

NEWS RELEASE

30 July 2021

WESTERN AREAS LTD



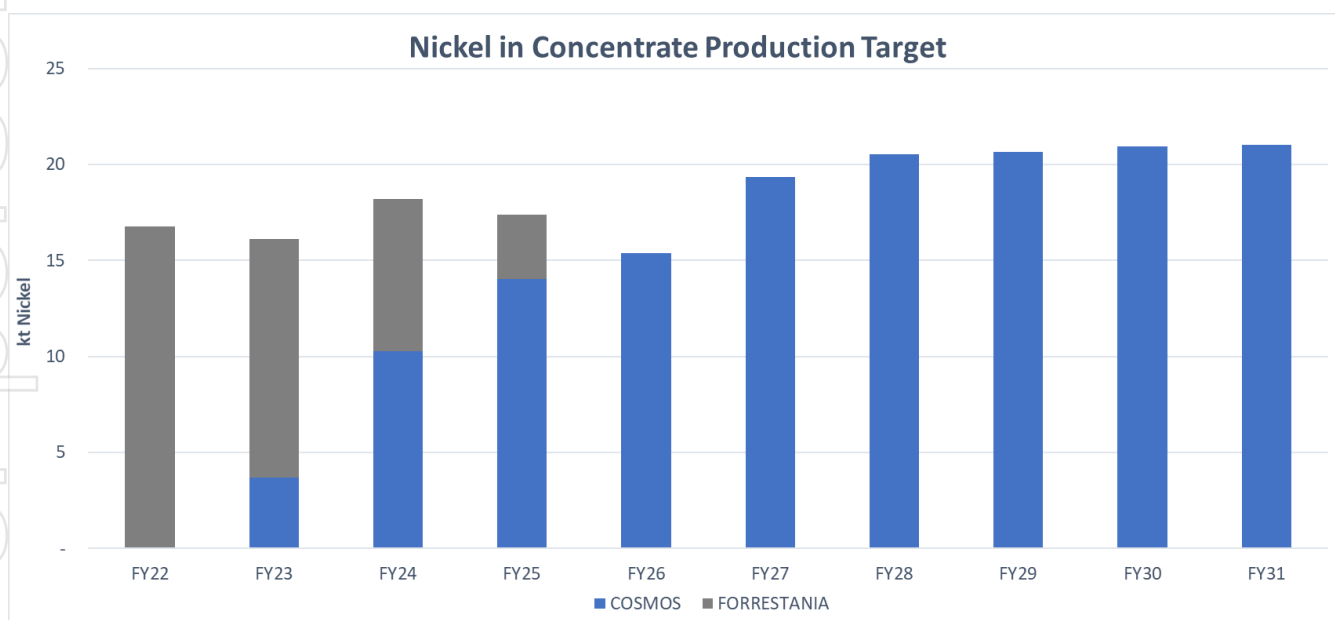
WESTERN AREAS LONG TERM PRODUCTION PROFILE & FY22 GUIDANCE METRICS

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) is pleased to provide an update on the long-term production target for the next ten years and the Company’s guidance for the coming FY22 financial year. The production target covers an important period as Western Areas transitions principal production from Forrestania to Cosmos.

Western Areas Managing Director, Dan Lougher, said “the base case consolidated production target clearly demonstrates the steady, long-term nickel exposure that Western Areas offers.

“The outlook for nickel demand remains strong with stainless steel and battery metals expected to continue to be in high demand in the medium and long term. Western Areas is one of the few companies that has a clear line of sight toward sustained nickel production into the 2030’s. There remains real potential for further growth in the schedule with projects currently well advanced in studies and planning, such as the New Morning project, that we expect will add additional nickel tonnage to the 10-year base case.

“In the nearer term, our guidance for the coming financial year sees the Company maintain its level of nickel in concentrate production at Forrestania. An allowance has also been made for the impact of industry-wide cost inflation on both our existing mining operations and capital development expenditure at Odysseus. Odysseus will be our next operating mine, underpinning long-term nickel production for the Company,” Mr Lougher said.



Graph data source:

Forrestania production target based on Spotted Quoll and Flying Fox ore reserves. Refer to “June 2021 Quarterly Report” announcement dated 23 July 2021.

Cosmos production target based on Odysseus and AM6 ore reserves. Refer to “Strong Odysseus DFS results in Decision to Mine,” dated 22 October 2018 and “Maiden Ore Reserve at AM6 Boosts Odysseus Base Case,” dated 2 September 2020 announcements.



FY22 Guidance

Western Areas provides its FY22 guidance targets, reflecting the latest mine operating plans and capital estimates for the Company's various projects and mining activities:

Category	Market Guidance
Nickel Tonnes in Concentrate Production	16,000 to 17,000
Unit Cash Cost of Production (Nickel in Concentrate)	A\$4.25/lb to A\$4.65/lb
Forrestania Mine Development	A\$5m to A\$10m
Other Capital & Growth	A\$5m to A\$10m
Odysseus Pre-Production Development	A\$150m to A\$170m
Exploration & Feasibility Studies	A\$15m to A\$20m

Commentary on Guidance is provided as follows:

The Company notes that the Western Australian mining industry is encountering input cost pressures and skills shortages across most disciplines, and Western Areas is not immune to these inflationary pressures.

Nickel in Concentrate – FY22 production guidance remains materially consistent with the prior year and reflects a blended production of flotation concentrate and MREP high grade nickel sulphide precipitate. Spotted Quoll provides approximately 60% of the ore feed at Forrestania, with Flying Fox and lower grade stockpile material providing the balance.

Unit Cash Costs – The unit cash cost of production will continue to vary quarter on quarter. Cost increases for rise and fall adjustments have been included to reflect expected cost trends in the resource industry. The mining cost forecasts include mining and processing of Flying Fox ore trending toward reserve grade and treatment of selected low grade stockpile material, where mill capacity allows, noting lower grade material naturally results in a higher unit cost. The mill is expected to process approximately 580kt in FY22.

Sustaining Mine Development – Sustaining mine development expenditure at Forrestania falls significantly year on year as the mines are effectively fully developed. The limited development mainly focusses on opening the final stoping areas at Flying Fox.

Capital and Growth Expenditure – This includes feasibility studies at both Forrestania and Cosmos. Capital expenditure includes refurbishment and improvement modifications at the Cosmic Boy Concentrator and anticipated expansion of the scats heap leach project.

Odysseus Pre-Production Development – First concentrate production remains on track for late in calendar year 2022. Capital expenditure at Cosmos primarily relates to underground mine development towards the Odysseus orebodies, commencement of concentrator plant refurbishment, completion of the shaft raisebore drilling, and shaft winder house construction and fit out.

The Odysseus pre-production capital cost guidance includes the roll forward of prior year unspent capital and the latest mine plan and construction schedule timing and cost estimates of the various activities to be completed pre-production. The latest pre-production development expenditure profile for Odysseus is FY22 – A\$160m, FY23 – A\$55m.

The shaft haulage infrastructure, engineering design and construction costs are continuing to be refined as final quotation and cost estimates are received. The Company notes that cost pressures and inflationary impacts across these activities have been estimated and assumed in the latest forecasts.



The Cosmos guidance also includes other pre-production capital primarily relating to capitalisation of site administration and support costs, such as camp infrastructure maintenance, environmental and health & safety costs. These remain unchanged at FY22 – A\$10m and FY23 – A\$5m.

Exploration – FY22 activity will be across the Cosmos, Forrestania and Western Gawler areas and expenditure remains comparable to prior years.

-ENDS-

This release has been authorised by the officers below. 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

COMPETENT PERSON'S STATEMENT:

The information in this report that relates to Ore Reserves is based on information compiled by Mr Marco Orunesu Preiata, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Marco Orunesu Preiata is a full-time employee of Western Areas Ltd. Mr Marco Orunesu Preiata has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Marco Orunesu Preiata consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 the guidance table provided and: "the base case consolidated production target clearly demonstrates the steady, long-term nickel exposure that Western Areas offers", and "The outlook for nickel demand remains strong with stainless steel and battery metals expected to continue to be in high demand in the medium and long term. Western Areas is one of the few companies that has a clear line of sight toward sustained nickel production into the 2030's".

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.