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WESTERN AREAS LTD



# EQUITY RAISING PRESENTATION

31 MARCH 2016



[www.westernareas.com.au](http://www.westernareas.com.au) | ASX: WSA

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Forward looking statements can generally be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "project", "opinion", "predict", "outlook", "sentiment", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "foresee", "aim", "will" and other similar expressions.

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# EQUITY RAISING OVERVIEW



# EXECUTIVE SUMMARY

## Western Areas is raising up to A\$70 million by means of an institutional placement and SPP

Fully underwritten placement to sophisticated, professional and other institutional investors to raise approximately A\$60 million (“**Placement**”)

Share purchase plan to raise up to A\$10 million (“**SPP**”)

Funds raised will be applied to :

- Replenishing working capital for the total purchase price (discounted with an early repayment) and associated transaction costs for Cosmos (A\$26 million<sup>1</sup>);
- Repayment of amount drawn under ANZ corporate debt facility during the quarter (A\$25 million);
- Strengthen the balance sheet and provide flexibility to pursue growth projects with a particular emphasis on Cosmos and Western Gawler; and
- Working capital and general corporate purposes<sup>2</sup>

Assuming an equity raising of A\$60 million<sup>3</sup>, Western Areas will be debt free with approximately A\$61 million in cash pro forma following the Cosmos payment and ANZ repayment<sup>4</sup>

Western Areas remains cashflow positive at the operational level and is well positioned to manage the current nickel price environment and take advantage of any potential nickel price improvements

- No change to previous guidance on production, costs or capex

#### Notes:

1. Includes the A\$11.5 million first instalment paid for Cosmos in October 2015

2. Including payment of the costs associated with the equity raising

3. Gross proceeds from the Placement (before costs)

4. Based on estimated unaudited 31 March 2016 cash of approximately A\$40 million and debt of A\$25 million providing net cash of approximately A\$15 million as at 31 March 2016

# PLACEMENT OVERVIEW

## Placement

- Fully underwritten Placement to sophisticated, professional and other institutional investors to raise approximately A\$60 million
- Up to 30.8 million shares will be issued, representing approximately 13.2% of issued capital, which is within Western Areas' 15% placement capacity

## Placement price

- Variable price bookbuild with an underwritten floor price of A\$1.95 per new share ("the Price")
- The floor price represents a 9.7% discount to the last closing price of A\$2.16 per share prior to the Placement

## Ranking

- New Shares issued under the Placement will rank equally from allotment of those shares in all respects with existing fully paid ordinary Western Areas shares

## Underwriting

- The Placement is fully underwritten by Macquarie Capital (Australia) Limited and Morgan Stanley Australia Securities Limited

# SHARE PURCHASE PLAN OVERVIEW

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## Share purchase plan

- Non-underwritten SPP to raise up to A\$10 million
- Eligible Western Areas shareholders with a registered address in Australia or New Zealand will be invited to invest up to a maximum of A\$15,000 in New Shares per shareholder
- Western Areas reserves the right (in its absolute discretion) to scale-back the maximum participation amount per shareholder

## Share purchase plan price

- New Shares issued under the SPP will be issued at the same price as achieved in the Placement bookbuild. The result of the bookbuild is expected to be announced on 1 April 2016

## Ranking

- New Shares issued under the SPP will rank equally from allotment of those New Shares in all respects with existing fully paid ordinary Western Areas shares

# MARCH QUARTER TO DATE – ALL ON GUIDANCE

FEBRUARY QUARTER TO DATE RESULTS		FY2016 (FEB Qtd)	FY2016 FEB YTD
Tonnes Mined		Mar Qtr	Total
<b>Flying Fox</b>			
Ore Tonnes Mined	Tns	42,122	185,686
Grade	Ni %	4.7%	4.5%
Ni Tonnes Mined	Tns	1,974	8,312
<b>Spotted Quoll - Underground</b>			
Ore Tonnes Mined	Tns	55,304	217,325
Grade	Ni %	4.7%	4.7%
Ni Tonnes Mined	Tns	2,609	10,248
<b>Total - Ore Tonnes Mined</b>	Tns	97,427	403,009
<b>Grade</b>	Ni %	4.7%	4.6%
<b>Total Ni Tonnes Mined</b>	<b>Tns</b>	<b>4,583</b>	<b>18,560</b>
<b>Tonnes Milled and Sold</b>			
Ore Processed	Tns	101,409	407,384
Grade	%	4.4%	4.5%
Ave. Recovery	%	90%	90%
<b>Ni Tonnes in Concentrate</b>	<b>Tns</b>	<b>4,021</b>	<b>16,528</b>
<b>Total Nickel Sold</b>	<b>Tns</b>	<b>3,763</b>	<b>16,277</b>
<b>Financial Statistics</b>			
Cash Cost Ni in Concentrate <sup>1</sup>	A\$/lb	2.28	2.26
Cash Cost Ni in Con/lb	US\$/lb	1.62	1.63
Exchange Rate US\$ / A\$		0.71	0.72

## February Quarter to Date Comments

- **LTIFR of 0.00** – one of the best performing in the Australian hard rock mining industry
- **Mine grade** has increased at Flying Fox and Spotted Quoll to 4.7% nickel from the December quarter averages of 4.2% and 4.6%, respectively
- **Total nickel contained in concentrate** is tracking toward the mid to upper end of full year guidance
- **Quarter to date (A\$2.28/lb) and YTD (A\$2.26/lb) unit cash cost of production** tracks to bottom end of improved guidance range of A\$2.25/lb to A\$2.45/lb
- Long lead items payments (A\$2.0m) for the for Mill Enhancement completed
- Revenue reduction of approximately A\$7m from the prior quarter due to quotational pricing and lower nickel price
- Exploration spend of A\$1.9m as we continue to invest in growth

Notes:

1. Unit cost of production of nickel in concentrate as reported in the Company's Quarterly Reports

# MANAGING THROUGH THE CYCLE

## Reducing cost structure

### *Cash cost reduction of \$0.19/lb in FY15 and more in 1HFY16*

- Positive reconciliation to reserve grade – reduce waste dilution
- Maximising plant and equipment productivity
- Successful cost reduction with contractors, suppliers and at the corporate level

## Prudent capital management

### *Deferral of \$34m of capital costs from FY16 to FY17*

- Deferred the Mill Enhancement Project by 6 months, but long lead items ordered and now on site. Now construction ready
- Exploration spend reduced, but equity raising increases flexibility to capitalise on greatly reduced exploration costs if warranted. Focus on Cosmos / Western Gawler
- Equity raising provides a strong balance sheet and flexibility

## Opportunistic approach

### *Build portfolio*

- Add quality projects that suffer through a lack of funding and/or play to our core strengths – Cosmos Nickel Complex a perfect example

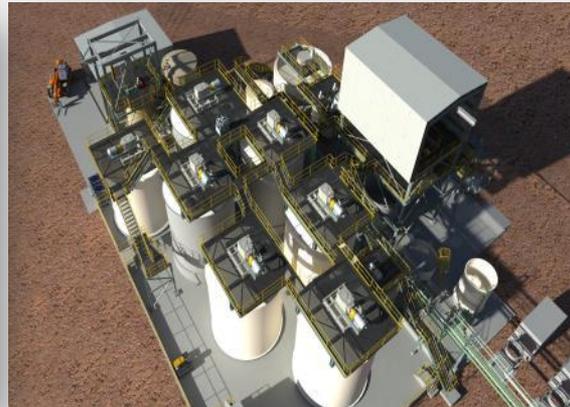
### *Maintain valuation discipline*

- Be patient in assessing opportunities. Do not succumb to the fear of “missing out”

**The cost structure, balance sheet and capabilities to prosper throughout the cycle**



# ... WHILE PRUDENTLY BUILDING THE PLATFORM



Production

Development

Exploration & Growth

Spotted Quoll

New Morning

Western Gawler JV

Flying Fox

Odysseus PFS

Cosmos Nickel Complex

Cosmic Boy Concentrator

Mill Recovery Enhancement Project

Forrestania

A portfolio with production longevity and growth optionality

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# SOURCES AND USES OF FUNDS

Equity raising to cover the Cosmos acquisition, repay drawn debt and provide flexibility to pursue growth options should market conditions be supportive

Sources	A\$m	Uses	A\$m
Cash on hand	40 <sup>1</sup>	Early discounted payment of remaining Cosmos acquisition consideration and stamp duty	14
Underwritten Placement	60	Repay drawn amount of ANZ facility	25 <sup>1</sup>
Non-underwritten SPP	0-10	Funds for discretionary capital and growth projects (subject to nickel market and board approval), working capital and costs of the equity raising	61-71
<b>Total</b>	<b>100-110</b>	<b>Total</b>	<b>100-110</b>

## Comments

- Following repayment of the A\$25 million drawn down during the March quarter, the ANZ facility will remain available for the full amount of A\$50 million<sup>2</sup>
- Discretionary capital and growth projects include Odysseus studies, exploration at Cosmos and Western Gawler
- Options to recommence Spotted Quoll vertical development in July and complete ventilation shaft sink with associated infrastructure as planned
- Optionality on construction of the Mill Recovery Enhancement Project when nickel market conditions improve
- Maintain an appropriate level of working capital funding

Notes:

1. Estimated unaudited 31 March 2016 cash of approximately A\$40 million and debt of A\$25 million under ANZ facility
2. Drawdown is subject to customary terms and conditions

# EQUITY RAISING TIMETABLE

## Placement Timetable

Event	Date <sup>1</sup>
Placement bookbuild	Thursday, 31 March 2016
Announcement of completion of Placement	Friday, 1 April 2016
Settlement of New Shares issued under the Placement	Tuesday, 5 April 2016
Allotment and trading of New Shares issued under the Placement	Wednesday, 6 April 2016

## SPP Timetable

Event	Date <sup>1</sup>
SPP record date	7.00pm (Sydney time) Wednesday, 30 March 2016
Announcement date of SPP	Thursday, 31 March 2016
Opening date of SPP	Wednesday, 6 April 2016
Closing date of SPP	5.00pm (Sydney time) Wednesday, 27 April 2016
Allotment date	Thursday, 5 May 2016
Anticipated quotation of New Shares on ASX	Friday, 6 May 2016

### Notes:

1. Timetable is subject to change. Western Areas reserves the right to alter the above dates at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act

# INVESTMENT HIGHLIGHTS

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- ✓ One of the highest grade mines and lowest unit cash cost nickel concentrate producers
- ✓ A history of discovery and development
- ✓ A proven operator led by an experienced management team
- ✓ Operating cash flow positive, despite the current cyclically low nickel prices
- ✓ Guidance consistently met or exceeded
- ✓ Net cash with significant balance sheet flexibility and strength following the equity raising
- ✓ Strong safety track record with zero Lost Time Injuries in the past 12 months
- ✓ An S&P/ASX 200 index member
- ✓ Strategic owner of sought after nickel in concentrate
- ✓ Committed to stable organic growth with a pipeline of growth opportunities including the recently acquired Cosmos Nickel Complex
- ✓ Well positioned to benefit from an improvement in nickel price sentiment and outlook
- ✓ A good time to be exploring with significantly lower costs, whilst having the ability to assess small scale opportunities

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# INVESTMENT RISKS

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There are various risks associated with an investment in Western Areas and many of these are outside the control of the Company. Please refer to the expanded Key Risks section on slides 41 to 45 for further detail.

## Operational risks

- Ability to achieve production and cost targets
- Ore reserve and mineral resource estimates
- Cosmos development risks
- Environmental impact
- Security of tenure
- Government regulations and policies and legislative changes
- Dependence on key personnel and labour
- Off-take agreements

## General risks

- Risks associated with investment in equity capital
- Fluctuations in nickel prices
- Risk of dividends not being paid
- Financing considerations
- Foreign exchange rates and hedging arrangements
- Litigation and disputes
- Changes to taxation

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# COMPANY OVERVIEW





# COMPANY SNAPSHOT

## High quality assets

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

## Net Cash, consistent shareholder returns

- Flexibility with A\$50m ANZ facility
- Disciplined capital allocation

## Organic growth options

- Strong near-mine and regional exploration
- Recently acquired Cosmos

## Positioned for nickel recovery

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

### Cosmos Nickel Complex

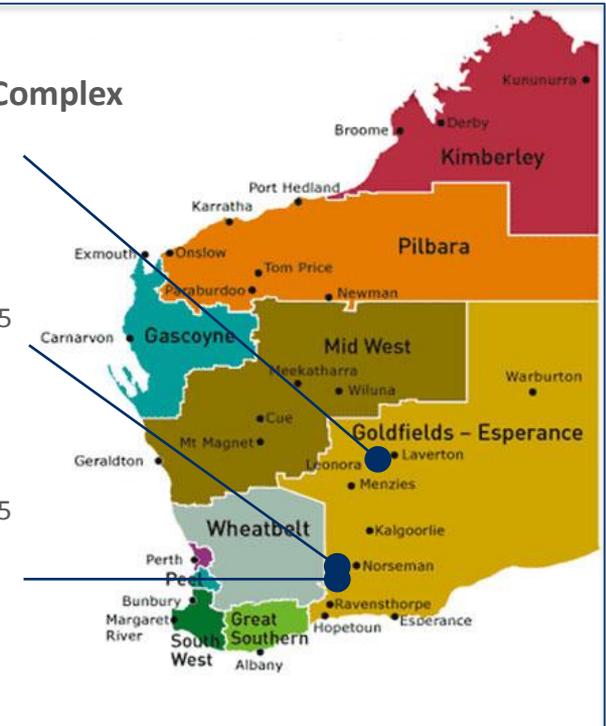
567kt Ni resources  
Scoping study being reviewed

### Flying Fox

12.9kt Ni mined FY15  
59kt Ni reserves  
96kt Ni resources

### Spotted Quoll

13.6kt Ni mined FY15  
103kt Ni reserves  
141kt Ni resources



1. Based on recent annual production history using current AUD nickel prices and payability



# WESTERN AREAS ARE SAFE AREAS

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## Days LTI free

Exploration	2,799	Nov-08
Spotted Quoll	1,782	Aug-11
Cosmic Boy Concentrator	981	Oct-13
Flying Fox	964	Nov-13

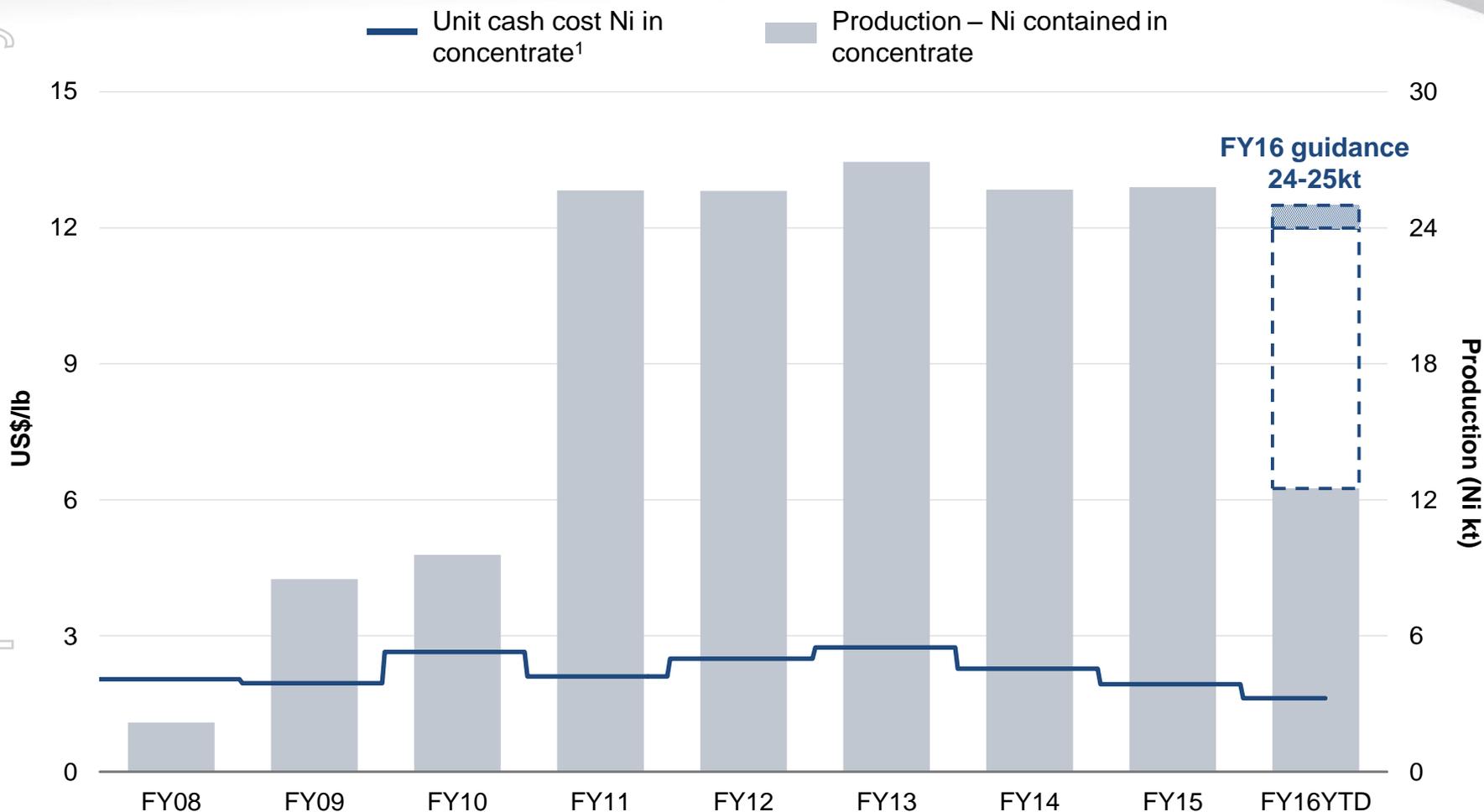
## 12 month LTIFR moving average



Safe operations make efficient operations

# CONSISTENT LOW COST OPERATIONS

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**Operational cashflow positive at current prices**

1. WSA reports its unit cash cost on a nickel in concentrate basis given confidential offtake payable terms

# ORGANIC GROWTH PROFILE

## Large holding in 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%

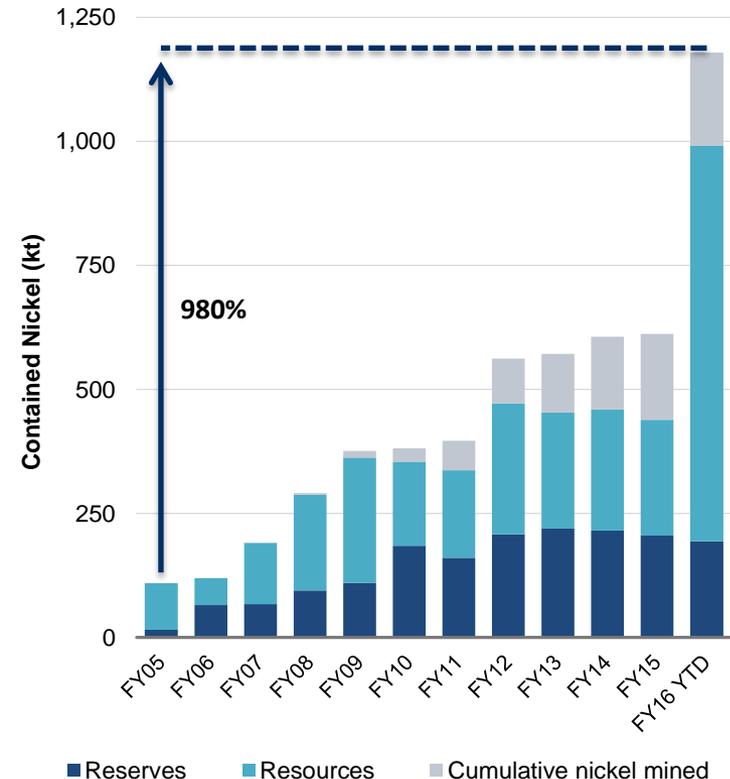
### Cosmos Nickel Complex / Odysseus – Western Australia

- Existing resources and infrastructure (previous Glencore/Xstrata/Jubilee Mines operation)
- Option to develop a new West Australian integrated Nickel operation

### Western Gawler – South Australia

- First mover advantage
- Intrusive style and geologically similar to Nova

## Historic reserves & resources



Track-record of discovery and development

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# EXPERIENCED BOARD AND SENIOR MANAGEMENT TEAM



**Ian Macliver**

Independent Non-Executive Chairman

Mr Macliver is a Chartered Accountant with many years experience as a senior executive and Director of both resource and industrial companies, with particular responsibility for capital raising and other corporate development initiatives



**Dan Lougher**

Managing Director & CEO

Mr Lougher is a qualified Mining Engineer with over 30 years experience in all facets of resource and mining, project exploration, feasibility, development and operational activities in Australia and overseas



**David Southam**

Executive Director

Mr Southam is a Certified Practising Accountant with over 20 years experience in accounting, capital markets, banking and finance across the resources and industrial sectors



**Joseph Belladonna**

CFO & Company Secretary

Mr Belladonna has been responsible for the initial set-up and ongoing management of the Group's accounting and information systems, corporate governance, and the risk management program of the Company



**Julian Hanna**

Non-Executive Director

Mr Hanna is a Geologist with over 30 years experience in gold and base metal exploration and mine development. Mr Hanna is a foundation director of Western Areas serving as the Managing Director for 12 years



**Richard Yeates**

Independent, Non-Executive Director

Mr Yeates is a Geologist with more than 30 years mining industry experience in various roles and has significant experience across a wide range of resource projects around the world



**Craig Readhead**

Independent, Non-Executive Director

Mr Readhead is a Lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas



**Tim Netscher**

Independent, Non-Executive Director

Mr Netscher is a Metallurgist and has significant broad-based experience at senior levels in the international resources industry, in roles spanning marketing, operations management, project management and business development

# FY16 GUIDANCE

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FY16 Guidance	Updated Guidance
Mine Production (Nickel in Ore - tonnes)	25,000 to 27,000
Nickel in Concentrate Production (tonnes)	24,000 to 25,000
Unit Cash Cost of Production (In Concentrate)	A\$2.25/lb to A\$2.45/lb <sup>1</sup>
Sustaining Capex	A\$34.0m
Forrestania and Regional Exploration	A\$11.0m
Mill Enhancement	A\$7.4m
Cosmos Exploration and Study Work	A\$4.0m

## Comments

- Unit cash cost guidance range was improved in February 2016 by A\$0.05/lb due to the strong 1st half performance
- All other guidance metrics remain as reported in October 2015

**All FY16 Guidance metrics on track based on year to date performance**

Notes:

1. WSA reports its unit cash costs on a nickel in concentrate basis given the confidential nature of offtake payable terms

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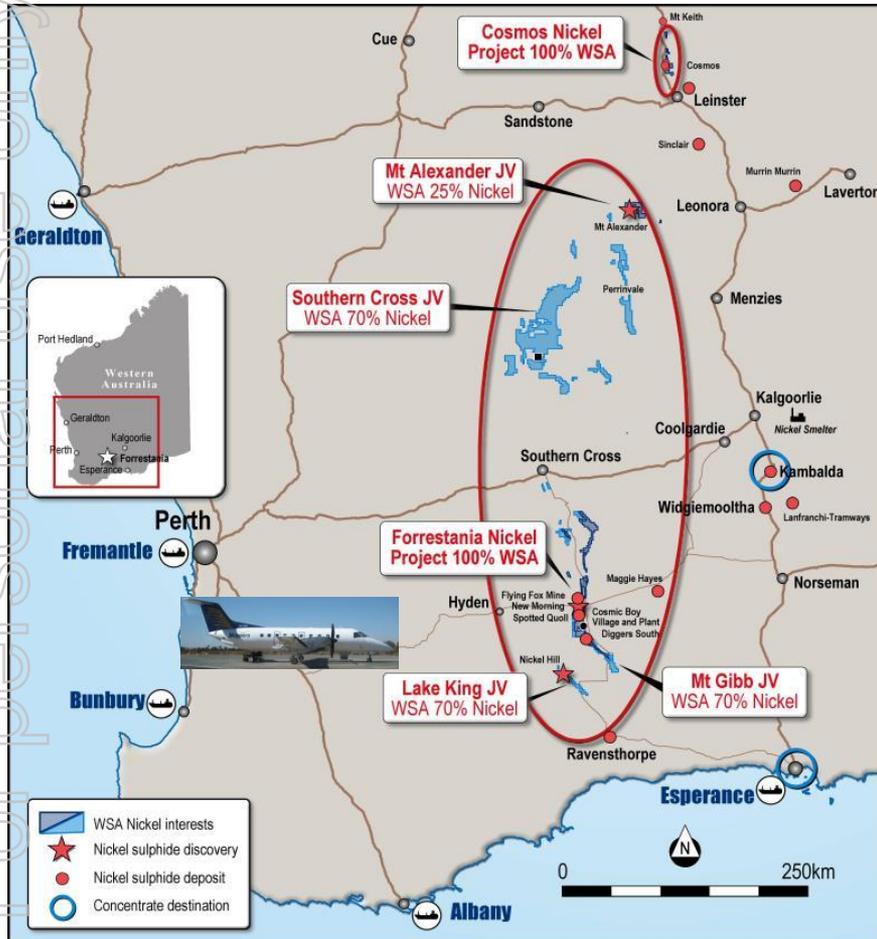


# ASSETS AND OPERATIONS

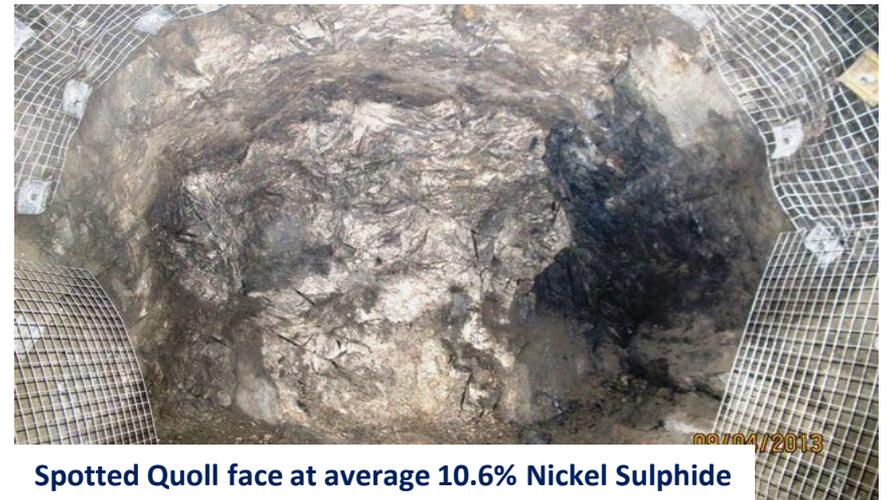




# LOCATION, LOCATION, LOCATION.....



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



Spotted Quoll face at average 10.6% Nickel Sulphide

Premier and stable mining district with high quality mines and organic growth options

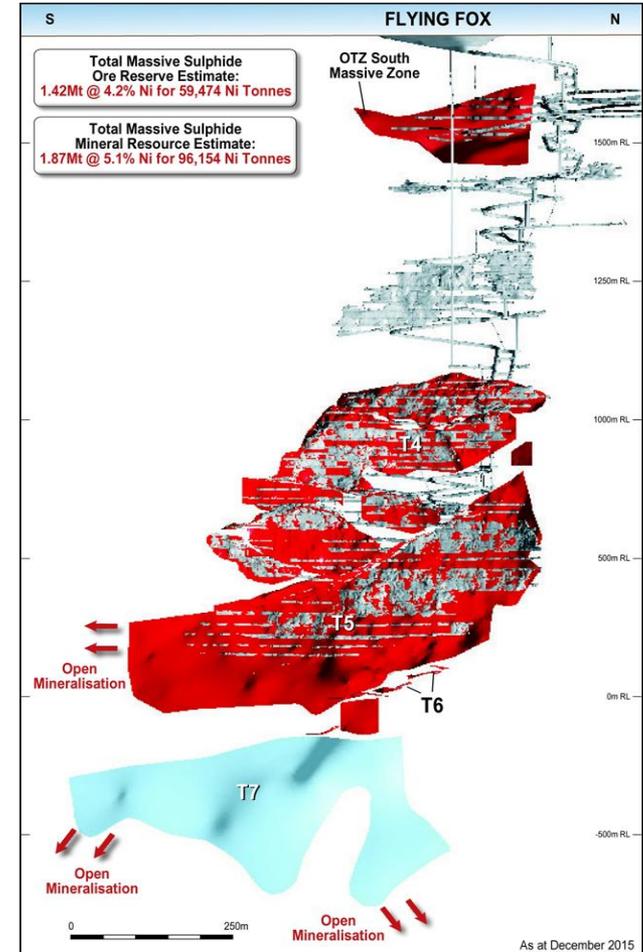
# FLYING FOX MINE

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Reserve	1.4Mt @ 4.2%
Contained nickel	59,474 Ni tonnes
Resource	1.9Mt @ 5.1%
Contained nickel	96,154 Ni tonnes
Mine life (reserve)	+5 years

## Key points

- 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 9 years



WSA's foundation asset within Forrestania

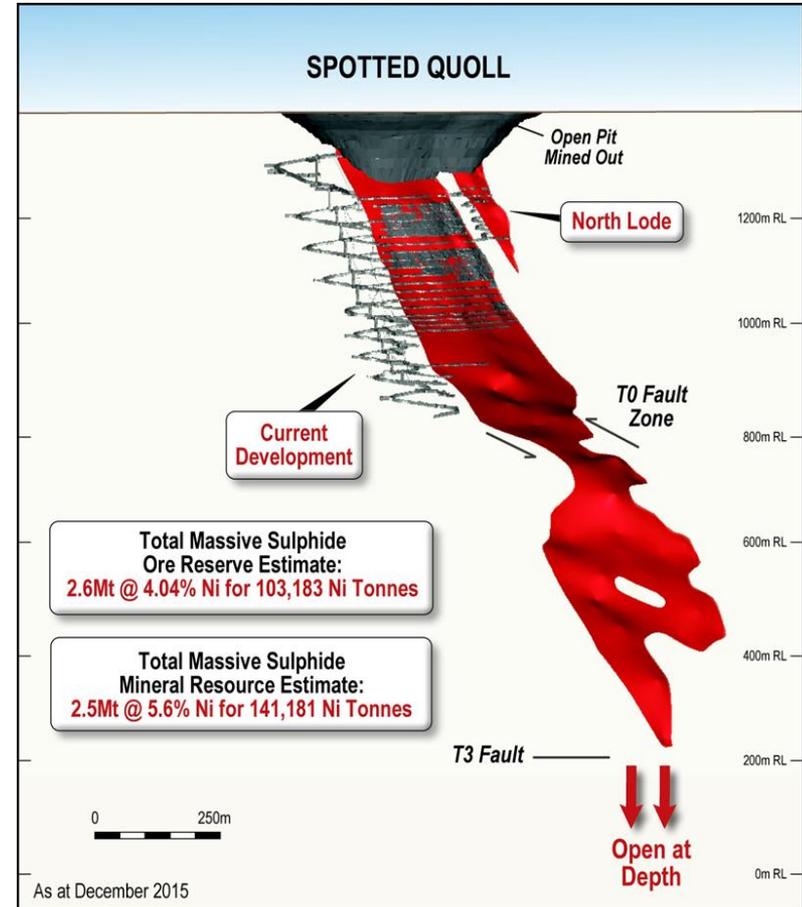
# SPOTTED QUOLL MINE

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Reserve	2.6Mt @ 4.0%
Contained nickel	103,183 Ni tonnes
Resource	2.5Mt @ 5.6%
Contained nickel	141,181 Ni tonnes
Mine life (reserve)	+9 years

## Key points

- 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
- Has never recorded an LTI



**WSA Explored, Discovered and Developed**

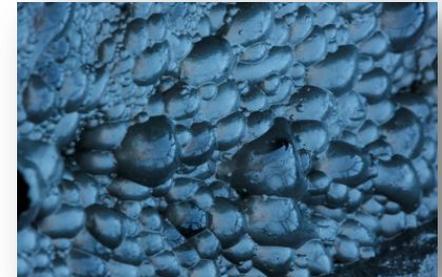
# FORRESTANIA NICKEL CONCENTRATOR

## 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 between 14.0% to 15.0% Ni
  - Premium blending product (Fe/Mg ratio >15:1)
  - Desirable to smelters
- 14,000t of concentrate storage capacity

## Export Infrastructure and Logistics

- Well established container logistics chain into China
- Shipping contract in place, FOB Esperance Port
- BHPB Nickel West concentrate delivered to Kambalda



**WSA produces a high quality and in demand nickel concentrate**

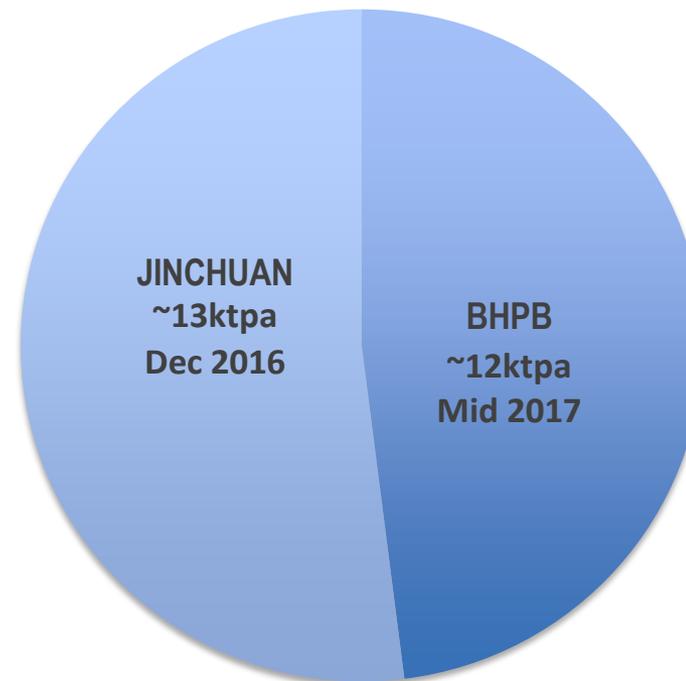
# INDEPENDENT PRODUCER – OFFTAKE CONTRACTS

## Offtake Contracts

- FOB Terms
- Very competitive payable percentage of LME

## Offtake Tender Announced

- Jinchuan currently in the 2nd half of a two year contract (26,000t of contained nickel)
- Tightness in smelter supply being experienced with mine closures
- Global nickel sulphide grades in decline
- Potential growth in roasting market in Asia



**Well positioned to take advantage of tight market conditions**

# COSMOS ACQUISITION

## Strategic Rationale

- Low cost entry
- Plays to WSA's core strengths
- Right street address
- WSA approach to exploration will be different
- Potential 2<sup>nd</sup> operation
- Full infrastructure and facilities
- Future potential concentrate blending
- "Ready to go" when nickel prices support development

## Transaction Summary

- 100% asset acquisition of the Cosmos Nickel Complex
- Previous A\$24.5m purchase price with deferred payments:
  - A\$11.5m on close - PAID;
  - A\$7.0m nine months post close (1/7/16); and
  - A\$6.0m eighteen months post close (1/4/17)
- **As part of equity raising an early repayment discount has been negotiated on the final two instalments (A\$12.65m)**



# COSMOS AERIAL VIEW

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## Significant infrastructure in place:

- 450ktpa mill with expansion options
- Tailings storage and evaporation ponds
- Concentrate storage
- Coreyard facilities
- Gas connection
- Mill and mining spares inventory
- Approximately 500 person accommodation village
- Recreational facilities
- Aerodrome
- Administration and workshop buildings
- Telecommunications



# COSMOS INFRASTRUCTURE

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Mill with tailings dam in background



Refuge chambers



Mill infrastructure



Water evaporation fans



# COSMOS INFRASTRUCTURE

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Administration infrastructure



Spare and brand new SAG mill in storage



Fuel tanks



Aerodrome infrastructure



# COSMOS NICKEL COMPLEX

## Tenements covering 88km<sup>2</sup>

- Near to BHPB Leinster nickel operations
- Previously one of the highest grade open pit nickel mines globally

## 17km long ultramafic sequence

- Dominated by high MgO ultramafic rocks

## High tenor nickel sulphide belt – up to 30% nickel

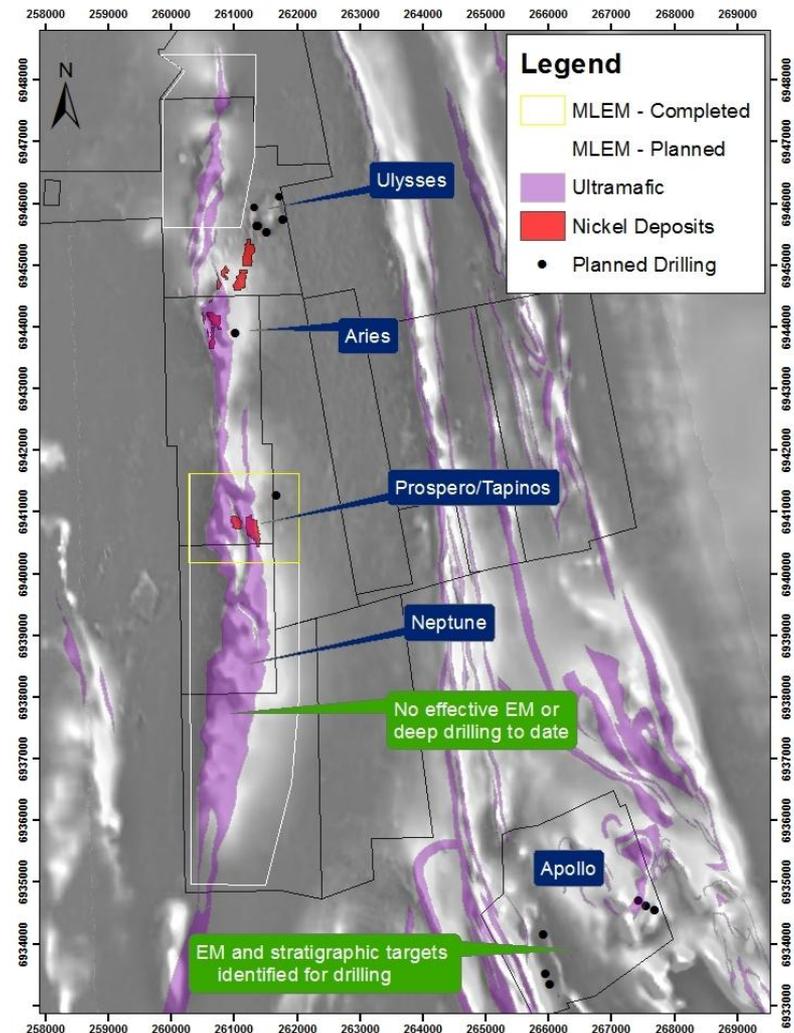
- Similar to Forrestania, higher than Leinster
- Mining grades around 5% Nickel

## Ground geophysics program commenced using latest EM technology

- MLEM work started on Neptune (previously named Lake Miranda)

## 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 – ULYSSES EXPLORATION

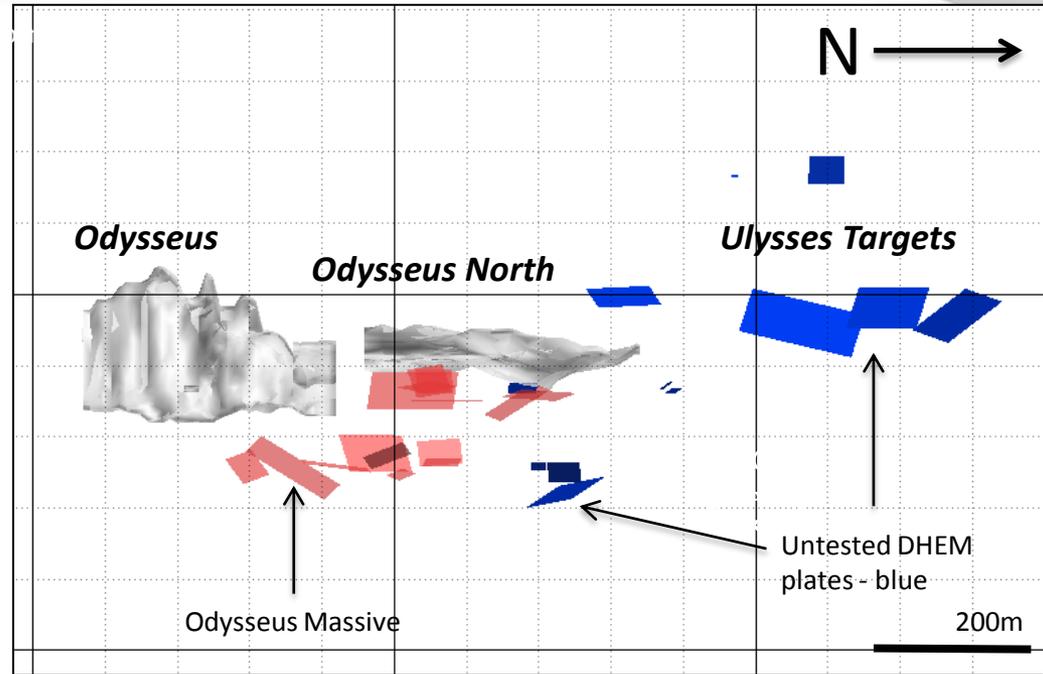
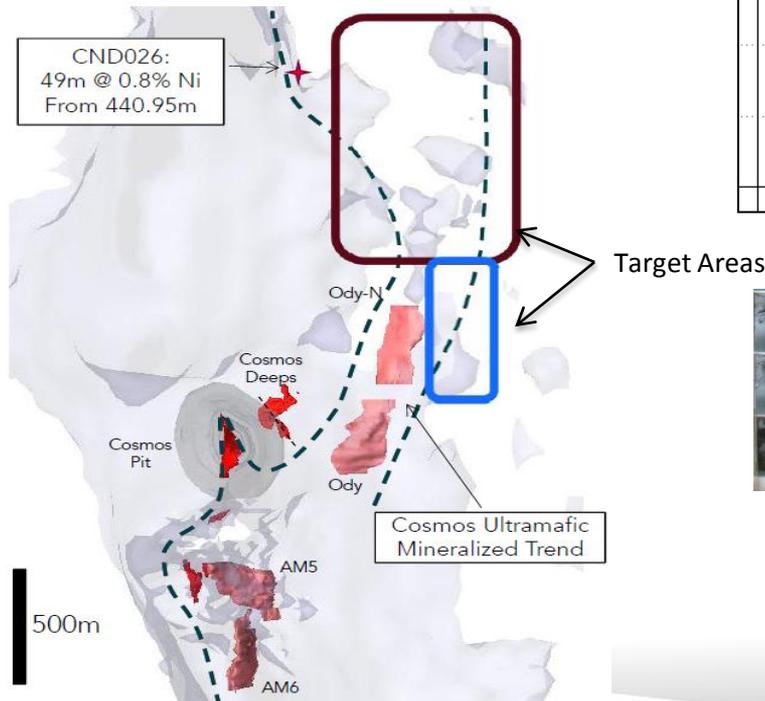
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6 hole, 7,000 metre drilling program has been designed – focussed on Ulysses

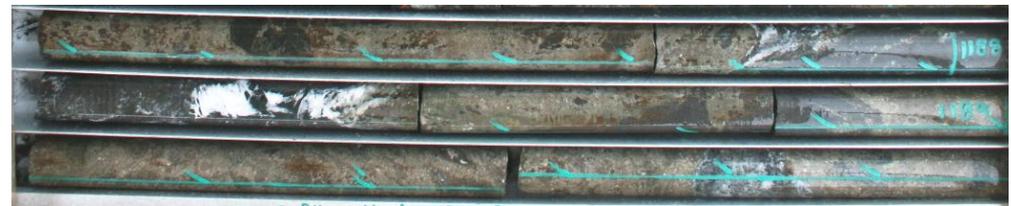
A\$2.6M exploration program over the 2<sup>nd</sup> half FY16

Drilling untested plates designed at adding more resource tonnes to the Odysseus Project

Odysseus upside



Odysseus deposits – Long section



Odysseus Massive Nickel Sulphides – 3.92m @ 15.37% Ni (incl. 1m @ 18.1% Ni)

# ODYSSEUS SCOPING STUDY REVIEW

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

**XNAO conducted an in-house study on the Odysseus group of deposits**

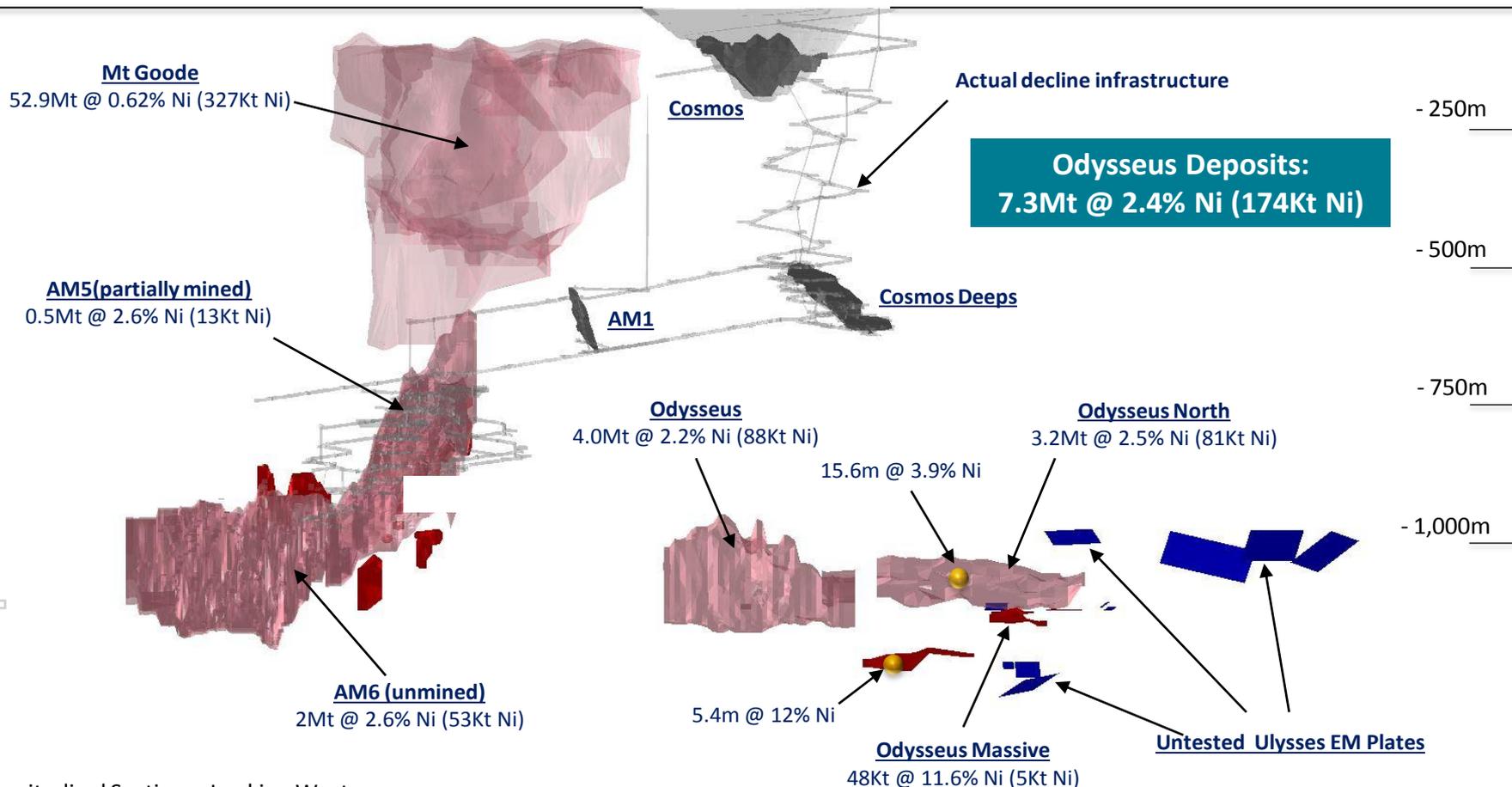
- In house study undertaken by XNAO over 2012/13
- Concentrator expansion from 450ktpa to 750ktpa with 7-8 year mine life generating between 12-14kt of nickel in concentrate per annum considered

**Western Areas is reviewing the existing study data and has commenced its own pre-feasibility study which is targeted for completion later in 2016**

- Test near mine exploration potential beginning with Ulysses – drilling commencing in March quarter
- Review mining method, mining schedule, underground infrastructure and decline dewatering options
- Reduce concentrate grade specification in line with Forrestania grades to improve nickel recovery
- Review metallurgical testwork and flow sheet to optimise processing plant
- Optimise capital and operating cost assumptions for the current lower cost environment
- Explore contractor versus owner operator alternatives and leverage our operational experience

# ODYSSEUS COMPLEX AND OTHER RESOURCES

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Longitudinal Section – Looking West



# WESTERN GAWLER JOINT VENTURES

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>**

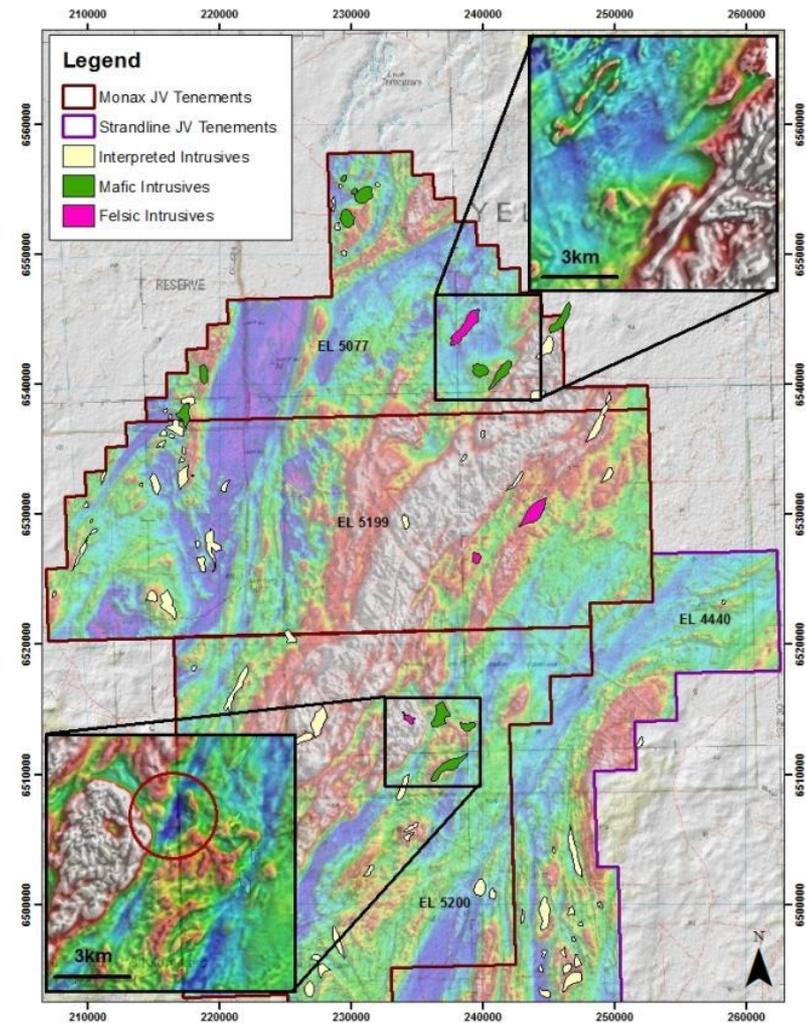
A\$2.8m exploration program with over half spent as at February 2016 YTD

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

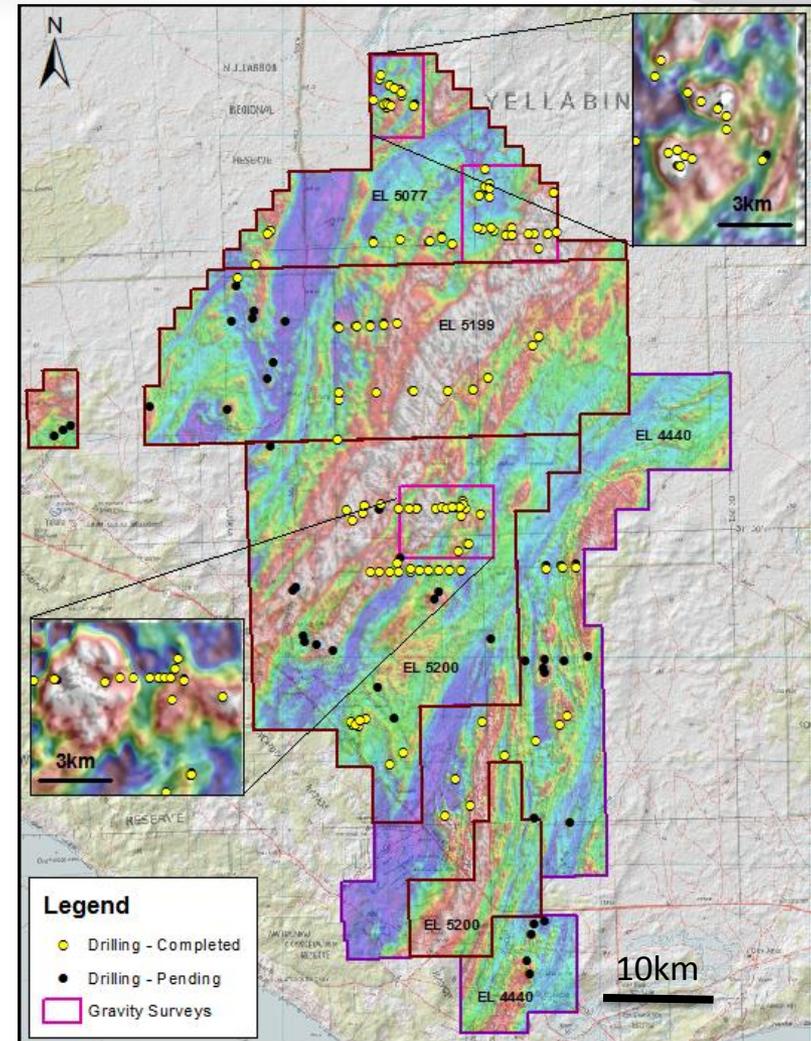


# WESTERN GAWLER EXPLORATION SUMMARY

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## Broad scale prospectivity for Ni/Cu and Gold

- Ongoing RC drilling with encouraging early results
- Targeting potential mafic/ultramafic intrusions and generating geochemical targets in the broader areas
- 115 AC/RC/DD drill holes completed to date
- Full heritage access approvals nearing completion
- Geochemical review of drilling data highlights gold anomalism, confirms base metal potential
- Petrology confirms the presence of intrusive mafic and ultramafic rocks

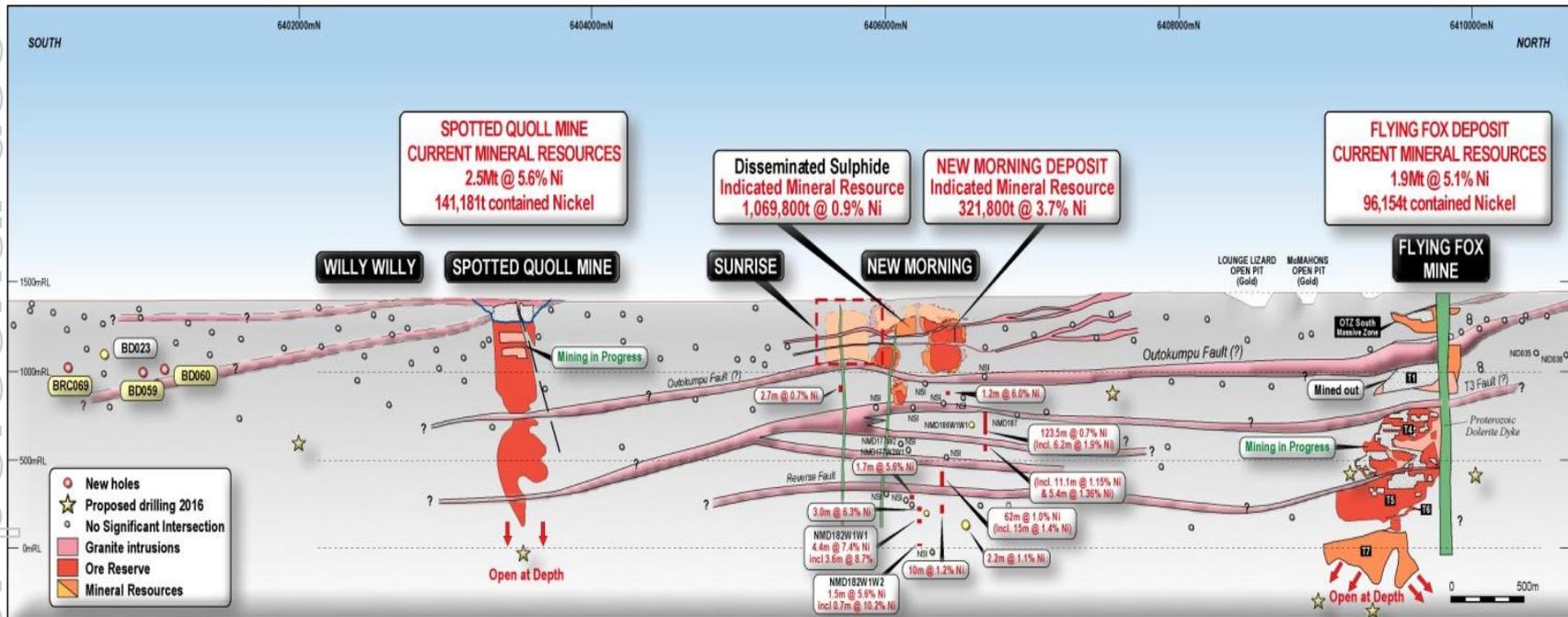


Exploration activity overlaying magnetics (RTP)  
 Insets show residual gravity overlaying magnetics (RTP)



# FORRESTANIA – NEAR MINE EXPLORATION

- Exploration spend in FY16 will be approximately A\$10m
- Focus is on near mine opportunities

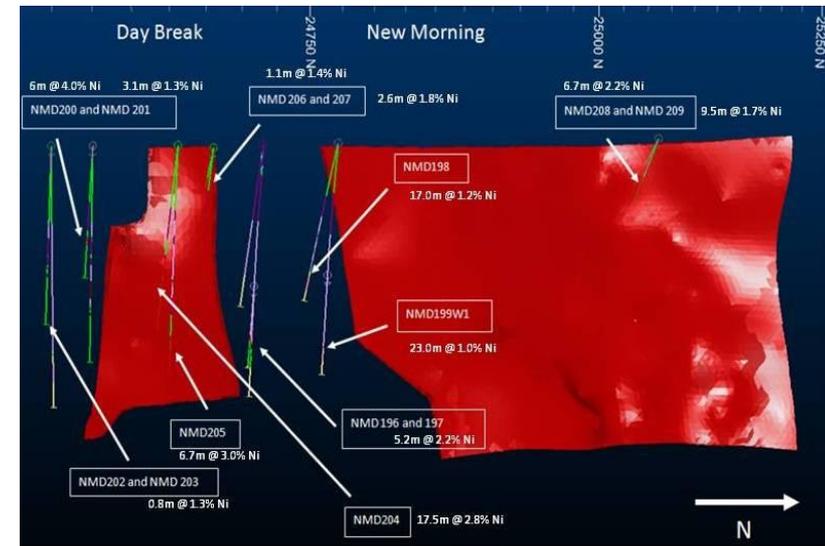


Interpreted Longitudinal Projection (10 Km Long) - January 2016  
 FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY



# 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)





# KEY RISKS

## Operational Risks

<b>Ability to achieve production and cost targets</b>	<p>WSA has provided production guidance and cost targets in relation to the remainder of FY2016. Whilst WSA considers that the guidance and targets are reasonable, no assurance can be given that WSA will achieve its production and cost targets. These targets are subject to a number of factors, many of which cannot be foreseen and are beyond WSA's control. WSA's mining operations are subject to operating risks that could result in decreased production, increased costs and reduced revenues. These risks include (among other things) inaccurate mineral reserve and resource estimates, failing to locate mineral deposits, failing to achieve predicted ore grades, losing key personnel, unforeseen geological and operating difficulties, unexpected maintenance or mechanical failures, industrial and environmental accidents or disputes, or adverse weather conditions.</p>
<b>Ore reserve and mineral resource estimates</b>	<p>Estimating mineral reserves and mineral resources is a subjective process and the accuracy of any reserve or resource estimate is a function of the interpretation and extrapolation of a limited amount of geological data and, as such, is dependent on the quantity and quality of available data. Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flow. The economic, geological and technical factors used to estimate reserves may change from time to time. Any material reductions in WSA's existing estimated mineral reserves and mineral resources, or of its ability to extract these mineral reserves and resources could have a material adverse effect on WSA's operating results and financial position.</p>
<b>Cosmos development risks</b>	<p>WSA intends to develop the Cosmos Nickel Complex should such development be justified by the prevailing market conditions. The development of the Cosmos Nickel Complex will require the completion of a pre-feasibility study and a bankable feasibility study. Like normal mining projects of this nature the development will be subject to capital expenditure, potential financing and a number of regulatory approvals. There are a number of risks and uncertainties that are associated with the development of the Cosmos Nickel Complex that are largely beyond the control of WSA. These include: the outcome of the initial drill program and review of previous owner's results; the ability of WSA to complete the various work programs associated with the various stages of the project feasibility and development (including the availability of adequate funding to do so); obtaining the necessary environmental and other government approvals and the timing of those permits; addressing any outstanding landholder, native title, cultural heritage and community issues that may arise and unexpected technical, geographical or geological issues.</p> <p>If faced by WSA, these risks and uncertainties could result in WSA not realising development plans or in such plans generating less revenue than expected, costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on WSA's financial and operating performance.</p>

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## KEY RISKS (CONT.)

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<b>Environmental impact</b>	<p>WSA's operations and activities are subject to environmental laws and regulations in Australia. As with all mining operations and exploration projects, WSA's operations may substantially impact the environment or cause exposure to hazardous materials. Nickel exploration and production can affect the environment and result in substantial costs being incurred for environmental risk management, rehabilitation and damage control. Further, environmental conditions may be attached to mining tenements, and a failure to comply with these conditions may lead to forfeiture of the relevant tenements. WSA is also unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase WSA's cost of doing business or affect its operations in any manner.</p> <p>WSA may also be subject to claims due to environmental damage arising out of current or former activities at sites that WSA owns or operates. This could have an adverse effect on WSA's financial and operational performance.</p>
<b>Security of tenure</b>	<p>There is a risk that necessary land use approvals (including, in respect of any native title rights and cultural heritage sites), mining tenements and environmental permits may not be obtained, granted or renewed, or may be obtained, granted or renewed on terms not satisfactory to WSA, or may be obtained, granted or renewed but not within the timeframes anticipated by WSA. Such applications are at the discretion of relevant government bodies and ministries in the jurisdiction.</p>
<b>Government regulations and policies and legislative changes</b>	<p>WSA's mining operations are subject to extensive government regulations and policies with respect to matters such as land use, employee health and safety, rehabilitation of mining properties, and environmental damage and pollution (among other matters). Any failure to comply with regulations or policies may result in penalties for non-compliance, which could have an adverse effect on WSA's financial and operational performance.</p> <p>These regulations and policies regularly change and may become more restrictive, impose stricter standards and increase penalties for non-compliance. Any future changes in these regulations or policies may adversely affect WSA's financial performance. Additional capital commitments or investment may be required to ensure compliance with such laws, regulations and policies, and operational activities may be delayed or prevented entirely.</p>
<b>Dependence on key personnel and labour</b>	<p>Retaining and recruiting qualified personnel is critical to WSA's success. If WSA cannot retain and attract qualified personnel, and if those personnel do not operate effectively, it could adversely affect WSA's current exploration, development and production operations and its future growth plans.</p>

# KEY RISKS (CONT.)

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<b>Offtake agreements</b>	<p>WSA is party to two offtake agreements with BHP Billiton Nickel West Pty Ltd and Jinchuan Group Ltd. If WSA is unable to meet its required deliverables under these offtake agreements, its business, operating results and financial position may be adversely affected.</p> <p>These offtake agreements are set to expire within the next 12 months. There is a risk that when these offtake agreements expire WSA will not be able to enter into replacement or additional offtake agreements or that any contracts will be on less favourable terms.</p>
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**General risks**

<b>Risks associated with investment in equity capital</b>	<p>There are general risks associated with any investments in equity capital. Securities listed on a stock market, and in particular securities of mining and exploration companies, have experienced volatile price and volume fluctuations that have often been unrelated to the operating performance of such companies. The trading price of WSA shares may experience fluctuations with movements in equity capital markets in Australia and internationally that may be unrelated to WSA's operating performance. This may result in the market price for the New Shares being less or more than the Price. Generally applicable factors which may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlook, changes in interest rates and the rate of inflation; changes in government regulation and policies; announcement of new technologies; and geo-political instability, including international hostilities and acts of terrorism. No assurances can be given that the New Shares will trade at or above the Price. None of WSA, its Board or any other person guarantees the market performance of the New Shares.</p>
<b>Fluctuations in nickel prices</b>	<p>WSA's revenues and cash flows are highly dependent on the price of nickel, which has been particularly volatile in recent times and has been at near 10 year lows during recent times. Generally speaking, nickel prices are volatile and subject to a variety of factors which are beyond WSA's control, including global supply, decreased demand, currency exchange rates, general economic conditions, regulatory changes and other factors. Depending on hedging practices, future price declines in the market value of nickel may adversely impact on WSA's profit margins, future development and planned future production, which may in turn adversely impact the price of WSA's shares.</p>

# KEY RISKS (CONT.)

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<p><b>Risk of dividends not being paid</b></p>	<p>The payment of dividends is announced at the time of release of WSA half year and full year results as determined by the Board from time to time at its discretion, dependent on the profitability and cash flow of WSA's businesses, and, fundamentally, the nickel price. Circumstances may arise where WSA is required to reduce or cease paying dividends for a period of time. The Board has elected not to pay an interim dividend for the half year (as announced in WSA's half year results released to ASX on 25 February 2016).</p>
<p><b>Financing considerations</b></p>	<p>Following the payment of the remaining instalments for Cosmos and repayment of amounts drawn down on the corporate debt facility with ANZ during this quarter, WSA will debt free, but will subsequently have full access to the ANZ facility. However, WSA may need to raise debt or equity funds in the future to fund its exploration, development and production activities depending on the profitability of its operations at the relevant time. There is no assurance that WSA will be able to obtain debt or equity funding when required, or that the terms associated with that funding will be acceptable to WSA.</p>
<p><b>Foreign exchange rates and hedging arrangements</b></p>	<p>Exchange rate fluctuations affect WSA's profitability. WSA's revenues from nickel sales is received in US dollars, while the majority of its expenses (including financing costs) are incurred in Australian dollars. Foreign exchanges rates are impacted by a number of factors beyond WSA's control. Depending on hedging practices, if the Australian dollar appreciates in value against the US dollar then WSA's financial results may be adversely affected due to the potential lower Australian dollar receipts available to cover costs.</p> <p>WSA enters into hedging arrangements at various times to limit its exposure to fluctuations in the price of nickel and exchange rates. If WSA is unable to satisfy its obligations under these contracts by delivering the required product (being nickel or US currency) it may be adversely affected. WSA's hedging practices may prove ineffective because in some instances they may limit the price that can be realised on the nickel subject to the hedge where the market price exceeds the hedge contract. In addition, WSA will still be exposed to foreign exchange risk in relation to currency that has not been hedged.</p>

## KEY RISKS (CONT.)

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<b>Litigation and disputes</b>	As at the date of this document, WSA is not aware of any litigation or disputes being undertaken. However, WSA may become involved in litigation or disputes, which could adversely affect the financial position or performance of WSA.
<b>Changes to taxation</b>	Changes to income tax (including capital gains tax), GST, duty, greenhouse gas emission taxes, mining royalties or any other applicable taxation legislation or policies in the jurisdictions where WSA operates may adversely affect WSA's financial profitability, net assets and cash flow.

# INTERNATIONAL OFFER RESTRICTIONS

This Presentation does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this Presentation may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

**Canada (British Columbia, Ontario and Quebec provinces):** This Presentation constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This Presentation is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This Presentation may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this Presentation, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this Presentation has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Presentation are in Australian dollars.

## *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this Presentation (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this Presentation or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this Presentation contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

# INTERNATIONAL OFFER RESTRICTIONS

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

**Certain Canadian income tax considerations.** Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this Presentation is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

**Language of documents in Canada.** Upon receipt of this Presentation, each investor in Canada hereby confirms that it has expressly requested that all documents and presentations evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce Présentation, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents et présentations faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

**France:** This Presentation is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Presentation and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

**Germany:** The information in this Presentation has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

# INTERNATIONAL OFFER RESTRICTIONS

**Hong Kong:** WARNING: This Presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this Presentation or to permit the distribution of this Presentation or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Presentation have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Presentation, you should obtain independent professional advice.

**New Zealand:** This Presentation has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

**Norway:** This Presentation has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this Presentation shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).



# INTERNATIONAL OFFER RESTRICTIONS

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