

NEWS RELEASE

21 November 2019

ASX: WSA

WESTERN AREAS LTD



CHAIRMAN'S ADDRESS – ANNUAL GENERAL MEETING

On behalf of the Western Areas Board of Directors, I am pleased to welcome you to the 2019 Annual General Meeting.

Before moving to the formal business of today's meeting, I would like to share with you an overview of the Company's performance over the past year, our significant developments and outlook for the next 12 months.

In the 2019 financial year, Western Areas demonstrated strong operational performance, underpinned by consistent and reliable results from our Flying Fox and Spotted Quoll mines at Forrestania. We continued to meet production guidance, advance our growth projects and conduct significant exploration activities across our tenement holdings.

Financially, the Group generated a 20% increase in net profit after tax to A\$14.2m, paid a two cent per share dividend and finished the year with a strong Balance Sheet, reporting A\$144.3m cash at bank and no debt. This combined with the Company's ability to generate strong operating cash flow has allowed us to advance our significant organic growth projects throughout the year. Investment in the Cosmos operation totalled A\$35.2m and we continued to invest in exploration activities totalling A\$13.1m across all areas.

The major highlight for the year was the decision to develop the Odysseus mine after results from the Definitive Feasibility Study (DFS) confirmed a robust and long-life mining operation. Cosmos will become Western Areas' second production centre, with Odysseus the Company's third operational mine. The decision to purchase Cosmos in late 2015 in a countercyclical market has proven to be an astute decision by the Company. Importantly we believe there is upside beyond the DFS case at Odysseus which is currently being explored, and we look forward to updating you in the coming year.

When we look at the nickel price environment throughout the year, the market has remained volatile closing at over US\$6 per pound at year end, and continues to currently trade above that level. Throughout the year the LME nickel stockpile has fallen to its lowest level since 2013, confirming that nickel supply remains in deficit. As has been prevalent in the past, the nickel price movements appear to be driven by geopolitical factors, such as rhetoric around tariffs or other politically driven trade measures, or speculation on unpredictable policy changes in the large producing countries of Indonesia and the Philippines.

As the emerging Electric Vehicle (EV) battery market continues to gain momentum, we are confident this demand will reshape the future nickel market. The positive outlook for nickel demand has been a supporting factor in the Company's decision to mine the Odysseus deposit, underpinned by the expectation of increased growth in the EV market and growing stainless steel production rates. Odysseus will be one of the few nickel sulphide mines coming on-line to deliver into this growing demand for class one nickel.

As always, Western Areas remains focused on controlling costs to further optimise our business and ensure we are in the best position to capitalise on the strengthening nickel market. As stated, our Forrestania operations delivered another year of reliable production in line with guidance, with Western Areas now successfully delivering guidance over many years.



The Mill Recovery Enhancement Project (MREP) continued to ramp-up and improvements to the MREP process has enabled production and sale of a new premium high-grade nickel sulphide precipitate product. A new twelve-month offtake agreement for the MREP product has recently been completed with Sumitomo Metals and Mining Co., Ltd, a party that is associated with the EV battery supply chain.

Looking ahead to FY20, Western Areas will focus on further optimisation of our core business and strive to deliver consistent operational performance. The Company remains in a strong, debt-free, financial position to fund active exploration and pursue growth opportunities that strengthen our position in the market. Finally, Western Areas remains committed to providing a safe working environment for all our staff and contractors.

As always, the results we have achieved would not be possible without the hard work and efforts of our staff, contractors and suppliers. Our ongoing success as a company is built on their achievements, and I again offer my thanks for their commitment.

-ENDS-

For further details, please contact:

Dan Lougher
Managing Director – Western Areas Ltd
Telephone +61 8 9334 7777
Email: dlougher@westernareas.com.au

Joseph Belladonna
Chief Financial Officer – Western Areas Ltd
Telephone +61 8 9334 7777
Email: jbelladonna@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9321 8533 / 0420 945 291
Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

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.

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 Ltd. Potential investors should refer to Western Areas' other public releases and statutory reports and consult their professional advisers before considering investing in the Company.