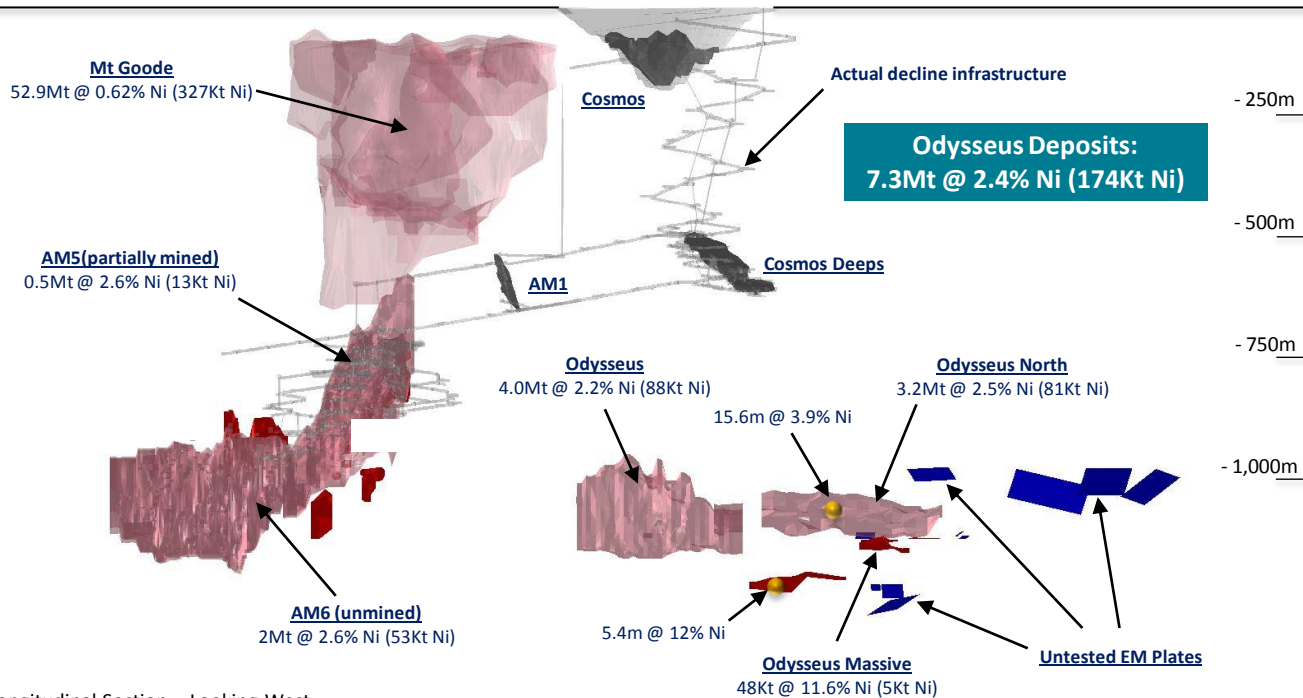


Exploration Focus Areas overlaying aerial photo

COSMOS BELT POTENTIAL



ODYSSEUS COMPLEX AND OTHER RESOURCES



Longitudinal Section – Looking West

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EXPLORATION AND DISCOVERY

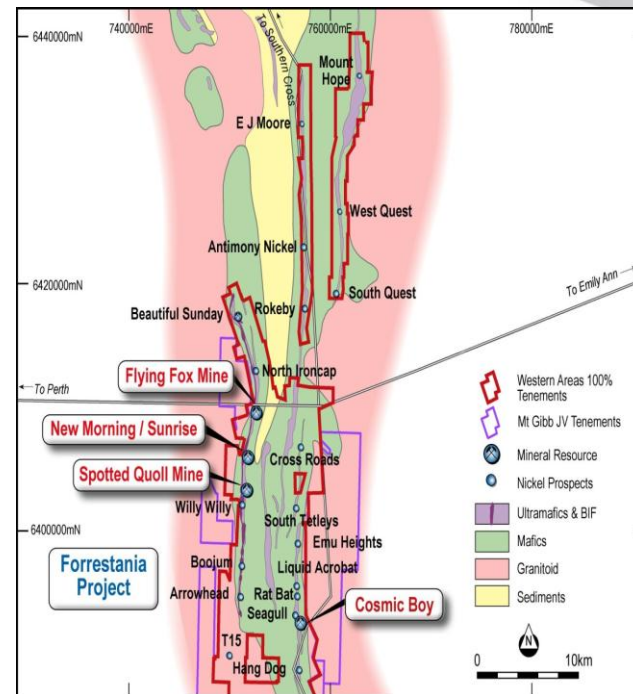


FORRESTANIA TENEMENTS



Regional Geology

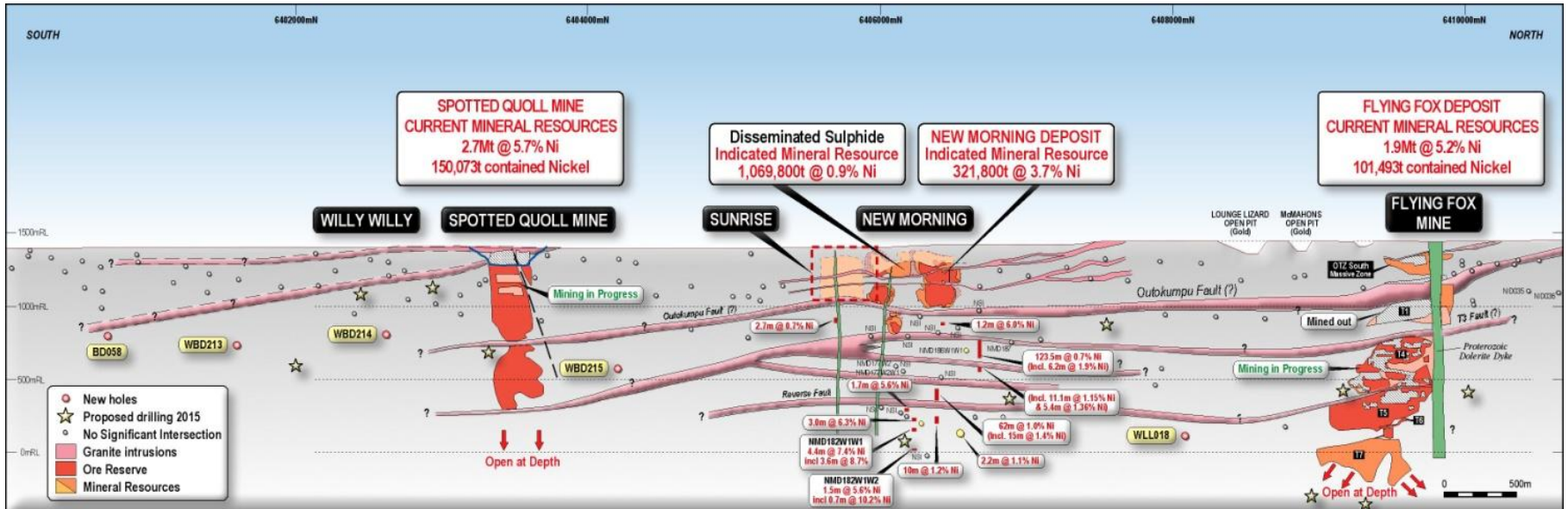
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 400km long nickel province
- Total endowment of **29.97Mt at 2.28% Ni for 684k Ni tonnes**
- Nickel sulphide deposits and most occurrences in two belts (Eastern and Western)
- Western Ultramafic Belt hosts the high grade Flying Fox, Spotted Quoll and New Morning deposits



SHORT TERM – NEAR MINE EXPLORATION



- Exploration spend in FY16 likely >\$20m
- Drilling priority within 8km long zone (below). New discovery would access existing mine infrastructure. Systematic approach.

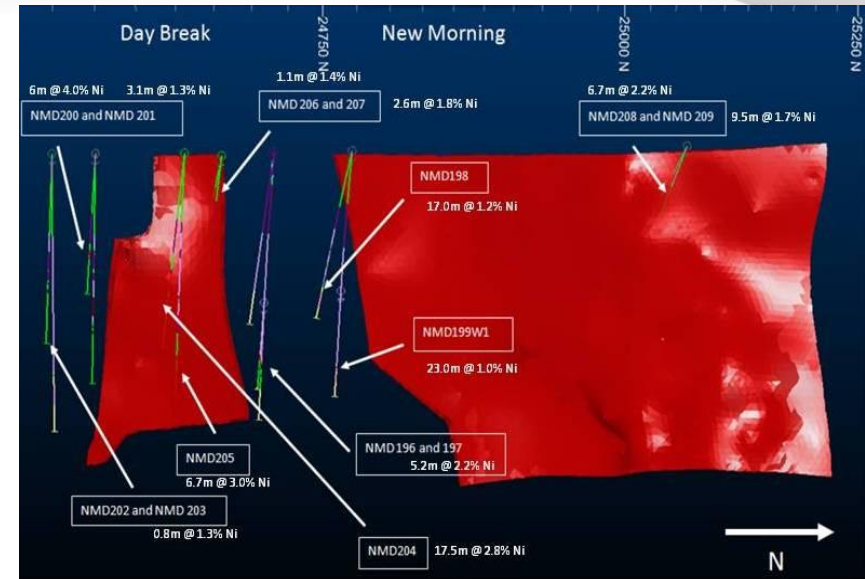


Interpreted Longitudinal Projection (8 Km Long) - July 2015
FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY

NEW MORNING



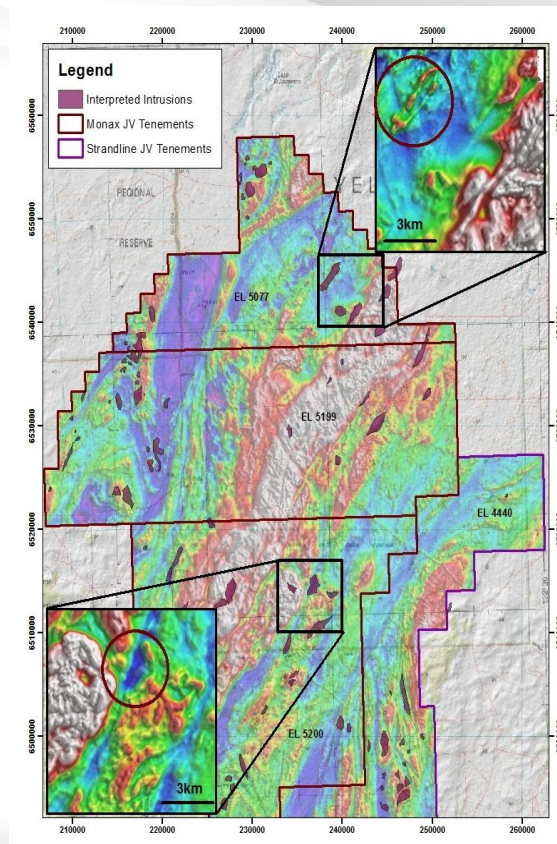
- 2.5km from Flying Fox and 2.8km from Spotted Quoll
- All material approvals in place, potential major capex savings and accessible from either mine
- Open Pit and shallow underground studies commenced
- Massive sulphide Indicated Resource of 321.8kt @ 3.7% nickel
- Significant intersections:
 - 4.4m @ 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



- Two separate Farm-In Agreements with Gunson Resources Ltd (Strandline Resources Limited) 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 2,746km²
- 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
- Access approvals finalised
- RC drilling commenced July 2015



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NICKEL MARKET



NICKEL PRICE DRIVERS



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

1. LME nickel inventories
2. Cost and capacity of Chinese nickel pig iron (“NPI”) production
3. Indonesian nickel laterite export ban / Philippine response
4. Global stainless steel demand

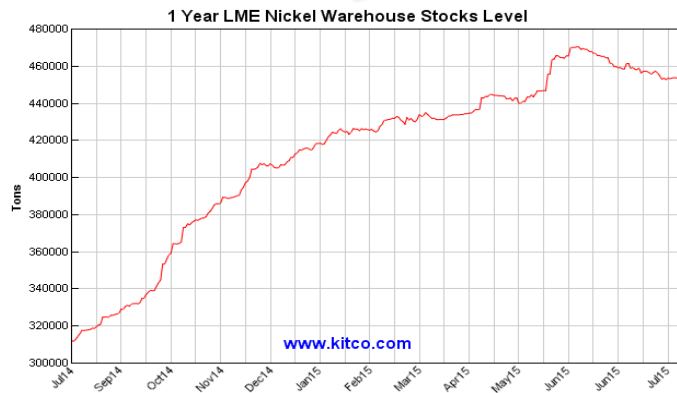
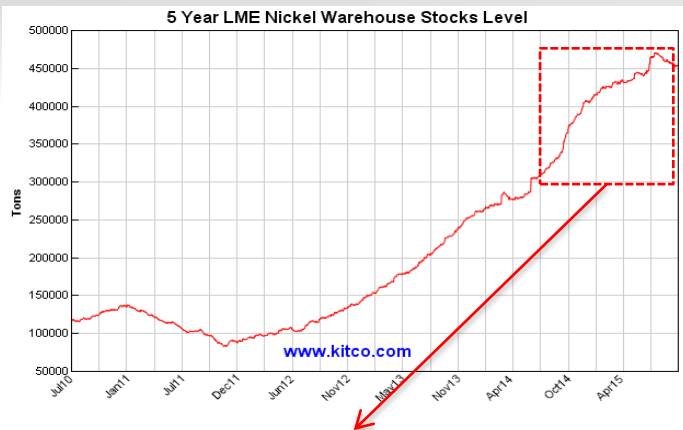
What we believe is occurring:

- Chinese Indonesian laterite ore stocks will run out by the end of CY15
- Philippine exports have increased, but high grade exports are falling
- NPI producers blending ores, but cost of production has increased – currently not making money
- LME stockpile, after significant increases, have flattened and recently fallen
- Stainless steel demand on balance remains strong in China, however significant de-stocking over the first half of CY15 has occurred



The fundamental market conditions and forecasts point to a nickel price rally in Q4, CY15

LME STOCKPILES



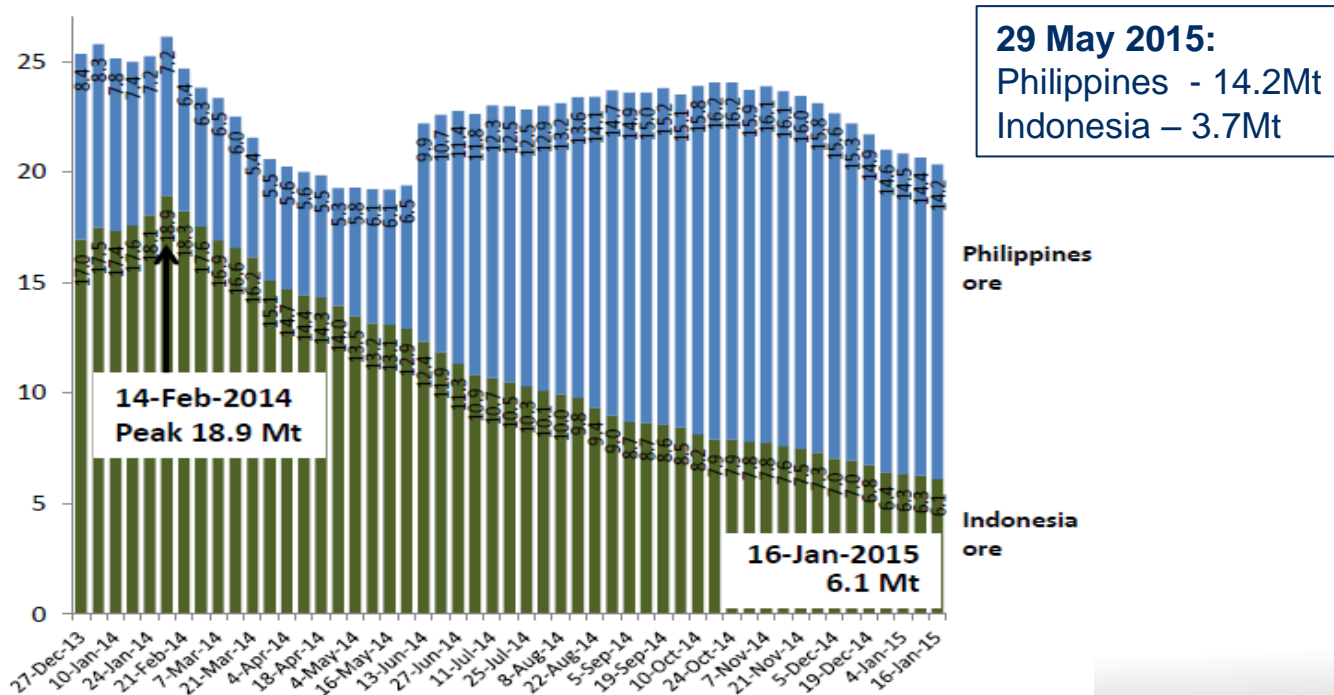
- LME stockpile reducing over last month
- Significant cancelled warrants
- Qingdao collateralised loan issues



CHINESE ORE STOCKPILES



Chinese Nickel Ore Stocks Total (Mt)

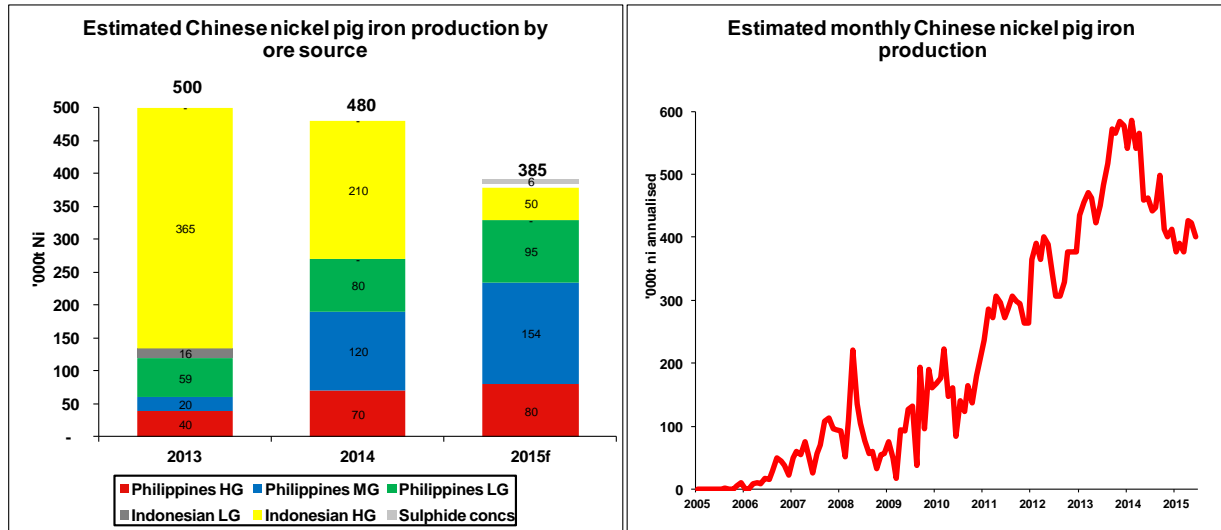


Source: Royal Nickel

CHINESE NPI PRODUCTION FALLING



Chinese NPI production held up in 2014 based on Indonesian ore destocking and more Filipino ore – fall now happening



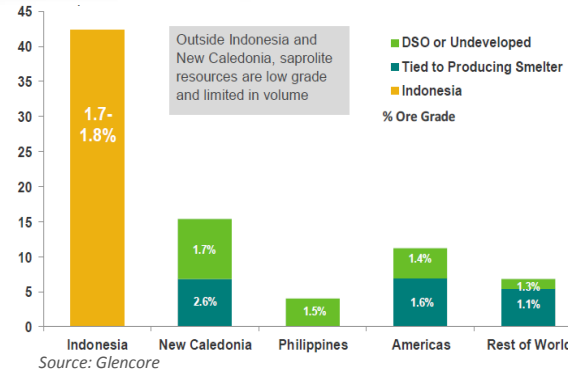
Source: Macquarie Research, July 2015

NICKEL MARKET DYNAMICS

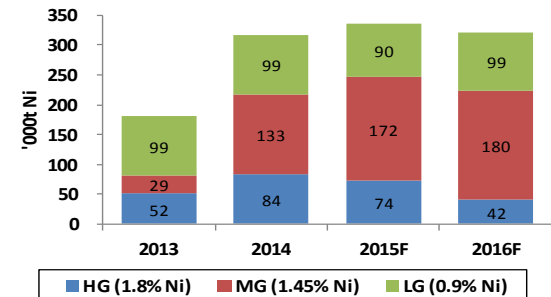


- Indonesia in a unique position in respect of high Ni grade, low Fe product
- The Indonesian ban appears to be permanent**
- Meaningful production in Indonesia many years away
- Nickel market deficits set to commence toward the end of CY15, assuming 4% nickel demand
- New Caledonia ore is used in Country and only exported to owners in Japan and Korea
- The export of high grade Filipino ore is reducing – lifts cost profile for Chinese NPI

World Saprolite Resources (Mt Ni contained)

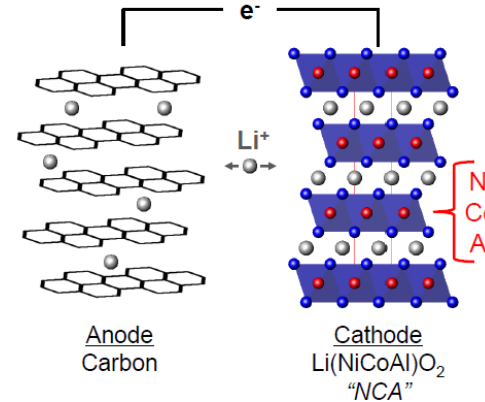


Chinese imports of nickel ore from Philippines



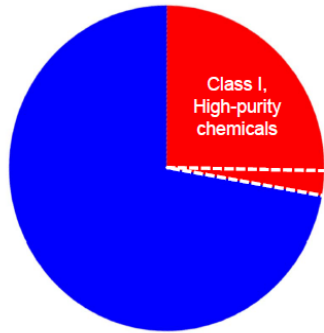


Li-ion Batteries



- **Cathode** largely determines:
 - Energy (Range)
 - Power (Acceleration)
 - Battery Size/Weight
 - Lifetime
 - Cell Cost

Nickel Raw Materials



Worldwide
Primary Ni Production

- Li-ion cathode production requires high purity Ni input raw materials
- Competing with traditionally price-insensitive Ni markets:
 - Superalloys/Aerospace Industry
 - Chemicals, Electro(less) plating
- Specific battery needs: NiSO_4
 - 2013 Market: ~55,000 T/y (Ni)



WESTERN AREAS VALUE EQUATION

- High Grade = Margin
- Lowest Quartile Cash Costs

Highest Grade Nickel Globally



- Consistent returns to shareholders in Dividends

Cash flow Positive



- Guidance continually met or exceeded

Strong Track Record of Delivery



- Zero Lost Time Injuries in past 12 months

Safety



- Pipeline of growth opportunities

Growth



- Fundamentals and forecasts positioned to rebound

Nickel Price Primed for Upside



- New mine successfully brought on in 24 months

History of Discovery and Development



- Debt free and maximum flexibility

Strong Balance Sheet



WESTERN AREAS LTD



THE END

