

NEWS RELEASE

19 July 2019

WESTERN AREAS LTD



ASX: WSA

OFFTAKE AGREEMENT FOR HIGH GRADE NICKEL SULPHIDE PRODUCT

Western Areas Ltd (“Western Areas” or the “Company”) is pleased to announce an offtake sale and purchase agreement (“Contract”) has been executed with Sumitomo Metal Mining Co., Ltd. (SMM), a major Japanese mining and refining conglomerate, for delivery of premium high-grade nickel sulphide precipitate (NSP) being produced at the Company’s Mill Recovery Enhancement Project (MREP) located at the Forrestania Nickel Operation.

The NSP product is a new high-grade product stream (grading 45% - 50% nickel), separate from the Company’s conventional nickel sulphide product (which grades ~14% nickel) supplied under existing offtake contracts with Tsingshan and BHP Billiton Nickel West. The Company has been supplying SMM with the product on a spot sale basis for many months.

The Contract generally contains market standard term and conditions, with key terms of the agreement including:

- Approximate 12 month term, expiring 30 June 2020;
- No set volume to be supplied, however while not an exclusive supply agreement it is expected that all product produced will be sold into the agreement;
- Delivery on a CIF basis, into the port of Osaka; and
- Increased payable rates compared to the Company’s conventional run of mine floatation concentrate, given the high grade NSP nickel product being suitable for direct feed into the refining process.

Western Areas Managing Director, Dan Lougher, said the Company is pleased to announce a longer-term agreement for offtake from the MREP, following completion of multiple spot sales to various parties.

“The execution of the agreement with SMM validates the market demand for this premium NSP product, while providing the contractual framework to streamline deliveries and remove the need for monthly negotiations on terms prior to each shipment.

“Formalising a relationship with a high quality international resource company with downstream processing capabilities and direct links into the electric vehicle battery market is a significant step forward in our strategy to supply diversified nickel products into the rapidly evolving nickel market,” Mr Lougher said.

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**FORWARD LOOKING STATEMENT:**

This release contains certain forward-looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs.

Examples of forward looking statements used in this report include: “The execution of the agreement with SMM validates the market demand for this premium NSP product.”

These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances.

This announcement does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

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