

NEWS RELEASE

18 November 2021

WESTERN AREAS LTD



ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

On behalf of the Western Areas Board of Directors, I am pleased to welcome you to the 2021 Annual General Meeting.

I would like to acknowledge the Whadjuk Noongar people, the traditional owners of the land where we are joining you from today, and pay my respects to their Elders, past, present and emerging.

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

The past year has seen the acceleration of the Company’s transition towards production from the Cosmos Nickel Operation and we are proud of the significant advancement in the establishment of our second operational hub, with major infrastructure works completed at the long-life, low-cost Odysseus mine. We have achieved several key milestones in Odysseus’ development recently, including the announcement of first ore production in early October and the signing of two contracts for major construction works earlier this month; further de-risking the development schedule and capital cost estimates of the project.

I would like to thank our shareholders for their support of the \$100 million capital raising this year, which was primarily completed to de-risk the funding of Odysseus’ construction which is increasingly ramping up. We remain on track for first concentrate production from Odysseus in the 2022 December quarter, which is expected to be well timed to capitalise on the projected global nickel supply shortfall, due to the burgeoning growth of the electrical vehicle (EV) battery market.

Operationally the financial year was a tale of two halves. In the first two quarters of FY21 the mature Forrestania operation faced some uncontrollable mining related issues stemming from a seismic event encountered at the Flying Fox mine. The event resulted in lower grade areas being mined at Flying Fox in the first half, which in turn reduced nickel production and increased the cost per pound of nickel sold. Pleasingly, the Company implemented a reset mining plan that delivered a much improved second half of the financial year, which is a credit to the dedicated and professional mining staff within the group, and especially the team at Forrestania.

We now remain focussed on realising the considerable value that still remains within the Forrestania assets guiding production in FY22 to be maintained at a similar level to the prior financial year, but we have importantly set a path for steady, long term nickel exposure as we transition principal production from Forrestania to Cosmos in the coming years. This included releasing a ten year nickel production target, demonstrating that Western Areas is one of the few nickel sulphide producers with ore reserves stretching out into the 2030’s.

Western Areas continued to foster our relationship with the Tjiwarl people during the year. We completed an extensive Aboriginal heritage survey over our Cosmos infrastructure corridors and obtained heritage clearance to continue construction activities. In addition, we employed heritage monitors to oversee our exploration drilling programmes, and we further progressed a potential heritage agreement for the Cosmos operation. We look forward to working closely with the Tjiwarl people in the future.

Late in the 2020 fiscal year, Western Areas made a strategic investment in Panoramic Resources Limited, acquiring a 19.9% stake for a total cash consideration of A\$28.6 million, which assisted Panoramic towards its restart of the Savannah nickel project. As I mentioned in our recent annual report, our investment in Panoramic approximately doubled, as at 30 June 2021. Since then, the value of that investment has increased even further, validating our strategic investment decision and enhancing our exposure to the growing EV battery market. With cash at bank of A\$147.7m as at the end of the most recent quarter and no drawn debt, we are very well positioned to pursue other growth initiatives in the year ahead and beyond.

Looking externally, the broader market conditions have been generally positive, the nickel spot price recently trading above USD\$20,000 per tonne, a high not seen for over a decade. The risk of short term volatility remains as global markets rebalance from COVID-19 related economic impacts and from the, at times, swiftly evolving Indonesian mining industry policy environment which mainly impacts the stainless-steel market. However, strong growth in EV production



and demand, especially in Europe, and the increasing government incentives for the uptake of EVs is growing this market globally. This is anticipated to create a global nickel supply shortfall by the middle of this decade, which gives the Company optimism for a bright nickel future.

As you would be aware from Western Areas' and IGO's announcements to ASX, we have been engaged in discussions with IGO in relation to a potential change of control transaction. We remain engaged in those discussions, however there can be no assurance or certainty whether any transaction will ultimately be put forward to the Company's shareholders or, if it is, what the terms and conditions of any such transaction might be. Crucially, in the meantime and in parallel with the engagement with IGO, our Board and Management team are continuing to position Western Areas for a phase of long-term growth. We are pragmatically optimising the Forrestania operation, methodically ramping up the development of the Odysseus mine at Cosmos and maintaining a robust exploration program at our suite of highly promising exploration assets. This ensures we are well placed to deliver value to our loyal shareholders, irrespective of whether or not any transaction ultimately arises.

To conclude, I would like to take this opportunity to thank all our staff, contractors, and suppliers for their support throughout the year, particularly amid the broader uncertainty that exists within a COVID-19 environment. The Company remains strongly committed to providing a safe working environment above all else, for all our staff and contractors. As always, the continued hard work and dedication demonstrated by all staff is integral to the ongoing success of Western Areas.

Ian Macliver
Independent Non-Executive Chairman

-ENDS-

This release has been authorised by the officers below. For further details, please contact:

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FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements including nickel production forecasts. 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.

An example of a forward looking statement used in this report include: “We remain on track for first concentrate production from Odysseus in the 2022 December quarter”, and, “strong growth in EV production and demand, especially in Europe, and the increasing government incentives for the uptake of EVs is growing this market globally. This is anticipated to create a global nickel supply shortfall by the middle of this decade, which gives the Company optimism for a bright nickel future”.

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.