

ASX RELEASE

28 April 2022

WESTERN AREAS LTD



SCHEME BOOKLET REGISTERED BY ASIC

Western Areas Limited ("**Western Areas**" or the "**Company**") refers to its previous announcement made on 27 April 2022 in relation to:

- the proposed scheme of arrangement pursuant to which a wholly-owned subsidiary of IGO Limited (ASX: IGO), IGO Nickel Holdings Pty Ltd, will acquire all of the shares in Western Areas ("**Scheme**"); and
- the orders made by the Supreme Court of Western Australia that Western Areas convene a meeting of Western Areas shareholders to consider and vote on the Scheme ("**Scheme Meeting**") and approving the dispatch of an explanatory statement providing information about the Scheme, together with the Notice of Scheme Meeting (together, the "**Scheme Booklet**") to Western Areas shareholders.

Scheme Booklet

Western Areas confirms that the Australian Securities and Investments Commission ("**ASIC**") has today registered the Scheme Booklet. A copy of the Scheme Booklet is attached to this announcement and will also be made available on Western Areas' website at www.westernareas.com.au.

The Scheme Booklet will be dispatched to Western Areas shareholders on Monday, 2 May 2022. For details of how you will receive your Scheme Booklet, please refer to the Company's previous announcement made on 27 April 2022.

Western Areas shareholders should carefully read the Scheme Booklet in its entirety, including the material accompanying it, before deciding whether to vote in favour of the Scheme. If after reading the Scheme Booklet you have any further questions about the Scheme or the Scheme Booklet, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 3 9415 4285 (outside Australia) between 8:30am and 5:00pm (AEST) Monday to Friday, excluding public holidays.

Independent Expert's Report and Directors' recommendation

The Scheme Booklet includes a copy of the independent expert's report prepared by KPMG Financial Advisory Services (Australia) Pty Ltd ("**Independent Expert**"), which concludes that the Scheme is not fair but is reasonable to Western Areas shareholders and therefore is, on balance, in the best interests of Western Areas shareholders, in the absence of a superior proposal.

The Directors of Western Areas continue to unanimously recommend that Western Areas shareholders (other than Excluded Shareholders, as that term is defined in the Scheme Implementation Deed) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal (as that term is defined in the Scheme Implementation Deed) and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas shareholders. Subject to those same qualifications, each member of the Western Areas Board intends to vote, or cause to be voted, all Western Areas shares held or controlled by them in favour of the Scheme.

Scheme Meeting

The Scheme Meeting, at which Western Areas shareholders will vote on the proposed Scheme, will be held at 10:00am (AWST) on Wednesday, 1 June 2022. Due to the COVID-19 pandemic, in the interests of the health and safety of Western Areas shareholders and staff, the Scheme Meeting will be held electronically via an online platform.

Details of how to access the online platform and participate in the Scheme Meeting are contained in the notice of meeting included in the Scheme Booklet and the Online Meeting Guide which is attached to the Notice of Scheme Meeting and also available at <https://www.computershare.com.au/virtualmeetingguide>.

All registered Western Areas shareholders as at 10:00am (AWST) on Monday, 30 May 2022 will be eligible to vote at the Scheme Meeting.



-ENDS-

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

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WESTERN AREAS LTD



ACN 091 049 357

SCHEME BOOKLET

In relation to a proposal from IGO Limited ACN 092 786 304, through its wholly-owned subsidiary IGO Nickel Holdings Pty Ltd ACN 167 644 519, to acquire all Western Areas Shares by way of a recommended scheme of arrangement between Western Areas and its shareholders.

Your Western Areas Directors unanimously recommend that you

VOTE IN FAVOUR

of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme. If you are in any doubt about what to do, you should consult your legal, financial, taxation or other professional adviser immediately.

If you have any questions about this Scheme Booklet or the Scheme, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday, excluding public holidays.

Financial advisers to Western Areas:



Legal adviser to Western Areas:



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IMPORTANT NOTICES

General

This Scheme Booklet is important. Western Areas Shareholders should carefully read this Scheme Booklet in its entirety before deciding whether or not to vote in favour of the Scheme Resolution required to implement the Scheme.

Nature and purpose of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act.

This Scheme Booklet explains the terms of the proposed acquisition of all of the Scheme Shares by IGO Nickel (which is a proprietary company limited by shares and wholly-owned Subsidiary of IGO) by way of a scheme of arrangement between Western Areas and Western Areas Shareholders under Part 5.1 of the Corporations Act.

This Scheme Booklet also sets out the manner in which the Scheme will be considered and implemented (if all of the conditions to the Scheme are satisfied or (if permitted) waived) and provides such information as is prescribed by the Applicable Law or is otherwise material to the decision of Western Areas Shareholders whether to vote in favour of the Scheme.

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

If you have sold all your Western Areas Shares, please disregard this Scheme Booklet.

Responsibility for information

Western Areas has prepared, and is responsible for, the Western Areas Information (and is not responsible for the IGO Nickel Information). None of IGO Nickel, IGO, their Related Bodies Corporate or their respective directors, officers, employees and advisers have verified any Western Areas Information and none of them assume any responsibility for the accuracy or completeness of any Western Areas Information.

IGO Nickel has prepared, and is responsible for, the IGO Nickel Information (and not the Western Areas Information). None of Western Areas, its Related Bodies Corporate, or their respective directors, officers, employees and advisers have verified any of the IGO Nickel Information, and none of them assumes any responsibility for the accuracy or completeness of any of the IGO Nickel Information.

The Independent Expert, KPMG, has prepared the Independent Expert's Report contained in Annexure A of this Scheme Booklet and takes responsibility for that report. None of Western Areas, IGO Nickel, IGO, or their respective Related Bodies Corporate, or any of their respective directors, officers, employees or advisers assumes any responsibility for the Independent Expert's Report.

ASIC and ASX

A copy of this Scheme Booklet has been provided to ASIC in accordance with section 411(2) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Booklet in accordance with section 411(2) of the Corporations Act.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

Forward looking statements and intentions

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements, including statements about intentions, beliefs and expectations, plans, strategies and objectives of Western Areas, IGO and IGO Nickel or their respective directors and management, the anticipated timing for and outcome and effects of the Scheme (including expected benefits to shareholders of Western Areas and IGO), indications of and guidance on synergies, future earnings or financial position or performance, anticipated production or construction or development commencement dates, costs or production outputs, capital expenditure and future demand for nickel, expectations for the ongoing development and

growth potential of IGO and the future operations of Western Areas and IGO. Forward looking statements (such as those above) are not based on historical facts, but rather reflect the current views and expectations of Western Areas (or, in relation to the IGO Nickel Information, IGO) concerning future events and circumstances. Such statements (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. You should be aware that forward looking statements are only opinions and are subject to inherent risks and uncertainties, including (among other things) risks relating to funding requirements, nickel, lithium and other commodity prices, exploration, development and operating risks (including unexpected capital or operating cost increases), production risks, competition and market risks, regulatory restrictions (including environmental regulations and associated liability, changes in regulatory restrictions or regulatory policy and potential title disputes) and risks associated with general economic conditions.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. There can be no assurance that the Scheme will be implemented or that plans of the directors and management of Western Areas, IGO Nickel and IGO for the IGO Group will proceed as currently expected or will ultimately be successful. You are strongly cautioned not to place undue reliance on forward looking statements, including in respect of the financial or operating outlook for Western Areas or IGO, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the ongoing COVID-19 pandemic.

None of Western Areas, IGO Nickel, IGO, or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement.

The historical performance of Western Areas and IGO is no assurance of their future financial performance. None of Western Areas, IGO Nickel, IGO and their respective officers, directors, or employees and advisers give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Western Areas, IGO Nickel and IGO and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to provide any additional or updated information or to update any forward looking information after the date of this Scheme Booklet, whether as a result of new information, future events or results, or otherwise. Nothing in this Scheme Booklet will, under any circumstance (including by reasons of this Scheme Booklet remaining available and not being superseded or replaced by a supplementary Scheme Booklet or any announcement, presentation or publication with respect to Western Areas, IGO Nickel or IGO, or the subject matter of this Scheme Booklet), create an implication that there has been no change in the affairs of Western Areas or IGO since the date of this Scheme Booklet.

Not investment advice

The information contained in this Scheme Booklet does not contain or constitute financial product advice and does not take into account the investment objectives, financial situation, taxation position or particular needs of any individual Western Areas Shareholder or any other person. Before making any decision (including a decision in relation to the Scheme or in relation to Western Areas generally), you should consider, with or without the assistance of an independent securities or other adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. Western Areas disclaims all liabilities to such persons.

Western Areas Shareholders who are resident outside of Australia, or who are nominees, trustees or custodians for beneficial holders resident outside Australia, are encouraged to seek independent advice as to how they should proceed (including specific taxation advice in relation to the Australian and overseas tax implications of their participation in the Scheme).

This Scheme Booklet has been prepared in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of jurisdictions other than Australia. No action has been taken to register or qualify this Scheme Booklet or any aspect of the Scheme in any jurisdiction outside Australia.

Important notice associated with Court order

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened, and has approved the Scheme Booklet required to accompany the Notices of Scheme Meeting, does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Western Areas Shareholders should vote (on this matter, members must reach their own decision); or
- has prepared, or is responsible for the content of, the Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D of this Scheme Booklet.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting.

Any Western Areas Shareholder may appear at the Second Court Hearing, which is expected to be held at 10.00am (AWST) on Tuesday, 7 June 2022 at the Supreme Court of Western Australia (David Malcolm Justice Centre, 28 Barrack Street, Perth).

Any Western Areas Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Western Areas a notice of appearance in the prescribed form, together with any affidavit on which the Western Areas Shareholder proposes to rely.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Western Areas Shares. For further detail about the general Australian tax consequences of the Scheme, refer to section 8 of this Scheme Booklet.

The tax treatment may vary depending on the nature and characteristics of each Western Areas Shareholder and their specific circumstances. Accordingly, Western Areas Shareholders should seek professional tax advice in relation to their particular circumstances.

Privacy

Western Areas and IGO Nickel may need to collect personal information in connection with the Scheme.

The personal information may include the names, contact details and details of holdings of Western Areas Shareholders, together with contact details of individuals appointed as proxies, attorneys or corporate representatives for the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist Western Areas and IGO Nickel to conduct the Scheme Meeting and implement the Scheme.

The information may be disclosed to Western Areas, IGO Nickel, IGO and their respective Related Bodies Corporate and advisers, print and mail service providers, share registries, securities brokers and any other service provider to the extent necessary to effect the Scheme.

Western Areas Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them. Western Areas Shareholders may contact the Share Registry if they wish to exercise these rights.

If the information outlined above is not collected, Western Areas may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme. Western Areas Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the applicable Scheme Meeting should inform that individual of the matters outlined above.

External websites

Unless expressly stated otherwise, the content of Western Areas' website and IGO's website do not form part of this Scheme Booklet and Western Areas Shareholders should not rely on any such content.

Interpretation

Capitalised terms used in this Scheme Booklet are defined in the Glossary in section 10 of this Scheme Booklet, or otherwise in the sections in which they are used. Section 10 of this Scheme Booklet also sets out rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the Annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Charts and diagrams

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in diagrams, charts, graphs and tables is based on information available at the date of this document. All numbers are rounded, unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Scheme Booklet. Any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding.

Financial amounts and exchange

The financial amounts in this Scheme Booklet are expressed in Australian dollars (AUD), unless otherwise stated. The financial information in this Scheme Booklet is presented in an abbreviated form and does not contain all the disclosures that

are usually provided in an annual report prepared in accordance with the Corporations Act.

Times and dates

All times referred to in this Scheme Booklet are references to times in Australian Western Standard Time (**AWST**), unless otherwise stated.

All dates following the Scheme Meeting referred to in this Scheme Booklet are indicative only and, among other things, are subject to the satisfaction or (if permitted) waiver of the Conditions Precedent to the Scheme.

Important matters relating to COVID-19

In order to minimise health risks created by the ongoing COVID-19 pandemic, the Scheme Meeting is scheduled to be held electronically.

Western Areas Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting.

Western Areas Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://meetnow.global/MA7TAS4>. The online platform enables participants to listen to the Scheme Meeting live, view slides, vote on the Scheme Resolution in real time and ask questions online.

Further details with respect to the conduct of the Scheme Meeting, including how to join the electronic Scheme Meeting, raise questions during the Scheme Meeting and vote on the Scheme Resolution are set out in the Notice of Scheme Meeting.

Western Areas strongly encourages shareholders to consider lodging a directed proxy in the event they are not able to participate in the electronic Scheme Meeting.

Competent Persons Statement

See section 9.10 for the Competent Persons Statements and other disclosures required under the ASX Listing Rules in respect of all Mineral Resource and Ore Reserve data contained in this Scheme Booklet.

Date of this Scheme Booklet

This Scheme Booklet is dated 28 April 2022.

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LETTER FROM THE CHAIRMAN OF WESTERN AREAS

28 April 2022

Dear Western Areas Shareholders,

On behalf of the entire Board of Directors of Western Areas, I am pleased to provide you with this Scheme Booklet which contains important information in relation to the proposed acquisition of Western Areas by IGO.

The proposed acquisition will be considered by Western Areas Shareholders at the upcoming Scheme Meeting, to be held at 10.00am (AWST) on Wednesday, 1 June 2022. This Scheme Booklet will assist you in making an informed decision about how to vote and contains important information, including the reasons to vote in favour of, or against, the Scheme (refer to section 1) and certain risks related to the Scheme (refer to section 7).

Your vote is important and I urge you to read this Scheme Booklet (including the Independent Expert's Report in Annexure E) in its entirety.

Background

On 19 August 2021, Western Areas confirmed it was in preliminary discussions with IGO in relation to a change of control proposal and the basis upon which engagement and due diligence between the parties could proceed (**Initial Announcement**).

On 16 December 2021, Western Areas announced that it had entered into a Scheme Implementation Deed under which IGO (through its wholly-owned subsidiary, IGO Nickel), would acquire all of your shares in Western Areas by way of a scheme of arrangement for \$3.36 cash per Western Areas Share (**Initial Scheme Consideration**).

Since announcing the Scheme on 16 December 2021, the Independent Expert (KPMG) has, in response to changing market conditions and transaction terms, provided Western Areas with a number of draft opinions on whether the Scheme is in the best interests of Scheme Shareholders (refer to the "Independent Expert's opinion" discussion below and section 1.4(i) of this Scheme Booklet for more details about the various draft opinions Western Areas has received from the Independent Expert). As detailed further below, on 4 April 2022, the Independent Expert provided a draft report to Western Areas which contained a draft opinion that the Initial Scheme Consideration of \$3.36 per Western Areas Share was neither fair nor reasonable and therefore not in the best interests of Scheme Shareholders, with an assessed value range of \$3.87 to \$4.88 per Western Areas Share.

On 11 April 2022, Western Areas announced that, following a consultation process required under the Scheme Implementation Deed (which process was triggered following receipt of the draft opinion on 4 April 2022), Western Areas and IGO had negotiated to increase the Scheme Consideration to \$3.87 cash per Western Areas Share (**Increased Scheme Consideration**), with consequential amendments to the Scheme Implementation Deed (**Increased Scheme Announcement**). On the same day, IGO announced that the Increased Scheme Consideration of \$3.87 per Western Areas Share is IGO's "last and final" offer in the absence of a superior proposal.

If the Scheme is approved and implemented, each Western Areas Shareholder will receive \$3.87 cash for each Western Areas Share held as at the Scheme Record Date. The Scheme is subject to customary conditions, including approval by Western Areas Shareholders and the Supreme Court of Western Australia, which are summarised in section 3.5 and in Annexure A.

Western Areas Board unanimously recommends the Scheme

Your Western Areas Directors unanimously recommend that Western Areas Shareholders (other than Excluded Shareholders¹) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders (see below in relation to the Independent Expert's opinion). Subject to those same qualifications, each member of the Western Areas Board will vote, or procure the voting of, all Western Areas Shares held or controlled by them in favour of the Scheme.²

In reaching the unanimous decision to recommend the Scheme to Western Areas Shareholders, subject to the qualifications described above, the Western Areas Directors considered the current nickel focused growth strategy and various alternatives to maximise value for Western Areas Shareholders, including assessment of standalone value creation opportunities. The Increased Scheme Consideration has also been assessed against a range of valuation benchmarks for each part of the Western Areas business, and the Western Areas Board's assessment is that, on balance, the Increased Scheme Consideration is likely to provide more certainty of value to Western Areas Shareholders now than would be available, on a risk adjusted basis, if Western Areas continued to operate as a standalone entity over the longer-term.

Reasons to vote in favour of the Scheme

In reaching its recommendation, the Western Areas Directors had regard to a range of factors including:

- The Increased Scheme Consideration of \$3.87 cash per Western Areas Share represents a premium of:
 - 15.2% to the Initial Scheme Consideration of \$3.36 per Western Areas Share; and
 - 0.8% to Western Areas' closing share price of \$3.84 per share as at the Last Practicable Date;³
- The Increased Scheme Consideration provides Western Areas Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in Western Areas' operations and future developments and also any risks and uncertainties relating to any potential future nickel price fall;
- The Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders, in the absence of a superior proposal;
- Western Areas Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions;
- Since the Scheme was announced on 16 December 2021, no party has engaged with Western Areas with regard to evaluating or providing a competing proposal; and
- You will not incur any brokerage charges on the transfer of your Western Areas Shares if the Scheme proceeds.

¹ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of this Scheme Booklet, there are no "Excluded Shareholders".

² In considering Western Areas Directors' unanimous recommendation and intentions to vote in favour of the Scheme, Western Areas Shareholders should have regard to section 1.2(a) (in relation to the Western Areas Directors' unanimous recommendation), section 3.9 (which concerns the treatment of Western Areas Performance Rights and Share Plan Shares under the Scheme) and the arrangements set out in section 9.4(b)(ii) (in relation the change of control bonus certain Western Areas executives will be entitled to if the Scheme is implemented).

³ Refer to sections 1.2(b) and 1.2(c) for more information.

Potential disadvantages of the Scheme

In forming their unanimous decision to recommend the Scheme to Western Areas Shareholders, subject to the qualifications described above, the Western Areas Directors also considered the potential disadvantages of the Scheme proceeding. In particular:

- You may disagree with your Western Areas Directors' unanimous recommendation;
- You may disagree with the Independent Expert's assessments and/or conclusions;
- You may prefer to participate in the future financial performance of the Western Areas business on a standalone basis or otherwise;
- You may consider that the recent increase in the spot nickel price will translate into sustained higher nickel prices over the medium and long term;
- You may believe it is in your best interests to maintain your current investment and risk profile;
- A Superior Proposal for Western Areas may emerge in the future, if Western Areas were to continue as a standalone entity. As at the date of this Scheme Booklet, the Western Areas Board is not aware of any superior proposal and has no basis to believe that a superior proposal is likely to emerge; and
- The tax consequences of the Scheme may not suit your current financial position or tax circumstances.

Independent Expert's opinion

Western Areas has appointed KPMG as the Independent Expert to opine on whether the Scheme is in the best interests of Western Areas Shareholders. SRK has been appointed as the Independent Technical Expert to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report, with the scope of work to be performed by SRK determined by KPMG.

A complete copy of the Independent Expert's Report, along with the Independent Technical Expert's Report, is attached at Annexure E to this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

Western Areas Shareholders should note that since initially announcing the Scheme on 16 December 2021, the Independent Expert has, in response to changing market conditions and transaction terms, provided Western Areas a number of draft opinions on whether the Scheme is in the best interests of Scheme Shareholders (refer to section 1.4(i) of this Scheme Booklet for more details). An initial draft was provided on 23 February 2022 which contained a draft opinion that the Initial Scheme Consideration of \$3.36 per Western Areas Share was fair and reasonable and therefore in the best interests of Scheme Shareholders, with an assessed value range of \$3.06 to \$3.78 per Western Areas Share.

Following an extension to the Scheme timetable to allow Western Areas and the Independent Expert to consider the implications for medium to long-term nickel pricing of the significant increase in nickel price volatility following Russia's invasion of Ukraine in 24 February 2022, the Independent Expert provided an updated draft report to Western Areas on 4 April 2022 which contained a draft opinion that the Initial Scheme Consideration of \$3.36 per Western Areas Share was neither fair nor reasonable and therefore not in the best interests of Scheme Shareholders, with an assessed value range of \$3.87 to \$4.88 per Western Areas Share.

In its final report (dated 14 April 2022), prepared at the request of Western Areas to consider the Increased Share Consideration, the Independent Expert has opined that the Increased Scheme Consideration of \$3.87 per Western Areas Share (announced on 11 April 2022) is "not fair", based on a further updated assessed value range of \$4.04 to \$5.23 per Western Areas Share.

However, having regard to the following factors (among others), the Independent Expert has concluded that the Scheme is reasonable and therefore, on balance, is in the best interests of Scheme Shareholders:

- For personal use only
- The Scheme provides certainty as to value;
 - The Scheme provides Scheme Shareholders with a premium to traded prices prior to the Initial Announcement on 19 August 2021 and to the last closing price for a Western Areas Share prior to the Increased Scheme Announcement on 11 April 2022;
 - IGO has declared the Increased Scheme Consideration to be its “last and final” offer in the absence of a superior proposal;
 - The prospect of a superior alternative proposal emerging is considered unlikely but cannot be discounted entirely;
 - There is the potential for the price of a Western Areas Share to fall from current levels in the absence of the Scheme or an alternative superior proposal; and
 - Various Scheme Shareholders have indicated that, subject to certain conditions, they intend to support the Scheme.

Western Areas Shareholders should note that in forming its opinion, the Independent Expert highlighted that a significant proportion of Western Areas’ overall asset portfolio value (\$318.8m to \$617.7m, which equates to a value of \$0.98 to \$1.89 per Western Areas share) is represented by SRK’s assessed values of residual resources and other mineral asset interests held by Western Areas not currently captured in Western Areas’ production scenarios.

Further, the Independent Expert notes and that the valuation of early stage/exploration assets is highly subjective and involves subjective assessments based on professional judgements made by SRK.

The Western Areas Directors note the impact that the recent nickel prices have had on SRK’s assessment of value for residual resources and other mineral assets interests and acknowledges the subjective nature of such assessment. In assessing the Increased Scheme Consideration, the Western Areas Directors considered a range of factors and value methodologies, including for the residual resources and other mineral assets interests, and concluded that the Increased Scheme Consideration provides Western Areas Shareholders with an ability to deliver certain value today without the risks inherent in realising the value of exploration and early-stage projects over the long term.

Risk factors

The Western Areas Board considers that it is appropriate for Western Areas Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of Western Areas and the value of Western Areas Shares. These risk factors are set out in detail in section 7. If the Scheme proceeds, Western Areas Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be Western Areas Shareholders and will no longer be exposed to these risks. If the Scheme does not proceed, the Western Areas Board would maintain the current nickel focused growth strategy, however, note that Western Areas Shareholders will be exposed to the risks and challenges of delivering future growth opportunities over the long term.

Western Areas Directors' conclusion

The Western Areas Directors unanimously believe that the benefits of the Scheme outweigh its potential disadvantages and the risks associated with an ongoing investment in Western Areas Shares. Accordingly, the Western Areas Directors unanimously recommend that Western Areas Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

Next steps

Implementation of the Scheme is subject to (among other things) approval by Western Areas Shareholders at the Scheme Meeting to be held at 10.00am (AWST) on Wednesday, 1 June 2022 and by the Supreme Court of Western Australia.

For the Scheme to be implemented, it must be approved at the Scheme Meeting by:

- more than 50% of eligible Western Areas Shareholders present and voting at the Scheme Meeting (unless the Court orders otherwise); and
- at least 75% of the total number of votes cast on the Scheme Resolution by eligible Western Areas Shareholders.

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme.

Please refer to section 4 and the Notice of Scheme Meeting at Annexure D for more instructions on how to attend the Scheme Meeting and how to cast your vote.

Further information

I would again encourage you to read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. If required, I would also encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Western Areas Shares.

If you require any further information, please call the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am and 5.00pm (AEST), Monday to Friday (excluding public holidays).

On behalf of the Western Areas Board, I would like to thank you for your continued support of Western Areas. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

Yours sincerely,



Ian Macliver
Chairman
Western Areas Limited

IMPORTANT DATES AND EXPECTED TIMETABLE FOR THE SCHEME

Date of this Scheme Booklet	28 April 2022
First court date at which the Court made orders convening the Scheme Meeting	Wednesday, 27 April 2022
Latest time for receipt of completed proxy forms for Scheme Meeting (including proxy forms lodged online)	10.00am (AWST), Monday, 30 May 2022
Time for determining eligibility to vote at Scheme Meeting	10.00am (AWST), Monday, 30 May 2022
Scheme Meeting to be held electronically through an online platform at: https://meetnow.global/MA7TAS4	10.00am (AWST), Wednesday, 1 June 2022
If the Scheme Resolution is passed by Western Areas Shareholders	
Second Court Date for approval of the Scheme	10:00am (AWST), Tuesday, 7 June 2022
Effective Date	Wednesday, 8 June 2022
Scheme Order lodged with ASIC and lodgement is announced on ASX	
Last day of trading in Western Areas Shares on ASX (with Western Areas Shares suspended from trading on ASX from close of trading)	
Scheme Record Date for determining entitlements to Scheme Consideration	7.00pm (AWST), Friday, 10 June 2022
Implementation Date	Monday, 20 June 2022
Payment of the Scheme Consideration	
All Scheme Shares transferred to IGO Nickel	

All times and dates in the above timetable are references to AWST and dates in Perth, Australia (unless stated otherwise). All dates following the date of the Scheme Meeting are indicative only and, among other things, are subject to all necessary approvals from the Court and any other conditions to the Scheme having been satisfied or, if applicable, waived. Western Areas reserves the right to vary the times and dates set out above. Any changes to the above timetable will be announced on ASX and notified on Western Areas' website at www.westernareas.com.au.

1. CONSIDERATIONS RELEVANT TO YOUR VOTE

1.1 Summary

Set out below are some of the reasons why:

- (a) your Western Areas Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders; and
- (b) notwithstanding the unanimous recommendation of your Western Areas Directors, you may decide to vote against the Scheme.

You should read the entire Scheme Booklet before deciding whether to vote in favour of the Scheme. There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday, excluding public holidays.

Reasons to vote in favour of the Scheme

- ✓ *Your Western Areas Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Western Areas Shareholders*
- ✓ *The Scheme Consideration of \$3.87 cash per Western Areas Share represents a premium for your Western Areas Shares*
- ✓ *The Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders, in the absence of a superior proposal*
- ✓ *Western Areas Shares are likely to trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions*
- ✓ *The Scheme Consideration provides Western Areas Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in Western Areas' operations and future developments and also any risks and uncertainties relating to exposure to any future nickel price fall*
- ✓ *You will not incur any brokerage charges on the transfer of Western Areas Shares if the Scheme proceeds*

These reasons are discussed in more detail in section 1.2 of this Scheme Booklet.

Reasons why you may choose to vote against the Scheme

- ✗ *You may disagree with your Western Areas Directors' unanimous recommendation*
- ✗ *You may disagree with the Independent Expert's assessments and/or conclusions*
- ✗ *You may prefer to participate in the future financial performance of the Western Areas business on a standalone basis or otherwise*
- ✗ *You may consider that the recent increase in the spot nickel price will translate into sustained higher nickel prices over the medium and long term*

- For personal use only
- x You may believe it is in your best interests to maintain your current investment and risk profile*
 - x A Superior Proposal for Western Areas may emerge in the future, if Western Areas were to continue as a standalone entity*
 - x The tax consequences of the Scheme may not suit your current financial position or tax circumstances*

These reasons are discussed in more detail in section 1.3 of this Scheme Booklet and, in relation to the possible sale of your Western Areas Share on market, in section 1.4(h).

1.2 Reasons to vote in favour of the Scheme

(a) Your Western Areas Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders

In reaching their unanimous recommendation, your Western Areas Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet. The Directors believe the Scheme Consideration proposed under the Scheme is attractive, and fairly recognises the value of both Western Areas' existing business and its growth opportunities. The Directors also believe that the increased Scheme Consideration of \$3.87 cash per Western Areas Share reflects additional financial value generated by Western Areas as a result of higher nickel prices since the Scheme was announced on 16 December 2021, as well as the improvement in nickel price forecasts. In addition, the Scheme provides certain cash proceeds in the near term which may not be achieved if the Scheme does not proceed.

In relation to the unanimous recommendation of your Western Areas Directors, Western Areas Shareholders should note the arrangements set out in section 3.9 (in relation to the treatment of Western Areas Performance Rights and Share Plan Shares), including that Western Areas Director, Daniel Lougher, has an interest in the outcome of the Scheme which may differ from those of other Western Areas Shareholders if the Scheme is implemented. In particular, upon the Court making the Scheme Order, any unvested Western Areas Performance Rights held by Mr Lougher will vest and be automatically exercised (that is, the Western Areas Performance Rights will vest and be exercised irrespective of whether or not the relevant performance hurdles attaching to those Western Areas Performance Rights have been (or are likely to be) met).

In addition, upon the Court making the Scheme Order, any disposal restrictions which may attach to Western Areas Shares issued to Mr Lougher pursuant to the Western Areas Performance Right Plan will be waived or cease to have effect, as applicable (such that those shares will participate in the Scheme).

Western Areas Shareholders should also note that if the Scheme is implemented, Western Areas will pay Mr Lougher a change of control bonus in the amount of \$1,291,198 in accordance with the terms of his executive services contract. For more information in relation to the change of control bonus, including the formula for how it has been calculated, see section 9.4(b)(ii).

Mr Lougher has concluded that, despite these arrangements, it is appropriate for him to make a recommendation in relation to the Scheme. These arrangements are disclosed in this Scheme Booklet to allow Western Areas Shareholders to consider your Western Areas Directors' unanimous recommendation (that Western Areas Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and

subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders), with the full context of the Western Areas Directors' interests in the outcome of the Scheme.

As at the date of this Scheme Booklet, the Western Areas Board is not aware of any Superior Proposal and has no basis to believe that a Superior Proposal is likely to emerge. The Scheme Implementation Deed, entered into with IGO, permits Western Areas to engage with any party that offers a Superior Proposal, subject to certain conditions in favour of IGO. A summary of the key terms of the Scheme Implementation Deed are provided in Annexure A of this Scheme Booklet.

In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders, each of your Western Areas Directors intends to vote all Western Areas Shares held or controlled by them in favour of the Scheme. As at the date of this Scheme Booklet, Western Areas Directors' interests in Western Areas Shares are set out in section 9.1.

(b) The Scheme Consideration of \$3.87 cash per Western Areas Share represents a premium for your Western Areas Shares

Under the terms of the Scheme, subject to the Scheme becoming Effective, Western Areas Shareholders who are registered as such on the Scheme Record Date will receive a cash payment of \$3.87 for each Western Areas Share held on the Scheme Record Date.

The increase in Scheme Consideration from \$3.36 to \$3.87 cash per Western Areas Shares reflects additional financial value generated by Western Areas as a result of higher nickel prices since the Scheme was announced on 16 December 2021, as well as the improvement in nickel price forecasts.

The Scheme Consideration of \$3.87 per Western Areas Share represents a:

- premium of 19.4% to Western Areas' closing share price of \$3.24 per Western Areas Share on 15 December 2021, the day prior to Western Areas announcing the Scheme on 16 December 2021;
- premium of 15.2% to the Initial Scheme Consideration under the Scheme Implementation Deed of \$3.36 per Western Areas Share as announced on 16 December 2021; and
- premium of 0.8% to Western Areas' closing share price of \$3.84 per Western Areas Share on 26 April 2022, the Last Practicable Date.

If the Scheme is not implemented and no superior proposal emerges, it is possible the price of Western Areas Shares may fall from current levels. As at the date of this Scheme Booklet, the Western Areas Board is not aware of any superior proposal, and has no basis to believe that a superior proposal is likely to emerge.

Until the Effective Date (currently expected to be 8 June 2022), Western Areas Shareholders may be able to sell their Western Areas Shares on market at the then prevailing market price (which could include prices at or above the Scheme Consideration). Western Areas Shareholders who sell Western Areas Shares on market may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if they retained their Western Areas Shares until the Scheme is implemented.

Figure 1: Scheme Consideration premia⁴



Source: IRESS. Market data as at 26 April 2022.

(c) The Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders, in the absence of a superior proposal

Western Areas has appointed KPMG as the Independent Expert to opine on whether the Scheme is in the best interests of Western Areas Shareholders within an Independent Expert's Report.

The Independent Expert has assessed the value of a Western Areas Share to be in the range of \$4.04 - \$5.23, on a 100% controlling interest basis. The Scheme Consideration of \$3.87 per Western Areas Share falls below the Independent Expert's assessed valuation range, and hence is not considered to be "fair". However, the Independent Expert has concluded that in its opinion: *"the Scheme is not fair but is reasonable to Western Areas Shareholders and therefore is, on balance, in the best interests of Scheme Shareholders in the absence of a superior proposal"*.

In reaching its conclusion, the Independent Expert considered a range of factors, including but not limited to the Scheme providing certainty as to value, and the Increased Scheme Consideration providing a premium to both the undisturbed share price on 18 August 2021 and the closing price of Western Areas Shares prior to announcement of the Increased Scheme Consideration on 11 April 2022.

The Independent Expert stated, *"Having considered the issue of fairness and each of the factors above, including the consequences of not approving the Revised Scheme, we are of the opinion that, on balance, the benefits to Scheme Shareholders of approving the Revised Scheme outweigh the disadvantages. As a result, we consider the Revised Scheme is, on balance, reasonable."*

Accordingly, we consider the Revised Scheme to be in the best interests of Scheme Shareholders, in the absence of a superior proposal."

Your Western Areas Directors encourage you to read the Independent Expert's Report, which is set out in Annexure E, in its entirety.

⁴ Western Areas' undisturbed share price as at 18 August 2021. Western Areas' closing share price on 15 December 2021 of \$3.24 per Western Areas Share, prior to announcement of the Scheme Implementation Deed with IGO on 16 December 2021. Initial Scheme Consideration of \$3.36 per Western Areas Share as announced on 16 December 2021. Western Areas' closing share price of \$3.84 per Western Areas Share on 26 April 2022, the Last Practicable Date.

- (d) **Western Areas Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges, in the absence of favourable market conditions**

If the Scheme is not implemented, Western Areas Shares will continue to trade on the ASX and will continue to be subject to market volatility. This includes exposure to general securities market movements, the impact of general economic conditions and the demand for listed securities.⁵

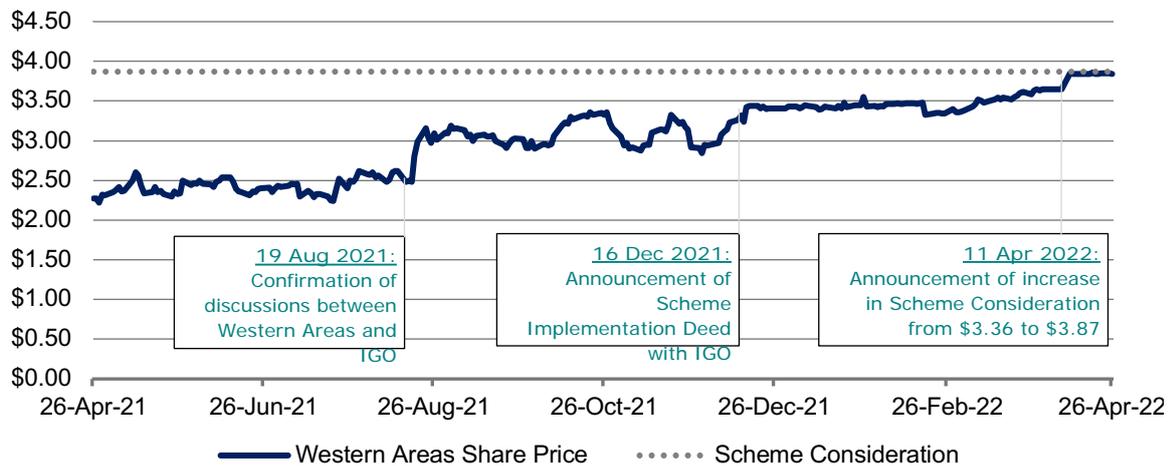
Over the twelve months prior to the announcement of preliminary discussions between Western Areas and IGO on 19 August 2021, Western Areas Shares traded between a low of \$1.86 per Western Areas Share on 2 November 2020 and a high of \$3.55 per Western Areas Share on 27 January 2021. On 18 August 2021, the last trading day prior to the announcement of discussions between Western Areas and IGO, Western Areas shares closed at \$2.48 per Western Areas Share.

Since announcement of the Scheme Implementation Deed on 16 December 2021, there has been an observable increase in the London Metals Exchange nickel price and a subsequent impact to valuations of companies operating within the sector. These higher prices have resulted in a recent uplift in financial performance from Western Areas, albeit the extent to which this is reflected in the current price of Western Areas Shares is unknown.

The graph below shows the share price performance of Western Areas Shares over the year prior to the Last Practicable Date, relative to the Scheme Consideration of \$3.87.

If the Scheme is not implemented and no superior proposal emerges, it is possible the price of Western Areas Shares may fall from current levels.

Figure 2: Western Areas' trading performance in 12 months prior to the Last Practicable Date



Source: IRESS. Market data as at 26 April 2022.

⁵ Refer to sections 7.1 and 7.4 for more information regarding the general risks that is associated with an investment in Western Areas and the risks and implications for Western Areas and Western Areas Shareholders if the Scheme is not implemented.

- (e) The Scheme Consideration provides Western Areas Shareholders with certainty of value and the opportunity to realise their investment for cash, and will avoid any ongoing risks and uncertainties involved in Western Areas' operations and future developments**

The Scheme Consideration of \$3.87 in cash per Western Areas Share provides Western Areas Shareholders with certainty of value for their Western Areas Shares. The certainty of the all-cash Scheme Consideration should be compared with the risks and uncertainties associated with remaining a shareholder in Western Areas. Some of these risks are explained in more detail in section 7. Western Areas Shareholders should also have regard to the recent trading history of Western Areas Shares, as discussed in section 1.2(b) above.

If the Scheme is not implemented, the value that Western Areas Shareholders will be able to realise from their investment in Western Areas, through future share price performance and dividends, will necessarily be uncertain and subject to these ongoing risks.

- (f) You will not incur any brokerage charges on the transfer of Western Areas Shares if the Scheme proceeds**

If the Scheme is implemented, Western Areas Shareholders will not incur brokerage charges on the transfer of their Western Areas Shares to IGO Nickel under the Scheme. Western Areas Shareholders may incur such charges if they dispose of their Western Areas Shares in a manner other than that contemplated by the Scheme.

1.3 Reasons why you may choose to vote against the Scheme

Your Western Areas Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders. In addition, the Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders, in the absence of a superior proposal.⁶ However, there may be reasons which lead you to consider voting against the Scheme, including those set out below.

- (a) You may disagree with your Western Areas Directors' unanimous recommendation and/or the Independent Expert's assessments and/or conclusions**
- (i)** The Western Areas Directors unanimously recommend that all Western Areas Shareholders (other than Excluded Shareholders⁷) vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders. You may disagree with the unanimous recommendation of your Western Areas Directors.
 - (ii)** The Independent Expert has concluded that the Scheme is not fair but is reasonable to Scheme Shareholders and therefore is, on balance, in the best interests of Scheme Shareholders, in the absence of a superior proposal. You may disagree with the Independent Expert's assessments and/or conclusions. Refer to Annexure E for a copy of the Independent Expert's Report.

⁶ Refer to section 1.2(c) for more information in relation to the Independent Expert's conclusion and Annexure E for a complete copy of the Independent Expert's Report.

⁷ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of this Scheme Booklet, there are no "Excluded Shareholders".

(b) **You may prefer to participate in the future financial performance of the Western Areas business on a standalone basis or otherwise**

If the Scheme is implemented, you will no longer be a Western Areas Shareholder and will forgo any benefits that may result from being a Western Areas Shareholder.

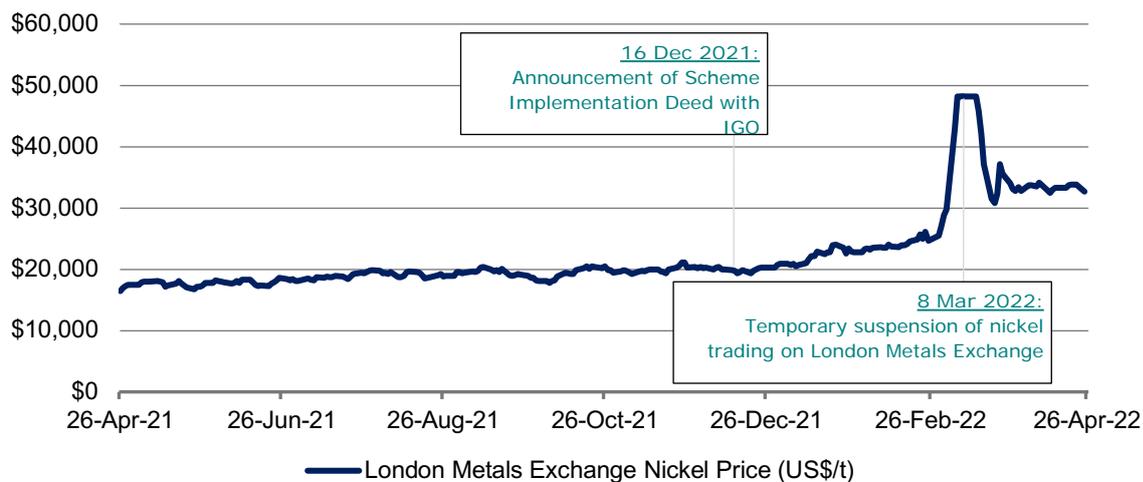
This will mean that you will not participate in the future performance of Western Areas, retain any exposure to Western Areas' business or assets, or have the potential to share in the value that could be generated by Western Areas in the future.

In particular, you may have a positive outlook on the long term forecasts for nickel prices and prefer to retain exposure to the potential development of the early stage nickel projects within the Western Areas portfolio over the long term, notwithstanding the risks and challenges involved in advancing these projects through to production.

(c) **You may consider that the recent increase in the spot nickel price will translate into sustained higher nickel prices over the medium and long term**

The nickel price has increased from US\$19,585/t from the date the Scheme was announced to US\$32,650/t on the Last Practicable Date, including a period of significant volatility that resulted in the suspension of nickel trading on the London Metals Exchange on 8 March 2022.

Figure 3 – London Metals Exchange Nickel Price during 12 months prior to the Last Practicable Date



Source: IRESS. Market data as at 26 April 2022.

After considering the recent volatility in the nickel price, and the impact this has had on Western Areas' financial position as well as the long term fundamentals for the business, the Directors of Western Areas have continued to unanimously recommend that all Western Areas Shareholders (other than Excluded Shareholders) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

Notwithstanding this, you may consider that the nickel price volatility will translate into a sustained increase in the nickel price over the medium to long term and that you would prefer to maintain exposure to that potential outcome through your investment in Western Areas on a standalone basis or otherwise.

- (d) You may believe it is in your best interests to maintain your current investment and risk profile**

You may prefer to keep your Western Areas Shares to preserve your investment in a listed public company with the specific characteristics of Western Areas. In particular, you may consider that, despite the risk factors relevant to Western Areas' potential future operations (including those set out in section 7 of this Scheme Booklet), Western Areas may be able to return greater value from its assets by remaining a stand-alone entity, or by seeking alternative corporate transactions in the future. You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Western Areas.

- (e) A Superior Proposal for Western Areas may emerge in the future, if Western Areas were to continue as a standalone entity**

You may believe that there is a possibility that a Superior Proposal for Western Areas could emerge in the foreseeable future. However, between the Announcement Date (being 16 December 2021) and the Last Practicable Date (being 26 April 2022) no Superior Proposal has been received or has otherwise emerged, and your Western Areas Directors have no reason to believe that an alternative proposal will ultimately emerge.

If a Superior Proposal emerges, this will be announced to ASX, and your Western Areas Directors would carefully consider such Superior Proposal and advise Western Areas Shareholders accordingly.⁸

- (f) The tax consequences of the Scheme may not suit your current financial position or tax circumstances**

Implementation of the Scheme may trigger taxation consequences for Western Areas Shareholders. A general guide to the Australian taxation implications of the Scheme is set out in section 8.

All Western Areas Shareholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Western Areas Shareholders, foreign tax consequences.

1.4 Other considerations

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme.

- (a) Shareholder commitments to the Scheme**

- (i) Wyloo Consolidated Investments Pty Ltd, a major Western Areas shareholder, has committed to vote in favour of the transaction subject to the conditions noted below

As announced to ASX on 17 February 2022, Wyloo Consolidated Investments Pty Ltd (**Wyloo**), has undertaken to IGO to vote all 31,509,769 Western Areas Shares (9.8% of the total issued capital of Western Areas as at the Last Practicable Date) it holds in favour of the Scheme, subject to:

⁸ Western Areas is subject to exclusivity provisions under the Scheme Implementation Deed (see section 1.4(d) and part 8 of Annexure A).

- there being no Superior Proposal that remains a Superior Proposal after giving effect to any matching rights available to IGO Nickel under the Scheme Implementation Deed; and
- the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

Subject to the same conditions, Wyloo has also undertaken to not dispose of or acquire any Western Areas Shares, except pursuant to the implementation of the Scheme.

Wyloo's undertakings described above will cease if the Scheme Implementation Deed is terminated, Court approval of the Scheme is not granted by the End Date or one of the two conditions described above cease to apply.

- (ii) Perpetual Investment Management Limited, a Western Areas Shareholder, has committed to vote any shares it holds in favour of the transaction, in the absence of a Superior Proposal

As announced to ASX on 16 December 2021, Perpetual Investment Management Limited (**Perpetual**) has confirmed to IGO that if the Scheme proceeds, it intends to vote all of the Western Areas Shares that it holds (directly or indirectly) at the time of the Scheme Meeting, in favour of the Scheme, in the absence of a superior proposal or offer to acquire any of the Western Areas Shares it holds, and subject to Perpetual continuing to consider that the Scheme is in the best interests of its members.

At the time of the ASX announcement referred to above, Perpetual owned 14.7% of the total issued capital of Western Areas. However, it has subsequently disposed of a substantial number of those shares, and at the Last Practicable Date owns 1.02% of the total issued capital of Western Areas.

Perpetual has confirmed to IGO that this intention statement:

- does not prohibit Perpetual from selling any of its Western Areas Shares, in its absolute discretion, prior to the Scheme Meeting;
- is only valid until 6 months after 16 December 2021 (or earlier, if IGO decides not to pursue the Scheme); and
- will be subject to the content of ASIC's Regulatory Guide 25 (RG25).

The support of each of Perpetual and Wyloo are endorsements for the Scheme and, Western Areas believes will contribute meaningfully to the votes required to approve the Scheme at the Scheme Meeting. However, as is set out in section 1.3 above and despite the views of Western Areas Shareholders, there are a number of reasons why an individual Western Areas Shareholder may decide not to vote in favour of the Scheme.

Further, the support of each of Perpetual and Wyloo are subject to the conditions described above and are based on Perpetual's and Wyloo's own personal circumstances, objectives and financial situations. Each Western Areas Shareholder is encouraged to read this Scheme Booklet in detail and make their own decision as to how to vote.

(b) Implications for Western Areas if the Scheme is not implemented

If the Scheme is not implemented, Western Areas Shareholders will retain their Western Areas Shares and will not receive the Scheme Consideration. A summary of the key risks for Western Areas and Western Areas Shareholders if the Scheme is not implemented is set out in section 7.4.

Transaction related costs of approximately \$2.0m are expected to be incurred by Western Areas in the event the Scheme does not proceed. Refer to section 9.9 of this Scheme Booklet for more details.

(c) Conditions Precedent

The Scheme is subject to a number of conditions, which are summarised in section 3.5 and paragraph 1 of Annexure A of this Scheme Booklet.

If these conditions are not satisfied or (if permitted) waived (as applicable), the Scheme will not proceed (even if it has been approved by Western Areas Shareholders) and Western Areas Shareholders will not receive the Scheme Consideration as contemplated under the Scheme.

As at the date of this Scheme Booklet, the Western Areas Board is not aware of any matter that would result in the nonfulfillment of the conditions.

(d) Exclusivity obligations

The Scheme Implementation Deed provides that Western Areas is subject to certain exclusivity obligations and restrictions, including no existing discussions, no shop, no talk and notification obligations, and also provides that IGO Nickel has a matching right in respect of Competing Proposals. Refer to Annexure A for further information on these arrangements.

(e) Reimbursement Fees and Reverse Reimbursement Fees

If the Scheme does not become Effective, the Reimbursement Fee or the Reverse Reimbursement Fee (in either case, \$10.96m) may become payable by IGO Nickel or Western Areas (depending on the circumstances). The circumstances in which the Reimbursement Fee and the Reverse Reimbursement Fee would be payable by IGO Nickel or Western Areas (as the case may be) are summarised in Annexure A.

(f) Warranties and agreements by Scheme Shareholders

Under the Scheme, each Scheme Shareholder is taken to have warranted to Western Areas and IGO Nickel that:

- all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all encumbrances and interests of any third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Western Areas Shares to IGO Nickel together with any rights and entitlements attaching to those shares.

In addition, to the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred to IGO Nickel pursuant to the Scheme will, at the time of transfer, vest in IGO Nickel free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act*

2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(g) The Scheme may be implemented even if you vote against the Scheme or you do not vote at all

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Western Areas Shareholders and the Court. If this occurs, your Western Areas Shares will be transferred to IGO Nickel and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(h) You may wish to sell your Western Areas Shares on market

You may wish to sell your Western Areas Shares on market before the close of trading on the ASX on the Effective Date (currently expected to be on 8 June 2022) at the then prevailing market price (which could include prices at or above the Scheme Consideration).

If you sell your Western Areas Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Western Areas Shares until the Scheme is implemented.

(i) The opinion of the Independent Expert

Western Areas has appointed KPMG as the Independent Expert to opine on whether the Scheme is in the best interests of Western Areas Shareholders within an Independent Expert's Report. KPMG has appointed SRK as the Independent Technical Expert to prepare the Independent Technical Expert's Report contained in the Independent Expert's Report.

A complete copy of the Independent Expert's Report is attached at Annexure E to this Scheme Booklet. You are encouraged to read the Independent Expert's Report in its entirety.

Western Areas Shareholders should note that, in response to changing market conditions and transaction terms, there have been a number of draft opinions provided by the Independent Expert.

On 23 February 2022, Western Areas was provided a draft Independent Expert Report which concluded that the Initial Scheme Consideration was fair and reasonable to Scheme Shareholders and therefore, in the absence of a superior proposal, in the best interests of Scheme Shareholders. The Independent Expert' assessed value of a Western Areas share on a controlling interest basis was \$3.06 to \$3.78.

On 4 April 2022, following an extension to the Scheme timetable to allow Western Areas and the Independent Expert to consider the implications for medium to long-term nickel pricing of the significant increase in nickel price volatility following Russia's invasion of Ukraine in 24 February 2022, Western Areas was provided with an updated draft Independent Expert Report which included a draft opinion that as a result of changed market conditions the Scheme was now considered to be neither fair nor reasonable to Scheme Shareholders and therefore, not in their best interests. The Independent Expert's updated assessed value of a Western Areas share on a controlling interest basis was \$3.87 to \$4.88.

On 14 April 2022, following a request by Western Areas that KPMG consider the Increased Scheme Consideration, Western Areas was provided with the final draft Independent Expert Report in which the Independent Expert concluded that, based on the Increased Scheme Consideration of \$3.87 per Western Areas Share

(announced on 11 April 2022), the Scheme is not fair but is reasonable to Scheme Shareholders and therefore is, on balance, in the best interests of Scheme Shareholders in the absence of a superior proposal. The Independent Expert's final assessed valuation range of a Western Areas Share on a controlling interest basis is \$4.04 to \$5.23.

In relation to the assessed value of a Western Areas Share, the Independent Expert notes the following:

“SRK has assessed the aggregate value of residual resources and other mineral asset interests outside of the production scenarios prepared by it to lie in the range of \$318.8m to \$617.7m, which equates to a value of \$0.98 to \$1.89 per Western Areas share. Early-stage assets of this nature are inherently more uncertain than production and near-production assets such as the Forrestania Nickel Operation and the Cosmos Nickel Operation, both in terms of their ability to generate future cash flows and timing thereof.”

In determining the value for the residual resources that reside outside the current life of mine plan, the Western Areas Directors note that SRK has used a A\$/tonne of contained nickel for comparable transaction multiples, adjusted by normalising the multiples using the difference between the nickel spot price at the time of the comparable transaction and the 3-month rolling average nickel price (A\$36,882/t) as at the valuation date of 8 April 2022, which period captures the recent experienced volatility in nickel markets.

The Western Areas Directors note the impact that recent nickel prices have had on SRK's assessment of value for residual resources and other mineral assets interests and acknowledges the subjective nature of such assessment.

Western Areas Shareholders are encouraged to review the Independent Expert Report and the Independent Technical Assessment and Valuation Report carefully to understand the basis for the valuation assessment of Western Areas.

2. Frequently Asked Questions

This section answers some questions you may have about the Scheme. It is not intended to be exhaustive or address all relevant issues for Western Areas Shareholders and should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
OVERVIEW OF THE SCHEME		
Why have I received this Scheme Booklet?	<p>This Scheme Booklet has been sent to you because you are a Western Areas Shareholder and Western Areas Shareholders are being asked to vote on the Scheme at the Scheme Meeting. This Scheme Booklet is intended to help you consider and decide how to vote on the Scheme Resolution.</p> <p>Please disregard this Scheme Booklet if you have transferred or disposed of all of your Western Areas Shares as you will not be entitled to vote at the Scheme Meeting.</p>	Section 4
What is the Scheme?	<p>The Scheme is a scheme of arrangement between Western Areas and the Scheme Shareholders.</p> <p>A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in corporate transactions in Australia that may result in a change of ownership or control of a company (typically known as the "target" company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the "Requisite Majorities" (as defined in section 10).</p> <p>If the Scheme becomes Effective, IGO Nickel will acquire all of the Scheme Shares for the Scheme Consideration, and Western Areas will become a wholly-owned subsidiary of IGO Nickel.</p>	Section 3.1 and Annexure C
What do the Western Areas Directors recommend?	<p>The Western Areas Directors unanimously recommend that all Western Areas Shareholders (other than Excluded Shareholders⁹) vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.</p> <p>In relation to the unanimous recommendation of your Western Areas Directors, Western Areas Shareholders should note the arrangements described in section 1.2(a) (including that Western Areas Director, Daniel Lougher, has an interest in the outcome of the Scheme which may differ from those of other Western Areas Shareholders if the Scheme is implemented). The decision of Western Areas Directors to recommend the Scheme follows a</p>	Section 3.6

⁹ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of this Scheme Booklet, there are no "Excluded Shareholders".

Question	Answer	More information
	<p>comprehensive assessment by Western Areas of potential benefits and risks of the Scheme. Your Western Areas Directors consider that the Scheme has the potential to deliver greater benefits to Western Areas Shareholders than any other alternative currently available, including if the Scheme were to not be implemented. Section 1.2 of this Scheme Booklet provides a summary of the reasons why your Western Areas Directors consider that Western Areas Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.</p>	
<p>How do the Western Areas Directors intend to vote?</p>	<p>Each Western Areas Director will, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders, vote or procure the voting of, any Director Western Areas Shares at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting.</p> <p>Details of the Western Areas Directors' interests in Western Areas Shares are set out in section 9.1 of this Scheme Booklet.</p>	<p>Section 3.6</p>
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has concluded that the Scheme is not fair but is reasonable to Scheme Shareholders and is therefore, on balance, in the best interests of Scheme Shareholders, in the absence of a superior proposal.¹⁰</p> <p>Western Areas Shareholders should note that, in its report, the Independent Expert has made an assessment that the value of Western Areas Shares is between \$4.04 and \$5.23 per Western Areas Share which is above the Scheme Consideration of \$3.87 per Western Areas Share. However, the Independent Expert concludes that the Scheme is in the best interests of Western Areas Shareholders given, among other reasons, the Increased Scheme Consideration provides certainty as to value, and delivers a premium to both the undisturbed share price on 18 August 2021 and to the share price prior to announcement of the Increased Scheme Consideration on 11 April 2022.</p> <p>The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure E of this Scheme Booklet. Your Western Areas Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme. If the Independent Expert changes its conclusion (either in the Independent Expert's Report or any update of it), the Western Areas Board will consider the revised opinion and, if the Western Areas Board has received legal advice that a failure to change their recommendation would breach a director's fiduciary or statutory duty, may change their recommendation. In these circumstances, Western Areas may terminate the Scheme Implementation Deed.</p>	<p>Section 3.7 and Annexure E</p>

¹⁰ Refer to section 1.2(c) for more information in relation to the Independent Expert's conclusion.

Question	Answer	More information
<p>Have voting intention statements been received from any of Western Areas' shareholders?</p>	<p>Yes, voting intention statements have been received from Wyloo Consolidated Investments Pty Ltd (Wyloo) and Perpetual Investment Management Limited (Perpetual).</p> <p>As announced on 17 February 2022, Wyloo has undertaken to IGO to vote all 31,509,769 fully paid ordinary shares in Western Areas (9.8% of the total issued capital of Western Areas as at the Last Practicable Date) in favour of the Scheme, subject to:</p> <ul style="list-style-type: none"> a) there being no Superior Proposal that remains a Superior Proposal after giving effect to any matching rights available to IGO Nickel under the Scheme Implementation Deed; and b) the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders. <p>As announced to ASX on 16 December 2021, Perpetual has confirmed to IGO that if the Scheme proceeds, it intends to vote all of the Western Areas Shares that it holds (directly or indirectly) at the time of the Scheme Meeting, in favour of the Scheme, in the absence of a superior proposal or offer to acquire any of the Western Areas Shares it holds, and subject to Perpetual continuing to consider that the Scheme is in the best interests of its members.</p> <p>At the time of the ASX announcement referred to above, Perpetual owned 14.7% of the total issued capital of Western Areas. However, it has subsequently disposed of a substantial number of those shares, and at the Last Practicable Date owns 1.02% of the total issued capital of Western Areas.</p> <p>Perpetual has confirmed to IGO that this intention statement:</p> <ul style="list-style-type: none"> a) does not prohibit Perpetual from selling any of its Western Areas Shares, in its absolute discretion, prior to the Scheme Meeting; b) is only valid until 6 months after 16 December 2021 (or earlier, if IGO decides not to pursue the Scheme); and c) will be subject to the content of ASIC's Regulatory Guide 25 (RG25). 	<p>Section 9.5</p>
<p>What will be the effect of the Scheme?</p>	<p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> a) all of your Western Areas Shares will be transferred to IGO Nickel; b) in exchange, you will receive the Scheme Consideration; and c) Western Areas will be a wholly-owned subsidiary of IGO Nickel. 	<p>Section 3</p>
<p>What are the prospects of receiving a Superior Proposal?</p>	<p>Since the Scheme was announced on 16 December 2021, no Superior Proposal has emerged.</p> <p>Given the time that has elapsed since the announcement of the Scheme, your Western Areas Directors' view is that a</p>	<p>Section 1.2(a)</p>

Question**Answer****More
information**

Superior Proposal is unlikely to emerge prior to the Scheme Meeting. It is possible that, if Western Areas were to continue as an independent company, a Superior Proposal for Western Areas may emerge in the future.

If I wish to support the Scheme, what should I do?

If you wish to support the Scheme, you should vote in favour of the Scheme Resolution at the Scheme Meeting. See section 4 for details about the Scheme Meeting, directions on how to vote and important voting information generally. **Section 4**

If you are a registered Western Areas Shareholder and you are unable to attend the Scheme Meeting online, you may be entitled to vote by proxy, corporate representative or attorney.

Voting by proxy can be completed in one of the following ways:

- a) Online: At www.investorvote.com.au
- b) Mobile: Scan the QR Code on the proxy form provided to you and follow the prompts
- c) By mail: Complete and sign the proxy form provided to you and return the form to:
 - i. Computershare Investor Services Pty Limited:
GPO Box 242, Melbourne VIC 3001 Australia
- d) By fax: Complete and sign the proxy form provided to you and fax the form to:
 - i. If you are in Australia, 1800 783 447
 - ii. If you are outside Australia, +61 3 9473 2555
- e) Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Proxy forms must be received no later than 10.00am (AWST) on Monday, 30 May 2022.

Proxy forms received later than this time will be invalid.

Question	Answer	More information
<p>What are the consequences of the Scheme not being approved?</p>	<p>If the Scheme is not approved by the Requisite Majorities of Western Areas Shareholders or by the Court, the Scheme will not become Effective and will not be implemented. In these circumstances you will remain a Western Areas Shareholder.</p> <p>Further, if any other Condition Precedent to the Scheme is not satisfied or waived (where permitted), then in certain circumstances, the Scheme Implementation Deed may be terminated and in which case the Scheme will not be implemented.</p> <p>The consequences of the Scheme not being implemented include (but are not limited to) that:</p> <ul style="list-style-type: none"> a) you will retain your Western Areas Shares and continue to be exposed to the risks associated with an investment in Western Areas; b) you will not receive the Scheme Consideration; c) the Western Areas Board and Western Areas' management will continue to operate Western Areas' business, financial and operating plans it had in place prior to the Announcement Date, based on a nickel focused growth strategy with production from Forrestania, completion of the construction of Cosmos Nickel Operation and progression of nickel projects within Western Areas' quality portfolio; d) the expected benefits of the Scheme (set out in section 1.2) will not be realised; and e) the price of Western Areas Shares traded on ASX may fall, to the extent that the market price of Western Areas Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty). <p>Further information about the implications and risks for Western Areas Shareholders if the Scheme is not implemented is set out in section 3.13 and 7.4.</p>	<p>Section 3.13 and 7.4</p>
<p>What are the transaction costs associated with the Schemes?</p>	<p>The aggregate amount of the fees and expenses expected to be incurred by Western Areas in connection with the Scheme is approximately \$20.8m (excluding GST).</p> <p>Of this, approximately \$2.0m will be paid irrespective of whether the Scheme becomes Effective (and is implemented).</p> <p>These amounts do not include the transaction costs that may be incurred by IGO Nickel or IGO in relation to the Scheme.</p>	<p>Section 9.9</p>

Question	Answer	More information
THE SCHEME CONSIDERATION		
What will I receive if the Scheme is implemented?	Scheme Shareholders will receive a cash amount of \$3.87 for each Western Areas Share held as at the Scheme Record Date.	Section 3.2
Can IGO Nickel increase the Scheme Consideration?	<p>As announced to ASX on 11 April 2022, IGO has declared that the Scheme Consideration of \$3.87 cash for each Western Areas Share held as at the Scheme Record Date is its "last and final" offer, in the absence of a superior proposal. This statement in effect means that IGO cannot increase the Scheme Consideration any further unless a superior proposal emerges.</p> <p>As noted above, since the Scheme was announced on 16 December 2021, no Superior Proposal has emerged. Given the time that has elapsed since the announcement of the Scheme, your Western Areas Directors' view is that a Superior Proposal is unlikely to emerge prior to the Scheme Meeting.</p>	
When and how will I receive my Scheme Consideration?	<p>You will be eligible to receive the Scheme Consideration if you are a Scheme Shareholder on the Scheme Record Date.</p> <p>Further details about how and when you will be paid are set out in sections 3.2 and 3.3.</p>	Sections 3.2 and 3.3
How will Western Areas Performance Rights be treated?	<p>If the Court makes the Scheme Order, all unvested Western Areas Performance Rights will vest and be immediately exercised in accordance with their terms such that there are no outstanding Western Areas Performance Rights on issue as at the Scheme Record Date.</p> <p>Further details about how Western Areas Performance Rights will be treated are set out in section 3.9 and paragraph 6 of Annexure A.</p>	Section 3.9 and paragraph 6 of Annexure A
How will disposal restrictions on Western Areas Shares issued under the Western Areas Performance Right Plan and the Share Plan be treated?	<p>Upon the Court making the Scheme Order, any disposal restrictions on all:</p> <ul style="list-style-type: none"> Western Areas Shares issued under the Western Areas Performance Right Plan will be waived (and consent will be provided to enable the disposal of those shares); and Western Areas Shares issued under the Western Areas' Share Plan will cease, <p>such that those shares are capable of being transferred to IGO Nickel under the Scheme, and the holders of those shares are entitled to receive the Scheme Consideration. Western Areas has lodged a ruling application with the Australian Taxation Office seeking relief to allow any Western Areas Shares issued under the Share Plan to be transferred to IGO Nickel under the Scheme without impacting the tax treatment of any participant in the Share Plan.</p>	Section 3.9
Do I have to give any warranties in relation to my Scheme Shares?	<p>Under the Scheme, each Scheme Shareholder is taken to have warranted to Western Areas and IGO Nickel that:</p> <ol style="list-style-type: none"> all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all encumbrances 	Section 3.10

Question	Answer	More information
	<p>and interests of any third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and</p> <p>b) they have full power and capacity to transfer their Western Areas Shares to IGO Nickel together with any rights and entitlements attaching to those shares.</p>	
<p>What happens if the market price of Western Areas Shares increases or decreases prior to the Implementation Date?</p>	<p>Western Areas Shares will continue normal trading until the close of trading on the ASX on the Effective Date, currently expected to be 8 June 2022. Until this time, you can sell your Western Areas Shares on market at any time at the prevailing market price (which could include prices at or above the Scheme Consideration – refer to section 1.2(b) for a discussion of the recent trading history of Western Areas Shares and possible implications for Western Areas Shareholders).</p> <p>You will not be able to sell your Western Areas Shares on market after this time.</p> <p>If you sell your Western Areas Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Western Areas Shares until the Scheme is implemented.</p> <p>Following the Effective Date, trading of Western Areas Shares will cease and:</p> <p>a) all of your Western Areas Shares will be transferred to IGO Nickel;</p> <p>b) (irrespective of movements in the market price of Western Areas Shares), you will receive the Scheme Consideration of \$3.87 for each Western Areas Share held as at the Scheme Record Date; and</p> <p>c) Western Areas will become a wholly-owned subsidiary of IGO Nickel.</p>	<p>Section 1.2(b)</p>
<p>What are the tax implications of the Scheme?</p>	<p>If the Scheme becomes Effective, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain or disposal of Western Areas Shares.</p> <p>For further general information about the Australian tax consequences of the Scheme for certain Western Areas Shareholders, see section 8.</p> <p>The tax treatment may vary depending on your individual circumstances. Western Areas encourages you to seek independent professional taxation advice in relation to your particular circumstances.</p>	<p>Section 8</p>
<p>THE SCHEME MEETING AND VOTING DETAILS</p>		
<p>Can I vote at the Scheme Meeting?</p>	<p>Each Western Areas Shareholder who is registered on the Register 10.00am (AWST) on Monday, 30 May 2022 (other than Excluded Shareholders)¹¹ is entitled to attend and vote at the Scheme Meeting.</p>	<p>Section 4.5 and Annexure D</p>

¹¹ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of this Scheme Booklet, there are no "Excluded Shareholders".

Question	Answer	More information
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held electronically at 10.00am (AWST) on Wednesday, 1 June 2022, through an online platform at: https://meetnow.global/MA7TAS4 Details of how to access the online platform are contained in the Notice of Scheme Meeting set out in Annexure D.	Section 4.4 and Annexure D
What am I being asked to vote on?	You are being asked to vote on whether to approve the Scheme by voting on the Scheme Resolution. The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D of this Scheme Booklet.	Annexure D
What vote is required to approve the Scheme?	For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities, which are: <ul style="list-style-type: none"> a) (Headcount Test) unless the Court orders otherwise, a majority in number (i.e. more than 50%) of Western Areas Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate Western Areas Shareholders, by corporate representative); and b) (voting test) at least 75% of the total number of votes cast on the Scheme Resolution by Western Areas Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy, attorney, or in the case of corporate Western Areas Shareholders, by corporate representative). <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to other outstanding Conditions Precedent including the approval of the Court. The Court has discretion to waive the requirement for the Headcount Test to be passed. If, at the Scheme Meeting, Western Areas Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the Headcount Test, the Scheme Implementation Deed sets out a process under which either party may apply to the Court for a waiver of the Headcount Test.</p>	Section 3.8 and Annexure D

Question	Answer	More information
<p>How do I vote?</p>	<p>If you are a Western Areas Shareholder entitled to vote at the Scheme Meeting, you may vote:</p> <ul style="list-style-type: none"> • online: by attending and voting via the online platform; • by proxy: by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and returning your personalised proxy form or by lodging your proxy form online at www.investorvote.com.au in accordance with the instructions given there; • by attorney: by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or • by corporate representative: in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative. <p>To participate in the meeting, you can log in by entering the following URL https://meetnow.global/MA7TAS4 on your computer, tablet or smartphone. Online registration will open 1 hour before the meeting.</p> <p>To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the meeting to obtain their login details.</p> <p>To participate in the meeting online follow the instructions below.</p> <ol style="list-style-type: none"> 1. Click on 'Join Meeting Now'. 2. Enter your SRN/HIN. Proxyholders can contact Computershare on +61 3 9415 4024 between 12:00 noon (AWST) the day prior to the Scheme Meeting and the start of the Scheme Meeting to obtain their login details. 3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list. 4. Accept the Terms and Conditions and 'Click Continue'. <p>You can view the meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress.</p>	<p>Section 4 and Annexure D</p>
<p>Is voting compulsory?</p>	<p>No, voting is not compulsory. However, your vote is important and your Western Areas Directors encourage you to vote. If you cannot attend the Scheme Meeting online you should appoint a proxy, attorney or corporate representative (as applicable) to vote on your behalf. Your Western Areas Directors unanimously recommend that you vote in favour of</p>	<p>Section 4</p>

Question	Answer	More information
	the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.	
How will voting at the Scheme Meeting be conducted?	Voting at the Scheme Meeting will be conducted by way of a poll. This means that every Western Areas Shareholder at the Scheme Meeting who is present online, or by proxy, attorney or corporate representative, will have one vote for each Western Areas Share held by them.	Section 4.6 and Annexure D
What will happen to my Western Areas Shares if I do not vote, or vote against the Scheme, and the Scheme becomes Effective?	<p>If you do not vote, or if you vote against the Scheme Resolution at the Scheme Meeting, the Scheme may nevertheless become Effective if the Scheme Resolution is approved by the Requisite Majorities of Western Areas Shareholders and each other Condition Precedent is satisfied or waived (where permitted).</p> <p>If the Scheme becomes Effective, your Western Areas Shares will be transferred to IGO Nickel on the Implementation Date and you will receive the Scheme Consideration of \$3.87 for each Scheme Share. This will occur even if you voted against the Scheme Resolution at the Scheme Meeting.</p>	Sections 1.4(g) and 4.2
When will the result of the Scheme Meeting be available?	The results of the Scheme Meeting will be announced to the ASX website (www.asx.com.au) shortly after its conclusion and will also be made available on Western Areas' website at (www.westernareas.com.au).	
VOTING CONSIDERATIONS		
Why might I vote in favour of the Scheme?	<p>Reasons why you might vote in favour of the Scheme are set out in section 1.2 of this Scheme Booklet.</p> <p>Your Western Areas Directors consider that the reasons to vote in favour of the Scheme (including those summarised in section 1.2) outweigh the potential reasons to vote against the Scheme (including those summarised in section 1.3).</p>	Section 1.2
Why might I vote against the Scheme?	Reasons why you might vote against the Scheme are set out in section 1.3 of this Scheme Booklet.	Section 1.3
What happens if a Competing Proposal emerges?	<p>Until the Scheme becomes Effective, there is nothing preventing other parties from making unsolicited acquisition proposals for Western Areas.</p> <p>If, during the Exclusivity Period, Western Areas or any of its Related Bodies Corporate receives a Competing Proposal and Western Areas determines to take action in reliance on the fiduciary duty exception to the no talk restriction in the Scheme Implementation Deed:</p> <ol style="list-style-type: none"> (Notification of approaches) Western Areas must notify IGO Nickel of the identity of the Competing Bidder (subject to a fiduciary carve-out) and the material terms and conditions of the Competing Proposal (including the consideration, conditions precedent, proposed deal protection arrangements and timetable); (Matching right) if the Western Areas Board determines that the Competing Proposal is a Superior Proposal, IGO Nickel will be given a period of four Business Days during which IGO Nickel may make a matching or superior proposal to the terms of the Competing Proposal, and 	Annexure A

during this period Western Areas must not enter into, or agree to enter into, any binding documentation to give effect to the Competing Proposal; and

- c) **(Bidder Counterproposal)** if the Western Areas Board determines that IGO Nickel's Counterproposal would provide an equivalent or superior outcome for Western Areas Shareholders than that offered under the Competing Proposal, Western Areas and IGO Nickel must agree and enter into such documentation to give effect to IGO Nickel's Counterproposal.

Western Areas will be required to pay the Reimbursement Fee (of \$10.96 million) to IGO Nickel if (among other things):

- a) a Western Areas Director recommends or publicly supports or endorses a Competing Proposal; or
- b) a Competing Proposal is announced during the Exclusivity Period and, within 12 months, the Competing Bidder (together with any of its Associates):
- completes a Competing Proposal of the kind referred to in of paragraphs 2, 3 or 4 of the definition of Competing Proposal in the Scheme Implementation Deed;
 - enters into an agreement, arrangement or understanding with Western Areas or a member of the Western Areas Group which would require Western Areas to not proceed with the Transaction; or
 - acquires a Relevant Interest in more than 50% of the Western Areas Shares.

Western Areas will not be required to pay the Reimbursement Fee to IGO Nickel if the Scheme becomes Effective notwithstanding the occurrence of any events in paragraph (b) above and, if the Reimbursement Fee has already been paid it must be refunded by IGO Nickel.

If a Competing Proposal for Western Areas emerges prior to the Second Court Hearing, your Western Areas Directors will carefully consider the Competing Proposal and determine whether it is a Superior Proposal. Your Western Areas Directors will keep you informed of any material developments regarding Superior Proposals.

Further details about the exclusivity provisions in the Scheme Implementation Deed, and the circumstances in which the Reimbursement Fee may be payable, are set out in Annexure A.

Question	Answer	More information
CONDITIONS AND IMPLEMENTATION OF THE SCHEME		
What are the conditions to the Scheme?	<p>The Scheme is subject to a number of Conditions Precedent, some of which remain outstanding as at the date of this Scheme Booklet.</p> <p>A summary of the Conditions Precedent is set out in sections 3.5 and paragraph 1 of Annexure A of this Scheme Booklet.</p>	Section 3.4 and paragraph 1 of Annexure A
When will the Scheme become Effective?	<p>If:</p> <ul style="list-style-type: none"> the Scheme is approved by the Requisite Majorities of Western Areas Shareholders at the Scheme Meeting; the Court makes the Scheme Order at the Second Court Hearing (or following any appeal); and all of the other Conditions Precedent are satisfied or waived (where permitted), <p>the Scheme will become Effective on the date on which the Scheme Order is lodged with ASIC (this is the Effective Date).</p> <p>This is currently expected to occur on 8 June 2022.</p>	Section 3.8
What happens on the Implementation Date?	<p>On the Implementation Date:</p> <ul style="list-style-type: none"> IGO Nickel will acquire all the Scheme Shares and Western Areas will become a wholly-owned Subsidiary of IGO Nickel; and Scheme Shareholders will be paid the Scheme Consideration. <p>The Implementation Date is currently expected to be 20 June 2022.</p>	Section 3.8
When will Western Areas Shares cease trading on ASX?	<p>Western Areas Shares are expected to cease trading from the close of trading on ASX on the Effective Date (as defined above).</p>	Section 3.8
What happens if the Scheme is not implemented?	<p>If the Scheme is not implemented:</p> <ul style="list-style-type: none"> you will not receive the Scheme Consideration; and you will retain your Western Areas Shares and continue to have exposure to the benefits and risks associated with an investment in Western Areas, <p>and, in the absence of a Competing Proposal:</p> <ul style="list-style-type: none"> Western Areas will continue to operate as a standalone entity and remain listed on the ASX; and the price of Western Areas Shares traded on ASX may fall, to the extent that the market price for Western Areas Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty). 	Section 1.4(a) and 7.4.

Question	Answer	More information
Can the Scheme Implementation Deed be terminated?	<p>The Scheme Implementation Deed may be terminated in certain circumstances. These are summarised in paragraph 2 of Annexure A.</p> <p>If the Scheme Implementation Deed is terminated, the Scheme will not proceed. In certain circumstances, termination of the Scheme Implementation Deed may trigger payment of a Reimbursement Fee or Reverse Reimbursement Fee, as applicable.</p> <p>Further detail about the circumstances in which reimbursement fees are payable by Western Areas and IGO Nickel are set out in paragraph 9 of Annexure A.</p>	Paragraph 2 of Annexure A
Is there a reimbursement fee or reverse reimbursement fee payable?	<p>Under the Scheme Implementation Deed, a Reimbursement Fee of \$10.96 million may become payable by Western Areas to IGO Nickel, or a Reverse Reimbursement Fee may become payable by IGO Nickel to Western Areas, if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities will not trigger the payment of the Reimbursement Fee by Western Areas.</p> <p>The circumstances in which reimbursement or reverse reimbursement fees are payable by Western Areas and IGO Nickel are set out in paragraph 9 of Annexure A.</p>	Section 1.4(e) and paragraph 9 of Annexure A
INFORMATION ABOUT IGO and IGO Nickel		
Who is IGO and the IGO Group	<p>IGO is a Western Australian-based ASX 100 listed diversified mining and exploration company, focused on discovering, developing and delivering minerals critical to clean energy. The IGO Group produces nickel-copper-cobalt from its 100% owner-operated Nova nickel-copper-cobalt operation in Western Australia and holds a 49% interest in a lithium focused joint venture (TLEA), with Tianqi Lithium Corporation.</p>	Section 6.2
Who is IGO Nickel?	<p>IGO Nickel is a wholly-owned Subsidiary of IGO. If the Scheme becomes Effective, IGO Nickel will be used to directly acquire all the shares in Western Areas.</p>	Section 6.3
Does the IGO Group have a Relevant Interest in Western Areas Shares?	<p>As at the date of this Scheme Booklet and as disclosed in IGO and IGO Nickel's notice of initial substantial holder released to ASX on 18 February 2022, IGO, IGO Nickel and their Associates have a Relevant Interest and voting power in 9.8% of Western Areas Shares pursuant to a voting undertaking signed by Wyloo Consolidated Investments Pty Ltd in favour of IGO Nickel, dated 17 February 2022.</p> <p>A copy of the notice of initial substantial holder (including a full copy of the voting undertaking attached to that notice) is available on the ASX website at www.asx.com.au.</p>	Sections 1.4(a)(i), 6.9 and 9.5

Question	Answer	More information
ADDITIONAL INFORMATION		
Can I sell my Western Areas Shares now?	<p>You can sell your Western Areas Shares on market at any time before close of trading on ASX on the Effective Date at the then prevailing market price (which could include prices at or above the Scheme Consideration – refer to section 1.2(b) for a discussion of the recent trading history of Western Areas Shares and possible implications for Western Areas Shareholders).</p> <p>Western Areas intends to apply to ASX for Western Areas Shares to be suspended from official quotation on ASX from close of trading on the Effective Date (which is currently expected to be 8 June 2022).</p> <p>You will not be able to sell your Western Areas Shares on market after this time.</p> <p>If you sell your Western Areas Shares on market, you may be required to pay brokerage, and different tax consequences may apply compared to those that would arise if you retained your Western Areas Shares until the Scheme is implemented.</p>	Section 3.8
Will I need to pay brokerage or stamp duty?	Scheme Shareholders will not incur any brokerage or stamp duty on the transfer of their Scheme Shares under the Scheme.	Section 8
Is there a number that I can call if I have further queries about the Scheme?	If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday, excluding public holidays.	-

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3. SUMMARY OF THE SCHEME

3.1 Introduction

On 16 December 2021, Western Areas and IGO announced that they had entered into a Scheme Implementation Deed, under which it is proposed that IGO Nickel will acquire all of the issued shares in Western Areas pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act. On 11 April 2022, Western Areas and IGO announced that they had negotiated to increase the Scheme Consideration to \$3.87 cash per Western Areas Share, with consequential amendments to the Scheme Implementation Deed.

A summary of the Scheme Implementation Deed (as amended) is contained in Annexure A of this Scheme Booklet. A full copy of the Scheme (as amended) is also contained in Annexure B of this Scheme Booklet.

If the Scheme is implemented, IGO Nickel will acquire all of the Western Areas Shares held by Western Areas Shareholders and Western Areas will become a wholly-owned Subsidiary of IGO Nickel. Subject to the Scheme becoming Effective, Western Areas will request that ASX remove Western Areas from the official list of ASX on the Business Day after the Implementation Date.

The Scheme is subject to various Conditions Precedent, including (among other things), approval by the Requisite Majorities of Western Areas Shareholders at the Scheme Meeting, and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date. For further details of the Conditions Precedent to the Scheme, please see section 3.5 and paragraph 1 of Annexure A.

If the Scheme becomes Effective, Scheme Shareholders will be paid the Scheme Consideration on the Implementation Date.

3.2 Scheme Consideration

If the Scheme becomes Effective, Scheme Shareholders who are registered in the Register on the Scheme Record Date will receive a cash payment of \$3.87 for each Western Areas Share held by Western Areas Shareholders on the Scheme Record Date. The Scheme Consideration will be paid by IGO Nickel to Western Areas by no later than the Business Day before the Implementation Date, and then paid by Western Areas to Scheme Shareholders on the Implementation Date (which is currently expected to be 20 June 2022).

3.3 Payment of the Scheme Consideration

On Western Areas receiving payment in cleared funds of an amount equal to the Scheme Consideration from IGO Nickel (refer to section 3.2 above and section 3.4 below), Western Areas will make all payments of the Scheme Consideration to Scheme Shareholders as follows:

- (a) where a Scheme Shareholder has, before the Scheme Record Date, validly elected to receive dividends by electronic funds transfer to the bank account nominated by the Scheme Shareholder – by transfer into that account;
- (b) where a Scheme Shareholder has nominated a bank account by an appropriate authority from the Scheme Shareholder to Western Areas – by transfer to that account; or
- (c) otherwise, by cheque dispatched by prepaid post to your Registered Address.

For Western Areas Shares held in joint names, Western Areas will make the payment to the joint holders and will send the relevant amount to the holder whose name appears first in the Register as at the Scheme Record Date, or to the joint holders. You should be aware that

if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the cash payments described above may also be delayed.

3.4 Deed Poll

On 16 December 2021, IGO Nickel and IGO executed a Deed Poll in favour of the Scheme Shareholders, pursuant to which IGO Nickel undertakes to:

- (a) pay an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into a trust account operated by Western Areas as trustee for the Scheme Shareholders; and
- (b) undertake all other actions attributed to it under the Scheme.

Under the Deed Poll, IGO undertakes in favour of the Scheme Shareholders to procure that IGO Nickel undertakes all actions attributed to it under the Scheme and guarantees the due and punctual performance of IGO Nickel's obligations.

A copy of the Deed Poll is contained in Annexure D of this Scheme Booklet.

3.5 Conditions to the Scheme

Pursuant to the Scheme Implementation Deed, a number of Conditions Precedent must be satisfied or waived (where permitted) before the Scheme can be implemented. Some of the Conditions Precedent include the following:

- (a) **Western Areas Shareholder approval:** The Scheme is approved at the Scheme Meeting by the Requisite Majorities;
- (b) **Independent Expert:** The Independent Expert does not change its conclusion that the Scheme is in the best interests of Western Areas Shareholders in any written update to its Independent Expert's Report at any time prior to 8.00am on the Second Court Date;
- (c) **Court Approval:** The Court makes the Scheme Order; and
- (d) **Other approvals:** Any other approvals, consents, waivers, exemptions or declarations that are necessary or required by law, or by any Government Agency, to implement the Scheme are obtained on an unconditional basis and none have been revoked, suspended, restricted or amended (or become subject of any indication of intention to do such thing) before 8.00am on the Second Court Date.

As at the Last Practicable Date, your Western Areas Directors are not aware of any circumstances which would cause any outstanding Condition Precedent to not be satisfied or waived (where permitted).¹² However, certain of the outstanding Conditions Precedent are outside of the control of Western Areas, IGO Nickel and IGO. The risks associated with a failure to obtain, or delay in, satisfaction or waiver of the Conditions Precedent are discussed further in section 7.1.

3.6 Western Areas Directors' unanimous recommendation and voting intentions

Your Western Areas Directors unanimously recommend that you vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders. Each Western Areas Director will vote or procure the voting of

¹² Please refer to section 6.11 in relation to the clearance sought by IGO for the Transaction from the ACCC through the informal merger review process.

their Director Shares in favour of the Scheme at the Scheme Meeting, subject to those same qualifications.

As at the Last Practicable Date, your Western Areas Directors held Relevant Interests in an aggregate of 780,609 Western Areas Shares, comprising approximately 0.24% of the issued capital in Western Areas. See section 9.1 of this Scheme Booklet for more information about the interests of your Western Areas Directors in Western Areas Shares.

Your Western Areas Directors believe that the reasons for you to vote in favour of the Scheme outweigh the reasons to vote against the Scheme. Some of these reasons, and other relevant considerations for Western Areas Shareholders, are set out in section 1 of this Scheme Booklet.

3.7 Independent Expert's conclusion

Your Western Areas Directors have appointed KPMG as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is in the best interests of Scheme Shareholders, in the absence of a superior proposal.¹³

The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure E of this Scheme Booklet. Your Western Areas Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.

3.8 Key steps to implement the Scheme

The key steps to implement the Scheme and relevant information concerning these steps are set out below. All dates following the Scheme Meeting are indicative only and may be subject to change. Western Areas will announce to ASX any change to the dates in the timetable set out in the "Important Dates and Expected Timetable for the Scheme" section of this Scheme Booklet.

Step 1. Scheme Meeting and Western Areas Shareholder approval

At the First Court Hearing, the Court made the requisite orders that the Scheme Meeting should be convened and that this Scheme Booklet (containing the explanatory statement for the Scheme for the purposes of section 412(1) of the Corporations Act and the Notice of Scheme Meeting) be despatched to Western Areas Shareholders.

The Scheme Meeting is scheduled to be held electronically at 10.00am (AWST) on Wednesday, 1 June 2022, through an online platform at: <https://meetnow.global/MA7TAS4>. The Notice of Scheme Meeting (which contains the Scheme Resolution) is set out in Annexure D of this Scheme Booklet. Further details about how the Scheme Meeting will take place are set out in section 4.4.

At the Scheme Meeting, Western Areas Shareholders (other than Excluded Shareholders) will be asked to approve the Scheme by voting on the Scheme Resolution. The Requisite Majorities of Western Areas Shareholders required to approve the Scheme Resolution are:

- (i) **(Headcount Test)** unless the Court orders otherwise, a majority in number (ie more than 50%) of Western Areas Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate Western Areas Shareholders, by corporate representative); and

¹³ Refer to section 1.2(c) for more information in relation to the Independent Expert's conclusion.

- (ii) **(voting test)** at least 75% of the total number of votes cast on the Scheme Resolution by Western Areas Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person, or by proxy, attorney or, in the case of corporate Western Areas Shareholders, body corporate representative).

Voting on the Scheme Resolution will be conducted by way of a poll. Western Areas Shareholders (who are present online, or by proxy, attorney or corporate representative) will have one vote for each Western Areas Share that they hold.

The Court has the power to waive the requirement for the Headcount Test to be passed. If, at the Scheme Meeting, Western Areas Shareholder approval for the Scheme is not obtained only by reason of non-satisfaction of the Headcount Test, the Scheme Implementation Deed sets out a process under which the parties may apply to the Court for a waiver of the Headcount Test. Of course, in those circumstances, there is no guarantee that the Court will grant such a waiver.

Guidance on eligibility for voting, and instructions on how to participate in and vote at the Scheme Meeting, are set out in section 4 and the Notice of Scheme Meeting in Annexure D of this Scheme Booklet. Voting is not compulsory, however, your vote is important and your Western Areas Directors encourage you to vote by attending the Scheme Meeting online or alternatively by appointing a proxy, attorney or corporate representative in accordance with the instructions in section 4.6.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and announced to the ASX (www.asx.com.au).

Please note that the Scheme Meeting may not be postponed or adjourned without the prior written approval of IGO Nickel. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

Steps 2 to 5 described below will only occur if the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting.

Step 2. Second Court Hearing and Court approval of the Scheme

Western Areas will apply to the Court for an order approving the Scheme (known in this Scheme Booklet as the "Scheme Order") if:

- (i) the Scheme Resolution is approved by the Requisite Majorities at the Scheme Meeting (including where the requirement to pass the Headcount Test is waived by the Court); and
- (ii) all of the other Conditions Precedent that are capable of satisfaction or waiver (where permitted) by the Second Court Date have been satisfied or waived by that time.

Western Areas' application to the Court to grant the Scheme Order will be heard by the Court at the Second Court Hearing. The Second Court Hearing is expected to take place on 7 June 2022 (referred to in this Scheme Booklet as the **Second Court Date**). The Court may refuse to approve the Scheme even if the Scheme Resolution is approved by the Requisite Majorities of Western Areas Shareholders.

ASIC has been requested to issue a written statement indicating that it has no objection to the Scheme. Typically, ASIC provides this statement shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Any Western Areas Shareholder and, with the Court's permission, any other interested person, has a right to seek leave to appear at the Second Court Hearing to oppose the approval of the Scheme by the Court, or to make submissions to the Court in relation to the Scheme. If you wish to oppose approval of the Scheme by the Court at the Second Court Hearing, you may do so by filing with the Court, and serving on Western Areas, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Western Areas at least one Business Day prior to the Second Court Date.

If the Court refuses to make any orders or confirmations for the purposes of approving the Scheme, Western Areas may appeal the Court's decision (this is referred to in this Scheme Booklet as an **Appeal**).

Step 3. Effective Date and Suspension of Trading in Western Areas Shares

If the Court makes the Scheme Order at the Second Court Hearing (or following any Appeal), Western Areas will lodge an office copy of the Scheme Order with ASIC. Once lodged, the Scheme will become Effective and binding on IGO Nickel, IGO and Western Areas and each Scheme Shareholder (the date of lodgement of the Scheme Order with ASIC is referred to in this Scheme Booklet as the **Effective Date**).

If the Scheme becomes Effective, Western Areas will:

- notify ASX of that fact and lodge a copy of the Scheme Order with ASX; and
- apply to ASX to suspend trading of Western Areas Shares from close of trading on the Effective Date.

It is expected that trading in Western Areas Shares on ASX will be suspended from close of trading on the Effective Date. If the Scheme Order is made (and the Second Court Hearing occurs on the expected date), the Effective Date is expected to be 8 June 2022.

Once the Scheme becomes Effective, each Scheme Shareholder, without the need for any further act, irrevocably appoints Western Areas and each of its directors and officers (jointly and each of them severally) as its attorney and agent for the purposes of enforcing the Deed Poll against IGO Nickel and IGO and executing any document or doing any other act necessary, expedient or incidental to give full effect to the Scheme and the transactions contemplated by it. This includes executing a proper instrument of transfer in respect of a Scheme Shareholder's Scheme Shares.

Step 4. Scheme Record Date and entitlement to Scheme Consideration

Only those Western Areas Shareholders on the Register on the Scheme Record Date (currently expected to be 7.00pm (AWST) on 10 June 2022) (other than Excluded Shareholders), will be entitled to receive the Scheme Consideration in respect of the Western Areas Shares they hold at that time.

(i) Dealings in Western Areas Shares on or prior to the Scheme Record Date

To establish who is a Scheme Shareholder (ie a Western Areas Shareholder on the Scheme Record Date), dealings in Western Areas Shares will only be recognised if:

- (A) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Register as the holder of the relevant Western Areas Shares as at the Scheme Record Date; and

- (B) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received at the place where the Register is kept before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

Western Areas will not accept for registration, nor recognise for any purpose (except a transfer to IGO Nickel pursuant to the Scheme and any subsequent transfer by IGO Nickel or its successors in title) any transfer or transmission application or other request received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form.

(ii) Dealings in Western Areas Shares after the Scheme Record Date

If the Scheme becomes Effective, each Scheme Shareholder (and any person claiming through any Scheme Shareholder) must not dispose of, or purport or agree to dispose of, any Scheme Share or any interest in them on or after the Scheme Record Date, other than pursuant to the Scheme. Any attempt to do so will have no effect, and Western Areas will disregard any such disposal.

For the purposes of determining entitlements to the Scheme Consideration, Western Areas must maintain the Register in its form as at the Scheme Record Date. The Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- (A) all statements of holding for Scheme Shares (other than statements of holding in favour of IGO Nickel or any Excluded Shareholders) will cease to have any effect as documents relating to title in respect of those shares; and
- (B) each entry on the Western Areas Register will cease to have effect, other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

Step 5. Implementation

The Implementation Date for the Scheme is the date which is five Business Days after the Scheme Record Date (unless otherwise agreed between Western Areas, IGO Nickel and IGO). IGO Nickel must, no later than the Business Day before the Implementation Date, deposit or procure the deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account operated by Western Areas as trustee for the Scheme Shareholders.

Subject to provision of the Scheme Consideration by IGO Nickel in the manner contemplated above, on the Implementation Date, Western Areas will:

- (i) pay or procure the payment of such amount of cash as is due to each Scheme Shareholder as Scheme Consideration;
- (ii) execute on behalf of Scheme Shareholders, instruments of transfer of the Scheme Shares to IGO Nickel; and
- (iii) register all transfers of the Scheme Shares to IGO Nickel.

3.9 Western Areas Performance Rights and Share Plan Shares

Under the Scheme Implementation Deed, Western Areas is required to, upon the Court making the Scheme Order, procure that all unvested Western Areas Performance Rights will vest and be immediately exercised in accordance with their terms such that there are no outstanding Western Areas Performance Rights on issue as at the Scheme Record Date. As such, a holder of resulting Western Areas Shares issued following the vesting and exercise of Western Areas Performance Rights will be entitled to participate in the Scheme (such that, provided the holder is a Scheme Shareholder as at the Scheme Record Date, those shares are capable of being transferred to IGO Nickel under the Scheme).

Additionally, upon the Court making the Scheme Order, Western Areas is required to procure that any disposal restrictions on all:

- Western Areas Shares issued under the Western Areas Performance Right Plan are waived (or otherwise consent is provided to enable the disposal of those shares); and
- Western Areas Shares issued under Western Areas' Share Plan cease,

in accordance with their terms, such that those shares are capable of being transferred to IGO Nickel under the Scheme.

Under the Share Plan, participants are not permitted to dispose of any Share Plan Share or a beneficial interest in any Share Plan Share until the earlier of:

- (a) 3 years after the Share Plan Share was acquired, or such earlier time as the Commissioner of Taxation (**Commissioner**) allows under s 83A-45(5)(a) of the *Income Tax Assessment Act 1997* (Cth) (**Income Tax Act**); and
- (b) the time when the participant ceases to be an employee of Western Areas or the Western Areas Group,

(the **Minimum Holding Period**).

As permitted under the Share Plan, and in accordance with Western Areas' obligations under the Scheme Implementation Deed, the Western Areas Board has determined that, subject to the Scheme becoming Effective, any disposal restrictions in relation to the Share Plan Shares will cease immediately prior to the time at which the Western Areas Shares are transferred to IGO Nickel under the Scheme on the Implementation Date.

The Minimum Holding Period is imposed for the purposes of complying with the requirements of s 83A-35(1) of the Income Tax Act. Western Areas has lodged a ruling application with the Australian Taxation Office requesting that the Commissioner exercise his discretion to allow the Minimum Holding Period to end at the time of disposal of the Share Plan Shares to IGO Nickel under the Scheme (being the Implementation Date). The Commissioner's decision will not impact the Scheme, and is only relevant to the tax position for participants in Western Areas' Share Plan.

Accordingly, the Western Areas Shares issued under the Western Areas Performance Right Plan and Western Areas' Share Plan will participate in the Scheme, such that the holders of those resulting Western Areas Shares will receive the Scheme Consideration in respect of those Western Areas Shares. Details about Western Areas' securities (including Western Areas Shares and Western Areas Performance Rights) held by or on behalf of the Western Areas Board are set out in section 9.1.

3.10 Deemed warranties by Scheme Shareholders

Under the Scheme, each Scheme Shareholder is taken to have warranted to Western Areas and IGO Nickel that:

- all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the date of the transfer, be fully paid and free from all encumbrances and interests of any third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Western Areas shares to IGO Nickel together with any rights and entitlements attaching to those shares.

3.11 Delisting from ASX

If the Court approves the Scheme and the Scheme is implemented, IGO will apply for termination of the official quotation of Western Areas Shares on the ASX and the removal of Western Areas from the ASX's official list on or shortly after the Implementation Date.

3.12 End Date

The Scheme Implementation Deed may be terminated by either party if any of the Conditions Precedent are not, or will not, be satisfied by the End Date, or it becomes more likely than not that the Scheme will not become Effective on or before the End Date. The right to terminate is subject to a requirement that the parties consult in good faith to determine if the Transaction can proceed by alternative means.

Additionally, the Scheme may be terminated by either party if the Effective Date for the Scheme has not occurred, or will not occur, by the End Date (currently 31 July 2022, unless extended in accordance with the Scheme Implementation Deed).

3.13 Implications if the Scheme is not implemented

If the Scheme is not implemented:

- unless Western Areas Shareholders choose to sell their Western Areas Shares on the ASX, Western Areas Shareholders will continue to hold their Western Areas Shares and will be exposed to general risks as well as risks specific to Western Areas, including those set out in section 7 of this Scheme Booklet;
- Western Areas Shareholders will not receive the Scheme Consideration;
- a Reimbursement Fee of \$10.96m may be payable by Western Areas to IGO Nickel, and a Reverse Reimbursement Fee may be payable by IGO Nickel to Western Areas, in certain circumstances. Those circumstances do not include (in respect of the Reimbursement Fee) the failure by Western Areas Shareholders to approve the Scheme at the Scheme Meeting. Further information regarding reimbursement fees is set out in section 1.4(e) and paragraph 9 of Annexure A;
- transaction-related costs of approximately \$2.0m are expected to be incurred by Western Areas irrespective of whether or not the Scheme is ultimately implemented. Further details of the estimated fees and expenses in relation to the Scheme are set out in section 9.9;
- Western Areas will continue to operate as a standalone, ASX-listed entity with management continuing to implement the business, financial and operating plans it had in place prior to the Announcement Date, based on a nickel focused growth strategy with production from Forrestania, completion of the construction of Cosmos Nickel Operation and progression of nickel projects within Western Areas' quality portfolio; and

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- (f) the price of Western Areas Shares traded on ASX may fall, to the extent that the market price of Western Areas Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty).

Further information about the risks to Western Areas Shareholders if the Scheme is not implemented is set out in section 7.4.

4. YOUR CHOICE AS A WESTERN AREAS SHAREHOLDER AND HOW TO VOTE AT THE SCHEME MEETING

4.1 What you should do

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

Western Areas Shareholders should refer to sections 1.2 and 1.3 of this Scheme Booklet for further guidance on the reasons to vote for and against the Scheme, and to section 1.4 for other important considerations relating to your vote. As noted elsewhere in this document, this Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any individual Western Areas Shareholder.

There are answers to questions you might have in section 2.

If you have any additional questions about this Scheme Booklet or the Scheme, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday, excluding public holidays. If you require further advice in relation to the Scheme, contact your legal, financial, taxation or other professional adviser.

Anyone entitled to attend the Scheme Meeting may obtain a free paper copy of this Scheme Booklet from Western Areas' website (www.westernareas.com.au) or upon request to Computershare through the Western Areas Shareholder Information Line.

4.2 Your choices as a Western Areas Shareholder

As a Western Areas Shareholder, you have four choices currently available to you, which are as follows:

Vote in favour of the Scheme

This is the course of action unanimously recommended by the Western Areas Directors, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

To follow the Western Areas Directors' unanimous recommendation, you should vote in favour of the Scheme at the Scheme Meeting. For a summary of how to vote on the Scheme, please refer to this section 4 and the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet.

Vote against the Scheme

If, despite the Western Areas Directors' unanimous recommendation and the Independent Expert's conclusion (that the Scheme is in the best interests of Western Areas Shareholders, in the absence of a superior proposal), you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.

However, if all the Conditions Precedent for the Scheme are satisfied or waived (if capable of waiver) and the Scheme becomes Effective, the Scheme will bind all Western Areas Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting and those who do not vote at all.

Sell your Western Areas Shares on the ASX

The Scheme does not preclude you from selling some or all of your Western Areas Shares on market for cash, if you wish, provided you do so before close of trading on the ASX on the Effective Date (currently expected to be 8 June 2022), when trading in Western Areas Shares will end.

If you are considering selling some or all of your Western Areas Shares:

- you should have regard to the prevailing trading prices of Western Areas Shares and compare those to the Scheme Consideration. You may ascertain the current trading prices of Western Areas Shares through the ASX website (www.asx.com.au); and
- you should contact your stockbroker for information on how to effect that sale, and you should also contact your financial, taxation, legal or other professional adviser.

Western Areas Shareholders who sell some or all of their Western Areas Shares on market:

- may receive payment (which may vary from the Scheme Consideration) for the sale of their Western Areas Shares sooner than they would receive the Scheme Consideration under the Scheme;
- may incur a brokerage charge;
- will not be able to participate in the Scheme or, if one emerges, a Superior Proposal, in respect of those Western Areas Shares they have sold; and
- may be liable for tax on the disposal of their Western Areas Shares (as they also may be under the Scheme – see section 8 of this Scheme Booklet).

Do nothing

Western Areas Shareholders who elect not to vote at the Scheme Meeting on Wednesday, 1 June 2022 or do not sell their Western Areas Shares on market will:

- if the Scheme is implemented – have their Western Areas Shares transferred to IGO Nickel by operation of the Scheme and receive the Scheme Consideration; or
 - if the Scheme is not implemented – retain their Western Areas Shares.
-

4.3 Your vote is important

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting.

Your Western Areas Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

If you are unable to attend the Scheme Meeting, your Western Areas Directors recommend that you lodge your proxy via one of the below methods:

- (a) Online: At www.investorvote.com.au
- (b) Mobile: Scan the QR Code on the proxy form provided to you and follow the prompts.
- (c) By mail: Complete and sign the proxy form provide to you and return the form to:

Computershare Investor Services Pty Limited
GPO Pox 242, Melbourne VIC 3001 Australia
- (d) By fax: Complete and sign the proxy form provided to you and fax the form to:
 - (i) If you are in Australia, 1800 783 447
 - (ii) If you are outside Australia, +61 3 9473 2555
- (e) Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

4.4 Details of the Scheme Meeting

The Scheme Meeting will be held electronically at 10.00am (AWST) on Wednesday, 1 June 2022, through an online platform at: <https://meetnow.global/MA7TAS4>

Details of how to access the online platform are contained in the Notice of Scheme Meeting at Annexure D. Additional details about the proceedings at the Scheme Meeting are set out in section 3.8 and in the Notice of Scheme Meeting contained in Annexure D of this Scheme Booklet. Please note that the Scheme Meeting may be postponed or adjourned if satisfaction or waiver of a Condition Precedent (where permitted) is delayed. Any postponement or adjournment of the Scheme Meeting will be announced to ASX.

4.5 Entitlement to vote

Each Western Areas Shareholder who is entered on the Register at 10.00am (AWST) on Monday, 30 May 2022 (other than Excluded Shareholders) will be entitled to attend and vote at the Scheme Meeting online, by proxy or attorney, or in the case of a corporate Western Areas Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting.

Details about the permitted methods of voting are set out in section 4.6 and in Annexure D of this Scheme Booklet.

4.6 How to vote

Voting on the Scheme Resolution will be conducted by way of a poll.

If you are a Western Areas Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **online:** by attending and voting via the online platform at: <https://meetnow.global/MA7TAS4>;
- **by proxy:** by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by completing and returning your personalised proxy form (or by lodging your proxy form online at www.investorvote.com.au in accordance with the instructions given there);
- **by attorney:** by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- **by corporate representative:** in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Further information on how to vote using each of these methods is contained in the Notice of Scheme Meeting attached as Annexure D to this Scheme Booklet.

If you are in favour of the Scheme, you should vote in favour of the Scheme.

The Scheme will not be implemented unless the Scheme is approved by the Requisite Majorities of Western Areas Shareholders at the Scheme Meeting.

4.7 How to ask questions

Western Areas Shareholders who would like to ask questions at the Scheme Meeting are invited to do so in writing before the Scheme Meeting by emailing their question(s) to info@westernareas.com.au prior to 10.00am (AWST) on Monday, 30 May 2022.

Alternatively, Western Areas Shareholders can submit questions when attending the Scheme Meeting online via the online platform.

Due to time constraints, Western Areas cannot guarantee that all questions asked prior to or at the Scheme Meeting will be answered.

5. OVERVIEW OF WESTERN AREAS

5.1 Introduction

The information contained in this section 5 has been prepared by Western Areas. The information concerning Western Areas, and the intentions, views and opinions contained in this section 5 are the responsibility of Western Areas. Additional information is included in the Independent Expert's Report attached in Annexure E. IGO Nickel and IGO do not assume any responsibility for the accuracy or completeness of the information in this section 5.

5.2 Overview of Western Areas

Founded in 1999 and listed on the ASX in 2000 (ASX code: WSA), Western Areas is an Australian based nickel miner, with a portfolio of production, development and exploration assets primarily located in Western Australia. Western Areas aims to be a sustainable and profitable, nickel focussed, base metal miner, building value and scale while maintaining financial strength.

The primary growth asset of Western Areas is the 100% owned Cosmos Nickel Operation (**Cosmos** or **CNO**), a development nickel operation situated approximately 40km north of Leinster. At CNO, Western Areas is focused on the construction of the Odysseus nickel mine and associated deposits.

Western Areas' main operational asset is the 100% owned Forrestania Nickel Operation (**Forrestania**), a nickel concentrate producing operation which is located approximately 400km east of Perth. Forrestania consists of the Flying Fox and Spotted Quoll mines and the Cosmic Boy nickel concentrator.

Flying Fox and Spotted Quoll are mature operations having provided consistent feed for concentration since 2006 and 2010 respectively. Nickel concentrate produced at Forrestania is sold into offtake agreements with BHP Billiton Nickel West and Jinchuan Group.

Forrestania produced 16.2kt of nickel in concentrate at a cash cost of \$4.23/lb in FY21, generating revenues of \$257m and EBITDA of \$74m.

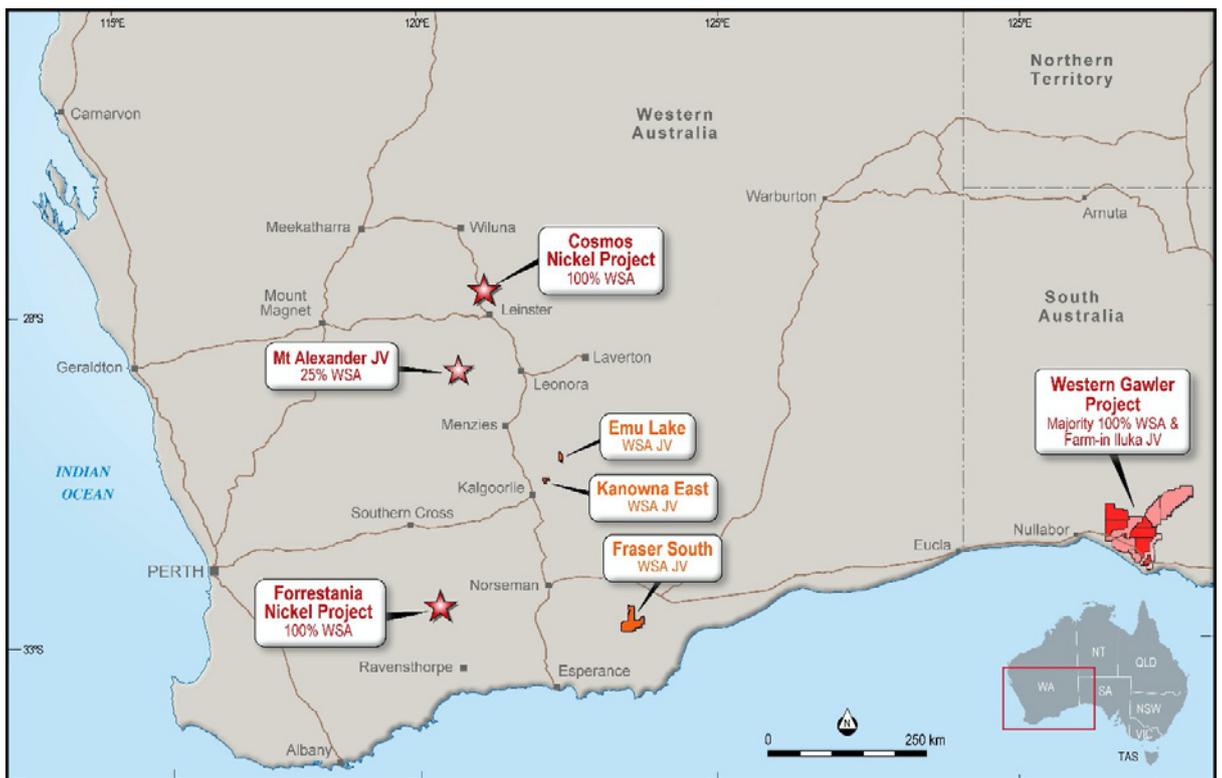
As at 31 December 2021 the company had a strong balance sheet with \$142.6m in cash and cash equivalents and no drawn debt (see section 5.10 for more information).

5.3 Overview of assets and operations¹⁴

Forrestania	
Ore Reserves	61kt (2.1% Ni)
Mineral Resources	281kt (1.6% Ni)
FY22 Ni Production Guidance	15.2kt-16.2kt
FY22 Cash Cost Guidance	A\$4.65-A\$4.90/lb Ni
Cosmos	
Ore Reserves	212kt (2.1% Ni)
Mineral Resources	656kt (1.0% Ni)

¹⁴ Refer to section 5.4.

Figure 4: Western Areas Nickel Operations



(a) **Forrestania Nickel Operation (100% owned by Western Areas)**

Western Areas' Forrestania Nickel Operation represents 927km² of prospective nickel tenements. Forrestania is currently Western Areas' sole nickel concentrate producing asset and consists of the Flying Fox and Spotted Quoll underground mines and the Cosmic Boy nickel concentrator.

Forrestania is expected to produce between 15kt – 16kt of nickel in concentrate in FY22¹⁵ at a cash cost at the top end of the \$4.65 – 4.90/lb range.¹⁶ Expected sustaining mine development expenditure for FY22 is \$5-\$10m, which falls significantly year on year as the mines are effectively fully developed.

Ore from Flying Fox and Spotted Quoll is treated at Western Areas' Cosmic Boy nickel concentrator, commissioned in 2009. Nickel is sold under offtake agreements with BHP Billiton Nickel West and Jinchuan Group.

Forrestania is located in the highly prospective Forrestania Greenstone Belt, which is part of the Archaean Yilgarn Block. By virtue of the mineralogy of the deposits, Forrestania produces a concentrate with a high iron-to-magnesium ratio which is highly desirable to nickel smelters.

¹⁵ Refer to section 5.5.

¹⁶ Refer to section 5.2.

(i) Flying Fox Mine

Flying Fox was Western Areas' first producing underground mine, commencing production in 2006 and currently operating at depths of over 1km. The Flying Fox orebody extends from 250m to 1.3km below surface.

Flying Fox mined a total of 176kt of ore in FY21 with an average nickel grade of 3.3% to produce 5.7kt of contained nickel. As at 31 December 2021, Flying Fox has Mineral Resources of 80.1kt contained nickel and Ore Reserves of 4.3kt contained nickel and a mine life of approximately 1 year (based on Ore Reserves).¹⁷

(ii) Spotted Quoll Mine

Spotted Quoll is Western Areas' second mine and was discovered in 2007, as a result of Western Areas' ongoing investment in regional and near-mine exploration. The Spotted Quoll deposit commenced mining in 2010 initially as an open pit mine, it transitioned into an underground mine in 2011. The Spotted Quoll orebody extends from surface to over 1km below surface and is open at depth.

Spotted Quoll mined a total ore of 346kt in FY21 at an average grade of 3.2% nickel for 11.1kt of contained nickel. As at 31 December 2021, the mine has a Mineral Resource of 44.8kt contained nickel and Ore Reserves of 25.7kt contained nickel¹⁸ and a mine life of over 4 years (based on current Ore Reserves).

(iii) Cosmic Boy Nickel Concentrator

The Cosmic Boy nickel concentrator consists of a three stage crushing circuit, followed by a single closed circuit ball mill and a system of flotation tanks and thickening / filtration systems. The concentrator has a design throughput capacity of 550ktpa, but has regularly achieved throughput of 600ktpa and has recovery rates averaging between 85% and 90%.

In FY21, the concentrator processed 581kt of ore at an average grade of 3.2% nickel. A total of 115kt of nickel concentrate at 14.1% nickel produced containing 16.2kt of nickel in concentrate at an average recovery of 87%. FY21 nickel in concentrate delivered to customers totalled 15.5kt.

Western Areas commissioned a Mill Recovery Enhancement Project (**MREP**) at the concentrator in 2018. The MREP incorporates the use of Western Areas' BioHeap™ technology to recover nickel from the tailings waste stream. The nickel recovered is then converted into a high-grade nickel sulphide product which can either be mixed with the CBC floatation concentrate or sold as a separate premium product suitable to be processed in a refinery.

(iv) FY22 First Half Production

In the first half of FY22 (**HY22**), Flying Fox mined a total of 88kt of ore at an average nickel grade of 2.5% for 2.2kt of contained nickel. Spotted Quoll mined a total ore of 152kt at an average grade of 3.8% nickel for 5.8kt of contained nickel.

¹⁷ Refer to section 5.4.

¹⁸ Refer to section 5.4.

The concentrator processed 300kt of ore in HY22 at an average grade of 3.1% nickel. A total of 56kt of concentrate at 13.8% nickel was produced containing 7.8kt of nickel with an average recovery of 85%. HY22 nickel in concentrate delivered to customers totalled 8.5kt.

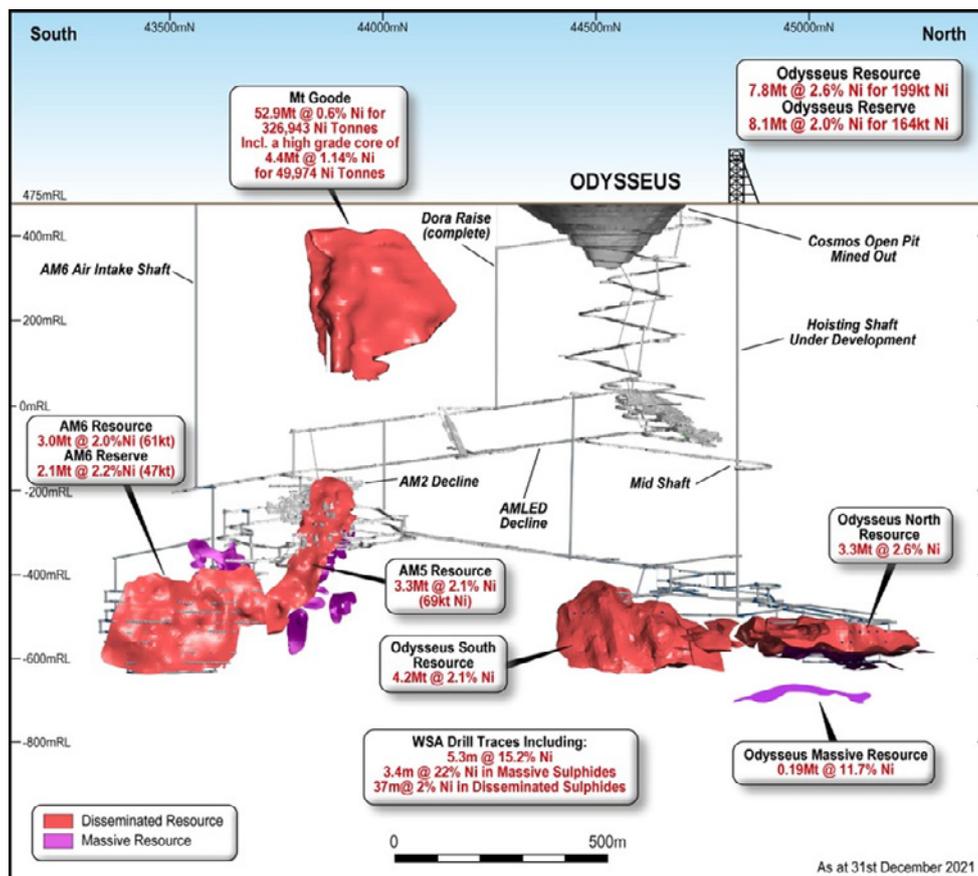
(b) Cosmos Nickel Operation (100% owned by Western Areas)

Cosmos Nickel Operation is a development asset acquired by Western Areas in 2015 from Xstrata Nickel Australasia Operations Pty Ltd (**Xstrata**) for \$24.5m. Western Areas owns 100% of CNO via its wholly-owned Subsidiary, Australian Nickel Investments Pty Ltd. In 2010, Xstrata made the Odysseus discovery and Western Areas completed a definitive feasibility study on the deposit in 2018. Additional work is underway to bring the AM6 reserve into the Odysseus production profile, with a feasibility study for the integration of the AM6 Reserve currently well advanced. The greater Cosmos nickel operation contains Mineral Resources of 656kt of contained nickel and Ore Reserves of 212kt of contained nickel.¹⁹

Cosmos will become Western Areas' third mining operation with mine development well advanced.

The Odysseus Massive deposit consists of stringer to massive sulphide veins immediately below Odysseus North at a depth of 1.1km. This deposit comprises three lenses, the largest measuring 100m in strike and up to 65m in width.

Figure 5: Odysseus Mine Long Section Underground Layout and Development Progress (as at January 2022)



¹⁹ Refer to section 5.4.

Odysseus will utilise a shaft hoisting system with a top-down mining approach. The development of Odysseus continues to ramp up in line with expectations, with underground mining contractor Barmenco achieving 1,513 metres of lateral and decline development during the FY22 December quarter. During the quarter, Western Areas also reached first development ore at the Odysseus North orebody.

The latest forecast Odysseus pre-production development expenditure profile for FY22 is \$160m and for FY23 is \$55m. Capital expenditure at Cosmos primarily relates to underground mine development towards the Odysseus orebodies and commencement of the ore haulage shaft infrastructure construction and concentrator plant refurbishment.

(c) Key Additional Resources

In addition to the near-mine opportunities discussed in section 5.3(a) (in relation the Forrestania Nickel Operation) and section 5.3(b) (in relation to the Cosmos Nickel Operation), Western Areas also owns the following key resource opportunities:

Mt Goode (100% owned by Western Areas)

Mt Goode is large, lower grade open pit nickel resource located directly adjacent to Cosmos pit. The deposit contains 327kt contained nickel at 0.6% nickel grade and is currently in scoping study stage.²⁰ This deposit is part of the longer-term upside available at Cosmos to extend mine life. Western Areas is currently undertaking resource drilling and metallurgical testwork as part of the scoping study.

New Morning (100% owned by Western Areas)

The New Morning deposit is a medium grade nickel deposit, lying between the high-grade Flying Fox and Spotted Quoll deposits. Renewed exploration has focused on expanding the mineral inventory at New Morning, with minerals resources extending 400m below the Outokumpu Fault. Significant exploration upside has been identified within the New Morning channel and will remain a focus of drilling into FY22.

Diggers Area (100% owned by Western Areas)

The Diggers South and Diggers Rocks deposits are low to medium grade nickel deposits, located 20km south of the Cosmic Boy Processing plant. The project consists of the existing Diggers Rocks open pit and an underground resource at Diggers South. In total the Diggers Area contains 53kt nickel in resource at 1.3% nickel grade.²¹

(d) Key Exploration Assets

In addition to numerous near-mine and regional targets relative to the Cosmos and Forrestania operations, Western Areas owns a number of exploration stage assets:

Western Gawler

Western Gawler is a prospective greenfield exploration asset, located in western South Australia and lies within the Fowler Domain of the Gawler Craton. As well as a 4,874km² tenement position, a strategic agreement with Iluka Resources Limited provides an additional 6,727km² of tenement exposure. The ground is considered prospective for base and precious metals, primarily hosted in mafic-ultramafic formations. Exploring within the Western Gawler since 2014, Western Areas has

²⁰ Refer to section 5.4.

²¹ Refer to section 5.4.

adopted a systematic approach of evaluating and testing targets under cover, using modern geophysical techniques and executing targeted drilling campaigns.

i. Western Gawler (100% owned by Western Areas)

The main focus for exploration activity with the 100% Western Areas held tenure continues to be centred on the Mystic prospect. The Mystic prospect represents a significant two-fold exploration opportunity to both delineate and define an emerging near-surface high-grade nickel oxide zone, and secondly, to explore the potential for significant accumulations of primary nickel-sulphide mineralisation at depth. Two diamond drillholes were completed in FY21, with both holes identifying further potential at Mystic, with additional drill programs planned into FY22.

ii. Western Gawler – Iluka Joint Venture (75% owned by Western Areas)

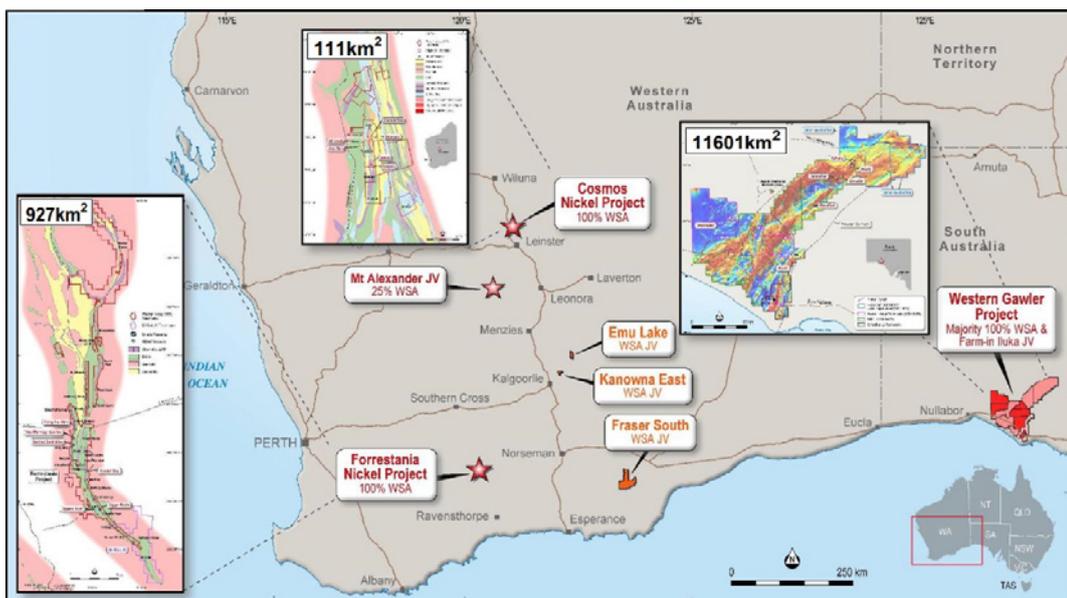
Exploration efforts were rewarded in June 2020 with the intersection of significant widths of nickel and copper-bearing sulphides at the Sahara prospect, achieved from maiden diamond drillhole completed within the Iluka Farm-In and Joint Venture Project. The Sahara project and surrounding district remained the key focus for exploration efforts with the company building on this early success and identifying additional concentrations of nickel and copper-bearing sulphides.

Mt Alexander Joint Venture (25% non-contributing interest by Western Areas)

Western Areas is in a Joint Venture with St George Mining Limited (**St George**) in respect of the Mt Alexander Project. St George is the Manager of the Mt Alexander Project and has a 75% interest. Western Areas retains a 25% non-contributing interest in the Mt Alexander Project until there is a decision to mine.

St George has reported high-grade nickel sulphide intersections drilled at the Cathedral prospect. Preliminary metallurgical test work confirmed that the Mt Alexander Project would produce a high value saleable concentrate that would likely be sought after by smelters. Grades achieved in this test were 18% nickel and 32% copper plus high values for cobalt and PGEs that will provide valuable smelter credits.

Figure 6: Western Areas Operating and Exploration Asset Tenement Portfolio



(e) **Listed Investments**

Investment in Panoramic Resources

Western Areas made a strategic investment in Panoramic Resources Limited (**Panoramic**) in late FY20, acquiring a 19.9% stake for a total cash consideration of \$28.6 million. Panoramic has recently restarted its Savannah nickel project. The investment in Panoramic is aligned with Western Areas' growth strategy and increases exposure to the growing EV battery metals market. The investment continues to provide Western Areas with strategic optionality and exposure to Panoramic's significant nickel, copper and cobalt resources. Western Areas' investment in Panoramic has increased significantly in value, with anticipated long-term growth in this strategic investment as Savannah restarts and generates stable production.

Investment in Metal Hawk

Western Areas owns a 6.3% stake in Metal Hawk Limited (**Metal Hawk**) and in the September 2020 quarter, finalised and executed a Farm-in and Joint Venture agreement with Metal Hawk over a series of tenements, across both the Eastern Goldfields and within the Albany – Fraser province, which are considered highly prospective for base metal (nickel – copper) sulphides and PGEs.

The Farm-in and Joint Venture incorporates three project areas at Kanowna East, Emu Lake and Fraser South. The Joint Venture agreement allows for Western Areas to earn into all non-gold metal rights at Emu Lake and Kanowna East, and all metals rights at Fraser South, over two stages:

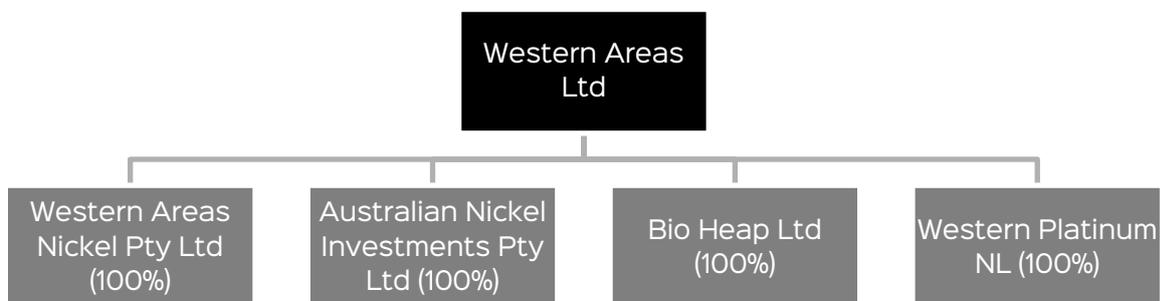
Stage 1: \$3 million spend over 3 years for a 51% interest; and

Stage 2: A further \$4 million spend over 2 years for a total 75% interest.

The key focus has recently been towards planning for drilling programs centred on targets identified at Emu Lake and Kanowna East and consultation with traditional owners towards executing a heritage agreement covering both project areas.

Corporate Structure of Western Areas

Figure 7: Western Areas' Corporate Structure



5.4 Mineral Resources and Ore Reserves

Western Areas' Ore Reserve and Mineral Resource estimates are outlined below (all as at 31 December 2021). Mineral Resources are presented inclusive of Ore Reserves.

Western Areas Ore Reserve – Effective date 31 December 2021

	Tonnes	Grade Ni%	Ni Tonnes	Classification
Ore Reserves				
1. Flying Fox/Lounge Lizard Area	133,700	3.2	4,270	Probable
2. Spotted Quoll Area	699,100	3.7	25,690	Probable
3. Diggers Area	2,109,000	1.5	30,800	Probable
TOTAL FORRESTANIA ORE RESERVE	2,941,800	2.1	60,760	
4. Cosmos area	10,234,100	2.1	211,620	Probable
TOTAL COSMOS ORE RESERVE	10,234,100	2.1	211,620	
TOTAL WESTERN AREAS ORE RESERVE	13,175,900	2.1	272,380	

Mineral Resource Statement – Effective date 31 December 2021

	Tonnes	Grade Ni%	Ni Tonnes	Classification
Mineral Resources				
1. Flying Fox/Lounge Lizard Area				
	5,432,887	1.4	72,840	Indicated
	617,368	1.2	7,231	Inferred
Total Flying Fox	6,050,255	1.3	80,071	
2. New Morning / Daybreak				
	3,658,594	1.4	52,405	Indicated
	2,574,725	1.4	35,523	Inferred
Total New Morning / Daybreak	6,233,319	1.4	87,928	
3. Spotted Quoll Area				
	1,084,584	4.1	44,318	Indicated
	146,678	5.0	7,228	Inferred
Total Spotted Quoll Area	1,231,262	4.2	51,546	
4. Cosmic Boy Area				
	180,900	2.8	5,050	Indicated
	195,000	2.0	3,900	Inferred
Total Cosmic Boy Area	375,900	2.4	8,950	
5. Diggers Area				
	3,547,440	1.3	47,400	Indicated
	413,300	1.3	5,200	Inferred
Total Diggers Area	3,960,740	1.3	52,600	
TOTAL FORRESTANIA MINERAL RESOURCE	17,851,476	1.6	281,095	
6. Cosmos Area				
	11,555,482	2.3	262,351	Indicated
	2,520,758	2.6	66,711	Inferred
Total Cosmos Area	14,076,240	2.3	329,062	
7. Mt Goode Area				
	13,563,000	0.8	105,791	Measured
	27,363,000	0.6	158,705	Indicated
	12,009,000	0.5	62,447	Inferred
Total Mt Goode Area	52,935,000	0.6	326,943	
TOTAL COSMOS MINERAL RESOURCE	67,011,240	1.0	656,005	
TOTAL WESTERN AREAS MINERAL RESOURCE	84,862,716	1.1	937,100	

Statement in respect to Western Areas' Ore Reserves and Mineral Resources

The information in this Scheme Booklet that relates to Ore Reserves and Mineral Resources in respect of Western Areas in respect of Forrestania and Cosmos has been extracted from Western Areas' ASX release titled "Quarterly Activity Report for the period ended 31 December 2021" dated 27 January 2022 (**December 2021 Report**); The Ore Reserves and Mineral Resources set out in the December 2021 Report reflects Western Areas' Ore Reserve estimate as at 30 June 2021, depleted for mining that has occurred during the first half of FY22. In respect to JORC (2012) Table 1 disclosure information in respect of Forrestania and Cosmos (i) Ore Reserves and Mineral Resources in respect of the Forrestania Flying Fox and Spotted Quoll deposits have been extracted from Western Areas' ASX release titled "Activity Report - For the period ending 30 June 2021" dated 23 July 2021 (**June 2021 Report**); (ii) Ore Reserves and Mineral Resources in respect of the Cosmos Odysseus deposits have been extracted from Western Areas' ASX release titled "Strong Odysseus DFS Results in Decision to Mine" dated 22 October 2018 (**DFS Report**); (iii) Mineral Resources of Western Areas in respect of the Cosmos AM6 deposit has been extracted from Western Areas' ASX release titled "Activity Report - For the period ending 30 September 2021" dated 28 October 2021 (**September 2021 Report**); (iv) Ore Reserves of Western Areas in respect of the Cosmos AM6 deposit has been extracted from Western Areas' ASX release titled "Maiden Ore Reserve at AM6 boosts Odysseus Base Case" dated 2 September 2020 (**AM6 Report**); (v) Mineral Resources of Western Areas in respect of the Cosmos AM5 deposit has been extracted from Western Areas' ASX release titled "Activity Report - For the period ending 30 September 2020" dated 30 October 2020 (**AM5 Report**). Together, the December 2021 Report, the June 2021 Report, the DFS Report, the September 2021 Report, the AM6 Report and the AM5 Report are the **Western Areas Reports**. Copies of the Western Areas Reports are available at <https://www.westernareas.com.au/investor-centre/asx-announcements> and www.asx.com.au. Western Areas confirms that it is not aware of any new information or data that materially affects the information included in the Western Areas Reports and that in the case of the estimates of the Ore Reserves and Mineral Resources all material assumptions and technical parameters underpinning the estimates in the Western Areas Reports continue to apply and have not materially changed. Western Areas confirms that the form and content in which the Competent Persons' findings are presented have not been materially modified from the Western Areas Reports.

5.5 Production and cost guidance

Western Areas provided FY22 guidance and accompanying commentary on 30 July 2021. On 27 January 2022, Western Areas announced to ASX that it was now expecting unit costs to report at the top end (or marginally above <5%) of the unit cost range, as increased treatment of lower grade material and labour shortages impact unit rates.²²

With Western Areas now increasingly experiencing COVID-related productivity issues resulting from operator and maintenance staff availability, Western Areas confirms that unit costs are now expected to be marginally above (~5%) previous guidance. Western Areas also expects the lower grade material and productivity issues to impact concentrate production for the year by around 5%. Nickel sales volumes will be unaffected.

FY22 Guidance:

Category	Market Guidance
Nickel Tonnes in Concentrate Production (Group)	15,200 – 16,200
Nickel Tonnes in Concentrate Sales (Group)	16,000 – 17,000
Unit Cash Cost of Production (Nickel in Concentrate) (Group)	\$4.65/lb - \$4.90/lb

²² See Western Areas' ASX announcement titled "Activity Report – For the period ending 31 December 2021" dated 27 January 2022, available at www.asx.com.au.

Statement in respect to Western Areas' production guidance

The information underpinning Western Areas' production guidance in this Scheme Booklet in respect of Forrestania production guidance, based on Spotted Quoll and Flying Fox Ore Reserves, has been extracted from information set out in the ASX release by Western Areas titled "FY22 Interim Financial Results and Guidance Update" dated 22 February 2022 (**FY22 Update**). The FY22 Update is available at <https://www.westernareas.com.au/investor-centre/asx-announcements> and www.asx.com.au. For the purposes of ASX Listing Rule 5.19, Western Areas confirms that all the material assumptions underpinning the production target in the FY22 Update continues to apply and have not materially changed. Western Areas confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from those announcements.

5.6 Western Areas Board and senior management

(a) Western Areas Board

As at the date of this Scheme Booklet, the Western Areas Board comprised:

Name	Position
Ian Macliver	Chairman
Daniel Lougher	Managing Director & Chief Executive Officer
Richard Yeates	Non-Executive Director
Timothy Netscher	Non-Executive Director
Natalia Streltsova	Non-Executive Director
Yasmin Broughton	Non-Executive Director

(b) Senior management

As at the date of this Scheme Booklet, Western Areas' senior management team comprises, in addition to the members of the Western Areas Board listed above:

Name	Position
Joseph Belladonna	Chief Financial Officer & Company Secretary
Wyn Jones	General Manager - Operations
Graham Marshall	General Manager - Commercial
Duncan Sutherland	General Manager - Forrestania Nickel Operations
Leonard Lau	General Manager - Corporate Development
Graeme Gribbin	General Manager - Exploration
Marco Orunesu Preiata	General Manager - Technical Services

5.7 Western Areas securities and capital structure

(a) Western Areas securities on issue

As at the Last Practicable Date, the capital structure of Western Areas comprised of the following securities:

Type of security	Number on issue
Western Areas Shares	321,643,155
Western Areas Performance Rights	4,591,640

No other securities in Western Areas were on issue as at the Last Practicable Date.

(b) **Substantial shareholders**

Based on publicly available information, as at the Last Practicable Date, Western Areas had received notifications from the following substantial shareholders in accordance with section 671B of the Corporations Act:

Name	Number of Western Areas Shares	Percentage shareholding ²³
Wyloo Consolidated Investments Pty Ltd, Wyloo Metals Pty Ltd, Tatarrang Pty Ltd ATF The Peepingee Trust and Mr John Andrew Henry Forrest	29,406,763	9.14 ²⁴
Mitsubishi UFJ Financial Group	24,434,101	7.60
UBS Group AG	22,300,407	6.93
Morgan Stanley	22,261,240	6.92
Dimensional Fund Advisors	16,460,207	5.12
State Street Corporation	16,212,634	5.04

²³ % shareholding based on the number of Western Areas Shares on issue on the Last Practicable Date.

²⁴ Actual % shareholding as at the Last Practicable Date is 9.8% based on the voting undertaking signed by Wyloo Consolidated Investments Pty Ltd in favour of IGO Nickel, dated 17 February 2022 (see sections 1.4(a)(i), 6.9 and 9.5).

(c) **Top 20 Western Areas Shareholders**

Based on Western Areas' Register as at the Last Practicable Date, the top 20 Western Areas Shareholders held approximately 80.53% of the Western Areas Shares, as set out in the following table.

	Name	Number of Western Areas Shares	Percentage shareholding
1.	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	83,005,765	25.81
2.	CITICORP NOMINEES PTY LIMITED	71,484,109	22.22
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	50,093,299	15.57
4.	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED - A/C 2	15,464,834	4.81
5.	BNP PARIBAS NOMS PTY LTD <DRP>	7,308,406	2.27
6.	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	6,519,395	2.03
7.	NORTHMEAD HOLDINGS PTY LTD <THE GREENWELL FAMILY A/C>	4,350,000	1.35
8.	NATIONAL NOMINEES LIMITED	4,031,912	1.25
9.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,185,562	0.68
10.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	2,185,282	0.68
11.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <MLPRO A/C>	1,886,777	0.59
12.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,497,524	0.47
13.	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	1,488,945	0.46
14.	BUTTONWOOD NOMINEES PTY LTD	1,357,187	0.42
15.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,200,278	0.37
16.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,151,340	0.36
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	1,000,775	0.31
18.	FARJOY PTY LTD	1,000,000	0.31
19.	ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>	983,663	0.31
20.	BNP PARIBAS NOMINEES PTY LTD CIC AUSTRALIA <DRP A/C>	813,870	0.25
	Total	257,391,194	80.53

5.8 Corporate governance and health and safety

Western Areas is strongly committed to maintaining a high standard of corporate governance, and manages its governance in alignment with the ASX Corporate Governance Principles and Recommendations (4th edition). Western Areas' corporate governance and risk management is integral to achieving the company's strategic objectives and underpins their commitment to integrity and accountability. Western Areas believes that a rigorous and comprehensive corporate governance framework is essential to sustained value creation. On 15 October 2021, Western Areas released its Corporate Governance Statement to ASX which outlined Western Areas' corporate governance arrangements for FY21 (**Corporate Governance Statement**). The Corporate Governance Statement is available at <https://www.westernareas.com.au/investor-centre/asx-announcements> and www.asx.com.au.

The safety of Western Areas' people is fundamental to the success and sustainability of its operations. This principle is supported by an organisational culture that emphasises individual empowerment and accountability. Western Areas believes that through effective consultation, visible commitment by Managers and the active involvement of all personnel that they will achieve the best possible OHS performance outcomes. A high level of safety performance is the highest priority. Western Areas' goal is to provide and maintain a physical and psychosocial work environment without risks to health and safety and to consider the welfare of employees, consultants, contractors, visitors and the broader community in all dealings.

The safety of the Western Areas workforce underpins the success and sustainability of its operations, which is supported by an organisational culture that emphasises individual empowerment and accountability. The companywide LTI frequency rate (**LTIFR**) reduced from 1.41 to 0.63 as did the Total Recordable Injury Frequency Rate (**TRIFR**) from 16.87 to 12.50 at year end (from FY20 to FY21). TRIFR includes recordable injuries which require medical treatment, restricted duties or result in lost time across all operations.

Western Areas has a robust reporting culture, with the majority of injuries recorded being minor soft tissue, soreness or lacerations. The table below shows days without a lost time injury at each site as at 30 June 2021:

Table 1 Western Areas Share Group Safety, Lost Time Injury (LTI) as at 30 June 2021

	LTI free days
Cosmic Boy concentrator	1,026
Surface exploration	1,013
Flying Fox mine	830
Spotted Quoll mine	461
Cosmos Nickel Operations	363

5.9 Financing arrangements

As at the date of this Scheme Booklet, Western Areas has executed documentation to establish a secured Revolving Credit Facility (**RCF**) (described below) and hedging arrangements to manage nickel price and foreign exchange risk exposure.

The RCF executed with Commonwealth Bank of Australia (**CBA**) comprises a secured \$75m credit facility. The 3-year facility is purposed to provide Western Areas with financial flexibility and working capital options as it continues to develop the Odysseus mine at Cosmos. The facility includes an \$25m accordion on request by Western Areas subject to CBA consent. As at 31 December 2021, the RCF remains undrawn as Western Areas works through satisfying customary conditions precedent prior to the availability of the first funding drawdown and Western Areas remains in a \$142.6m net cash position.

Western Areas manages nickel price and foreign exchange risk via short term quotation period hedges and medium term hedges with 12-18-month duration.

5.10 Historical financial information

This section 5.10 contains financial information relating to Western Areas for FY20, FY21 and HY22.

The financial information in this section 5.10 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only. The information has been extracted from the audited financial reports of Western Areas for FY20, and FY21 and reviewed financial reports of Western Areas for HY22.

(a) Basis of interpretation

The historical financial information of Western Areas presented is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Accordingly, Western Areas recommends that Western Areas Shareholders read the following in conjunction with the financial statements of Western Areas for the respective periods including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements (copies of which are available on Western Areas' website at www.westernareas.com.au and on ASX's website as www.asx.com.au).

The historical financial information of Western Areas has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(b) Consolidated statement of profit or loss and other comprehensive income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for FY20, FY21 and HY22.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS OR OTHER COMPREHENSIVE INCOME |
FULL YEAR ENDED 30 JUNE 2020, 30 JUNE 2021, HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Entity		
	1H 2022	2021	2020
	\$'000	\$'000	\$'000
Continuing Operations			
Revenue from contracts with customers	181,959	257,173	308,352
Operating costs	(100,751)	(161,618)	(171,770)
Depreciation and amortisation	(44,602)	(82,625)	(75,631)
Other income	349	573	5,029
Finance costs	(1,058)	(1,587)	(1,298)
Employee benefit expense	(7,826)	(12,840)	(12,201)
Foreign exchange gain/(loss)	1,302	1,799	(2,816)
Share-based payments	(1,198)	(2,435)	(2,975)
Administration expenses	(2,030)	(4,757)	(4,733)
Realised derivative (loss)/gain	(210)	(4,375)	2,978
(Loss)/profit before income tax	25,935	(10,692)	44,935
Income tax benefit/(expense)	(7,158)	2,982	(13,067)
(Loss)/profit for the year	18,777	(7,710)	31,868
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of hedging instruments, net of tax	(554)	(1,726)	1,241
Changes in financial assets at fair value through other comprehensive income, net of tax	34,004	20,521	(4,104)
Total comprehensive income for the year	52,227	11,085	29,005
Basic (loss)/earnings per share (cents per share)	5.84	(2.68)	11.66
Diluted (loss)/earnings per share (cents per share)	5.76	(2.68)	11.47

(c) Consolidated statement of financial position

The following table presents the historical consolidated statement of financial position for FY20, FY21 and HY22.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION | FULL YEAR ENDED 30 JUNE 2020,
30 JUNE 2021, HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Entity		
	1H 2022	2021	2020
	\$'000	\$'000	\$'000
Current Assets			
Cash and cash equivalents	142,631	151,052	144,792
Trade and other receivables	43,673	22,724	17,782
Inventories	25,938	36,445	30,405
Derivative financial instruments through other comprehensive income	-	-	1,265
Total Current Assets	212,242	210,221	194,244
Non-Current Assets			
Property, plant and equipment	151,316	145,522	134,531
Right-of-use assets	18,906	19,780	2,458
Intangible assets	506	506	506
Exploration and evaluation expenditure	139,837	133,988	120,081
Mine properties	251,114	233,115	169,288
Financial assets at fair value through other comprehensive income	112,645	63,771	33,920
Total Non-Current Assets	674,324	596,682	460,784
Total Assets	886,566	806,903	655,028
Current Liabilities			
Trade and other payables	59,272	53,342	50,822
Lease liabilities	8,550	8,484	1,113
Provisions	6,798	6,583	5,060
Provisions for income tax	-	-	7,724
Derivative financial instruments through other comprehensive income	1,016	461	-
Total Current Liabilities	75,636	68,870	64,719
Non-Current Liabilities			
Lease liabilities	12,633	13,213	2,696
Provisions	49,122	50,937	32,942
Net deferred tax	60,315	38,448	28,761
Total Non-Current Liabilities	122,070	102,598	64,399
Total Liabilities	197,706	171,468	129,118
Net Assets	688,860	635,435	525,910
Equity			
Contributed equity	542,794	542,794	443,836
Other reserves	104,047	69,399	48,375
Retained earnings	42,019	23,242	33,699
Total Equity	688,860	635,435	525,910

(d) Consolidated statement of cash flows

The following table presents the historical consolidated statement of cash flows for FY20, FY21 and HY22.

**CONSOLIDATED STATEMENT OF CASH FLOWS | FULL YEAR ENDED 30 JUNE 2020,
30 JUNE 2021, HALF YEAR ENDED 31 DECEMBER 2021**

	Consolidated Entity		
	1H 2022 \$'000	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers	162,699	254,112	311,431
Payments to suppliers and employees	(93,795)	(175,319)	(182,353)
Interest received	179	746	1,959
Royalties paid	(6,560)	(10,366)	(13,143)
Other receipts	141	139	2,959
Interest paid	(460)	(186)	(43)
Realisation on settlement of derivatives	1,091	(2,576)	164
Income tax paid	2,707	(6,833)	(610)
Net cash inflow from operating activities	66,002	59,717	120,364
Cash flows from investing activities			
Payments for property, plant and equipment	(14,779)	(39,655)	(41,848)
Proceeds/(Loss) from sale of property, plant and equipment	(19)	11	23
Investments in listed companies	(160)	(500)	(28,703)
Proceeds from sale of shares	-	-	33,115
Mine development expenditure	(44,084)	(87,903)	(57,538)
Exploration and evaluation expenditure	(9,669)	(15,746)	(15,977)
Net cash outflow from investing activities	(68,711)	(143,793)	(110,928)
Cash flows from financing activities			
Proceeds from share issue	-	100,000	-
Capital raising costs	-	(1,687)	-
Borrowing cost	(863)	-	-
Finance lease payments	(323)	(588)	(1,169)
Right -of-use assets lease payments	(4,526)	(5,287)	-
Dividends paid to company's shareholders	-	(2,102)	(7,736)
Net cash inflow/(outflow) from financing activities	(5,712)	90,336	(8,905)
Net increase/(decrease) in cash and cash equivalents held	(8,421)	6,260	531
Cash and cash equivalents as at the beginning of the financial year	151,052	144,792	144,261
Cash and cash equivalents at end of financial year	142,631	151,052	144,792

5.11 Material changes in Western Areas' financial position

As reported to ASX on 22 February 2022, Western Areas delivered a strong performance in the first half of FY22 producing 7.8kt Ni and selling 8.5kt of nickel in concentrate to customers at a higher average nickel sales price per tonne than the previous comparative period. Western Areas' cash position decreased to \$142.6 million, with no drawn debt as at 31 December 2021.

Other than:

- the accumulation of profits in the ordinary course of trading; and
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Western Areas,

to the knowledge of the Western Areas Directors, the financial position of Western Areas has not changed materially since 31 December 2021, being the last date of the period to which the financial statements for HY22 relate.

Copies of Western Areas' periodic reports can be obtained from Western Areas' website at www.westernareas.com.au, ASX's website at www.asx.com.au and from Western Areas free of charge following a request in writing via email: info@westernareas.com.au, or, by post: PO Box 1891, West Perth, WA, 6872, to be received before the Scheme is approved by the Court.

5.12 Western Areas Directors' intentions for the business

The Corporations Regulations require a statement by the Western Areas Directors of their intentions regarding Western Areas' business. If the Scheme is implemented, IGO Nickel has stated that it intends to reconstitute the Western Areas Board as appropriate for such an entity.²⁵

It is for the reconstituted Western Areas Board to determine its intentions as to:

- (a) the continuation of the business of Western Areas or how the existing business will be conducted;
- (b) any major changes to be made to the business of Western Areas; or
- (c) the future employment of the present employees of Western Areas,

and accordingly, it is not possible for the Western Areas Directors to provide such a statement.

IGO Nickel and IGO's intentions if the Scheme is implemented are set out in section 6.8.

If the Scheme does not proceed, and no Superior Proposal emerges, the Western Areas Board intends to continue with the business, financial and operating plans it had in place prior to the Announcement Date, based on a nickel focused growth strategy with production from Forrestania, completion of the construction of Cosmos Nickel Operation and progression of nickel projects within Western Areas' quality portfolio.

5.13 Public information available for inspection

Western Areas is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Broadly, these require Western Areas to announce price sensitive information as soon as it becomes aware of the information, subject to exceptions for certain confidential

²⁵ Refer to section 6.8(b).

information. Western Areas is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Western Areas will continue to be made available on ASX's website after the date of this Scheme Booklet.

Copies of the documents filed with ASX may be obtained from Western Areas' website at www.westernareas.com.au, or free of charge following a request in writing to Western Areas at any time before the Scheme Meeting. Copies of documents filed with ASX may also be obtained from ASX's website at www.asx.com.au. Copies of the documents lodged with ASIC in relation to Western Areas may be obtained from, or inspected via, ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au including at ASIC's self-service kiosks at ASIC's service centres, or obtained from Western Areas following a request in writing to Western Areas at any time before the Scheme Meeting.

5.14 Litigation

At the date of this Scheme Booklet, to the best knowledge of the Western Areas Directors and senior management, Western Areas is not involved in any litigation or dispute which is material in the context of Western Areas and its Subsidiaries taken as whole.

6. OVERVIEW OF IGO NICKEL AND IGO

6.1 Introduction

This section 6 forms part of the IGO Nickel Information and has been prepared by, and is the responsibility of, the IGO Group. This section 6 contains information relating to the IGO Group and outlines how the IGO Group is funding the Scheme Consideration and its vision, intentions, views and opinions in relation to Western Areas.

6.2 Overview of IGO and the IGO Group

IGO Limited is an ASX 100 listed company focused on creating a better planet for future generations by discovering, developing, and delivering products critical to clean energy. As a purpose led organisation with strong, embedded values and a culture of caring for our people and its stakeholders, IGO believes it is making a difference by safely, sustainably and ethically, delivering the products its customers need to advance the global transition to decarbonisation.

Through its upstream mining and downstream processing assets, IGO is enabling future-facing technologies including the electrification of transport, energy storage and renewable energy generation.

IGO owns and operates the Nova nickel-copper-cobalt operation in Western Australia and is invested in a lithium focused joint venture (**Lithium JV**) with its partner, Tianqi Lithium Corporation, which comprises a 51% stake in the Greenbushes Lithium Mine and 100% interest in a downstream processing refinery at Kwinana producing battery grade lithium hydroxide.

As at 31 December 2021, IGO's Mineral Resources consisted of 169,000 tonnes of nickel, 68,700 tonnes of copper and 5,580 tonnes of cobalt²⁶. IGO's Mineral Resources includes Ore Reserves of 123,000 tonnes of nickel, 52,100 tonnes of copper and 4,480 tonnes of cobalt. IGO also holds a 24.99% indirect interest in the Mineral Resources and Ore Reserves at the Greenbushes lithium mine²⁷.

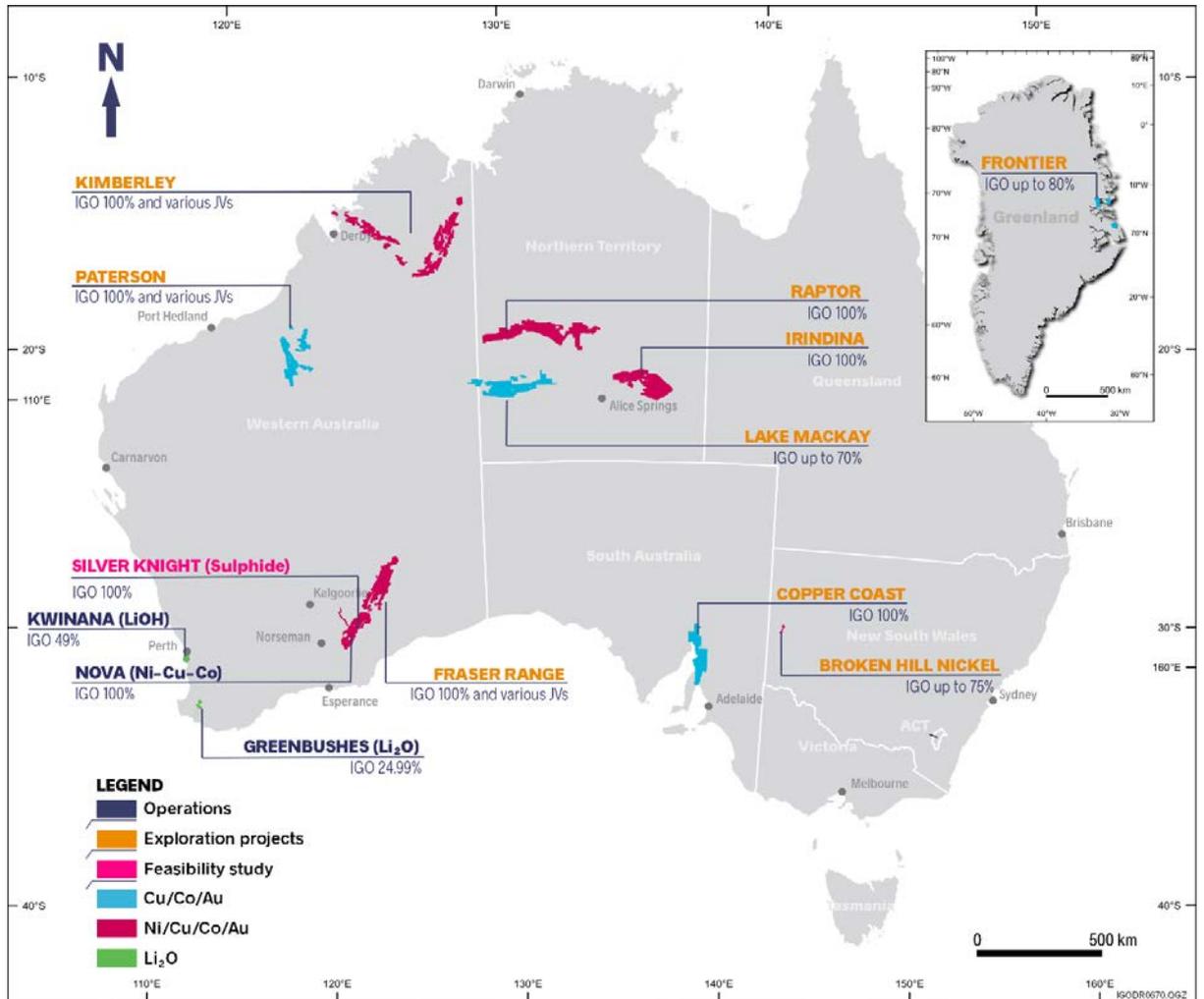
IGO is also focused on discovering the resources of the future and has an enduring commitment to investing in exploration to ensure the world has a sustainable supply of clean energy metals, holding projects in Western Australia, Northern Territory, South Australia and Greenland.

²⁶ Please refer to IGO's release dated 31 January 2022 titled 'CY21 Annual Resources and Reserves Update' available at www.igo.com.au or www.asx.com.au.

²⁷ Please refer to IGO's release dated 9 December 2020 titled 'IGO to Acquire Interest in Global Lithium JV with Tianqi' available at www.igo.com.au or www.asx.com.au.

A map showing the locations of IGO's mines, mining interests, projects and joint venture interests is set out below.

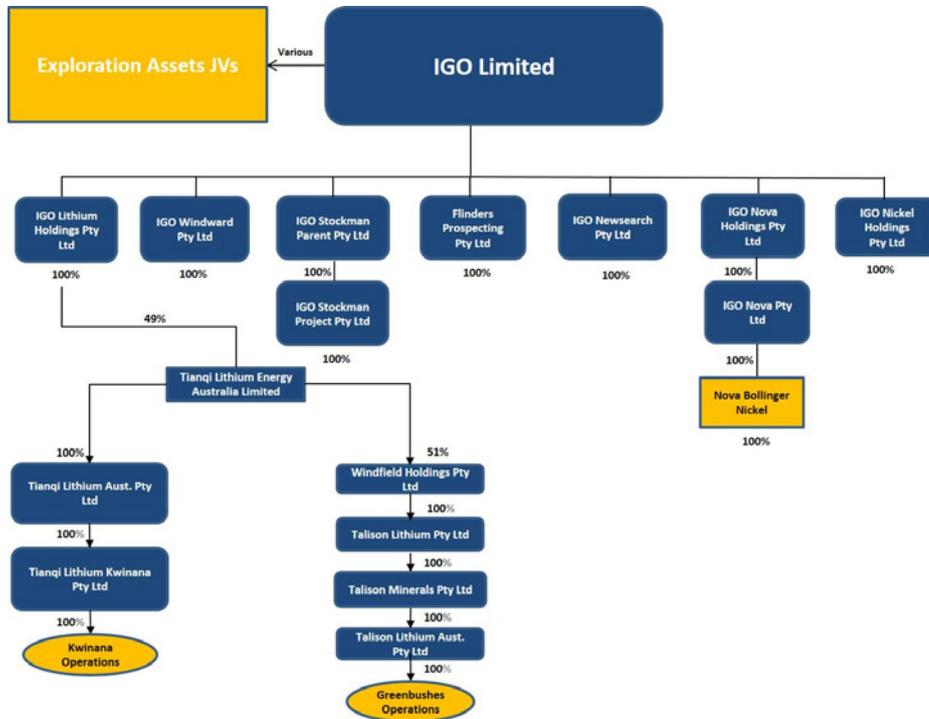
Figure 8: Locations of IGO's mines, mining interests, projects and joint venture interests



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The corporate structure of the IGO Group as at the date of this Scheme Booklet is set out below.

Figure 9: IGO's Corporate Structure



6.3 Overview of IGO's operations

IGO owns and/or has interests in two clean energy metals operations, one downstream facility, and a significant prospective exploration portfolio across Australia.

Nova Operation:

The Nova nickel-copper-cobalt operation located in the Great Western Woodlands, approximately 140km east-northeast of Norseman is a 100% owned and operated underground nickel sulphide mine producing high quality concentrates from a 1.5Mtpa nameplate capacity concentrator. Nova has been operating at nameplate production since September 2017 with the deposit originally discovered in July 2012. In FY21, production from Nova exceeded guidance with 29,002t nickel, 13,022t copper and 1,084t cobalt produced at cash costs of \$1.85/lb nickel (payable).

In October 2021, the Nova exploration program was expanded through the acquisition of the Silver Knight nickel-copper-cobalt sulphide deposit from Creasy Group for \$45 million. An infill drilling program is to commence in the fourth quarter of 2022 to inform and update resource estimates during the second quarter of 2023.

In FY22, the Nova Operation is expected to produce 25-27kt nickel, 11.5-12.5kt copper, and 0.9-1.0kt cobalt at cash costs below IGO's previous guidance range of \$2.00-2.40/lb nickel (payable), pending the continuation of strong by-product pricing.

Greenbushes:

The Greenbushes mine is located 240km south of Perth and is the world's largest and lowest cost producer of high quality, chemical grade spodumene concentrate. Greenbushes has

been an active lithium mine for 20+ years and consists of a large open pit mine with three onsite concentrator facilities to produce spodumene concentrate (both technical grade and chemical grade for batteries). The Greenbushes mine has production capacity of ~1.2Mtpa on a 100% basis.

Greenbushes is operated as an incorporated joint venture; Talison Lithium, which is owned by TLEA (51%) and Albemarle Corporation (49%). IGO holds a 24.99% indirect interest in Greenbushes through TLEA.

Since completion of the Lithium JV transaction there has been good progress on expansion projects with the Chemical Grade Plant 2 commissioning commenced in May 2021 and the Tailings Retreatment Plant commissioning commenced in the March quarter of FY22.

Kwinana Lithium Hydroxide Plant:

Kwinana is one of the first fully automated battery grade lithium hydroxide facilities globally and the first to be built in Australia. Kwinana is approximately 35km south of Perth, Western Australia, and only 200km north of Greenbushes, adjacent to major supply chain logistics. IGO owns a 49% indirect interest in Kwinana through the Lithium JV, operating alongside Tianqi Lithium Corporation.

The plant consists of two individual production trains with nameplate capacity to produce 48ktpa of lithium hydroxide in aggregate once in full production (24ktpa per train). Train 1 is currently in trial production stage and Train 2 is partly complete and IGO expects that construction will recommence in 2022.

Lithium hydroxide from Kwinana will be sold under long-term offtake contracts to leading battery manufacturers in South Korea and Europe who are demanding high quality, ethically produced product for their latest generation of high-performance lithium-ion batteries.

6.4 Overview of IGO Nickel

IGO Nickel is a proprietary company limited by shares that was incorporated on 21 January 2014. It is an Australian proprietary company and wholly-owned Subsidiary of IGO. It has not conducted business and does not own any assets or have any liabilities. If the Scheme becomes Effective, IGO Nickel will be used to directly hold all the shares in Western Areas.

6.5 IGO and IGO Nickel Board and IGO senior management

(a) IGO Board

As at the date of this Scheme Booklet, the IGO Board comprised:

Name	Position
Michael Nossal	Chair
Peter Bradford	Managing Director & Chief Executive Officer
Debra Bakker	Non-Executive Director
Kathleen Bozanic	Non-Executive Director
Peter Buck	Non-Executive Director
Keith Spence	Non-Executive Director
Xiaoping Yang	Non-Executive Director

(b) IGO senior management

As at the date of this Scheme Booklet, IGO's key management personnel are, in addition to the members of the IGO Board listed above:

Name	Position
Kate Barker	General Counsel and Head of Risk & Compliance
Matt Dusci	Chief Operating Officer
Andrew Eddowes	Head of Corporate Development
Joanne McDonald	Company Secretary & Head of Corporate Affairs
Sam Retallack	Head of People & Culture
Scott Steinkrug	Chief Financial Officer

(c) IGO Nickel Board

As at the date of this Scheme Booklet, the IGO Nickel Board comprised:

- Matthew Dusci;
- Scott Steinkrug;
- Peter Bradford;
- Joanne McDonald;
- Andrew Eddowes; and
- Ian Sandl.

6.6 Rationale for IGO's proposed acquisition of Western Areas

IGO's proposed acquisition of Western Areas will consolidate its position in the Western Australian nickel landscape and will further progress IGO's journey to become a globally relevant supplier of metals critical for enabling a clean energy future.

Both Forrester and Cosmos are high-grade nickel sulphide operations and, together with IGO's existing world class Nova nickel-copper-cobalt operation, will consolidate IGO's position as Australia's leading independent nickel producer.

The boards of both IGO and Western Areas (in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders) believe the proposed acquisition represents the best value path forward for both sets of shareholders. Western Areas Shareholders are receiving an immediate premium to last close prior to the Announcement Date, and a significant premium to the undisturbed trading price on 18 August 2021 (the day before the fact that IGO and Western Areas were in discussions was announced to the ASX). This includes a:

- 19.4% premium to Western Areas' last close on 15 December 2021; and
- 56.03% premium to Western Areas' undisturbed share price on 18 August 2021.

The reasons to vote in favour of the Scheme are discussed in more detail in section 1.2.

6.7 Funding of the Scheme Consideration

(a) Overview

The Scheme Consideration is \$3.87 per Scheme Share. If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration per Scheme Share held on the Scheme Record Date.

The maximum aggregate amount of cash payable by IGO Nickel to Western Areas Shareholders under the Scheme will be approximately \$1.263 billion, based on the number of:

- Western Areas Shares currently on issue as at the Last Practicable Date (being 321,643,155 Western Areas Shares); and
- any Western Areas Shares expected to be issued as a result of the vesting of 4,591,640 Western Areas Performance Rights.

IGO or one or more of its Subsidiaries, will provide IGO Nickel with sufficient funds to fund the Scheme Consideration. IGO intends to fund the Scheme Consideration using a combination of cash and debt. These funding arrangements are described below.

The proceeds available to IGO under the debt facilities, together with the cash reserves, referred to below, are in excess of the maximum aggregate Scheme Consideration.

(b) Cash funding

As at 31 December 2021, IGO had available internal cash reserves and cash equivalents with an aggregate value of approximately \$570 million. IGO intends to use approximately \$363 million from these cash reserves and cash equivalents to fund the Scheme Consideration.

(c) Debt Facilities

IGO has entered into a binding debt commitment letter (the **Commitment Letter**) under which Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia Limited and National Australia Bank Limited (the **Financiers**) have committed to providing debt facilities (**Debt Facilities**) in an aggregate amount of \$900 million to IGO to be applied for the purposes set out below.

The Debt Facilities comprise a:

- (i) \$540 million amortising loan, and
- (ii) \$360 million revolving credit facility which may be applied for the purposes set out below.

IGO is permitted to use the proceeds of borrowing under the Debt Facilities to fund the Scheme Consideration and to pay fees, costs and expenses related to the Scheme.

The availability of the Debt Facilities is subject to the satisfaction of certain customary conditions precedent, including:

- (i) the preparation of finance documents for the Debt Facilities to reflect the terms agreed under the binding Commitment Letter (including security documentation, which includes a general security agreement and share security over the shares in Western Areas);

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- (ii) financial close occurring on or before 31 July 2022 (unless extended with the approval of all Financiers);
 - (iii) compliance by IGO with the terms of the Commitment Letter and related mandate documentation;
 - (iv) the absence of a material adverse change to IGO's business or prospects, the ability of IGO to perform its obligations under the Commitment Letter and related mandate documentation or the facility agreement and related finance documents to be entered into by IGO, or any relevant syndicated loan, debt, bank, capital or equity market which could prejudice syndication of the Debt Facilities;
 - (v) each of the customary representations and warranties made by IGO in favour of the Financiers being correct;
 - (vi) the absence of any customary events of default (howsoever defined under the finance documents) occurring in respect of members of the IGO Group;
 - (vii) no change of control having occurred in respect of IGO;
 - (viii) it not being unlawful for the Financiers to provide the funding;
 - (ix) the Scheme Implementation Deed not having been terminated;
 - (x) completion by each Financier of client identification procedures in compliance with applicable anti-money laundering rules;
 - (xi) satisfaction of all conditions precedent included in the Scheme Implementation Deed;
 - (xii) all authorisations required to complete the acquisition of Western Areas have been obtained; and
 - (xiii) satisfaction of other conditions precedent primarily of a documentary nature which are customary for facilities of this kind.

It is expected that as of the Second Court Date, the Commitment Letter will be superseded by a definitive long form facility agreement and related definitive security documentation (together, the **Facility Documents**) to be executed among the parties to them, the material terms and conditions of which are specified in the Commitment Letter.

It is expected that the conditions to the Debt Facilities will be satisfied on or before the Second Court Date (other than certain procedural conditions which are intended to be satisfied concurrently with, or prior to, the initial borrowings under the Debt Facilities or prior to the Implementation Date, including the payment of fees, costs and expenses).

As at the Last Practicable Date, IGO is not aware of any reason why the conditions to the Debt Facilities will not be satisfied as to enable the relevant Debt Facilities to be drawn for the purpose of funding the Scheme Consideration.

(d) Provision of Scheme Consideration

On the basis of the arrangements described above, IGO Nickel is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to satisfy the funding commitments described in this section 6.7.

6.8 IGO Nickel and IGO's intentions if the Scheme is implemented

The statements set out in this section 6.8 are based on information concerning Western Areas and its business, and the general business environment that is known to IGO at the time of preparation of this Scheme Booklet. However, IGO does not currently have knowledge of all information that is necessary to determine all the operational, commercial, taxation and financial implications of its current intentions.

If the Scheme is implemented, IGO intends to conduct a detailed review of Western Areas' assets, operations and employee requirements. IGO's final decisions on these matters will only be made in light of all material facts and circumstances at the relevant time and after having had the opportunity to review Western Areas' information in more detail after implementation of the Scheme.

Accordingly, the statements set out in this section 6.8 are statements of current intention only and may change as new information becomes available or as circumstances change.

The intentions of IGO set out in this section 6.8 also reflect the intentions of IGO Nickel, subject to the same qualifications set out above.

(a) Business, operations and assets

Based on its current understanding of the Western Areas' business and subject to completion of the review referred to above, IGO intends to continue to operate the Western Areas' business in substantially the same manner as it is currently being operated. This will include proceeding with Western Areas' existing planned exploration and development projects (including the development of Odysseus). However, IGO will review Western Areas' operations to determine and implement improvements to deliver optimal outcomes for the IGO Group.

(b) Western Areas Board

If the Scheme is implemented, IGO will replace the Western Areas Board and its Subsidiaries with nominees of IGO (who are yet to be identified as at the date of this Scheme Booklet).

(c) Employees and management team

IGO recognises that the Western Areas employees and management team are an integral part, and key to the success, of IGO's business.

IGO may make limited changes to employee and management roles as a result of potential duplication or redundancy of some roles arising from Western Areas becoming part of the IGO Group and no longer being listed, although no determination has been made in respect of such changes. Where possible, job losses will be sought to be minimised through redeployment of the relevant employees elsewhere within the IGO Group. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements.

All Western Areas corporate employees with non-operational roles will be offered a retention agreement through to 30 November 2022 during which period IGO will determine which roles are no longer required. IGO intends to terminate the employment of Mr Daniel Lougher, the CEO and Managing Director of Western Areas on 1 July 2022. IGO and Mr Lougher may enter into an arrangement, on terms to be agreed between the parties, where Mr Lougher continues to provide consulting services to IGO to ensure continuity of knowledge on the Western Areas' business.

(d) Delisting of Western Areas

If the Scheme is implemented, an application will be made to the ASX for Western Areas to be removed from the ASX's official list, with effect from on or shortly after the Implementation Date.

6.9 Interests in Western Areas and other collateral benefits

(a) Relevant Interests in Western Areas Shares

As at the date of this Scheme Booklet and as disclosed in IGO and IGO Nickel's notice of initial substantial holder released to ASX on 18 February 2022, IGO, IGO Nickel and their Associates have a Relevant Interest and voting power in 9.8% of Western Areas Shares pursuant to a voting undertaking signed by Wyloo Consolidated Investments Pty Ltd in favour of IGO Nickel, dated 17 February 2022.

A copy of the notice of initial substantial holder (including a full copy of the voting undertaking attached to that notice) is available on the ASX website at www.asx.com.au. Refer to sections 1.4(a)(i) and 9.5 for further information regarding the voting undertaking.

(b) Dealing in Western Area Shares in the previous four months

Apart from IGO Nickel's offer to acquire all of Western Areas' Shares under the Scheme, none of IGO Nickel nor to the best of its knowledge any of its Associates has provided or agreed to provide consideration for any Western Areas Shares under any other transaction during the period of four months before the date of this Scheme Booklet.

(c) Benefits given in previous four months

During the four months before the date of this Scheme Booklet, other than as set out in this Scheme Booklet, none of IGO Nickel nor to the best of its knowledge any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to vote in favour of the Scheme or dispose of Western Areas Shares, where the benefit was not offered to all Western Areas Shareholders.

(d) Benefits to Western Areas directors

None of IGO Nickel nor to the best of its knowledge any of its Associates will be making any payment or giving any benefit to any current officers of Western Areas as compensation for, or otherwise in connection with their resignation from their respective offices if the Scheme is implemented, other than as set out in section 6.8.

6.10 Agreement to evaluate downstream nickel processing opportunities

Wyloo Metals Pty Ltd (**Wyloo Metals**), which has a Relevant Interest in 9.8% of the ordinary shares in Western Areas as at the Last Practicable Date, has entered into an agreement with IGO to jointly evaluate opportunities for nickel downstream processing in Australia. The agreement is conditional on the Scheme becoming Effective.

Under the agreement, IGO and Wyloo Metals agree to undertake a study into the feasibility of a nickel downstream processing facility in Australia. The study is expected to take approximately two years and will be funded 70:30 by IGO and Wyloo Metals respectively. Following the conclusion of the study, and subject to the parties making a final investment decision, the parties would then form a 70:30 joint venture to construct and operate a nickel downstream processing facility in Australia (the **Project**), which may source feedstock from the IGO Group's operations.

The parties have agreed to deal exclusively with one another in relation to the Project, and subject to certain exceptions, not to undertake any similar or competing project in Australia until 30 June 2028.

6.11 Approvals

IGO has sought a pre-assessment of the Transaction from the Australian Competition & Consumer Commission (**ACCC**) through the informal merger review process. The informal merger review process enables merger parties to seek the ACCC's view on whether the proposed acquisition is likely to have the effect of substantially lessening competition. IGO anticipates that the informal merger review process will be completed prior to the Scheme Meeting (although timing is in the hands of the ACCC). Any updates will be provided to Western Areas Shareholders at the Scheme Meeting.

6.12 No other material information

Except as set out in this section 6, at the date of this Scheme Booklet there is no other information about IGO or IGO Nickel or their intentions regarding Western Areas that is material to the making of a decision by a Western Areas Shareholder in relation to the Scheme, which is within the knowledge of any director of IGO or IGO Nickel and has not previously been disclosed to Western Areas Shareholders.

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7. RISK FACTORS

The Western Areas Board considers that it is appropriate for Western Areas Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of Western Areas and the value of Western Areas Shares.

The risk factors in this section 7 are existing risks that relate to Western Areas' business and the industry in which it operates, or that are generally associated with an investment in listed securities. These risks will only continue to be relevant to you if the Scheme does not proceed, in which case (in the absence of a Competing Proposal that is ultimately implemented) Western Areas will continue to operate as a stand-alone entity, and you will retain your investment in Western Areas.

This section 7 outlines:

- General risk factors;
- Specific risk factors for the Western Areas Group;
- Unknown risks; and
- Risks and implications for Western Areas if the Scheme is not implemented.

This section 7 is a summary only and does not purport to list every risk that may be associated with an investment in the Western Areas Group now or in the future.

If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be Western Areas Shareholders and will no longer be exposed to the risks set out in this section 7.

You should carefully consider the risks discussed in this section 7, as well as the other information contained in this Scheme Booklet generally, before voting on the relevant Scheme Resolution. You should consult your legal, financial, taxation or other professional adviser if you are unclear or uncertain about any matter mentioned in this section 7 or elsewhere in this Scheme Booklet.

7.1 General risk factors

As with any entity with listed securities on ASX, the future prospects, operating and financial performance of Western Areas and the value of Western Areas Shares may be affected by a variety of factors. These factors may include:

- (a) changes in investor sentiment and overall performance of Australian and international stock markets;
- (b) changes in general business, industry cycles, and economic conditions including inflation, interest rates, exchange rates, commodity prices, employment levels and consumer demand;
- (c) economic and political factors in Australia and internationally, including economic growth;
- (d) changes in legislation and government, fiscal, monetary and regulatory policies including foreign investment and government or political intervention in export and import markets;
- (e) uncertainty around the likelihood, timing, franking or quantum of future dividends;

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- (f) failure to make or integrate any future acquisitions or business combinations (including the realisation of synergies), significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities;
 - (g) changes in accounting or financial reporting standards; and
 - (h) changes in taxation laws (or their interpretation).

Deterioration of the general economic conditions (including as a result of COVID-19), adverse foreign exchange rate movements, the Australian and overseas stock markets, and catastrophic events may also affect Western Areas' operating and financial position.

7.2 Specific risk factors for the Western Areas Group

There are a range of business-specific risks associated with your current investment in Western Areas Shares, as set out below. You will only continue to be exposed to these risks if the Scheme does not proceed and you retain your investment in Western Areas Shares. While Western Areas has in place what it considers are appropriate policies and procedures to help manage these risks, there is no guarantee that Western Areas will be able to manage these risks completely. Furthermore, certain aspects of these risks (or Western Areas' ability to respond to and manage them) may be partly or wholly outside of Western Areas' control.

(a) Development and production risks

Western Areas' projects are at various stages of exploration, development and production. Success of Western Areas' projects is dependent on a number of factors including, but not limited to:

- access to adequate capital to fund and develop its projects;
- construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- retention of appropriately skilled and experienced employees, contractors and consultants; and
- counterparties meeting their obligations under the respective agreements that Western Areas is party to (including joint venture agreements).

Western Areas' operations may be impacted by many factors including environmental hazards and adverse weather events (including, for example, rainfall, bushfires and cyclones), difficulty obtaining and/or retaining government and/or third party approvals or agreements, increases in operating or capital costs (including in the price of materials and plant and equipment), delays in shipping and aviation services, technical failures, unusual or unexpected geological conditions, among others.

Any of these circumstances could result in Western Areas not realising its operational or development plans or in such plans costing more than expected or being delayed. This could impact Western Areas' financial and operational performance. Events impacting production rates are likely to reduce the quantity of ore mined and reduce the amount of product available for sale. No assurance can be given that Western Areas will achieve commercial viability through development of any of its projects.

(b) Odysseus development risks

Western Areas is targeting first nickel concentrate production from the Odysseus mine in the December 2022 quarter. Western Areas' operational and financial

performance from Odysseus is dependent on the continual and successful development of the Odysseus mine. In addition to the general development risks mentioned in section 7.2(a) above, there are a number of risks and uncertainties that are associated with the development of the Odysseus mine, including:

- escalating operating or capital costs;
- future capital requirements exceeding those forecast in Western Areas' budget and life of mine plans from time to time. While Western Areas has completed a Definitive Feasibility Study (DFS) in respect of the Odysseus mine (announced to ASX on 22 October 2018), there can be no guarantee that the Odysseus mine will be successfully developed and brought into production as assumed or within the estimated parameters in the DFS;
- slippage in the development or pre-production schedule as a result of delays in obtaining, or a failure to obtain or maintain necessary government permits or approvals, shortages of or delays in the procurement of materials, or other items necessary for ongoing development or delays in the negotiation of key contracts;
- the construction and operation of an ore haulage shaft at Odysseus is a new technology for the Western Areas Group and represents a key component of the underground infrastructure. Western Areas has expanded its internal capability to manage this risk in the construction phase and expects to continue to do similarly during the operational phase. Failure to complete the shaft as designed or operate it at capacity once in production will impact the project economics as assumed in the DFS; and
- geotechnical issues may arise (as with most mines mining at the depth contemplated at Odysseus), which could potentially drive higher unit support costs and result in production delays.

If any of these risks and uncertainties materialise, they could result in Western Areas not realising its development plans for the Odysseus mine, or 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 Western Areas' financial and operating performance. No assurance can be given that the capital cost and development timeline estimates for the development of the Odysseus mine will ultimately be achieved.

(c) Estimate risk in Mineral Resources and Ore Reserves

Western Areas' Mineral Resources and Ore Reserves for its existing projects are expressions of judgement based on industry practice, experience and knowledge, and are estimates only. Estimates of Mineral Resources and Ore Reserves are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Mineral Resources and Ore Reserves are accurate or that the indicated level of nickel or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Estimates that are valid when made may change significantly when new information becomes available. Actual mineralisation or geological conditions may be different from those predicted.

No assurance can be given that any or all of Western Areas' Mineral Resources constitute or will be converted into Ore Reserves. Actual Mineral Resources and Ore Reserves may differ from those estimated, which could have an adverse effect on Western Areas' operations, financial performance and financial position.

Various factors, such as commodity price fluctuations as well as increased production costs, may render a part of the Western Areas' Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render such Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated Ore Reserves may have to be recalculated based on actual production experience.

(d) Replacement of Mineral Resources and exploration activity

Western Areas will need to eventually replace Mineral Resources depleted by production to maintain production levels over the long term. Mineral Resources can be replaced through further drilling to identify extensions, locating new deposits or making acquisitions. There is a risk that depletion of Mineral Resources will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower Mineral Resource base. Western Areas' Mineral Resource base may decline if Mineral Resources are mined without adequate replacement.

Whether a Mineral Resource is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade, quality and proximity to infrastructure, commodity prices, government regulation, obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities, land tenure, land use, and environmental protection. There is no certainty that the expenditures made by Western Areas towards the search for and evaluation of mineral deposits will ultimately result in discoveries of commercial quantities of Mineral Resources.

Exploration on existing tenements may be unsuccessful, which could reduce the value of those tenements, diminish the cash reserves of Western Areas and risk relinquishment of the exploration and mining tenements. Exploration is inherently speculative. There is no assurance exploration activity will lead to discovery of recoverable resources, and if resources are identified, there is no guarantee those resources can be economically exploited.

Other factors such as adverse weather events (including, for example, rainfall, bushfires and cyclones), operational and technical difficulties, industrial and environmental accidents, lack of access to key infrastructure and changes to government policy or legislation (among other factors) may preclude Western Areas from successfully mining and exploring discovered resources.

(e) Commodity price volatility

The Western Areas' revenues and cash flows will primarily be dependent on the price of nickel. Sustained low prices could reduce or eliminate the profit and cashflow that is currently expected to be generated from the portfolio; halt or delay the development of new projects; reduce funds available for exploration; result in impairments to the value of assets and/or reduce existing Ore Reserves and Mineral Resources by reducing what can be economically processed at prevailing prices.

Such declines in price and/or reductions in operations could cause significant volatility in Western Areas' financial performance.

Western Areas' revenues are derived primarily from the sale of nickel concentrate. The price that Western Areas obtains for nickel concentrate is influenced by market prices. Commodity prices fluctuate and are affected by many factors beyond the control of Western Areas. Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange and supply and demand factors.

The price of nickel, generally speaking, is volatile and subject to a variety of factors including global supply and demand, the prices agreed by the world's largest

producers of nickel with their customers, utilisation rates at existing production facilities worldwide, the level of competition between producers, technological advancements in the production of nickel, end-uses of nickel, currency exchange rates, general economic conditions, regulatory changes, and other factors. More recently there has been a period of material volatility in the nickel market, which resulted in the temporary suspension of nickel trading on the London Metals Exchange on 8 March 2022, and which may continue to impact nickel prices.

Depending on hedging practices, future price declines in the market value of nickel may adversely impact on Western Areas' profit margins, future development and planned future production, which may in turn adversely impact the price of Western Areas Shares.

(f) Offtake risk

Western Areas is party to two offtake agreements with BHP Billiton Nickel West Pty Ltd and Jinchuan Group Ltd. If Western Areas is unable to meet its required deliverables under these offtake agreements, its business, operating results and financial position may be adversely affected. These offtake agreements require a minimum product specification for product grade. There is no certainty that Western Areas will be able to continuously meet product specifications particularly on account of the inherent risks associated with the extraction and processing of ore, and as a result, Western Areas may not be able to sell its product.

Additionally, if the counterparties to the offtake agreements do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, Western Areas' revenue could be adversely affected.

These offtake agreements are set to expire on 30 June 2022 (in the case of the offtake agreement with Jinchuan Group Ltd, unless extended for a further 6 month period) and 1 February 2023 (in the case of the offtake agreement with BHP Billiton Nickel West Pty Ltd). There is a risk that when these offtake agreements expire Western Areas will not be able to enter into replacement or additional offtake agreements or that any contracts will be on less favourable terms.

There is also a risk that an offtake agreement at commercially favourable terms to Western Areas cannot be sourced for the Odysseus mine once production commences.

(g) Key personnel and labour market risk

Retaining and recruiting qualified personnel is critical to Western Areas' success. Competition for suitably qualified personnel is very strong and Western Areas, as with other entities in the mining industry, is exposed to challenges associated with attracting and retaining appropriately qualified personnel (including in connection with, or as a result of, impacts of COVID-19²⁸). If Western Areas cannot attract, motivate and retain suitably qualified personnel, and if those personnel do not operate effectively, it could adversely affect Western Areas' current exploration, development and production operations and its future growth plans.

(h) Exchange rate fluctuations

Nickel prices are commonly denominated in US dollars, while the majority of Western Areas expenses (including financing costs) are incurred in Australian dollars and Western Areas income and expenditure are, and will be taken into account, in Australian dollars. This exposes Western Areas to the fluctuations and volatility of the

²⁸ Refer to section 7.2(j).

rate of exchange between these currencies as determined by international currency markets.

Depending on hedging practices, if the Australian dollar appreciates in value against the US dollar then Western Areas' financial results may be adversely affected due to the potential lower Australian dollar receipts available to cover costs.

Western Areas enters into hedging arrangements at various times to limit its exposure to fluctuations in exchange rates. If Western Areas is unable to satisfy its obligations under these contracts by delivering the required product (being the US currency) it may be adversely affected. Western Areas' 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, Western Areas will still be exposed to foreign exchange risk in relation to currency that has not been hedged.

(i) Financing risk

Western Areas' continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. There is risk that Western Areas may not be able to access equity or debt capital markets to support its business objectives, or successfully refinance any existing indebtedness on commercially favourable terms.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to shareholders (if Western Areas determines that a pro rata entitlement offer is not the most appropriate method of equity fundraising or shareholders elect not to participate in such entitlement offers) and such securities may, subject to requisite shareholder approval, have rights, preferences or privileges senior to those currently holding Western Areas' shares.

Western Areas has existing, undrawn debt facilities. In the future, Western Areas may need to renegotiate or refinance the terms of these debt facilities and the terms on which debt financiers are willing to offer finance may vary from time to time depending on macro-economic conditions, the performance of Western Areas and intended use of funds.

If sufficient funds are not available from either equity or debt capital markets to satisfy Western Areas' short, medium and long-term capital requirements then this may adversely impact on Western Areas' operational, financial performance and financial position.

(j) COVID-19 risk

The events relating to COVID-19 have caused, and continue to cause, significant market volatility, including in the mining industry, global capital markets, and on commodity prices and foreign exchange rates. While there has been significant economic recovery, there is continued uncertainty as to the further impact of COVID-19, including in relation to governmental action, vaccine hesitancy and efficacy, work stoppages, lockdown, quarantines, travel restrictions and the impact on the Australian and global economy and share markets. This has had, and may continue to have, a significant impact on the industry dynamics to which Western Areas is subject and the macro-economic environment in which it operates.

Future outbreaks of COVID-19 could result in the Western Areas' operations being temporarily suspended or otherwise temporarily disrupted, which may have an adverse impact on the Western Areas' operations as well as adverse implications on Western Areas' future cash flows, profitability, and financial condition.

The long-term impacts from COVID-19 on general economic or industry conditions are still uncertain and may adversely impact the financial and operational performance of Western Areas.

(k) Environmental risk

Western Areas' operations activities and proposed activities are subject to extensive environmental laws and regulations in Australia. As with all mining operations and exploration projects, Western Areas' activities 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. Western Areas attempts to conduct its operations and activities in accordance with the highest standard of environmental obligation, including compliance with all applicable environmental laws and regulations.

Events, such as unpredictable rainfall or bushfires, may impact on Western Areas' ongoing compliance with environmental laws and regulations. Significant liabilities could be imposed on Western Areas for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation.

Approvals are required for mining, land clearing, ground disturbing activities and other environmental impacts. Delays in obtaining and/or retaining such approvals may result in the delay or other impact to anticipated exploration programmes or mining activities. The Department of Mines, Industry Regulation and Safety in Western Australia from time to time reviews the environmental bonds that are placed on tenements. Western Areas is not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of Western Areas.

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. Western Areas 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 Western Areas' cost of doing business or affect its operations and activities in any manner, including in respect of climate change and greenhouse gas emissions.

Western Areas may also be subject to claims due to environmental damage arising out of current or former activities at sites that Western Areas owns or operates. This could have an adverse effect on Western Areas' financial and operational performance.

(l) Insurance risk

Western Areas may not carry insurance to cover all of the risks associated with its business, either because insurance coverage is restricted or prohibitively expensive. Western Areas will endeavour to maintain insurance within a range of coverage consistent with industry practice in order to cover certain risks associated with Western Areas' business. However, in certain circumstances Western Areas' insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Western Areas.

Insurance of risks associated with minerals exploration and production is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where Western Areas considers it is

unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice.

Western Areas will use reasonable endeavours to insure against the risks it considers appropriate for Western Areas' needs and circumstances. However, no assurance can be given that Western Areas will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

(m) Material contracts

The ability of Western Areas to operate its business will depend on the performance of the counterparties under various agreements it has entered into or may enter into in the future, including various offtake arrangements as noted above. If any counterparties do not meet their obligations under the respective agreements, this may impact on Western Areas' business and financial returns.

(n) Litigation risk

Western Areas is subject to litigation risks. All industries, including the minerals exploration and production industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Western Areas is or may become subject could have a material effect on its financial position, results of operations or Western Areas' activities. As at the date of this Scheme Booklet, Western Areas is not aware of any litigation or disputes being undertaken which is material in the context of Western Areas and its Subsidiaries taken as whole.

(o) Closure and rehabilitation risk

At the completion of each of its mining operations, Western Areas is required to rehabilitate and otherwise close that operation in accordance with relevant laws and an approved plan. There is a risk that the cost of, or time taken to, rehabilitate or otherwise close any mining operation may be more expensive or take longer than originally planned with a consequential effect on Western Areas operational and/or financial performance.

Flying Fox and Spotted Quoll are maturing mines and will eventually reach end of life when reserves are depleted. Closure and rehabilitation costs have been adequately allowed for as per Western Australian mining industry guidelines.

(p) Native Title and Aboriginal heritage

The *Native Title Act 1993* (Cth) (NTA) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. Separate legislation in each State and Territory of Australia (and at a Commonwealth level) also governs the protection of Aboriginal heritage, and regulates proposed impacts of development where site avoidance will not be possible. Native title and associated Aboriginal heritage matters may impact on Western Areas' operations and future plans (legally, and from a social licence to operate/external affairs perspective).

A "valid" exploration or mining tenement from a native title perspective (ie a tenement that, where applicable, has been granted in compliance with the relevant requirements of the NTA) prevails over native title to the extent of any inconsistency for the duration of the title. In essence, while native title can co-exist with a valid exploration or mining tenement, the exploration or mining tenement holder may

exercise their legal rights in priority to the traditional owners exercising their native title rights and interests.

There might be current or future circumstances where the validity of Western Areas tenure (from a native title perspective) is challenged in the context of native title claims proceedings. These factors could have a material adverse effect on Western Areas' business, results of operations, financial condition and prospects.

There may be circumstances in which Western Areas might be found liable to pay native title compensation in relation to its tenure and/or operations thereon (including compensation for past native title impacts before the relevant tenure was acquired by Western Areas, where tenure is acquired from a third party and Western Areas was not the original grantee). No assurance can be given that Western Areas will be successful in defending any compensation claims or mitigating any native title compensation awards.

There may be Aboriginal heritage in or near the vicinity of Western Areas' current, planned, proposed or future operations. Impacting Aboriginal heritage is usually a criminal offence carrying significant penalties. Even when (where applicable) regulatory approvals are obtained that permit impacts on heritage, proceeding with operations in that situation can still carry significant external affairs risk that may impact a proponent's social licence to operate.

Heritage legislation and policy across Australia, at both a Commonwealth and State/Territory level, is also the subject of numerous ongoing and proposed reforms exposing projects to additional risk. In Western Australia, for example, a new Aboriginal Cultural Heritage Act 2021 has recently received royal assent. While the transition period will take some time before the new Act substantially commences (and replaces the current Act), Western Areas will need to transition to the implementation of the new regime. These factors could have a material adverse effect on Western Areas' business, results of operations, financial condition and prospects.

7.3 Unknown risks

Additional risks and uncertainties not currently known to Western Areas may also have a material adverse effect on Western Areas' financial and operational performance and the information set out in this section 7 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Western Areas.

7.4 Risks and implications for Western Areas and Western Areas Shareholders if the Scheme is not implemented

(a) Western Areas Shareholders will not receive the Scheme Consideration

If the Scheme is not implemented, Scheme Shareholders will retain their Western Areas Shares and will not receive the Scheme Consideration. Western Areas will remain listed on ASX as a standalone entity and the current Western Areas Board and Western Areas' senior management team will continue to operate Western Areas' business. In these circumstances, Scheme Shareholders will continue to be subject to all risks currently associated with an investment in Western Areas (and to which Western Areas Shareholders are necessarily already exposed to).

(b) If the Scheme does not proceed, the price of Western Areas Shares may fall below its recent trading price, in the absence of a Superior Proposal

If the Scheme is not implemented and no Superior Proposal emerges, it is possible that the trading price of Western Areas Shares will fall below current levels, to the extent that the market price reflects an assumption that the Scheme will be

implemented and/or that a superior proposal might emerge (although this is difficult to predict with any degree of certainty).

Refer to section 1.2(b) for a discussion of the recent trading history of Western Areas Shares and possible implications for Western Areas Shareholders.

(c) Risks for Western Areas as a standalone entity

If the Scheme does not proceed, and no Superior Proposal emerges, the Western Areas Board intends to continue with its existing strategy.

There are a number of risks, including those of the nature of risks outlined in sections 7.2 and 7.3 above, that may affect Western Areas' performance and operations more broadly.

(d) Transaction costs already incurred

As detailed in section 9.9, Western Areas estimates that it will incur costs of approximately \$2.0m in connection to the Scheme, which will be payable by Western Areas regardless of whether or not the Scheme is implemented. This includes financial advisory, legal, accounting, Independent Expert, Technical Expert, tax and administrative fees, Scheme Booklet and printing, share registry and other expenses.

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8. TAXATION IMPLICATIONS

8.1 Introduction

The following is a general summary of the main Australian income tax, stamp duty and GST consequences from disposing of your Scheme Shares under the Scheme.

This summary only applies to Scheme Shareholders who hold their Scheme Shares on capital account for Australian income tax purposes. In particular, it does not apply to Scheme Shareholders who buy and sell shares in the ordinary course of business or who otherwise hold their Scheme Shares on revenue account or as trading stock for Australian tax purposes.

In addition, this summary does not apply to:

- (a) Scheme Shareholders who acquired their Scheme Shares under an employee share or option scheme;
- (b) Scheme Shareholders who are subject to special taxation rules (for example, attribution managed investment trusts (**AMITs**), trusts that are subject to tax as companies, insurance companies and tax exempt organisations);
- (c) Scheme Shareholders whose Scheme Shares are subject to the "taxation of financial arrangements" rules in Division 230 of the *Income Tax Assessment Act 1997*(Cth); and
- (d) non-Australian resident Scheme Shareholders who have held their shares at any time in carrying on business at or through a permanent establishment in Australia.

Except where otherwise stated, this summary does not apply to Scheme Shareholders that are partnerships or trusts or persons that are partners of such partnerships, or beneficiaries of such trusts. If a partnership or trust is a Scheme Shareholder, the partners of such partnership or the beneficiaries of such trust should consult their own tax advisers in relation to the Australian taxation consequences to them of the partnership or the trust (as applicable) participating in the Scheme.

This summary does not address the tax consequences of the Scheme under the laws of any jurisdiction other than Australia. Scheme Shareholders who are tax residents of a country other than Australia should obtain professional advice in relation to the taxation consequences of the Scheme in their country of residence.

The information in this summary is based upon Australian taxation law and administrative practice in effect at the date of this Scheme Booklet. It is not intended to be tax advice or an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to your circumstances.

As the tax consequences to a Scheme Shareholder participating in the Scheme will depend on each Scheme Shareholder's own individual circumstances, all Scheme Shareholders are advised to seek their own independent professional advice regarding the Australian and, if relevant, foreign tax consequences of disposing of their Scheme Shares based on their own particular circumstances.

8.2 Scheme Shareholders who are Australian residents for tax purposes

This section applies to Scheme Shareholders who are residents of Australia for Australian income tax purposes and hold their Scheme Shares on capital account.

- (a) **CGT consequences of the disposal of Scheme Shares**

If you are an Australian resident for Australian income tax purposes, the disposal of your Scheme Shares pursuant to the Scheme will constitute a capital gains tax (CGT) event.

The CGT event will happen at the time that the Scheme Shareholder disposes of its Scheme Shares under the Scheme, which will be the Implementation Date.

(b) Calculation of the capital gain or loss

The disposal of your Scheme Shares should give rise to a capital gain or loss equal to the difference between:

- (i) the capital proceeds received for the disposal of your Scheme Shares (i.e. the Scheme Consideration); and
- (ii) the cost base (or, in the case of a capital loss, the reduced cost base) of your Scheme Shares (which would generally include the amount paid to acquire the Scheme Shares plus any non-deductible incidental costs of acquisition, e.g. brokerage fees and stamp duty).

Each Scheme Share constitutes a separate asset for CGT purposes. You will need to separately consider the consequences of the disposal of your Scheme Shares which were acquired in different parcels at different times.

Your net capital gain for the income year is included in your assessable income for the income year. Broadly, your net capital gain for an income year is the total of all the capital gains made during the income year less capital losses made in the income year and available net capital losses made in previous income years. That amount may be reduced further by other concessions, particularly under the discount capital gains tax rules discussed below.

If you make a capital loss from the disposal of your Scheme Shares, the capital loss may be used to offset capital gains made in the same or subsequent years of income (subject to satisfying any applicable carry forward loss conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains made in earlier income years.

(c) Discount capital gains

If you are an individual, or hold your Scheme Shares as a trustee of a trust or a complying superannuation entity, and have held your Scheme Shares for at least 12 months before disposal, the discount capital gain provisions may apply as follows:

- (i) If you are an individual, one half of the capital gain (after offsetting any applicable capital losses) will be included in your assessable income.
- (ii) If you are a trustee of a trust (but not a complying superannuation entity), one half of the capital gain (after offsetting any applicable capital losses) will be included in the "net income" of the trust. The discount capital gains provisions may also apply to capital gains to which beneficiaries in the trust (other than beneficiaries that are companies) are entitled. The CGT provisions applying to trustees and beneficiaries of trusts are complex and you should seek advice from your professional tax adviser in this regard.
- (iii) If you are a complying superannuation entity (including where you are acting as a trustee of a complying superannuation entity), two-thirds of the capital gain (after offsetting applicable capital losses) will be included in the complying superannuation entity's assessable income.

The discount capital gain provisions generally do not apply to companies.

Where the discount capital gain provisions apply, any available capital losses will be applied to reduce the nominal capital gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the net capital gain that is included in assessable income.

8.3 Scheme Shareholders who are not Australian residents for tax purposes

If you are a foreign resident of Australia for tax purposes, any capital gain or loss you make on disposal of the Scheme Shares will be disregarded unless the Scheme Shares are "taxable Australian property". If a Scheme Share is "taxable Australian property", any capital gain or loss should be determined as outlined in section 8.2(b) above, noting that foreign resident Scheme Shareholders are generally not eligible to claim the CGT discount in respect of any gain made on the disposal.

In order for a Scheme Share to be "taxable Australian property", one of the following criteria would generally need to be met:

- (a) the Scheme Share is an "indirect Australian real property interest";
- (b) at any time, you held the Scheme Share in carrying on business through a permanent establishment in Australia; or
- (c) you elected to disregard a gain or loss in respect of the Scheme Share on ceasing to be an Australian resident.

A Scheme Share should be treated as an "indirect Australian real property interest" if, broadly:

- (a) you, together with your associates (as determined under the income tax legislation), hold a non-portfolio interest (i.e. 10% or more) in Western Areas at the time of the disposal or did so for at least any 12 month period in the previous two years (in either case, a **Non-portfolio Interest**); and
- (b) Western Areas' assets comprise more than 50% interests in real property (including mining or exploration tenements) in Australia (by market value) (**Principal Asset Test**).

Western Areas expects that the Principal Asset Test will be met in respect of Western Areas. Accordingly, if you are a foreign resident, you should consider whether you hold a Non-portfolio Interest in Western Areas.

If your Scheme Shares are an "indirect Australian real property interest", you should seek independent professional advice regarding the tax consequences of disposing of your Scheme Shares according to your own particular circumstances.

8.4 Foreign resident CGT withholding

In accordance with the foreign resident CGT withholding rules contained in the taxation administration legislation, IGO Nickel may be authorised and required to withhold and pay to the ATO up to 12.5% of the Scheme Consideration otherwise payable to you if:

- (a) your Scheme Shares are an "indirect Australian real property interest"; and
- (b) on the Implementation Date, IGO Nickel:
 - (i) knows or reasonably believes you are a foreign resident; or
 - (ii) does not reasonably believe you are an Australian resident, and either:

- (A) you have an address outside Australia; or
- (B) IGO Nickel is authorised to pay the Scheme Consideration to a place outside Australia (such as an overseas bank account).

In order to ensure that it complies with its obligations, IGO Nickel will clarify the status of certain Scheme Shareholders and may request that certain Scheme Shareholders provide a written declaration (to the extent appropriate) that, either:

- (a) the Scheme Shareholder is an Australian resident; or
- (b) the Scheme Shareholder's Scheme Shares are not "indirect Australian real property interests" (essentially that the Scheme Shareholder does not have a Non-Portfolio Interest).

If IGO Nickel makes such a request to you but neither of the declarations referred to above applies in your circumstances, you may be eligible for to apply for and obtain a variation notice from the ATO. A variation notice from the ATO can reduce the rate of foreign resident CGT withholding applicable (to a rate lower than 12.5%, and potentially to nil), in respect of the Scheme Consideration otherwise payable to you.

If IGO Nickel requests a declaration from you and you provide it to IGO Nickel at least 5 Business Days (or such shorter period agreed to by IGO Nickel) prior to the Implementation Date, then IGO Nickel should not be required by the foreign resident CGT withholding rules to withhold from the Scheme Consideration otherwise payable to you (provided it does not know the declaration to be false). If IGO Nickel requests but does not receive a written declaration from you at least 5 Business Days (or such shorter period agreed to by IGO Nickel) prior to the Implementation Date and it:

- (a) reasonably believes you to be a foreign resident; or
- (b) does not reasonably believe you to be an Australian resident, and it:
- (i) has an address for you outside Australia: or
 - (ii) is authorised to make payment outside Australia,

it will withhold the relevant amount from the Scheme Consideration otherwise payable to you and remit this amount to the ATO (subject to the next sentence). The relevant amount is 12.5% of the Scheme Consideration otherwise payable to you, unless the rate of withholding is reduced (including to nil) by an applicable variation notice that is:

- (a) issued to you by the ATO; and
- (b) provided by you to IGO Nickel at least 5 Business Days (or such shorter period agreed to by IGO Nickel) prior to the Implementation Date,

in which case IGO Nickel will comply with that ATO variation notice.

If you are not contacted separately by IGO Nickel and requested to provide a written declaration as described above, it is not expected that IGO Nickel will withhold any amount on account of Tax from your Scheme Consideration (unless it is specifically notified and required by a Government Agency to do so), and you will not be required to take any action regarding the foreign resident CGT withholding rules.

8.5 Stamp duty

You will not be required to pay any stamp duty on the transfer of your Scheme Shares under the Scheme. Under the terms of the Scheme Implementation Agreement, IGO Nickel must

pay all stamp duty payable on the Scheme Implementation Agreement, or any instrument or transaction contemplated in or necessary to give effect to the Scheme Implementation Agreement.

8.6 GST

No liability to GST should arise for you in respect of a disposal of your Scheme Shares under the Scheme.

If you incur GST on acquisitions (e.g. GST on legal, financial or tax advice), to the extent that your acquisition relates to the disposal of your Scheme Shares, you may not be entitled to claim input tax credits or may only be entitled to reduced input tax credits in relation to that GST. You should seek independent tax advice in relation to your individual circumstances.

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9. ADDITIONAL INFORMATION

9.1 Interests of Western Areas Directors in Western Areas Shares and Western Areas Performance Rights

As at the Last Practicable Date, the Western Areas Directors have the following Relevant Interests in Western Areas Shares.

Director	Number of Western Areas Shares	Percentage interest in Western Areas Shares
Ian Macliver	55,576	0.017%
Daniel Lougher	621,732	0.193%
Richard Yeates	10,000	0.003%
Timothy Netscher	60,150	0.019%
Natalia Streltsova	23,490	0.007%
Yasmin Broughton	9,661	0.003%
Total	780,609	0.243%

Each Western Areas Director will vote or procure the voting of their Director Shares in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Western Areas Shareholders.

No Western Areas Director acquired or disposed of a Relevant Interest in any Western Areas Share or other security in the four month period ending on the date immediately before the date of this Scheme Booklet.

As at the Last Practicable Date, other than Daniel Lougher, no Western Areas Director had a Relevant Interest in any Western Areas Performance Rights. As at the Last Practicable Date, Daniel Lougher has a Relevant Interest in 1,148,710 Western Areas Performance Rights.

9.2 Western Areas incentive and equity arrangements

(a) Western Areas Performance Rights Plan

Western Areas Performance Rights are governed by the terms of the Western Areas Performance Rights Plan, under which Western Areas can issue performance rights to eligible participants. The Western Areas Performance Rights Plan was last approved by Western Areas Shareholders at Western Areas' annual general meeting held on 21 November 2019, and a summary of the Western Areas Performance Rights Plan is attached to Western Areas' 2019 notice of annual general meeting.

Refer to section 3.9 for a summary of how the Western Areas Performance Rights will be treated under the Transaction.

(b) Western Areas' Share Plan

Share Plan Shares are governed by Western Areas' Share Plan, adopted by the Western Areas Board on 21 December 2016. The Share Plan is an employee share plan designed to allow the Board to make grants of Western Areas Shares (up to \$1,000 annually) to Western Areas employees to assist with:

- (i) attracting, motivating and retaining employees;

- (ii) allowing employees to become Western Areas Shareholders utilising the tax exemption available under subdivision 83A-B of the *Income Tax Assessment Act 1995* (Cth); and
- (iii) aligning the interests of employees with those of shareholders.

Refer to section 3.9 for a summary of how the Share Plan Shares will be treated under the Transaction.

9.3 Interests and dealings of Western Areas Directors in securities in IGO

(a) Western Areas Directors' interests in securities in IGO

No Western Areas Director has a Relevant Interest in any securities of IGO or any of its Related Bodies Corporate.

(b) Western Areas Directors' dealings in securities in IGO

No Western Areas Director has acquired or disposed of a Relevant Interest in any securities in IGO or any of its Related Bodies Corporate in the four month period ending on the date immediately before the date of this Scheme Booklet.

9.4 Western Areas Directors' benefits and agreements

(a) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any Western Areas Director, secretary or executive officer of Western Areas (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Western Areas (or any of its Related Bodies Corporate) in connection with, or that is materially affected by the implementation of, the Scheme.

(b) Other agreements or arrangements connected with or conditional on the Scheme

(i) Western Areas Performance Rights and Share Plan Shares

As noted in section 9.1, Daniel Lougher holds 1,148,710 Western Areas Performance Rights that will, subject to the circumstances described in section 3.9, vest and be immediately exercised upon the Court making the Scheme Order.

(ii) Change of control bonus

Daniel Lougher (Managing Director and CEO) and Western Areas are parties to an executive services agreement dated 20 April 2011 (as amended on 30 January 2012) in respect of Mr Lougher's employment with Western Areas (**MD Services Agreement**).

Joseph Belladonna (Chief Financial Officer & Company Secretary) and Western Areas are parties to an executive services agreement dated 20 April 2011 in respect of Mr Belladonna's employment with Western Areas (**CFO Services Agreement**).

Together, the MD Services Agreement and the CFO Services Agreement are the **Executive Services Agreements**.

Under the terms of the Executive Service Agreements, if the Scheme is implemented, Western Areas must pay a change of control bonus to each of

Mr Lougher and Mr Belladonna within 10 days of implementation (**Control Bonus**). The Control Bonus is a legacy item that has not been applicable to any new executive and has been disclosed in Western Areas' remuneration report each year since 2008, in respect of Mr Lougher, and since 2011, in respect of Mr Belladonna. The Control Bonus was implemented to ensure retention of staff in the event of a change of control proposal being received by Western Areas and to incentivise the executive to maximise the value received by Western Areas shareholders from any change of control transaction.

In accordance with the terms of the Executive Services Agreements, the Control Bonus must be calculated in accordance with the following formula:

$$\text{CB} = (\text{BP} \times 3) \times \text{ES}$$

Where:

CB is the amount of the Control Bonus;

BP is the bid premium (calculated as the positive difference, expressed as a percentage of the 20-day VWAP), being the difference between the bid price for Western Areas Shares as a result of the Scheme and the VWAP of Western Areas Shares for the 20 days immediately preceding the bid. In respect of the Scheme, BP is 53.6%²⁹; and

ES is the executive's base annual salary at the time the bid is implemented. In respect of Mr Lougher, ES is \$802,499. In respect of Mr Belladonna, ES is \$473,427.

The Western Areas Board (in the absence of Daniel Lougher) has determined that the following Control Bonuses would be payable to each of Mr Lougher and Mr Belladonna if the Scheme is implemented:

- (A) Daniel Lougher, Western Areas' Managing Director and Chief Executive Officer: \$1,291,198; and
- (B) Joseph Belladonna, Western Areas' Chief Financial Officer and Company Secretary: \$761,731.

Other than the matters described above there are no agreements or arrangements made between any Western Areas Director and any other person, including IGO, in connection with, or conditional on the outcome of, the Scheme.

(iii) **Special exertion fees for Non-Executive Directors**

As contemplated by clause 17.8(e) of Western Areas' constitution, the Western Areas Board approved a one-off special exertion fee for each Non-Executive Director of Western Areas, in recognition of the Non-Executive Directors' increased and sustained workload and significant time commitment involved in (among other things): considering and engaging in discussions with IGO in relation to a potential change of control proposal (IGO's approach first disclosed by Western Areas to ASX on 19 August 2021); facilitating and engaging in due diligence investigations; negotiating and agreeing the terms and conditions of the Scheme Implementation Deed and associated

²⁹ The 20-trading day VWAP up to 18 August 2021, being the day prior to Western Areas' announcement that it was in preliminary discussions with IGO regarding a potential change in control transaction was released to ASX, was \$2.52 per Western Areas Share.

documents; and (now) overseeing the process through to implementation of the Scheme.

There are two separate fee amounts, to reflect the differing levels of involvement that the Non-Executive Directors have had (and are expected to have) in the process. Ian Macliver, Independent Non-Executive Chairman, received \$66,048 (inclusive of superannuation) and each other Non-Executive Director received \$42,931 (inclusive of superannuation).

The special exertion fees were not conditional on the Scheme being implemented.

(c) Interests of Western Areas Directors in contracts with IGO

Except as set out in section 6.8(c) in respect of Daniel Lougher potentially providing consulting services to IGO, no Western Areas Director has any interest in any contract entered into by IGO or any of its Related Bodies Corporate.

(d) Benefits from IGO

None of the Western Areas Directors has agreed to receive, or is entitled to receive, any benefit from IGO (or any of its Related Bodies Corporate), which is conditional on, or is related to, the Scheme other than in their capacity as a Western Areas Shareholder.

9.5 Western Areas Shareholders' intentions

(a) Wyloo Consolidated Investments Pty Ltd

As originally announced to ASX on 17 February 2022, Wyloo Consolidated Investments Pty Ltd (**Wyloo**), has undertaken to IGO to vote all 31,509,769 Western Areas Shares (9.8% of the total issued capital of Western Areas as at the Last Practicable Date) it holds in favour of the Scheme, subject to:

- there being no Superior Proposal that remains a Superior Proposal after giving effect to any matching rights available to IGO Nickel under the Scheme Implementation Deed; and
- the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

Subject to the same conditions, Wyloo has also undertaken to not dispose of or acquire any Western Areas Shares, except pursuant to the implementation of the Scheme.

Wyloo's undertakings described above will cease if the Scheme Implementation Deed is terminated, Court approval of the Scheme is not granted by the End Date or one of the two conditions described above cease to apply.

(b) Perpetual Investment Management Limited

As announced to ASX on 16 December 2021, Perpetual Investment Management Limited (**Perpetual**) has confirmed to IGO that if the Scheme proceeds, it intends to vote all of the Western Areas Shares that it holds (directly or indirectly) at the time of the Scheme Meeting, in favour of the Scheme, in the absence of a superior proposal or offer to acquire any of the Western Areas Shares it holds, and subject to Perpetual continuing to consider that the Scheme is in the best interests of its members.

At the time of the ASX announcement referred to above, Perpetual owned 14.7% of the total issued capital of Western Areas. However, it has subsequently disposed of a substantial number of those shares, and at the Last Practicable Date owns 1.02% of the total issued capital of Western Areas.

Perpetual has confirmed to IGO that this intention statement:

- does not prohibit Perpetual from selling any of its Western Areas Shares, in its absolute discretion, prior to the Scheme Meeting;
- is only valid until 6 months after 16 December 2021 (or earlier, if IGO decides not to pursue the Scheme); and
- will be subject to the content of ASIC's Regulatory Guide 25 (RG25).

9.6 ASIC relief and ASX waivers

(a) ASIC relief

(i) Payments or benefits to Western Areas Directors, secretary or officers

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit made or given to any Western Areas Director, secretary or executive officer of Western Areas or a Related Body Corporate as compensation for loss of, or consideration for or in connection with his or her retirement from, office in Western Areas or a Related Body Corporate.

ASIC has granted Western Areas relief from this requirement so that this Scheme Booklet need only set out particulars of any payment or benefit made or given to any Western Areas Director, secretary or executive officer of Western Areas in relation to their resignation or retirement from office where those proposed payments or benefits are made in connection with or are materially affected by the implementation of the Scheme (rather than where those payments or benefits are to be made or given at all).

In accordance with the relief granted, Western Areas may also describe such payments or benefits on an aggregate (rather than individual) basis and, unless that person is a Western Areas Director, refrain from disclosing the name of any director, secretary or executive officer who will lose office or retire from office in connection with the Scheme.

(ii) Material changes to Western Areas' financial position

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires that the Scheme Booklet set out whether, within the knowledge of the Western Areas directors, the financial position of Western Areas has materially changed since the date of the last balance sheet laid before Western Areas in general meeting or sent to Western Areas shareholders in accordance with section 314 or 317 of the Corporations Act and, if so, to provide full particulars of any such change.

ASIC has granted relief from this requirement so that Western Areas need only state in the Scheme Booklet whether, within the knowledge of the Western Areas directors, the financial position of Western Areas has materially changed since the date of the HY22 Accounts (ie 31 December 2021), rather than since

the date of the FY21 Accounts (ie 30 June 2021) and, if so, to provide full particulars of any such change.

Refer to section 5.11 for further details.

(b) ASX waivers

No ASX waivers were sought for the purposes of the Scheme or the issue of this Scheme Booklet.

9.7 Formal disclosures and consents

The following parties have given and have not, before the date of this Scheme Booklet, withdrawn their written consent:

- (a)** to be named in this Scheme Booklet in the form and context in which they are named; and
- (b)** if applicable, to the inclusion of each statement it has made (if any) in the form and context in which the statement appear in this Scheme Booklet.

Name	Role
Ashurst	Australian legal advisers to Western Areas
Goldman Sachs Australia Pty Ltd	Financial adviser to Western Areas
Rothschild & Co Australia Limited	Financial adviser to Western Areas
Crowe Perth	Auditors to Western Areas
KPMG	Independent Expert
SRK	Technical Expert
Computershare Investor Services Pty Limited	Share Registry

IGO Nickel:

- (a)** has assumed and accepted responsibility for the preparation and inclusion of the IGO Nickel Information; and
- (b)** has given and has not, before the date of this Scheme Booklet, withdrawn its written consent to the inclusion of the IGO Nickel Information in the form and context in which it appears in this Scheme Booklet.

KPMG has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure E and references to the Independent Expert's Report in the form and context in which they appear.

Ashurst has given, and not withdrawn before the date of this Scheme Booklet, its written consent to the inclusion of section 8 in this Scheme Booklet in the form and context in which it appears in section 8, and references to that section 8 in the form and context in which they appear.

Each person named above:

- (a)** has not authorised or caused the issue of the Scheme Booklet;

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- (b) does not make or purport to make any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than IGO in respect of the IGO Nickel Information and KPMG in respect of the Independent Expert's Report; and
 - (c) to the maximum extent permitted by law, disclaims all liability in respect of, makes no representation regarding and takes no responsibility for any part of this Scheme Booklet, other than IGO in respect of the IGO Nickel Information and KPMG in respect of the Independent Expert's Report.

9.8 No unacceptable circumstances

The Western Areas Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Western Areas that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

9.9 Fees and expenses

The aggregate amount of the fees and expenses expected to be incurred by Western Areas in connection with the Scheme is approximately \$20.8m (excluding GST). This includes the following amounts (all excluding GST):

- (a) fees and expenses paid or payable (excluding GST) to Western Areas' professional advisers (including its financial, legal, accounting, communications and tax advisers) of approximately \$20.2m;
- (b) fees paid or payable to the Independent Expert and the Technical Expert of approximately \$0.48m in aggregate; and
- (c) Share Registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Scheme, of approximately \$0.1m in aggregate.

Of this, approximately \$2.0m will be paid irrespective of whether the Scheme becomes Effective (and is implemented).

These amounts do not include the transaction costs that may be incurred by IGO Nickel or IGO in relation to the Scheme.

9.10 Competent Persons Statements

(a) Western Areas

Refer to the "Statement in respect to Western Areas' Ore Reserves and Mineral Resources" in section 5.4 and the "Statement in respect to Western Areas' production guidance" in section 5.5.

(b) IGO

The information in this Scheme Booklet that relates to IGO's nickel, copper and cobalt Mineral Resources or Ore Reserves is extracted from IGO's ASX release dated 31 January 2022 entitled "CY21 Annual Resources and Ore Reserves Update" and is available at <https://www.igo.com.au/site/investor-center/ASX-Announcements> or www.asx.com.au. IGO confirms that it is not aware of any new information or data that materially affects the information included in that original market announcement and that all material assumptions and technical parameters underpinning the estimates

in that announcement continue to apply and have not materially changed. IGO confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Announcement Date.

9.11 Supplementary information

Western Areas will issue an update or supplement to this Scheme Booklet if it becomes aware that, between the date of this Scheme Booklet and the Effective Date, a material statement in the Scheme Booklet is or becomes false or misleading in a material respect (including because of any material omission from this Scheme Booklet).

Western Areas will seek the Court's approval for the despatch of any updated or supplementary Scheme Booklet.

9.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, so far as the Western Areas Directors are aware, there is no information material to the making of a decision by a Western Areas Shareholder in relation to the Scheme, being information that is within the knowledge of any Western Areas Director or director of any Related Body Corporate of Western Areas, as at the date of this Scheme Booklet, which has not been previously disclosed to Western Areas Shareholders.

9.13 Western Areas Directors' statement

The issue of this Scheme Booklet has been authorised by the Western Areas Board, and this Scheme Booklet has been signed by or on behalf of the Western Areas Directors.

The Western Areas Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

10. GLOSSARY

10.1 Definitions

The meaning of the terms used in this Scheme Booklet are set out below.

TERM	MEANING
ACCC	Australian Competition & Consumer Commission.
AEST	Australian Eastern Standard Time.
Announcement Date	16 December 2021, being the date of announcement of the Scheme to the ASX.
Applicable Law	means the Corporations Act, the Corporations Regulations, the ASX Listing Rules and any applicable ASIC regulatory guide and Takeovers Panel guidance note.
ASIC	Australian Securities and Investments Commission.
Associates	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to this Scheme Booklet and Western Areas was the designated body.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ASX Listing Rules	the official listing rules of ASX.
ATO	the Australian Taxation Office.
Australian Accounting Standards	the accounting standards made by the Australian Accounting Standards Board in accordance with the Corporations Act, and the requirements of that Act relating to the preparation and content of accounts.
AWST	Australian Western Standard Time.
Business Day	(a) when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the ASX Listing Rules; and (b) in all other cases, a day that is not a Saturday, Sunday or a public holiday or bank holiday in Perth, Western Australia.
CHESS	the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.
Competing Bidder	in relation to a Competing Proposal, the person(s) who made that Competing Proposal.
Competing Proposal	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 13 of Annexure A).

TERM	MEANING
Conditions Precedent	the conditions to implementation of the Scheme as summarised in paragraph 1 of Annexure A.
Confidentiality Standstill Deed	and the confidentiality and standstill deed dated 13 September 2021 between Western Areas and IGO, as amended by the letter of amendment dated 16 December 2021.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Counterproposal	a proposal from IGO Nickel to Western Areas or the Western Areas Shareholders to provide an equivalent or superior outcome for Western Areas Shareholders than that offered under a Competing Proposal.
Court	the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by IGO Nickel and Western Areas.
Debt Facilities	The debt facilities described in section 6.7(c) of this Scheme Booklet.
Deed Poll	the Deed Poll executed by IGO Nickel on 16 December 2021 under which IGO Nickel covenants in favour of the Scheme Shareholders to perform the obligations attributed to IGO Nickel under the Scheme and IGO guarantees IGO Nickel's obligations. A copy of the executed Deed Poll is included in Annexure C of this Scheme Booklet.
Director Share	any Western Areas Share: (a) held by or on behalf of a Western Areas Director; or (b) listed as an indirect interest in the latest Appendix 3X or Appendix 3Y lodged by Western Areas with ASX in respect of each Western Areas Director.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective (currently expected to be on 8 June 2022).
End Date	31 July 2022, or such other date as agreed in writing by IGO Nickel, IGO and Western Areas.
Excluded Shareholder	any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the

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TERM	MEANING
	IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person.
Exclusivity Period	the period beginning on 16 December 2021 and ending on the earlier of the: <ul style="list-style-type: none"> (a) the date of termination of the Scheme Implementation Deed; (b) the End Date; and (c) the Effective Date.
First Court Hearing	the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meeting, held on 27 April 2022.
FY20	financial year ended 30 June 2020.
FY21	financial year ended 30 June 2021.
FY21 Accounts	Western Areas' financial report for the financial year ended 30 June 2021.
FY22	financial year ended 30 June 2022.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.
GST	has the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Headcount Test	the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme is passed by a majority in number of Western Areas Shareholders present and voting, either in person or by proxy at the Scheme Meeting.
HY22	financial half year ended 31 December 2021.
HY22 Accounts	Western Areas' financial statements for the half year ended 31 December 2021.
IGO	IGO Limited ACN 092 786 304.
IGO Board	the board of directors of IGO.
IGO Group	IGO and each of its Subsidiaries, and a reference to an IGO Group Member or a member of the IGO Group is to IGO or any of its Subsidiaries.
IGO Nickel	IGO Nickel Holdings Pty Ltd ACN 167 644 519.

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TERM		MEANING
IGO Nickel Board		the board of directors of IGO Nickel.
IGO Nickel Information		has the meaning given to it in the Scheme Implementation Deed.
Implementation Date		the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Western Areas, IGO Nickel and IGO.
Independent Expert		KPMG, the independent expert in respect of the Scheme appointed by Western Areas.
Independent Report	Expert's Report	the report by the Independent Expert set out in Annexure E of this Scheme Booklet.
Initial Consideration	Scheme	the initial consideration announced on 16 December 2021 proposed to be provided by IGO Nickel to each Scheme Shareholder for the transfer to IGO Nickel of each Scheme Share, being \$3.36 for each Western Areas Share.
Integration Committee		the committee established under the Scheme Implementation Deed comprised of at least two senior Western Areas executives and two senior IGO executives, and other persons as agreed by Western Areas, IGO Nickel and IGO.
KPMG		KPMG Financial Advisory Services (Australia) Pty Ltd.
Last Practicable Date		5.00pm (AWST), 26 April 2022.
Notice of Meeting	Scheme	the notice in relation to the Scheme Meeting set out in Annexure D of this Scheme Booklet.
Odysseus		Western Areas' proposed Odysseus nickel mine at its Cosmos nickel operation, including all related infrastructure.
Perpetual		Perpetual Investment Management Limited ACN 000 866 535.
Register		the register of members of Western Areas maintained in accordance with the Corporations Act.
Registered Address		in relation to a Western Areas Shareholder, the address shown in the Register as at the Scheme Record Date.
Reimbursement Fee		\$10.96 million. The circumstances in which the Reimbursement Fee is payable to IGO Nickel are set out in Annexure A.
Related Body Corporate		has the meaning given in section 50 of the Corporations Act.
Relevant Interest		has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities		approval of the Scheme Resolution by: <ul style="list-style-type: none"> unless the Court orders otherwise, a majority in number (ie more than 50%) of Western Areas Shareholders (other than Excluded Shareholders)

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TERM	MEANING
	<p>present and voting on the Scheme Resolution at the Scheme Meeting, either in person or by proxy, attorney or, in the case of corporate Western Areas Shareholders, body corporate representative; and</p> <ul style="list-style-type: none"> at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Western Areas Shareholders (other than Excluded Shareholders), either in person or by proxy, attorney or, in the case of corporate Western Areas Shareholders, body corporate representative.
Reverse Reimbursement Fee	\$10.96 million. The circumstances in which the Reverse Reimbursement Fee is payable to Western Areas are set out in the summary of the Scheme Implementation Deed contained in Annexure A.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Western Areas and the Scheme Shareholders in the form set out in Annexure B of this Scheme Booklet, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Western Areas and IGO Nickel.
Scheme Booklet	this document, including the Annexures to it.
Scheme Consideration or Increased Scheme Consideration	the consideration to be provided by IGO Nickel to each Scheme Shareholder for the transfer to IGO Nickel of each Scheme Share, being for each Western Areas Share held by a Scheme Shareholder as at the Scheme Record Date, \$3.87 cash.
Scheme Implementation Deed	the scheme implementation deed between Western Areas, IGO Nickel and IGO dated 16 December 2021 (as amended from time to time). A summary is set out in Annexure A of this Scheme Booklet and a copy is attached in full to Western Areas' ASX announcement on the Announcement Date, which is available on ASX's website at www.asx.com.au and on Western Areas' website at www.westernareas.com.au .
Scheme Meeting	the meeting of Western Areas Shareholders other than Excluded Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Order	the order of the Court under section 411(4)(b) of the Corporations Act approving the Scheme, with or without modifications or conditions as are thought fit by the Court.
Scheme Record Date	7.00pm (AWST) on the second Business Day after the Effective Date or such other time and date as the parties agree in writing.

TERM	MEANING
Scheme Resolution	the resolution to approve the Scheme to be voted on at the Scheme Meeting, as set out in the Notice of Scheme Meeting.
Scheme Share	a Western Areas Share held by a Scheme Shareholder.
Scheme Shareholder	a holder of Western Areas Shares recorded in the Register as at the Scheme Record Date (other than an Excluded Shareholder).
Second Court Date	<p>the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard, or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.</p> <p>The hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme is the Second Court Hearing.</p>
Share Plan	Western Areas' Share Plan Rules adopted by the Western Areas Board on 21 December 2016.
Share Plan Share	a Western Areas Share issued under Western Areas' Share Plan adopted by the Western Areas Board on 21 December 2016.
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
SRK	SRK Consulting (Australasia) Pty Ltd ABN 56 074 271 720.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 13 of Annexure A).
Takeovers Panel	the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth)
Technical Expert	SRK, the technical expert appointed by Western Areas in respect of the Scheme.
TLEA	Tianqi Lithium Energy Australia Pty Ltd.
Transaction	the acquisition of the Scheme Shares by IGO Nickel through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed and the Scheme.
VWAP	volume weighted average price.
Western Areas	Western Areas Limited ABN 68 091 049 357.
Western Areas Board	the board of directors of Western Areas.

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TERM	MEANING
Western Areas Directors	any director of Western Areas comprising part of the Western Areas Board.
Western Areas Group	Western Areas and each of its Subsidiaries, and a reference to a Western Areas Group Member or a member of the Western Areas Group is to Western Areas or any of its Subsidiaries.
Western Areas Information	has the meaning given in the Scheme Implementation Deed, and includes all the information contained in this Scheme Booklet, other than the IGO Nickel Information, the information in section 8 and the information in Annexure E of this Scheme Booklet.
Western Areas Material Adverse Change	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 13 of Annexure A).
Western Areas Performance Right	means a performance right as set out in the table in section 5.7(a).
Western Areas Performance Right Plan	means the Western Areas Ltd Performance Right Plan, last approved by Western Areas Shareholders at Western Areas' annual general meeting on 21 November 2019.
Western Areas Prescribed Occurrence	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 13 of Annexure A).
Western Areas Regulated Event	has the meaning given to it in the Scheme Implementation Deed (and which is set out in full in paragraph 13 of Annexure A).
Western Areas Share	a fully paid ordinary share in the capital of Western Areas.
Western Areas Shareholder	each person who is registered in the Register as a holder of a Western Areas Share.
Western Areas Shareholder Information Line	the information line set up for the purpose of responding to enquiries from Western Areas Shareholders in relation to the Scheme, being 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) on Business Days between 8.30am and 5.00pm (AEST).
Wyloo	Wyloo Consolidated Investments Pty Ltd ACN 646 337 439.
Wyloo Metals	Wyloo Metals Pty Ltd ACN 604 832 751.

10.2 Interpretation

In this Scheme Booklet, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Scheme Booklet;
- (b) words and phrases in this Scheme Booklet have the same meaning given to them (if any) in the Corporations Act;

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- (c) the singular includes the plural and vice versa;
 - (d) a gender includes all genders;
 - (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
 - (f) if a word is defined, another part of speech has a corresponding meaning;
 - (g) unless stated otherwise, a reference to a section or Annexure is a reference to a section or Annexure of this Scheme Booklet;
 - (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
 - (i) unless expressly stated otherwise, a reference to time is a reference to AWST; and
 - (j) unless expressly stated otherwise, a reference to dollars or \$, is to Australian dollars (AUD).

ANNEXURE A

Summary of Scheme Implementation Deed

This is a summary of the key terms of the Scheme Implementation Deed. A copy of the Scheme Implementation Deed is attached in full to Western Areas' ASX announcement on 16 December 2021, which is available on ASX's website at www.asx.com.au and on Western Areas' website www.westernareas.com.au/investor-centre/asx-announcements. You should refer to the full copy of the Scheme Implementation Deed for all of the terms of the Scheme Implementation Deed.

Unless otherwise defined, capitalised terms used in this Annexure A have the meaning given to them in the Glossary in section 10 of the Scheme Booklet or paragraph 13 titled "Additional Defined Terms". Any reference to a "paragraph" or "paragraphs" is a reference to a paragraph or paragraphs in this Annexure A, unless otherwise stated.

1. CONDITIONS PRECEDENT

The Scheme will not become Effective, and the obligations of the parties with respect to implementation will not become binding, until the following Conditions Precedent are satisfied or waived (where permitted):

- (a) **Shareholder approval:** Western Areas Shareholders (other than Excluded Shareholders) approve the Scheme at the Scheme Meeting by the Requisite Majorities.
- (b) **Independent Expert:** The Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interests of Western Areas Shareholders and does not change its conclusion in any written update to the Independent Expert's Report prior to 8.00am on the Second Court Date.
- (c) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- (d) **Restraints:** before 8.00am on the Second Court Date:
 - (i) there is not in effect any order, injunction, decision or decree issued by any court or Government Agency (whether temporary, preliminary or final), or any other material legal restraint or prohibition;
 - (ii) no action or investigation by any Government Agency (whether announced, commenced or threatened); or
 - (iii) no application is made to any Government Agency,
in consequence of, or in connection with, the Scheme which:
 - (iv) restrains, prohibits or otherwise materially adversely affects the Scheme, completion of the Transaction or the rights of IGO Nickel in respect of Western Areas or the Western Areas Shares to be acquired under the Scheme (or could be reasonably expected to have that effect); or
 - (v) requires the divestiture by IGO Nickel of any Western Areas Shares or of any assets of the IGO Group or the Western Areas Group,

unless such order, injunction decision, decree, action, investigation or application has been disposed of to the satisfaction of IGO Nickel and Western Areas, or is otherwise no longer effective or enforceable, by 8.00am on the Second Court Date.

- (e) **Other approvals:** any other approvals, consents, waivers, exemptions or declarations that are necessary or required by law, or by any Government Agency, to implement the Scheme are obtained on an unconditional basis and none have been revoked, suspended, restricted or amended (or become subject of any indication of intention to do such thing) before 8.00am on the Second Court Date.

2. TERMINATION ON FAILURE OF CONDITION PRECEDENT

- (a) If a Condition Precedent will not be satisfied by its specified time and date or by the End Date (as applicable) or it becomes more likely than not that the Scheme will not become Effective on or before the End Date, then either party may give the other party written notice and the parties then must consult in good faith to, respectively consider:
- (i) and, if agreed, determine, whether the Transaction may proceed by way of alternative means or methods;
 - (ii) changing and, if agreed, change, the date of the application made to the Court for an order approving the Scheme or adjourning that application (as applicable) to another date between the parties; or
 - (iii) extending and, if agreed, extend, the time and date specified in the Scheme Implementation Deed for the satisfaction of that Condition Precedent or End Date (as applicable).
- (b) Subject to paragraphs (c) and (d) of this paragraph 2, if the parties are unable to reach agreement as contemplated by paragraph 2(a), then, unless:
- (i) the relevant Condition Precedent has been waived; or
 - (ii) the party (or parties) entitled to waive the relevant Condition Precedent confirms in writing to the other party that it will not rely on the occurrence preventing the relevant Condition Precedent from being satisfied, or would mean the relevant Condition Precedent would or will not otherwise be satisfied,
- either party may terminate the Scheme Implementation Deed without any liability to the other party because of that termination.
- (c) A party may not terminate the Scheme Implementation Deed as contemplated in paragraph 2(b) if:
- (i) the relevant occurrence, the failure of the Condition Precedent to be satisfied, or the failure of the Scheme to become Effective, arises out of a breach of clauses 3.2 or 3.5 of the Scheme Implementation Deed by that party (although in such circumstances the other party may still terminate the Scheme Implementation Deed); or
 - (ii) the relevant Condition Precedent is stated to be for the sole benefit of the other party.
- (d) If the shareholder approval Condition Precedent described in paragraph 1(a) is not satisfied only because of a failure to obtain the Requisite Majority, then either party may require the approval of the Court to be sought pursuant to the Court's discretion in s 411(4)(a)(ii)(A) of the Corporations Act, provided the party has, in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable. If approval is given, the shareholder approval Condition Precedent is deemed to be satisfied.

3. SCHEME CONSIDERATION

If the Scheme is implemented, each Scheme Shareholder will receive \$3.87 cash for each Western Areas Share held as at the Scheme Record Date.

4. OBLIGATIONS OF WESTERN AREAS AND IGO NICKEL

4.1 Western Areas' obligations

Western Areas' key substantive obligations under the Scheme Implementation Deed include the following:

- (a) **(Preparation of Scheme Booklet)** Prepare and despatch the Scheme Booklet and ensure that it includes all information required by applicable law and policy.
- (b) **(Announcement)** Immediately after execution of the Scheme Implementation Deed, make an announcement to ASX which includes:
 - (i) a unanimous recommendation by the Western Areas Board to Western Areas' Shareholders (other than Excluded Shareholders) that, in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Western Areas Shareholders, Western Areas Shareholders (other than Excluded Shareholders) vote in favour of the Scheme; and
 - (ii) a statement that all the Western Areas Board Members will vote (or will procure the voting of) all Director Shares at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting.
- (c) **(Directors' support)** procure that the Western Areas Board maintain their recommendation to vote in favour of the Scheme unless on or after 10 April 2022:
 - (i) the Independent Expert provides a report to Western Areas (including either the Independent Expert's Report or any update of, or any revision, amendment or supplement to, that report) that concludes that the Scheme is not in the best interests of Western Areas Shareholders; or
 - (ii) a Superior Proposal is received by Western Areas,and in each case, Western Areas has complied with its obligations under the exclusivity provisions in the Scheme Implementation Deed (summarised in paragraph 8), and
 - (iii) the Western Areas Board has determined, after receiving written legal advice from its external legal advisers, that a failure to change, withdraw or modify its recommendation would, or would be reasonably likely to, constitute a breach of the directors' fiduciary or statutory duties.

In addition, if circumstances arise which may lead to a Western Areas Director adversely changing, withdrawing, or adversely modifying their recommendation, Western Areas must immediately notify IGO Nickel of that fact.

- (d) **(Independent Expert)** Promptly appoint the Independent Expert, and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet.

- (e) **(Appointment of Directors)** As soon as practicable on the Implementation Date, after the Scheme Consideration has been despatched to Scheme Shareholders, take all actions necessary to ensure that all directors on the:
- (i) Western Areas Board, other than the IGO Nickel nominees, resign and unconditionally and irrevocably release Western Areas from any claims they may have against Western Areas; and
 - (ii) boards of Western Areas Subsidiaries resign and unconditionally and irrevocably release Western Areas and its relevant Subsidiaries from any claims they may have against either of them,

and to cause the appointment of nominees of IGO Nickel to those boards.

4.2 IGO Nickel's obligations

IGO Nickel's obligations in relation to implementation of the Scheme are more limited than Western Areas'. IGO Nickel's key process obligation is preparing the IGO Nickel Information for inclusion in the Scheme Booklet. IGO Nickel's key implementation deliverable is procuring the provision of the Scheme Consideration.

5. CONDUCT OF BUSINESS

Subject to the exceptions set out in paragraphs 5(h) to 5(n) below, Western Areas must, during the period commencing on 16 December 2021 and ending on the Implementation Date:

- (a) conduct its business and operations in the ordinary and usual course generally consistent with the manner in which its business and operations have been conducted in the 12 month period prior to 16 December 2021;
- (b) keep IGO Nickel informed of any material developments concerning its business;
- (c) not enter into any line of business or other activities in which it is not engaged as of 16 December 2021;
- (d) ensure that no Western Areas Prescribed Occurrence and no Western Areas Regulated Event occurs;
- (e) make all reasonable efforts to:
 - (i) preserve and maintain the value of its businesses and assets;
 - (ii) keep available the services of the directors, officers and employees;
 - (iii) maintain and preserve relationships with Government Agencies, customers, suppliers and others with whom they have business dealings; and
 - (iv) ensure that there is no occurrence within its control that would constitute or be likely to constitute a Western Areas Material Adverse Change;
- (f) maintain the Western Areas Tenements in good standing; and
- (g) not enter into any offtake agreement of any kind with any Third Party and must not amend, extend or renew any offtake agreement in existence as at 16 December 2021. Western Areas may, however, extend the Relevant Agreement until 30 June 2022 on not materially less favourable terms, or may enter into a new offtake agreement in respect of the same quantity of products the subject of the Relevant Agreement, provided the total term (including any options to renew) does not exceed 30 June

2022 and the agreement is otherwise on not materially less favourable terms to Western Areas as the Relevant Agreement.

The above restrictions do not apply to any action or inaction:

- (h) which is required by or expressly acknowledged by the Scheme Implementation Deed or the Scheme;
- (i) which is Fairly Disclosed in the Western Areas Disclosure Materials;
- (j) which is required by any applicable law or by a Government Agency (except where that requirement arises as a result of an action by Western Areas);
- (k) which has been Fairly Disclosed by Western Areas in public filings with the ASX in the 2 years prior to 16 December 2021;
- (l) which is required to respond to emergencies;
- (m) which is undertaken in response to a Competing Proposal as permitted by paragraph 8; or
- (n) agreed to in writing by IGO Nickel (which agreement must not be unreasonably withheld or delayed).

6. PERFORMANCE RIGHTS AND SHARE PLAN SHARES

- (a) if the Court approves the Scheme, Western Areas must:
 - (i) prior to the Scheme Record Date, procure that each Western Areas Performance Right has either lapsed or vested and converted into Western Areas Shares in accordance with their terms such that:
 - (A) there are no outstanding Western Areas Performance Rights on issue as at the Scheme Record Date; and
 - (B) the relevant holders of those Western Areas Performance Rights are entitled to receive the Scheme Consideration with respect to those Western Areas Performance Rights; and
 - (ii) procure that any disposal restrictions on all:
 - (A) Performance Plan Shares are waived (or otherwise consent is provided to enable their disposal); and
 - (B) Share Plan Shares cease,
- such that the Performance Plan Shares and Share Plan Shares are capable of being transferred to IGO Nickel.

7. INTEGRATION

(a) Access to information

Subject to certain exceptions, Western Areas must, during the period from 16 December 2021 until the Implementation Date, afford IGO Nickel reasonable access to its information (subject to any existing confidentiality obligations owed to third parties, in relation to which Western Areas must seek appropriate consents from), premises,

employees and such senior executives reasonably requested by IGO Nickel at mutually convenient times, for the purpose of:

- (i) the implementation of the Scheme;
- (ii) IGO Nickel obtaining an understanding of the operations of the Western Areas Group's business, financial position, prospects and affairs, including in relation to the planning and development of Odysseus;
- (iii) IGO Nickel developing and implementing plans for the carrying on of the businesses of the Western Areas Group following implementation of the Scheme, including in relation to the integration of employees and other human resourcing matters;
- (iv) keeping IGO Nickel informed of material developments relating to the Western Areas Group;
- (v) IGO Nickel meeting its obligations under the Scheme Implementation Deed and verifying the Western Areas Representations and Warranties; and
- (vi) any other purpose agreed between the parties.

(b) **Integration Committee**

Each party will appoint two representatives to the Integration Committee. The Integration Committee is a consultative body that will make recommendations to the parties, and will:

- (i) oversee implementation of the Scheme;
- (ii) assist IGO Nickel in obtaining an understanding of the operations and conduct of the Western Areas Group's business;
- (iii) monitor the satisfaction of each party's obligations; and
- (iv) seek to determine how to best integrate the Western Areas Group's business into the operations of IGO Nickel.

(c) **Odysseus Technical Committee**

Each party will appoint up to five appointees to the Odysseus Technical Committee. The parties must ensure that its appointees on the Odysseus Technical Committee are at a senior management level or are senior technical executives.

The Odysseus Technical Committee will meet fortnightly and will provide a forum for discussion on all matters relating to the planning and development of Odysseus, including:

- (i) progress and potential improvements to Odysseus' technical schedule and implementation plan;
- (ii) the development schedule and expected time to complete; and
- (iii) forecast costs to complete, and other budgeting matters.

The Odysseus Technical Committee is a consultative body only that may make recommendations to Western Areas. Western Areas is not bound to follow the recommendations of the Odysseus Technical Committee.

Western Areas must provide the Odysseus Technical Committee with fortnightly cost and technical updates on progress and key focus areas at Odysseus.

8. EXCLUSIVITY

8.1 No existing discussions

- (a) Western Areas represents and warrants to IGO Nickel that as at 16 December 2021 it:
- (i) is not a party to any agreement, arrangement or understanding with a Third Party entered into for the purpose of facilitating a Competing Proposal;
 - (ii) is not participating in and has terminated any discussions, negotiations or other communications, in relation to a Competing Proposal or any other transaction that would reasonably be expected to, reduce the likelihood of success of the Transaction; and
 - (iii) has ceased to provide or make available any material non-public information to a Third Party where such information was provided for the purpose of facilitating, or could reasonably be expected to lead to, a Competing Proposal, and has enforced all rights it has to call for the immediate return and/or destruction of that non-public information.
- (b) Western Areas agrees not to waive, and to enforce, the provisions of any confidentiality or standstill agreement with any Third Party except in relation to a Competing Proposal where IGO Nickel has failed to provide a Bidder Counterproposal.

8.2 No shop and no talk

During the Exclusivity Period, Western Areas must not directly or indirectly:

- (a) **(no shop)** solicit, invite, encourage or initiate any inquiry, expression of interest, offer, proposal, discussion or other communication by any person in relation to, or which would reasonably be expected to encourage or lead to the making of a Competing Proposal or communicate to any person an intention to do anything referred to in this paragraph; or
- (b) **(no talk)** subject to the fiduciary exception described in paragraph 8.3:
- (i) facilitate, participate in or continue any negotiations, discussions or other communications with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of a Competing Proposal;
 - (ii) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
 - (iii) disclose or otherwise provide or make available any non-public information about its business or affairs to a Third Party (other than a Government Agency that has the right to obtain that information and has sought it) in connection with, or which would reasonably be expected to encourage or lead to a Competing Proposal (including providing such information for the purposes of the conduct of due diligence investigations in respect of Western Areas); or
 - (iv) communicate to any person an intention to do anything referred to above.

8.3 Fiduciary exception

The no talk restriction (in paragraph 8.2 above) does not prohibit any action or inaction by Western Areas in relation to a Competing Proposal if the Western Areas Board determines acting in good faith that:

- (a) after consultation with its advisers, such Competing Proposal is a Superior Proposal or could reasonably be expected to become a Superior Proposal; and
- (b) after receiving written legal advice, compliance with that restriction would, or would be reasonably likely to, constitute a breach of any of their fiduciary or statutory duties,

provided that:

- (c) the Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of the no shop restriction; and
- (d) Western Areas immediately notifies IGO Nickel of each action or inaction by it in reliance on this paragraph.

8.4 Notification of approaches

- (a) During the Exclusivity Period, Western Areas must as soon as possible (and in any event within the later of 24 hours and one Business Day) notify IGO Nickel in writing if it becomes aware of any:

- (i) negotiations, approach, discussions or other communications, in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to a Competing Proposal;
- (ii) proposal made to Western Areas in connection with a Competing Proposal; or
- (iii) provision by Western Areas of any non-public information concerning the business or operations of Western Areas to any Third Party (other than a Government Agency) in connection with a Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise.

- (b) A notification given contemplated by this paragraph must include:

- (i) the identity of the relevant person making the Competing Proposal, unless the Western Areas Board determines, acting in good faith and after receiving written advice from its external legal advisers, that disclosing the identity would, or would be reasonably likely to, constitute a breach of any of their fiduciary or statutory duties; and
- (ii) all material terms and conditions of the Competing Proposal (including price and form of consideration, conditions precedent, proposed deal protection arrangements and timetable), to the extent known.

8.5 Matching right

- (a) Without limiting the no existing discussions restriction, during the Exclusivity Period, Western Areas must not enter into any legally binding agreement, arrangement or understanding to give effect to a Competing Proposal, and must procure that none of its directors change their recommendation or publicly recommend a Competing Proposal (or recommend against the Transaction) unless:

- (i) the Western Areas Board acting in good faith and in order to satisfy their statutory or fiduciary duties (having received written advice from its external

legal advisers and Financial Advisers) determines that the Competing Proposal is a Superior Proposal;

- (ii) Western Areas has provided IGO Nickel with the material terms and conditions of the Competing Proposal and except where not required, the identity of the Third Party making the Competing Proposal;
 - (iii) Western Areas has given IGO Nickel at least four Business Days after the date of the provision of the information referred to above, to provide a matching or superior proposal to the terms of the Competing Proposal; and
 - (iv) IGO Nickel has not proposed to Western Areas a matching or superior proposal by the expiry of the four Business Day period.
- (b) If IGO Nickel decides to make a matching or superior proposal to the Competing Proposal (**Bidder Counterproposal**) by the expiry of the four Business Day period, the Western Areas Board must consider the Bidder Counterproposal and if, acting reasonably and in good faith, it determines that the Bidder Counterproposal would provide an equivalent or superior outcome for Western Areas Shareholders (other than Excluded Shareholders), then Western Areas and IGO Nickel must use their best endeavours to agree the required amendments to the Scheme Implementation Deed, the Scheme, and the Deed Poll to implement the Bidder Counterproposal. Western Areas must use its best endeavours to procure that each of the directors of Western Areas recommends the Bidder Counterproposal.

9. REIMBURSEMENT FEE AND REVERSE REIMBURSEMENT FEE

A reimbursement fee or reverse reimbursement fee may be payable by either Western Areas or IGO Nickel (as applicable) in the circumstances summarised below. In either instance the amount payable is \$10.96 million, and is payable within five Business Days after receipt by either Western Areas or IGO Nickel of a demand for the respective fee to be paid.

- (a) (**Reimbursement Fee triggers**) Western Areas must pay IGO Nickel the Reimbursement Fee if:
- (i) (**withdrawal of support**) during the Exclusivity Period but on or after 10 April 2022, any Western Areas Board Member:
 - (A) does not recommend the Scheme (or publicly withdraws or adversely qualifies their recommendation), or
 - (B) publicly recommends, supports or endorses a Competing Proposal, unless on or after 10 April 2022:
 - (C) the Independent Expert concludes (in its Independent Expert's Report or any written update, revision, amendment or supplement to that report), that the Scheme is not in the best interests of Western Areas Shareholders prior to 8.00am on the Second Court Date, in either case, other than where the conclusion is due to a Competing Proposal; or
 - (D) Western Areas is entitled terminate due to a material breach by IGO Nickel and has given the appropriate termination notice to IGO Nickel.
 - (ii) (**completion of Competing Proposal**) during the Exclusivity Period, a Competing Proposal is announced and within twelve months after the date of such announcement, the relevant competing bidder:
 - (A) completes a Competing Proposal;

- (B) enters into an agreement, arrangement or understanding with Western Areas requiring Western Areas to abandon, or otherwise fail to proceed with the Transaction; or
 - (C) acquires voting power of (or an economic interest in) more than 50% of all Western Areas Shares.
- (iii) **(Western Areas material breach)** IGO Nickel terminates the Scheme Implementation Deed due to a material breach by Western Areas;
 - (iv) **(Western Areas Prescribed Occurrence or Western Areas Regulated Event)** IGO Nickel terminates the Scheme Implementation Deed due to a Western Areas Prescribed Occurrence or Western Areas Regulated Event;
- (b) **(IGO Nickel Reimbursement Fee)** IGO Nickel must pay the Reverse Reimbursement Fee if Western Areas validly terminates the Scheme Implementation Deed due to a material breach by IGO Nickel.

10. TERMINATION

- (a) Either party (the **Terminating Party**) may terminate the Scheme Implementation Deed by written notice to the other party:
 - (i) **(material breach)** other than in respect of a breach of either an IGO Nickel Representation and Warranty or a Western Areas Representation and Warranty (which are contemplated in paragraph 10(a)(vi)), if the other party has materially breached the Scheme Implementation Deed at any time before 8.00am on the Second Court Date, and has failed to remedy such breach within five Business Days of receiving notice from the Terminating Party setting out the circumstances of the breach and its intention to terminate;
 - (ii) **(regulatory action)** if at any time before 8.00am on the Second Court Date the Court or another Government Agency (including any other court) has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to take any action to implement the Transaction, and the action or refusal has become final, and the party, acting reasonably, believes that there is no realistic prospect of an appeal or review succeeding by the End Date;
 - (iii) **(Failure of Condition Precedent)** if the circumstances described in paragraph 2 occur (ie a failure to satisfy a Condition Precedent);
 - (iv) **(Scheme not occurring)** if the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date;
 - (v) **(Shareholder approval not obtained)** if Western Areas Shareholders have not agreed to the Scheme at the Scheme Meeting by the Requisite Majorities and the Terminating Party:
 - (A) has not given or received a notice of intention to apply to the Court for a waiver of the Headcount Test within 3 Business Days after the date of the conclusion of the Scheme Meeting; or
 - (B) has given or received a notice of intention to apply to the Court for a waiver of the Headcount Test within 3 Business Days after the date of the conclusion of the Scheme Meeting and any application to the Court is unsuccessful; or

- (vi) **(Breach of representations and warranties)** if a party has materially breached a Western Areas Representation and Warranty or an IGO Nickel Representation and Warranty (as applicable), and the breach has continued for five Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the other party has given a notice setting out the circumstances of the breach and an intention to terminate or to allow the Scheme to lapse.
- (b) IGO Nickel may terminate the Scheme Implementation Deed by written notice to Western Areas at any time before 8.00am on the Second Court Date if:
- (i) **(Western Areas Material Adverse Change, Western Areas Prescribed Occurrence or Western Areas Regulated Event)** there is a Western Areas Material Adverse Change, Western Areas Prescribed Occurrence or Western Areas Regulated Event; or
- (ii) **(withdrawal of support)** any Western Areas Board Member fails to recommend the Scheme, withdraws or adversely changes their support of the Scheme or makes a public statement indicating that he or she no longer recommends the Transaction or recommends, supports or endorses a Competing Proposal (but excluding a statement that no action should be taken by Western Areas Shareholders pending assessment of a Competing Proposal by the Western Areas Board or the completion of the matching right process).
- (c) Western Areas may terminate the Scheme Implementation Deed by written notice to IGO Nickel at any time before 8.00am on the Second Court Date if:
- (i) **(IGO Insolvency Event)** an IGO Insolvency Event occurs; or
- (ii) **(valid withdrawal of support)** the Western Areas Board or a majority of the Western Areas Board has validly changed, withdrawn, modified or qualified its recommendation.

11. EFFECT OF TERMINATION

On termination of the Scheme Implementation Deed, each party will be released from its obligations under the Scheme Implementation Deed (except for those specified to continue beyond termination), but each party will retain any accrued rights it has or may have against the other party.

12. OTHER CLAUSES

The Scheme Implementation Deed contains other clauses and schedules (including customary and other representations and warranties by Western Areas in Schedule 3), most of which are customary for an agreement of that nature. A copy of the Scheme Implementation Deed is attached in full to Western Areas' ASX announcement on 16 December 2021 which is available on ASX's website at www.asx.com.au and on Western Areas' website at www.westernareas.com.au/investor-centre/asx-announcements.

13. ADDITIONAL DEFINED TERMS

Competing Proposal means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):

- (a) directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Western Areas Shares;

- (b) acquiring Control of Western Areas;
- (c) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of Western Areas' business or assets or the business or assets of the Western Areas Group;
- (d) otherwise directly or indirectly acquiring or merging, or becoming involved in an amalgamation or reconstruction (as those terms are used in s 413(1) of the Corporations Act), with Western Areas; or
- (e) requiring Western Areas to abandon, or otherwise fail to proceed with, the Transaction,

whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement.

Data Room means the data room made available by Western Areas to IGO and its related persons in connection with the Transaction.

DD Cut-off Time means 5.00pm on the Business Day that is two Business Days prior to 16 December 2021, or such later time as Western Areas and IGO agree in writing.

Fairly Disclosed means disclosed to IGO or any of its related persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its related persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the Western Areas Group, to identify the nature and scope of the relevant matter, event or circumstance (including, in each case, that the potential financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information disclosed).

Financial Adviser means any financial adviser retained by a party in relation to the Transaction or a Competing Proposal from time to time.

IGO Insolvency Event means the occurrence of any of the following:

- (a) an Insolvency Event in relation to an IGO Group Member; or
- (b) an event, change, condition, matter, circumstance or thing occurring in relation to an IGO Group Member that would reasonably be likely to prevent or restrict IGO's ability to fulfil its payment obligations under the Scheme Implementation Deed, under the Deed Poll or under the Scheme (including, for the avoidance of doubt, IGO's obligations to provide the Scheme Consideration in accordance with the terms of the Scheme Implementation Deed, the Scheme and the Deed Poll).

IGO Nickel Representations and Warranties means the representations and warranties of IGO Nickel set out in Schedule 2 of the Scheme Implementation Deed.

Insolvency Events means, in relation to an entity:

- (a) the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;
- (b) a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;

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- (c) the entity executing a deed of company arrangement;
 - (d) the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at 16 December 2021;
 - (e) the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or
 - (f) the entity being deregistered as a company or otherwise dissolved.

Project Cost Schedule and Timeline means the schedule of costs and timeline for Odysseus in the Data Room prior to the DD Cut-off Time located at: 00 Corporate > 01 Key Documents > 0101 Management Presentations > 5.210525 Projects Cosmos – September 2021 vF pg 22-23. prepared by Western Areas and agreed to by IGO prior to 16 December 2021.

Relevant Agreement means the Sale and Purchase Agreement for Nickel Concentrates – Buyers Contract No.: GYXAANI19037610 between Jinchuan Group Co., Ltd and Western Areas Ltd dated 9 January 2020.

Superior Proposal means a bona fide Competing Proposal:

- (a) of the kind referred to in any of paragraphs (b), (c), (d) or (e) of the definition of Competing Proposal above; and
- (b) not resulting from a breach by Western Areas of any of its obligations contemplated by paragraph 8 (it being understood that any actions by the related persons of Western Areas not permitted by paragraph 8 will be deemed to be a breach by Western Areas for the purposes hereof),

that the Western Areas Board, acting in good faith, and after receiving written legal advice from its external legal advisers and written financial advice from its Financial Adviser, determines:

- (c) is reasonably capable of being valued and completed in a reasonable timeframe; and
- (d) would, if completed substantially in accordance with its terms, be more favourable to Western Areas Shareholders (as a whole) than the Transaction (and, if applicable, than the Transaction as amended or varied following application of the matching right set out in paragraph 8.5),

in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent, the identity of the proponent or other matters affecting the probability of the Competing Proposal being completed) and of the Transaction.

Third Party means a person other than IGO Nickel, its related bodies corporate and its other Associates.

Western Areas Disclosure Materials means:

- (a) the documents and informed contained in the Data Room made available by Western Areas to IGO and its related persons prior to the DD Cut-off Time, the index of which has been agreed by, or on behalf of, the parties for identification;

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- (b) written responses from Western Areas and its related persons to requests for further information made by IGO and its related persons, a copy of which has been agreed by, or on behalf of, the parties for identification; and
 - (c) documents and information otherwise exchanged between Western Areas (and its related persons) and IGO (and its related persons) prior to 16 December 2021, a written description of which has been agreed by, or on behalf of, the parties for identification.

Western Areas Material Adverse Change means an event, change, condition, matter, circumstance or thing occurring before, on or after 16 December 2021 (each a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have the effect of:

- (a) a diminution in the value of the consolidated net assets of the Western Areas Group, taken as a whole, by at least \$100 million against what it would reasonably have been expected to have been but for such Specified Event; or
- (b) a decrease in the Western Areas Group's Forrester Nickel Operation's nickel production of 30% or more in any one month period as against the Western Areas Group's budgeted nickel production for the corresponding period as set out in the document in the Data Room prior to the DD Cut-off Time located at: 00 Corporate > 01 Key Documents > 0103 Budget > FNO FY22 Budget – Universe v1;
- (c) an increase in the Western Areas Group's Forrester Nickel Operation's operating costs or capital costs (or the aggregate of operating and capital costs) of 30% or more in any one month period as against the Western Areas Group's budgeted operating and capital costs for the corresponding period as set out in the document in the Data Room prior to the DD Cut-off Time located at: 00 Corporate > 01 Key Documents > 0103 Budget > FNO FY22 Budget – Universe v1; or
- (d) delaying the timeline for development of Odysseus by 4 months and/or increasing the development costs of Odysseus by \$30 million (in each case as measured against the Project Cost Schedule and Timeline), or otherwise having a material adverse effect on the future prospects or performance of Odysseus,

other than those events, changes, conditions, matters, circumstances or things:

- (a) required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either;
- (b) that are Fairly Disclosed in the Western Areas Disclosure Materials;
- (c) arising from changes in economic or business conditions that impact on Western Areas and its competitors in a similar manner (including interest rates, general economic, political or business conditions, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets);
- (d) agreed to in writing by IGO Nickel; or
- (e) arising as a result of any generally applicable change in law (including subordinate legislation) or governmental policy.

Western Areas Prescribed Occurrence means other than as:

- (a) required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either;
- (b) Fairly Disclosed in the Western Areas Disclosure Materials; or

- (c) agreed to in writing by IGO Nickel;

the occurrence of any of the following:

- (a) Western Areas converting all or any of its shares into a larger or smaller number of shares;
- (b) a member of the Western Areas Group resolving to reduce its share capital in any way;
- (c) a member of the Western Areas Group:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) a member of the Western Areas Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than to a directly or indirectly wholly-owned Subsidiary of Western Areas or pursuant to the vesting, exercise or cancellation of any Western Areas Performance Rights;
- (e) a member of the Western Areas Group issuing or agreeing to issue securities convertible into shares;
- (f) a member of the Western Areas Group disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) a member of the Western Areas Group granting a security interest, or agreeing to grant a security interest, in the whole, or a substantial part, of its business or property; or
- (h) an Insolvency Event occurs in relation to a member of the Western Areas Group.

Western Areas Regulated Event means other than as:

- (a) required or permitted by the Scheme Implementation Deed, the Scheme or the transactions contemplated by either;
- (b) Fairly Disclosed in the Western Areas Disclosure Materials;
- (c) agreed to in writing by IGO Nickel; or

the occurrence of any of the following:

- (a) a Western Areas Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (b) a Western Areas Group Member acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of, any asset or business, or entering into any corporate transaction, which would or would reasonably be likely to involve a material change in:
 - (i) the manner in which the Western Areas Group conducts its business;
 - (ii) the nature (including balance sheet classification), extent or value of the assets of the Western Areas Group; or
 - (iii) the nature (including balance sheet classification), extent or value of the liabilities of the Western Areas Group;

- (c) IGO Nickel becoming aware that the Western Areas Representation and Warranty in set out of the Scheme Implementation Deed is inaccurate;
- (d) Western Areas announcing, making, declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (whether in cash or in specie);
- (e) a member of the Western Areas Group making any material change to its constitution;
- (f) a member of the Western Areas Group commencing business activities not already carried out as at 16 December 2021, whether by way of acquisition or otherwise;
- (g) a member of the Western Areas Group:
- (i) acquiring, leasing or disposing of;
 - (ii) agreeing, offering or proposing to acquire, lease or dispose of; or
 - (iii) announcing or proposing a bid, or tendering, for,

any business, assets, entity or undertaking, the value of which exceeds \$2,500,000 (individually or in aggregate);

- (h) a member of the Western Areas Group entering into a contract or commitment restraining a member of the Western Areas Group from competing with any person or conducting activities in any market;
- (i) a member of the Western Areas Group:
- (i) entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the Western Areas Group in excess of \$5,000,000 (individually or in aggregate) other than any payment required by law;
 - (ii) without limiting the foregoing, (i) agreeing to incur or incurring capital expenditure of more than \$2,500,000 (individually or in aggregate) or (ii) incurring any Financial Indebtedness of an amount in excess of \$1,000,000 (individually or in aggregate);
 - (iii) waiving any material third party default where the financial impact on the Western Areas Group will be in excess of \$500,000 (individually or in aggregate); or
 - (iv) accepting as a compromise of a matter less than the full compensation due to a member of the Western Areas Group where the financial impact of the compromise on the Western Areas Group is more than \$1,000,000 (individually or in aggregate);
- (j) a member of the Western Areas Group providing financial accommodation other than to members of the Western Areas Group (irrespective of what form of Financial Indebtedness that accommodation takes) in excess of \$500,000 (individually or in aggregate);
- (k) a member of the Western Areas Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments, where that agreement, arrangement or transaction contemplates a dealing in excess of 20% of the Western Areas Group's nickel sales for the corresponding period or has a quotation period of more than two months;

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- (l) Western Areas being delisted or Western Areas shares being subject to suspension from quotation for 5 or more trading days;
 - (m) a member of the Western Areas Group entering into, or resolving to enter into, a transaction with any related party of Western Areas (other than a related party which is a member of the Western Areas Group), as defined in section 228 of the Corporations Act;
 - (n) a member of the Western Areas Group entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its key management personnel, or accelerating or otherwise materially increasing compensation or benefits for any of the above or other employees;
 - (o) a member of the Western Areas Group paying any of its officers, directors, other executives or employees a termination or retention payment, other than in accordance with contractual arrangements in effect on 16 December 2021;
 - (p) a member of the Western Areas Group amending in any material respect any arrangement with its Financial Adviser, or entering into arrangements with a new Financial Adviser, in respect of the Transaction or a Competing Proposal;
 - (q) a member of the Western Areas Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or
 - (r) notice of any material investigation, prosecution, arbitration, litigation or dispute threatened against a member of the Western Areas Group which could reasonably be expected to give rise to a liability for the Western Areas Group in excess of \$2,500,000 (**Material Proceedings**) and for the avoidance of doubt which is not frivolous or vexatious, or circumstances arising which could reasonably be expected to give rise to any Material Proceedings. For the avoidance of doubt, Material Proceedings do not include any liability relating to an investigation, prosecution, arbitration, litigation or dispute to the extent that an insurer has agreed to cover the liability under an insurance policy maintained by a member of the Western Areas Group.

Western Areas Representations and Warranties means the representations and warranties of Western Areas set out in Schedule 3 of the Scheme Implementation Deed.

Western Areas Tenements means the tenements set out in Attachment 5 of the Scheme Implementation Deed.

ANNEXURE B

Scheme of Arrangement

For personal use only



HERBERT
SMITH
FREEHILLS

Scheme of arrangement

Western Areas Limited

Scheme Shareholders

For personal use only



Scheme of arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Western Areas Western Areas Limited (**Western Areas**) ACN 091 049 357 of Level 2, 2 Kings Park Road, West Perth WA 6005

and The Scheme Shareholders

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Western Areas is a listed public company limited by shares, registered in Western Australia, Australia and has been admitted to the official list of the ASX. Western Areas Shares are quoted for trading on the ASX.
- (b) As at the date of this Scheme, 321,643,155 Western Areas Shares and 4,591,640 Western Areas Performance Rights were on issue.
- (c) IGO Nickel is a proprietary company limited by shares, registered in Western Australia, Australia.
- (d) IGO Nickel is a wholly-owned subsidiary of IGO.
- (e) IGO is a listed public company limited by shares registered in Western Australia, Australia.
- (f) If this Scheme becomes Effective:



- (1) IGO must procure that IGO Nickel provides, and IGO Nickel must provide the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
- (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to IGO Nickel and Western Areas will enter the name of IGO Nickel in the Share Register in respect of the Scheme Shares.
- (g) IGO Nickel and Western Areas have agreed, by executing the Implementation Deed, to implement this Scheme, and IGO has agreed to guarantee IGO Nickel's obligations.
- (h) This Scheme attributes actions to IGO Nickel but does not itself impose an obligation on it to perform those actions. Each of IGO Nickel and IGO has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by IGO Nickel and Western Areas;
- (d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by IGO Nickel and Western Areas having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date Western Areas and IGO Nickel agree in writing).

3.2 Certificate

- (a) Western Areas and IGO Nickel will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Western Areas and IGO Nickel otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Western Areas must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme by:

- (a) 5.00pm on the later of:
 - (1) the first Business Day after the day on which the Court approves this Scheme;.or
 - (2) the Business Day on which the Court orders are entered; or
- (b) such other Business Day and by such other time as agreed to in writing by Western Areas and IGO Nickel.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.1(b), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to IGO Nickel without the need for any further act by any Scheme Shareholder (other than acts performed by Western Areas as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) Western Areas delivering to IGO Nickel a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Western Areas, for registration; and
 - (2) IGO Nickel duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Western Areas for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), Western Areas must enter, or procure the entry of, the name of IGO Nickel in the Share Register in respect of all the Scheme Shares transferred to IGO Nickel in accordance with this Scheme.

5 Scheme Consideration



5.1 Provision of Scheme Consideration

- (a) Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder, subject to the terms of this Scheme.
- (b) IGO Nickel must, and IGO must use its best endeavours to procure that IGO Nickel does, by no later than the Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into an Australian dollar denominated trust account with an ADI operated by Western Areas as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to IGO Nickel's account).
- (c) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(b), Western Areas must pay or procure the payment of the Scheme Consideration from the trust account referred to in clause 5.1(b) such amount of cash as is due to that Scheme Shareholder as Scheme Consideration in respect of all of that Scheme Shareholder's Scheme Shares.
- (d) The obligations of Western Areas under clause 5.1(c) will be satisfied by Western Areas (in its absolute discretion, and despite any election referred to in clause 5.1(d)(1) or authority referred to in clause 5.1(d)(2) made or given by the Scheme Shareholder):
- (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Western Areas Registry to receive dividend payments from Western Areas by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Western Areas; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (e) To the extent that, following satisfaction of Western Areas' obligations under clause 5.1(c), there is a surplus in the amount held by Western Areas as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Western Areas to IGO Nickel.

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(d), any Scheme Consideration payable in respect of those Scheme Shares is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Western Areas, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and



- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Western Areas, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Unclaimed monies

- (a) Western Areas may cancel a cheque issued under this clause 5 if the cheque:
- (1) is returned to Western Areas; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Western Areas (or the Western Areas Registry) (which request may not be made until the date which is 30 Business Days after the Implementation Date), Western Areas must reissue a cheque that was previously cancelled under this clause 5.3.
- (c) The *Unclaimed Money Act 1990 (WA)* will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 1990 (WA)*).

5.4 Orders of a court or Government Agency

- (a) If written notice is given to Western Areas (or the Western Areas Registry) or IGO Nickel (or the IGO Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:
- (1) requires consideration to be provided to a third party in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Western Areas in accordance with this clause 5, then Western Areas shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (2) prevents Western Areas from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment of such consideration is otherwise prohibited by applicable law, Western Areas shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration, until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.
- (b) To avoid doubt, any payment or retention of consideration by Western Areas under clause 5.4(a) will constitute the full discharge of IGO Nickel's obligations under clause 5.1 with respect to the amount so paid or retained until, in the case of clause 5.4(a)(2), the amount is no longer required to be retained.

6 Dealings in Western Areas Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Western Areas Shares or other alterations to the Share Register will only be recognised if:



- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Western Areas Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,
- and Western Areas must not accept for registration, nor recognise for any purpose (except a transfer to IGO Nickel pursuant to this Scheme and any subsequent transfer by IGO Nickel or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Western Areas must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Western Areas to register a transfer that would result in a Western Areas Shareholder holding a parcel of Western Areas Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Western Areas shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Western Areas must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Western Areas Shares (other than statements of holding in favour of IGO Nickel or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of IGO Nickel or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Western Areas Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the second Business Day after the Scheme Record Date, Western Areas will ensure that details of the names, Registered Addresses and holdings of Western Areas Shares for each Scheme Shareholder as shown in the Share Register are available to IGO Nickel in the form IGO Nickel reasonably requires.

7 Quotation of Western Areas Shares

- (a) Western Areas must apply to ASX to suspend trading on the ASX in Western Areas Shares with effect from the close of trading on the Effective Date.

- (b) On a date after the Implementation Date to be determined by IGO Nickel, Western Areas must apply:
- (1) for termination of the official quotation of Western Areas Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Western Areas may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which IGO Nickel has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Western Areas has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder, without the need for any further act:
 - (1) agrees to the transfer of their Western Areas Shares together with all rights and entitlements attaching to those Western Areas Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Western Areas Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of IGO Nickel, destroy any holding statements or share certificates relating to their Western Areas Shares;
 - (4) who holds their Western Areas Shares in a CHESS Holding agrees to the conversion of those Western Areas Shares to an Issuer Sponsored Holding and irrevocably authorises Western Areas to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
 - (5) acknowledges and agrees that this Scheme binds Western Areas and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Western Areas and IGO Nickel on the Implementation Date, and appointed and authorised Western Areas as its attorney and agent to warrant to IGO Nickel on the Implementation Date, that all their Western Areas Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Western Areas Shares to IGO Nickel together with any rights and entitlements attaching to those shares. Western Areas undertakes that it will



provide such warranty to IGO Nickel as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to IGO Nickel will, at the time of transfer of them to IGO Nickel vest in IGO Nickel free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, IGO Nickel will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Western Areas of IGO Nickel in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Western Areas registers IGO Nickel as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed IGO Nickel as attorney and agent (and directed IGO Nickel in each such capacity) to appoint any director, officer, secretary or agent nominated by IGO Nickel as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as IGO Nickel reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), IGO Nickel and any director, officer, secretary or agent nominated by IGO Nickel under clause 8.4(a) may act in the best interests of IGO Nickel as the intended registered holder of the Scheme Shares.

8.5 Authority given to Western Areas

Each Scheme Shareholder, without the need for any further act, on the Effective Date, irrevocably appoints Western Areas and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

- (a) enforcing the Deed Poll against IGO and IGO Nickel and Western Areas undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against IGO and IGO Nickel on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,



and Western Areas accepts each such appointment. Western Areas as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Western Areas and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Western Areas.

9 General

9.1 Stamp duty

IGO Nickel will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Western Areas doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Western Areas or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Western Areas, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Western Areas' registered office or at the office of the Western Areas Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Western Areas Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in Western Australia, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



9.5 Further action

Western Areas must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither Western Areas, IGO Nickel, IGO nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

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Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ADI	authorised deposit-taking institution (as defined in the <i>Banking Act 1959</i> (Cth)).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the Listing Rules; and in all other cases, a day that is not a Saturday, Sunday or public holiday or bank holiday in Perth, Western Australia, Australia.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Court	the Supreme Court of Western Australia, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by IGO Nickel and Western Areas.
Deed Poll	the deed poll substantially in the form of Attachment 3 to the Implementation Deed under which IGO Nickel and IGO covenant in favour of the Scheme Shareholders to perform the obligations attributed to IGO Nickel and IGO respectively under this Scheme and IGO guarantees IGO Nickel's obligations.



Term	Meaning
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	31 July 2022, or such other date as agreed in writing by IGO Nickel, IGO and Western Areas.
Excluded Shareholder	any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
IGO	IGO Limited ACN 092 786 304 of Suite 4, Level 5 South Shore Centre, 85 South Perth Esplanade, South Perth WA 6151.
IGO Nickel	IGO Nickel Holdings Pty Ltd ACN 167 644 519.
IGO Group	IGO and each of its Subsidiaries, including IGO Nickel and a reference to a IGO Group Member or a member of the IGO Group is to IGO or any of its Subsidiaries, including IGO Nickel.
IGO Registry	Computershare Investor Services Pty Limited.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as agreed in writing by Western Areas, IGO Nickel and IGO.
Implementation Deed	the scheme implementation deed dated on or about 16 December 2021 between IGO Nickel, IGO and Western Areas relating to the implementation of this Scheme.



Term	Meaning
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a Western Areas Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Western Areas and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Western Areas and IGO Nickel.
Scheme Consideration	the consideration to be provided by IGO Nickel to each Scheme Shareholder for the transfer to IGO Nickel of each Scheme Share, being for each Western Areas Share held by a Scheme Shareholder as at the Scheme Record Date, A\$3.87 cash.
Scheme Meeting	the meeting of the Western Areas Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date or such other date as agreed in writing by IGO Nickel and Western Areas.
Scheme Shares	all Western Areas Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Western Areas Shares recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of IGO Nickel as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this

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Term	Meaning
	Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of Western Areas maintained by Western Areas or the Western Areas Registry in accordance with the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Western Areas	Western Areas Limited ACN 091 049 357 of Level 2, 2 Kings Park Road, West Perth WA 6005.
Western Areas Registry	Computershare Investor Services Pty Ltd.
Western Areas Share	a fully paid ordinary share in the capital of Western Areas.
Western Areas Shareholder	each person who is registered as the holder of a Western Areas Share in the Share Register.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them



- (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
 - (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
 - (j) a reference to any time is, unless otherwise indicated, a reference to that time in Perth, Western Australia;
 - (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
 - (l) a reference to a party to a document includes that party's successors and permitted assignees;
 - (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
 - (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
 - (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
 - (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
 - (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
 - (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
 - (s) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

ANNEXURE C

Deed Poll

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HERBERT
SMITH
FREEHILLS

Deed

Deed poll

IGO Limited

IGO Nickel Holdings Pty Ltd

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Deed poll

Date ►

This deed poll is made

By

IGO Limited

ACN 092 786 304 of Suite 4, Level 5 South Shore Centre, 85 South Perth Esplanade, South Perth WA 6151 (**IGO**)

and

IGO Nickel Holdings Pty Ltd

ACN 167 644 519 of Suite 4, Level 5 South Shore Centre, 85 South Perth Esplanade, South Perth WA 6151 (**IGO Nickel**)

in favour of

each person registered as a holder of fully paid ordinary shares in Western Areas in the Share Register as at the Scheme Record Date (other than the Excluded Shareholders).

Recitals

- 1 On or about the date of this deed poll, Western Areas, IGO and IGO Nickel entered into the Implementation Deed.
- 2 In the Implementation Deed, IGO and IGO Nickel agreed to make this deed poll.
- 3 IGO Nickel is making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Deed and the Scheme.
- 4 IGO is making this deed poll for the purposes of covenanting in favour of the Scheme Shareholders to:
 - (a) procure that IGO Nickel performs its obligations under the Implementation Deed and the Scheme; and
 - (b) guarantee the due and punctual performance of IGO Nickel of all of its obligations under the Implementation Deed and the Scheme

This deed poll provides as follows:



1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
IGO Insolvency Event	means, the occurrence of any of the following in relation to an IGO Group Member: <ol style="list-style-type: none">1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;3 the entity executing a deed of company arrangement;4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts;6 the entity being deregistered as a company or otherwise dissolved; or7 an event, change, condition, matter, circumstance or thing occurring in relation to an IGO Group Member that would reasonably be likely to prevent or restrict IGO's ability to fulfil its payment obligations under this deed poll, under the Implementation Deed or under the Scheme (including, for the avoidance of doubt, IGO's obligations to provide the Scheme Consideration in accordance with the terms of this deed poll, the Scheme and the Implementation Deed).
Implementation Deed	the scheme implementation deed entered into between Western Areas, IGO and IGO Nickel dated on or about the date of this deed poll.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Western Areas and the Scheme Shareholders,



Term	Meaning
	substantially in the form set out in Attachment 2 to the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by IGO Nickel and Western Areas.
(b)	Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

IGO Nickel and IGO acknowledge and agree that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Western Areas and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against IGO Nickel and IGO.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of IGO Nickel and IGO under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of IGO Nickel and IGO under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
 - (b) the Scheme is not Effective on or before the End Date,
- unless IGO Nickel, IGO and Western Areas otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:



- (a) IGO Nickel and IGO are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and
- (b) each Scheme Shareholder retains the rights they have against IGO Nickel and IGO in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Performance of the Scheme

Subject to clause 2, IGO Nickel undertakes in favour of each Scheme Shareholder to:

- (a) deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Western Areas as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to IGO Nickel's account; and
- (b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

subject to and in accordance with the terms of the Scheme.

3.2 IGO's obligations and guarantee

Subject to clause 2, IGO undertakes in favour of each Scheme Shareholder to:

- (a) procure that IGO Nickel undertakes all actions, and gives each acknowledgment, representation and warranty (if any), attributed to it under the Scheme; and
- (b) guarantee the due and punctual performance of IGO Nickel of all of its obligations and actions attributed to it under the Scheme.

4 Warranties

- (a) Each of IGO Nickel and IGO represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:
 - (1) it is a corporation validly existing under the laws of its place of registration;
 - (2) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
 - (3) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
 - (4) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and



- (5) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.
- (b) IGO represents and warrants in favour of each Scheme Shareholder that no IGO Group Member is affected by an IGO Insolvency Event.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) both IGO Nickel and IGO have fully performed their respective obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to IGO Nickel and IGO in accordance with the details set out below (or any alternative details nominated by IGO Nickel and/or IGO by Notice).

Attention Kate Barker, General Counsel

Address Suite 4, Level 5
South Shore Centre
85 South Perth Esplanade
South Perth WA 6151

Email address Kate.Barker@igo.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.



Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The first to occur of: <ol style="list-style-type: none">1 the sender receiving an automated message confirming delivery; or2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

IGO Nickel:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Western Australia, Australia.
- (b) Each of IGO Nickel and IGO irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Each of IGO Nickel and IGO irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



7.3 Waiver

- (a) Each of IGO Nickel and IGO may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of IGO Nickel or IGO as a waiver of any right unless the waiver is in writing and signed by IGO Nickel and IGO, as appropriate.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Western Areas; or
- (b) if on or after the First Court Date, the variation is agreed to by Western Areas and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event IGO Nickel and IGO will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of IGO Nickel, IGO and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to IGO Nickel, IGO and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of IGO Nickel and IGO.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.



7.7 Further action

Each of IGO Nickel and IGO must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

7.8 Consent

Each of IGO Nickel and IGO consent to Western Areas producing this deed poll to the Court.

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Signing page

Executed as a deed poll

Executed by
IGO Limited in accordance with
section 127 of the *Corporations
Act 2001* (Cth)
by

sign here ▶

Company Secretary/Director

sign here ▶

Director

print name JOANNE MCDONALD

print name PETER BRADFORD

Executed by
IGO Nickel Holdings Pty Ltd in
accordance with section 127 of the
Corporations Act 2001 (Cth)
by

sign here ▶

Company Secretary/Director

sign here ▶

Director

print name JOANNE MCDONALD

print name PETER BRADFORD

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ANNEXURE D

Notice of Scheme Meeting

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NOTICE OF SCHEME MEETING

Western Areas Limited ACN 091 049 357 (**Western Areas**)

Notice of Scheme Meeting

Notice is given that, by an order of the Court made on 27 April 2022 pursuant to section 411(1) of the Corporations Act, a meeting of shareholders of Western Areas (other than Excluded Shareholders)³⁰ (**Western Areas Shareholders**) will be held electronically at 10.00am (AWST) on Wednesday, 1 June 2022, through an online platform at: <https://meetnow.global/MA7TAS4> (**Scheme Meeting**).

More detailed instructions on how to participate in the Scheme Meeting via the online platform are set out in the explanatory statement that accompanies and forms part of this Notice of Scheme Meeting.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modifications or conditions required by the Court to which Western Areas and IGO Nickel agree) proposed to be made between Western Areas and Western Areas Shareholders (**Scheme**).

To enable Western Areas Shareholders to make an informed voting decision, important information on the Scheme is set out in the Scheme Booklet accompanying this Notice of Scheme Meeting.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this Notice of Scheme Meeting forms part.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out in the Glossary in section 10 of the Scheme Booklet.

Scheme Meeting Format

In planning for the Scheme Meeting, Western Areas has focused on ensuring the safety of shareholders and its employees while seeking to maximise the opportunity for shareholder participation. Having regard to the ongoing uncertainty about the restrictions which may apply for physical meetings during the COVID-19 pandemic, Western Areas at this time, plans to hold the Scheme Meeting online only (ie as a virtual meeting).

Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution:

'That pursuant to and in accordance with the provisions of section 411 of the Corporations Act:

- (a) the scheme of arrangement proposed between Western Areas and the holders of its ordinary shares (other than Excluded Shareholders), as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Court to which Western Areas and IGO Nickel agree; and*

³⁰ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of the Scheme Booklet of which this Notice of Scheme Meeting forms part, there are no "Excluded Shareholders".

(b) Western Areas is authorised, subject to the terms of the Scheme Implementation Deed, to:

(i) agree to any such alterations and conditions; and

(ii) subject to approval by the Court, implement the Scheme with any such alterations and conditions.¹

Chairperson

The Court has directed that Ian Macliver is to act as Chairperson of the Scheme Meeting (and that, if Ian Macliver is unable or unwilling to attend, Timothy Netscher is to act as Chairperson of the Scheme Meeting) and has directed the Chairperson to report the results of the Scheme Meeting to the Court.

Dated 28 April 2022

A handwritten signature in black ink, appearing to read 'Belladonna', is written over a light grey rectangular background.

By Order of the Court and the Western Areas Board

Joseph Belladonna
Company Secretary & Chief Financial Officer

Explanatory notes

1. GENERAL

These explanatory notes have been prepared for the information of Western Areas Shareholders in connection with the business to be conducted at the Scheme Meeting to be held electronically at 10.00am (AWST) on Wednesday, 1 June 2022 through an online platform at <https://meetnow.global/MA7TAS4>.

These explanatory notes should be read in conjunction with Western Areas' Scheme Booklet dated 28 April 2022 of which the Notice of Scheme Meeting forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure B of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in section 10 of the Scheme Booklet, unless the context otherwise requires.

2. ATTENDING AND PARTICIPATING IN THE SCHEME MEETING

Due to the COVID-19 pandemic, in the interests of the health and safety of Western Areas Shareholders and staff, the Scheme Meeting will be held electronically.

Western Areas Shareholders and their proxies, attorneys or corporate representatives will not be able to physically attend the Scheme Meeting and will instead be able to participate online from their computer or mobile device.

To participate in the meeting, you can log in by entering the following URL <https://meetnow.global/MA7TAS4> on your computer, tablet or smartphone. Online registration will open 1 hour before the meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the meeting to obtain their login details.

To participate in the meeting online follow the instructions below.

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders can contact Computershare on +61 3 9415 4024 between 12:00 noon (AWST) the day prior to the Scheme Meeting and the start of the Scheme Meeting to obtain their login details.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop down list.
4. Accept the Terms and Conditions and 'Click Continue'.

You can view the meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the meeting is in progress.

Proxyholders will need a unique username and password, which can be obtained by contacting Computershare Investor Services Pty Limited on +61 3 9415 4024 between 12:00 noon (AWST) the day prior to the Scheme Meeting and the Scheme Meeting. Further information about the online platform can be found at <https://www-au.computershare.com/WebContent/doc.aspx?docid=%7b03d049a6-c579-485e-990a-463ce33c1eb9%7d>.

Even if you plan to attend the Scheme Meeting online, we encourage you to submit a directed proxy vote as early as possible by completing and returning the proxy form Western Areas

Shareholders will receive either electronically or in hard copy, or lodging your proxy form online as www.investorvote.com.au.

Registration will open 1 hour prior to the start of the Scheme Meeting. We recommend logging on to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. If you experience technical difficulties, please call +61 3 9415 4024.

2.1 How to ask questions

Western Areas Shareholders who would like to ask questions at the Scheme Meeting are invited to do so in writing before the Scheme Meeting by emailing their question(s) to info@westernareas.com.au prior to 10.00am (AWST) on Monday, 30 May 2022.

Alternatively, Western Areas Shareholders can submit questions when attending the Scheme Meeting online via the online platform.

Due to time constraints, Western Areas cannot guarantee that all questions asked prior to or at the Scheme Meeting will be answered.

3. REQUIRED VOTING MAJORITY

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be approved by:

- unless the Court orders otherwise, a majority in number (ie more than 50%) of Western Areas Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Western Areas Shareholders, body corporate representative) on the Scheme Resolution at the Scheme Meeting; and
- at least 75% of the total number of votes cast by Western Areas Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Western Areas Shareholders, body corporate representative) on the Scheme Resolution at the Scheme Meeting.

The Court has discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by majority in number of Western Areas Shareholders present and voting at the Scheme Meeting.

4. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the requisite majorities and the other relevant conditions to the Scheme (other than approval by the Court) are satisfied or waived by the time required under the Scheme, Western Areas intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of orders of the Court approving the Scheme must be lodged with ASIC.

5. ENTITLEMENT TO VOTE

The time for determining eligibility to vote at the Scheme Meeting is 10.00am (AWST) on Monday, 30 May 2022. Only those Western Areas Shareholders entered on the Register at

that time (other than Excluded Shareholders³¹) will be entitled to attend and vote at the Scheme Meeting, either online, by proxy or attorney, or in the case of a corporate Western Areas Shareholder, by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Western Areas Shareholders entitled to attend and vote at the Scheme Meeting.

6. HOW TO VOTE

Western Areas Shareholders entitled to vote at the Scheme Meeting, can vote:

- online, by attending the Scheme Meeting online and voting via the online platform;
- by proxy, by appointing one or two proxies to attend the Scheme Meeting and vote on your behalf, by returning your personalised proxy form (or by lodging your proxy form online);
- by attorney, by appointing an attorney to attend the Scheme Meeting and vote on your behalf, using a duly executed power of attorney; or
- by corporate representative, in the case of a body corporate, by appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf, using a duly executed certificate of appointment of body corporate representative.

Voting will be conducted by poll rather than a show of hands.

Further information on how to vote using each of the above methods is set out below.

6.1 Voting online

To vote online, you must attend the Scheme Meeting via the online platform at <https://meetnow.global/MA7TAS4>. Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the Chairperson during the Scheme Meeting.

More information regarding online participation at the Scheme Meeting (including how to vote and ask questions online during the Scheme Meeting) is available in the User Guide which is attached to this Notice of Scheme Meeting, and is also available at <https://www-au.computershare.com/WebContent/doc.aspx?docid={03d049a6-c579-485e-990a-463ce33c1eb9}>.

6.2 Voting by proxy

A Western Areas Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint a person to attend and vote at the Scheme Meeting (online) as their proxy. Each proxy will have the right to vote on the Scheme Resolution and also to speak at the Scheme Meeting.

The following applies to proxy appointments:

- a proxy need not be another Western Areas Shareholder, and may be an individual or body corporate. If a body corporate is appointed as a proxy, it must ensure that it

³¹ "Excluded Shareholder" is defined in the Scheme Implementation Deed to be any member of the IGO Group who is or becomes a Western Areas Shareholder or any person who holds any Western Areas Shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas Shares on behalf of, or for the benefit of, any other person. As at the date of the Scheme Booklet of which this Notice of Scheme Meeting forms part, there are no "Excluded Shareholders".

appoints an individual as its corporate representative in accordance with sections 250D and 253B of the Corporations Act to exercise its powers as proxy at the Scheme Meeting;

- a Western Areas Shareholder who is entitled to cast two or more votes at the Scheme Meeting may appoint one or two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but, where the proportion or number is not specified, each proxy may exercise half of the votes, with any fractions of votes disregarded;
- a proxy has the same rights a Western Areas Shareholder to vote (but only to the extent allowed by their appointment);
- if a proxy is instructed to abstain from voting on the Scheme Resolution, the proxy is directed not to vote on the shareholder's behalf on the poll, and the Western Areas Shares the subject of the proxy appointment will not be counted in calculating the required majorities; and
- if you appoint a proxy, you may still attend the Scheme Meeting online. Please note that if you appoint a proxy and attend the Scheme Meeting online, your proxy will not be able to participate in the Scheme Meeting and your proxy's authority to vote will be suspended while you are present. However, you may still vote on the Scheme Resolution. If you do so and your proxy also votes, your vote will be counted and your proxy's vote will not be counted.

If you appoint a proxy:

- without nominating the identity of the proxy you will be taken to have appointed the Chairperson of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on your proxy form but your proxy does not attend the Scheme Meeting or does not vote as directed, the Chairperson of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

Proxy appointments in favour of, or which default to, the Chairperson of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution at the Scheme Meeting, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Western Areas Shareholders.

How to appoint a proxy

To appoint a proxy, you should complete and return your personalised proxy form received either electronically or in hard copy, in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the Share Registry, Computershare Investor Services Pty Limited by 10.00am (AWST) on Monday, 30 May 2022 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways set out below.

Proxy forms received after this time will be invalid.

- (a) Online:

www.investorvote.com.au

You will need your SRN or HIN, the allocated control number and PIN as shown on your proxy form.

You will be taken to have signed the proxy form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

(b) By mobile device:

If you have a smart phone, you can now lodge your vote via the Computershare website www.investorvote.com.au or by scanning the QR code on your proxy form. Log-in using the SRN/HIN and postcode for your shareholding.

To scan the code you may need a QR code reader application which can be downloaded for free on your mobile device.

(c) By post in the provided reply-paid envelope to the Share Registry at the following address:

Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia

(d) By fax to the Share Registry on:

In Australia: 1800 783 447

From outside of Australia: +61 3 9473 2555

(e) Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the Share Registry.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways described above.

You are entitled to appoint up to two proxies to attend the Scheme Meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy on your proxy form, otherwise each proxy may exercise half of the votes.

If you hold Western Areas Shares jointly with one or more other persons, in order for your proxy appointment to be valid, both Western Areas Shareholders must sign the proxy form.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the Scheme Meeting.

Replacement proxy forms can be obtained from the Share Registry.

6.3 Voting by attorney

You may appoint an attorney to attend and vote at the Scheme Meeting online on your behalf. Your attorney need not be another Western Areas Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, Western Areas), and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Share Registry by 10.00am (AWST) on Monday, 30 May 2022 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

- (a) by post in the provided reply-paid envelope to the Share Registry at the following address:
Computershare Investor Services Pty Limited
GPO Box 1282
Melbourne VIC 3001
Australia
- (b) by fax to the Share Registry on:
In Australia: 1800 783 447
From outside of Australia: +61 3 9473 2555

Please note that the power of attorney or a certified copy of the power of attorney cannot be lodged online or by a mobile device.

A validly appointed attorney wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Western Areas Shareholder's name and postcode and the SRN/HIN of the holding in order to access the online platform.

Your appointment of attorney does not preclude you from attending online and voting at the Scheme Meeting.

6.4 Voting by corporate representative

If you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that Western Areas will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. An appointment form may be obtained from the Share Registry by calling 1300 504 898 (within Australia) or +61 03 9415 4285 (outside Australia) between 8.30am to 5.00pm (AEST) Monday to Friday, excluding public holidays. The certificate of appointment may set out restrictions on the corporate representative's powers. A corporate representative form is available from www.investorcentre.com/au under "Printable Forms".

The appointment form may be received by the Share Registry any time before the Scheme Meeting in any of the following ways:

- (a) by post in the provided reply-paid envelope to the Share Registry at the following address:
Computershare Investor Services Pty Limited
GP Box 1282
Melbourne VIC 3001
Australia

- (b) by fax on the Share Registry on:
In Australia: 1800 783 447
From outside of Australia: +61 3 9473 2555

Please note that an appointment form for appointing body corporate representative cannot be lodged online or by a mobile device.

If an appointment form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed appointment form unless the power of attorney or other authority has previously been noted by the Share Registry.

A validly appointed corporate representative wishing to attend and vote at the Scheme Meeting via the online platform will require the appointing Western Areas Shareholder's name, postcode and the SRN/HIN of the holding order to access the online platform.

7. JOINTLY HELD SECURITIES

If you hold Western Areas Shares jointly with one or more persons, only one of you may vote. If more than one of you attempts to vote at the Scheme Meeting, only the vote of the holder whose name appears first on the Register will be counted.

See also comments in paragraph 6.2 of this Notice of Scheme Meeting regarding the appointment of a proxy by persons who jointly hold Western Areas Shares.

8. TECHNICAL DIFFICULTIES

Technical difficulties may arise during the course of the Scheme Meeting. The Chairperson has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the Chairperson will have regard to the number of Western Areas Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. Where the Chairperson considers it appropriate, the Chairperson may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, Western Areas Shareholders are encouraged to appoint a proxy and submit a directed proxy form, even if they plan to attend the Scheme Meeting online. Similarly, if a Western Areas Shareholder is unable to participate in the Scheme Meeting, they are encouraged to appoint a proxy and submit a directed proxy form via www.investorvote.com.au. All proxy forms, whether submitted online or in hard copy, must be lodged by 10.00am (AWST) on Monday, 30 May 2022.

9. FURTHER INFORMATION FOR WESTERN AREAS SHAREHOLDERS

Further information for Western Areas Shareholders is set out in the Scheme Booklet. If you have any questions of a general nature, please contact the Western Areas Shareholder Information Line on 1300 504 898 (within Australia) or +61 3 9415 4285 (outside Australia), between 8.30am and 5.30pm (AWST) Monday to Friday, excluding public holidays.

ONLINE MEETING GUIDE



GETTING STARTED

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit <https://meetnow.global/au> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

TO LOG IN, YOU MUST HAVE THE FOLLOWING INFORMATION:

Australian Residents

SRN or HIN and postcode of your registered address.

Overseas Residents

SRN or HIN and country of your registered address.

Appointed Proxies

Please contact Computershare Investor Services on +61 3 9415 4024 to request your unique email invitation link prior to the meeting day.

PARTICIPATING AT THE MEETING

To participate in the online meeting, visit <https://meetnow.global/au>. Then enter the company name in the 'Filter' field. Select and click on the displayed meeting.

To register as a shareholder

Select 'Shareholder', enter your SRN or HIN and select your country. If Australia, also enter your post code.

OR To register as a proxyholder

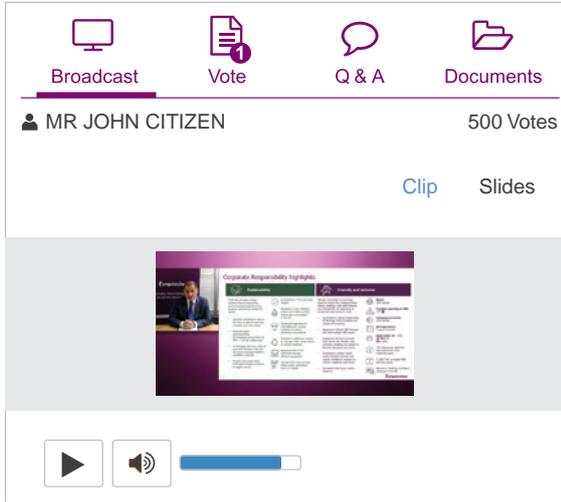
To access the meeting click on the link in the invitation e-mail sent to you. Or select 'Invitation' and enter your invite code provided in the e-mail.

OR To register as a guest

Select 'Guest' and enter your details.

Broadcast

The webcast will appear automatically once the meeting has started. If the webcast does not start automatically press the play button and ensure the audio on your computer or device is turned on.

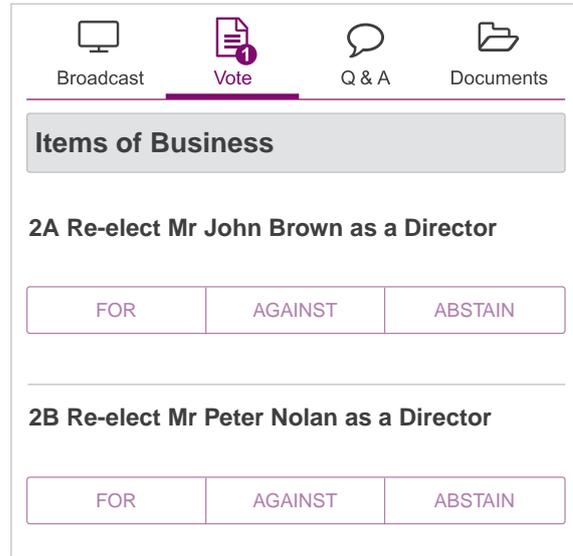


Vote

When the Chair declares the poll open, select the 'Vote' icon and the voting options will appear on your screen.

To vote, select your voting direction. A tick will appear to confirm receipt of your vote.

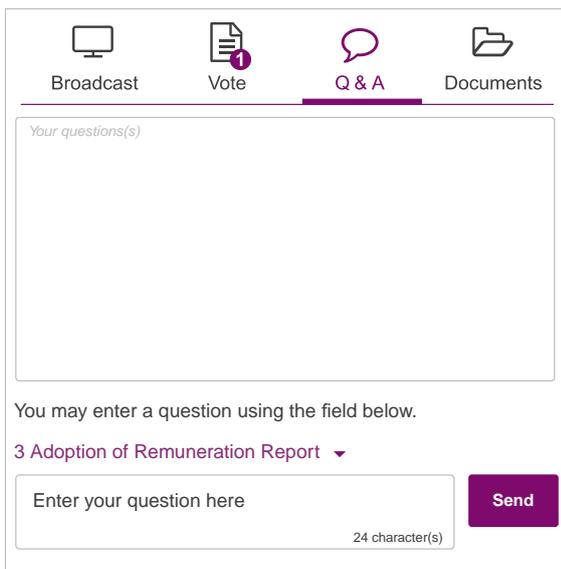
To change your vote, select 'Click here to change your vote' and press a different option to override.



Q & A

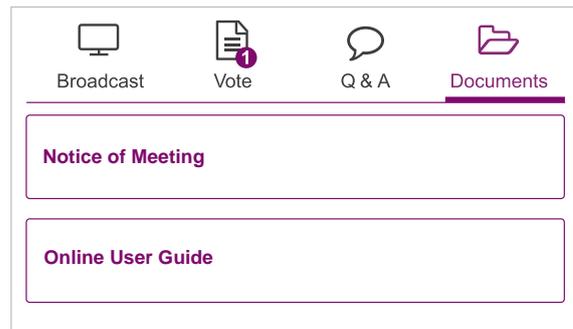
To ask a question select the 'Q & A' icon, select the topic your question relates to. Type your question into the chat box at the bottom of the screen and press 'Send'.

To ask a verbal question, follow the instructions on the virtual meeting platform.



Documents

To view meeting documents select the 'Documents' icon and choose the document you wish to view.



FOR ASSISTANCE

If you require assistance before or during the meeting please call +61 3 9415 4024.

ANNEXURE E

Independent Expert's Report

For personal use only



KPMG Corporate Finance
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GPO Box A29
Perth WA 6837
Australia

The Directors
Western Areas Limited
2 Kings Park Road
West Perth WA 6005

14 April 2022

Dear Directors

Independent Expert Report and Financial Services Guide

Part One – Independent Expert Report

1 Introduction

On 19 August 2021, Western Areas Limited (**Western Areas** or **the Company**) announced that it was in preliminary discussions with IGO Limited (**IGO**) in relation to a change of control proposal and the basis upon which engagement and due diligence between the parties could proceed. Given the preliminary stage of discussions, Western Areas advised that there was no assurance that a transaction would eventuate or what the terms and conditions of any such transaction might involve (**the Initial Announcement**).

On 16 December 2021, Western Areas announced that it had entered a Scheme Implementation Deed (**SID**) with IGO and IGO Nickel Holdings Pty Ltd (**IGO Nickel**), a wholly owned subsidiary of IGO, pursuant to which it was proposed that IGO Nickel would acquire all of the issued capital of Western Areas for \$3.36¹ cash per Western Areas share on issue (**the Initial Scheme Consideration**), to be effected by way of a Scheme of Arrangement (**Initial Scheme**).

As contemplated by the SID, Western Areas commissioned KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (**KPMG Corporate Finance**) to prepare an Independent Expert Report (**IER**) in relation to the Initial Scheme setting

¹ All amounts are stated in Australian dollars (**A\$** or **AUD**) unless specifically noted otherwise

out whether, in our opinion, the Initial Scheme was in the best interests of Western Areas shareholders, other than "Excluded Shareholders"², as a whole (**Scheme Shareholders**).

On 23 February 2022, we provided Western Areas with a draft of our IER (**Initial Draft IER**), which included a draft opinion that, based on prevailing market conditions as at 27 January 2022, the Initial Scheme was fair and reasonable to Scheme Shareholders and therefore, in the absence of a superior proposal, in the best interests of Scheme Shareholders. In forming our view as to fairness we compared our assessed value of a Western Areas share on a controlling interest basis of \$3.06 to \$3.87 to the Initial Scheme Consideration of \$3.36 cash.

On 14 March 2022, Western Areas announced an extension to the Initial Scheme timetable to allow Western Areas and KPMG Corporate Finance to consider the implications for medium to long-term nickel pricing of the significant increase in nickel price volatility following Russia's invasion of Ukraine on 24 February 2022.

On 4 April 2022, we provided Western Areas with an update of our Initial Draft IER, which took into account the changed market conditions since 23 February 2022, including updated medium and long term commodity and macro-economic forecasts released by various broking houses, economic commentators, market analysts and financial institutions to 24 March 2022 (**Updated Draft IER**). The Updated Draft IER included a draft opinion that as a result of changed market conditions the Initial Scheme was now considered to be neither fair nor reasonable to Scheme Shareholders and therefore, not in their best interests (**Updated Draft Opinion**). In forming our view as to fairness we compared our range of assessed values of a Western Areas share on a controlling interest basis of \$3.87 to \$4.88 to the Initial Scheme Consideration of \$3.36 cash.

On 7 April 2022, Western Areas requested a voluntary suspension from quotation pending the release by it of an announcement providing an update as to the status of the Initial Scheme. Western Areas also confirmed that, having regard to the Updated Draft Opinion and the requirements of the SID, the Western Areas Board had determined to withdraw its recommendation that Scheme Shareholders vote in favour of the Initial Scheme.

Western Areas and IGO then engaged in a period of consultation and negotiation regarding the Initial Scheme Consideration in accordance with the SID. The purpose of the consultation process was to provide an opportunity for IGO to present a revised proposal, that Western Areas considered was in the best interests of Western Areas shareholders.

² "Excluded Shareholder" is defined in the SID to be any member of the IGO Group who is or becomes a Western Areas shareholder or any person who holds any Western Areas shares on behalf of, or for the benefit of, any member of the IGO Group and does not hold Western Areas shares on behalf of, or for the benefit of, any other person. As at the date of the SID, there were no "Excluded Shareholders"

On 11 April 2022, Western Areas announced that the consultation process had resulted in the parties agreeing to increase the Initial Scheme Consideration from \$3.36 to \$3.87 cash per Western Areas share (**Increased Scheme Consideration**) and to amend the SID accordingly and to extend the end date under the SID to 31 July 2022, with all other terms of the SID unchanged (**Revised Scheme**).

Western Areas also confirmed that IGO had declared that the Increased Scheme Consideration is its last and final offer, in the absence of a superior proposal.

Completion of the Revised Scheme requires the approval of Scheme Shareholders and the satisfaction of various conditions precedent (summarised in Section 5.1 below). The Directors of Western Areas (**the Directors**) have, in the absence of a superior offer and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Scheme Shareholders, unanimously recommended that Scheme Shareholders vote in favour of the Scheme. As at the date of this report, the Directors have not withdrawn or modified their recommendation.

The Directors have requested KPMG Corporate Finance provide a further update to our IER to Scheme Shareholders having regard to the terms of the Revised Scheme, including the Increased Scheme Consideration. The purpose of the IER is to set out whether, in our opinion, the Revised Scheme is in the best interests of Scheme Shareholders as a whole.

Western Areas is an Australian mineral exploration, development and production company listed on the Official List of Australian Stock Exchange Ltd (**ASX**). As at 12 April 2022, Western Areas had a market capitalisation of approximately \$1,235 million (**m**). Western Areas' principal assets comprise its 100% owned nickel concentrate producing Forrestania Nickel Operation and its 100% owned Cosmos Nickel Operation, both located in Western Australia. Western Areas is headquartered in Perth, Western Australia.

IGO is an Australian mineral exploration and mining company listed on the Official List of ASX, and also has an established American Depositary Receipts program. As at 12 April 2022, IGO had a market capitalisation of approximately \$10,246m. IGO's principal assets comprise its 100% owned Nova nickel-copper-cobalt project located in the Fraser Range, Western Australia and a joint venture interest in the Greenbushes lithium mine and downstream processing refinery at Kwinana, both located in Western Australia. IGO is headquartered in Perth, Western Australia.

The specific terms of the resolutions to be approved by Scheme Shareholders in relation to the Revised Scheme are set out in the documents to be sent to Scheme Shareholders (**Scheme Booklet**) to which this report is attached. This report should be considered in conjunction with and not independently of the information set out in the Scheme Booklet in its entirety.

IGO announced on 16 December 2021 that it has entered into voting agreements with Perpetual Limited (**Perpetual**) (which at that time held 14.7% of Western Areas' shares)

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whereby Perpetual would, in the absence of a superior proposal or offer to acquire any of the Western Areas shares held by Perpetual, and subject to Perpetual continuing to consider the Initial Scheme to be in the best interests of its members, support the Initial Scheme. Since that time Perpetual has sold down its interest in Western Areas to approximately 1.0% as at 1 April 2022. Western Areas is not aware of any reason to expect that Perpetual's support has been removed.

On 17 February 2022, IGO announced that Wyloo Consolidated Investments Pty Ltd (**Wyloo**) (which holds owns 9.8% of Western Areas' shares) had undertaken to support the Initial Scheme, subject to there being no superior proposal for Western Areas that is unmatched by IGO and the independent expert concluding (and continuing to conclude) that the Initial Scheme was in the best interests of Western Areas shareholders. Subject to the same conditions, Wyloo also committed to a standstill such that it will not acquire or dispose of any Western Areas shares other than pursuant to the implementation of the Initial Scheme. In its 11 April 2022 ASX announcement in relation to the Revised Scheme, IGO advised that Wyloo supports the Revised Scheme, subject to the same conditions as applied to the Initial Scheme.

Together with the shares under the control of the Directors this means that shareholders holding approximately 11.0% of the shares in Western Areas have indicated they intend to vote their shares in favour of the Revised Scheme in the absence of a superior proposal and subject to relevant parties continuing to conclude that the Revised Scheme is in the best interests of Scheme Shareholders.

The sole purpose of this report is the expression of the opinion of KPMG Corporate Finance as to whether the Revised Scheme is in the best interests of Scheme Shareholders. This report should not be used for any other purpose or by any other party. Our opinion should not be interpreted as representing a recommendation to Scheme Shareholders to either vote for or against the Revised Scheme, which remains a matter solely for individual Scheme Shareholders to determine.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

2 Technical Requirements

Section 411(3) of the Corporations Act 2001 (**the Act**) requires that an explanatory statement issued in relation to a proposed scheme of arrangement under Section 411 of the Act include information that is material to the making of a decision by a member as to whether or not to agree with the relevant proposal. In this regard, the Directors have requested KPMG Corporate Finance to prepare an IER to satisfy the requirements of Section 411 (although there is no technical requirement in the current circumstances for an IER to be prepared in relation to the Revised Scheme).

In undertaking our work, we have referred to guidance provided by the Australian Securities and Investment Commission (**ASIC**) in its Regulatory Guides, in particular Regulatory Guide 111

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'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an IER to consider when providing an opinion on whether a transaction is "fair and reasonable", and therefore "in the best interests" of Scheme Shareholders.

2.1 Basis of assessment

RG 111.18 sets out that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is "fair and reasonable" and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the shares subject to the offer
- an offer is 'reasonable' if it is 'fair'
- an offer might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Fairness

As noted, RG 111 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the shares subject to the offer. It is a requirement of RG 111 that the comparison be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target prior to the bid.

Accordingly, the principal matter we are required to consider is whether the Increased Scheme Consideration, comprising \$3.87 cash, is equal to or exceeds the market value of an existing Western Areas share on a 100% control basis.

RG 111 provides that any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under this comparison, rather they are matters that an expert might consider in assessing whether an offer is reasonable. As such, in assessing the full underlying value of Western Areas, we have considered those synergies and benefits that would be available to a pool of potential purchasers of Western Areas. Accordingly, our valuation of Western Areas has been determined regardless of the bidder and any special benefits have been considered separately.

Reasonableness

Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer, such as but not limited to:

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- recent trading prices and the liquidity of the market in the target's shares
- the risk profile of continuing to hold shares in the target against that of accepting the proposed consideration
- any special value of the target to the bidder
- the likely market price of the target's shares in the absence of the offer
- any conditions associated with the offer
- the likelihood of an alternative offer being made
- the consequences of not approving the scheme.

3 Summary of opinion

In our opinion the Revised Scheme is not fair but is reasonable to Scheme Shareholders and therefore is, on balance, in the best interests of Scheme Shareholders in the absence of a superior proposal

In forming our opinion, we have assessed whether the Revised Scheme is:

- *fair*, by comparing our assessed value of a Western Areas share on a controlling interest basis of \$4.04 to \$5.23 to the Increased Scheme Consideration of \$3.87 cash for each Western Areas share
- *reasonable*, by assessing the implications of the Revised Scheme for Scheme Shareholders, the alternatives to the Revised Scheme and the consequences of not approving the Revised Scheme.

In considering our opinion it is important for Scheme Shareholders to recognise that the Revised Scheme is being undertaken:

- at a time of significant geopolitical unrest. The recent invasion of Ukraine by Russia has resulted in significant global uncertainty in relation to both immediate supply shortfalls and longer-term continuity and security of supply chains across a range of industries and commodities
- shortly after a period where recent nickel benchmark prices were, at least to some extent, distorted by financial markets rather than fundamental supply and demand factors, noting that the London Metals Exchange (**LME**) continues to operate under 15% upper and lower daily price limits.

Notwithstanding the above, long term nickel prices are likely to be more heavily influenced by the speed and extent which the global community seeks to transition to clean energy, including

the development of the nascent electric vehicle (**EV**) segment, which cannot be predicted with certainty at this time.

Whilst we consider the production and operational assumptions developed by us in conjunction with SRK Consulting (Australasia) Pty Ltd (**SRK**)³ in valuing Western Areas' producing and near-term production assets to be reasonable, and the macroeconomic assumptions adopted by us to reflect an appropriate mix of short-term and long-term factors, estimates of mineral asset values can change quickly and a range of credible operational and development scenarios could have been adopted, all of which could significantly impact value, either positively or negatively.

In addition, we note that SRK has assessed the aggregate value of residual resources and other mineral asset interests outside of the production scenarios prepared by it to lie in the range of \$318.8m to \$617.7m, which equates to a value of \$0.98 to \$1.89 per Western Areas share. Early-stage assets of this nature are inherently more uncertain than production and near-production assets such as the Forrester Nickel Operation and the Cosmos Nickel Operation, both in terms of their ability to generate future cash flows and timing thereof. Whilst SRK has sought to narrow its range of assessed values, it considers adoption of a narrower range may imply a greater degree of certainty for these asset classes than is the case.

We also note that it is open to those Scheme Shareholders that hold a positive view in relation to the prospects of Western Areas as a standalone entity in the absence of the Revised Scheme and do not consider the qualitative matters considered by us in forming our opinion adequately compensate for the level of discount they are being asked to accept to vote against the Revised Scheme.

Assessment of fairness

We have assessed the value of Western Areas to lie in the range of \$1,317.2m to \$1,707.8m, inclusive of a premium for control, which equates to an assessed value per Western Areas share of between \$4.04 and \$5.23 per share, which compares to the Increased Scheme Consideration of \$3.87 cash per Western Areas share.

In arriving at our range of assessed values for Western Areas, we have placed reliance on the report prepared by SRK. A copy of SRK's independent technical specialist's report (**ITSR**) is attached at Appendix 7.

We have assessed the value of the equity of Western Areas on a "sum-of-the parts" basis by aggregating the estimated market value of Western Areas' 100% interest in the Forrester Nickel Operation and the Cosmos Nickel Operation, its other mineral assets and assets

³ the independent mining industry specialist engaged by Western Areas, and instructed by us, to assist us in relation to the assessment of the value of the mineral asset interests held by Western Areas

considered to be surplus to the mineral assets and deducting net borrowings and non-trading liabilities.

The principal driver of the change in our range of assessed values for a Western Areas' share since the date of our Updated Draft IER has been an increase in SRK's assessment as to the value of Western Area's residual resources to reflect recent movements in nickel commodity prices and the marked-to-market value of Western Areas' 19.9% interest in ASX listed Panoramic Resources Ltd (**Panoramic**).

As the Increased Scheme Consideration lies below our range of assessed values for a Western Areas share, inclusive of a premium for control, we consider the Revised Scheme is not fair.

Assessment of Reasonableness

Whilst we have determined the Revised Scheme to be not fair based on our assessed values of a Western Areas share, in accordance with RG 111 it is still possible for the Revised Scheme to be reasonable where there are sufficient reasons for members to vote for the proposal.

In forming our opinion in relation to reasonableness, we have considered various matters that Scheme Shareholders may also wish to take into account in deciding whether or not to vote for the Revised Scheme. These include:

- the Increased Scheme Consideration provides Scheme Shareholders with an opportunity to realise their investment in Western Areas in the short term for a certain cash amount, free of transaction costs. In contrast, the future value of continuing to hold Western Areas shares is uncertain and will be impacted both positively and negatively by matters both within and outside of the control of the Company. In particular, a significant proportion of our assessed values is represented by the values ascribed by SRK to residual resources and exploration potential, which arguably represents the most uncertain asset class held by Western Areas, both in terms of market value and the timing when any value might be realised
- Scheme Shareholders are receiving a premium for control based on trading prices for Western Areas' shares immediately prior to the Initial Announcement⁴, the level of which exceeds that typically observed in recent successful metals and mining sector transactions
- the Increased Scheme Consideration represents a premium to recent trading prices for Western Areas' shares

⁴ which we consider to be the last possible date that Western Areas' shares were "undisturbed" by material market speculation in relation to a change of control transaction with IGO.

- IGO has declared the Increased Scheme Consideration to be its “last and final” offer in the absence of a superior proposal
- no alternative offer has emerged in the period since the Initial Announcement on 19 August 2021, or the final details of the SID were announced on 16 December 2021 and the Directors have advised that they have no reason to believe that an alternative proposal will ultimately emerge
- Scheme Shareholders with a combined 11.0% interest in the voting shares of the Company have previously indicated that, subject to certain limited conditions, they intended to support the Initial Scheme. The Directors have advised they have no reason to expect these parties have changed their voting intentions
- in the event the Revised Scheme is approved, Scheme Shareholders will have no continuing interest in the mineral assets of Western Areas except in circumstances where Scheme Shareholders re-invest the proceeds from the Revised Scheme in IGO
- in the event the Revised Scheme is approved, Scheme Shareholders may face potential tax implications at a time that may not be optimal for individual shareholders
- in the event the Revised Scheme is not approved, the benefits and disadvantages of the Revised Scheme will not be realised and Western Areas will have incurred various transaction costs. Western Areas will remain listed on the ASX and it is possible that, in absence of an alternative offer, the trading price of Western Areas shares could fall from their current level.

Having considered the issue of fairness and each of the factors above, including the consequences of not approving the Revised Scheme, we are of the opinion that, on balance, the benefits to Scheme Shareholders of approving the Revised Scheme outweigh the disadvantages. As a result, we consider the Revised Scheme is, on balance, reasonable.

Accordingly, as we consider the Revised Scheme to be in the best interests of Scheme Shareholders, in the absence of a superior proposal.

Further information in relation to each of the above and other matters we have considered in forming our opinion is set out below.

The decision whether or not to approve the Revised Scheme is a matter for individual Scheme Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio structure, risk profile and tax position. Scheme Shareholders should consult their own professional advisor, if in doubt, regarding the action they should take in relation to the Revised Scheme.

3.1 Fairness

3.1.1 The Increased Scheme Consideration to be received by Scheme Shareholders is not fair

We have assessed the value of Western Areas to lie in the range of \$1,317.2m to \$1,707.8m, inclusive of a premium for control, which equates to an assessed value per Western Areas share of between \$4.04 and \$5.23. Our valuation is set out in full in Section 9 of this report and summarised below.

Table 1: Summary of assessed market value of Western Areas

	Assessed Values	
	Low \$m	High \$m
Market values of Western Areas' interests in mineral assets		
Forrestania Nickel Operations	317.5	318.9
Cosmos Nickel Operations	444.1	481.3
Residual resources (not included in Life of Mine models)	288.0	500.0
Western Areas' interest in exploration portfolio	30.8	117.7
Total Mineral Assets	1,080.5	1,418.0
Add: Cash and cash equivalents	142.6	142.6
Add: Listed investments	138.8	176.8
Add: Other net liabilities ²	(4.6)	(4.6)
Less: Future corporate overheads	(40.0)	(25.0)
Total Equity Value	1,317.2	1,707.8
Number of ordinary shares - undiluted (millions)	321.6	321.6
Add: Performance rights ³ (millions)	4.6	4.6
Number of ordinary shares - diluted (millions)	326.2	326.2
Value per share, inclusive of a premium for control - \$	4.04	5.23

Source: KPMG Corporate Finance analysis and the ITSR

Notes:

- Figures may not add exactly due to rounding
- Other net liabilities comprise ATO receivables of \$4.7m, transaction costs incurred irrespective of the outcome of the transaction of (post-tax \$1.4m), derivative financial instruments of (\$6.4m) payments to Executives of (post-tax \$1.4m) and net accounts payable / receivable not in net working capital of (\$0.1m) as at 31 December 2021
- In the event the Scheme is approved, all outstanding Performance Rights will vest and form part of the Scheme.

Our range of assessed values represents the value of a 100% interest in Western Areas and incorporates corporate cost savings that would generally be available to a pool of purchasers but does not include any potential strategic or operational synergies that may be unique to

individual investors. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder. Our valuation of Western Areas' shares exceeds the price at which, based on current market conditions, we would expect Western Areas shares to trade on the ASX in the absence of the Revised Scheme or some superior proposal.

In arriving at our range of values for Western Areas, we have placed reliance on the technical and operating assumptions prepared by SRK in relation to reasonable production scenarios, including appropriate mining inventory estimations, capital expenditure and operational cost profiles in respect of the Forrestania Nickel Operation and the Cosmos Nickel Operation. In addition, SRK has assessed the value of other mineral asset interests held by Western Areas not captured in the production scenarios prepared by it. SRK's ITSR is attached as Appendix 7.

The production, operating cost and capital cost scenarios prepared by SRK were adjusted by us to reflect specific corporate matters, including macroeconomic factors, the impact of government and private royalties and taxes.

We would highlight to Scheme Shareholders that whilst Western Areas' principal long-term production asset, being its 100% interest in the Cosmos Nickel Operation, is potentially very valuable, the project is yet to be fully developed and the forecast operational and financial information provided by Western Areas has been prepared prior to operational ramp up being completed and a stable production profile and operational history having been established. As a result, the valuation of such assets, by their nature, requires a greater level of judgement compared to an operational mineral project.

Whilst we consider our assessed range of values to be reasonable based on prevailing market conditions as at 8 April 2022, they effectively assume that Western Areas will be able to successfully bring the Cosmos Nickel Operation fully online in the timeframe and cost framework contemplated by SRK, and that the project operates as projected over its entire current forecast 13-year life of mine. To reflect this uncertainty, we have included an allowance for timing and asset specific risk in our assessment of value.

Our valuation of Western Areas' production and near-term production assets is sensitive to various assumptions, in particular, realised nickel prices, foreign exchange rates and mill recovery rates. Nickel prices have exhibited significant volatility over recent years and, in particular, in recent weeks, which likely reflects extraneous factors unrelated to market fundamentals, including Russia's invasion of Ukraine and the actions of financial market participants required to cover short nickel positions, which in turn resulted in the suspension of trading on the LME during March 2022 and the imposition of trading range limits by the LME.

Notwithstanding these arguably short-term distortions, nickel prices were generally trending upwards over the period prior to the above issues, which likely reflects nickel's position as a key input into the production of batteries for the growing electric vehicles industry.

KPMG Corporate Finance's forecast nickel price and foreign exchange rate assumptions have been determined after consideration of Western Areas' realised nickel prices over the first three months of 2022 and the forecasts over the period to 2031 of various broking houses, economic commentators, market analysts and financial institutions published over the period 18 March 2022 to 8 April 2022. However, as illustrated by the width of the range of market analysts' forecast nickel prices set out in Figure A3-5 later in this report, a wide range of assumptions could credibly be adopted, which would impact assessed market values either positively or negatively.

In this context, we would draw Scheme Shareholders' attention to the sensitivity analysis set out in section 9 of this report.

We also note that SRK has assessed the aggregate value of residual resources and other mineral asset interests outside of the production scenarios prepared by it to lie in the range of \$318.8m to \$617.7m, which equates to between approximately 30% and 44% of Western Areas' aggregate assessed mineral values and a value per Western Areas share of between \$0.98 and \$1.89. Early-stage assets of this nature are inherently uncertain and can be reasonably be considered one of the higher risk asset classes held by Western Areas in terms of their ability to generate future cash flow and the timing thereof.

3.1.2 Comparison of assessed values to share market trading immediately prior to the Initial Announcement

Our valuation range for a Western Areas share of \$4.04 to \$5.23 reflects a premium over the \$2.48 closing price of Western Areas shares on the last trading day immediately prior to the Initial Announcement of between approximately 63% and 111%. This premium in part reflects a valuation of 100% of Western Areas inclusive of a premium for control rather than a valuation of a portfolio interest in the Company as traded on ASX. However, in our opinion it is also likely to be as a result of:

- the change in macroeconomic factors over the interim period, in particular, the significant increase in spot nickel prices which have increased from US\$18,890 per tonne (t) on 18 August 2021 to a closing price of US\$33,867/t on 8 April 2022
- market disappointment in the period immediately prior to the Initial Announcement in relation to the Company's operational and financial performance, including year on year falls in total ore mined, average mined grade, average recovery and contained nickel processed in FY21, resulting in a net loss after tax in FY21 of \$7.7m compared to a net profit after tax of \$31.9m in FY20
- investors, particularly those attracted to the historical fully franked dividend stream attaching to a Western Areas' share, may have applied a discount to the Company's share price to

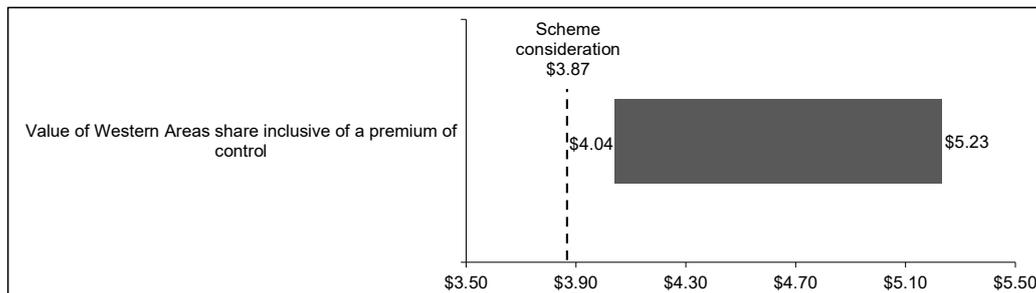
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reflect the Board's decision not to pay a dividend in respect of FY21 and the uncertainty as to when the Company will re-instate dividend payments, if at all.

3.1.3 Comparison of assessed values to the Increased Scheme Consideration

The chart below provides a comparison of our assessed valuation ranges for a Western Areas share and the Increased Scheme Consideration of \$3.87 cash in assessing fairness of the Revised Scheme.

Figure 1: Comparison of our assessed valuation ranges for a Western Areas share and the Increased Scheme Consideration



Source: KPMG Corporate Finance Analysis

As the Increased Scheme Consideration lies below our range of assessed values for a Western Areas share, inclusive of a premium for control, we consider the Increased Scheme Consideration is not fair to Scheme Shareholders.

Further details in relation to the basis of our valuations of Western Areas is set out in section 9 of this report.

3.2 Reasonableness

In accordance with RG111, a transaction might still be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer. Accordingly, we have considered various quantitative and qualitative matters in forming an opinion in relation to reasonableness.

3.2.1 Advantages of approving the Revised Scheme

The Revised Scheme provides certainty as to value

As the Increased Scheme Consideration comprises cash, free of transaction costs, Scheme Shareholders are provided with certainty as to the value of the consideration they are receiving for their Western Areas shares.

In contrast, should Scheme Shareholders resolve to continue to hold their Western Areas shares, the value of a Western Areas share will, in addition to general market movements, be impacted by, inter alia, Western Areas' ability to successfully develop the Cosmos Nickel Operation, which remains subject to various development and operational risks.

We also note that whilst Western Areas has completed a Definitive Feasibility Study (DFS) in respect of the Odysseus mine, the production and operational profiles prepared by SRK in relation to the wider Cosmos Nickel Operation also include an assumption that the less certain AM6 deposit will be able to be successfully brought into production.

Furthermore, a significant amount of value has been ascribed by SRK to residual resources and exploration potential not captured in its forecast operational models and exploration holdings, the future value and timing of any realisation of which is not assured.

Scheme Shareholders are receiving a premium to traded prices prior to the Initial Announcement and to the last closing price for a Western Areas share prior to the announcement of the Revised Scheme

Based on the Increased Scheme Consideration of \$3.87 cash for each Western Areas share, the implied premium of the Increased Scheme Consideration over the volume weighted average price (VWAP) of Western Areas shares at various points in the six months prior to the Initial Announcement is set out in the table below.

Table 2: Increased Scheme Consideration of \$3.87 cash compared to Western Areas' share price prior to the Initial Announcement

Period up to and including 18 August 2021	Western Areas VWAP \$	Scheme Consideration \$	Premium %
1 week	2.56	3.87	51.4
1 month	2.50	3.87	54.7
3 months	2.43	3.87	59.2
6 months	2.34	3.87	65.7

Source: IRESS and KPMG Corporate Finance Analysis

In order to assess a reasonable range for implied acquisition premia, we have analysed data for successful acquisition transactions in the metal mining industry recorded in the Mergerstat database over the 10-year period to 8 April 2022. Where data on implied market values utilising 20-day premia was available, our analysis indicates a median 20-day acquisition premium of approximately 38%.

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Excluding those transactions considered by us to be outliers⁵, the median 20-day premium was approximately 36%.

We have also considered the outcome of a recent study⁶ in relation to control premia observed in successful takeovers and schemes of arrangement in the Australian and New Zealand “metals and mining” sector over the period 1 July 2005 to 31 December 2020, which indicated over a data set of 161 successful transactions, the 2 day, 5 day and 20 day average pre-bid premium was 29.8%, 32.5% and 36.6% respectively.

Having regard to these outcomes, we consider, on balance, that it is reasonable to suggest that successful transactions in the metals and mining sector are typically likely to complete within an acquisition premia range of 30% to 40%. The premium implied by the Increased Scheme Consideration, to Western Areas’ traded prices prior to the Initial Announcement, significantly exceeds this range.

In considering the evidence provided by actual transactions, it is important to recognise, however, that the observed premium for control is an outcome of the valuation process, not a determinant of value and that each transaction will reflect, to varying degrees, the outcome of a unique combination of factors, including amongst other things:

- pure control premium in respect of the acquirer’s ability to utilise full control over the strategy and cash flows of the target entity
- the level of synergies available to all acquirers, such as the removal of costs associated with the target being a listed entity and/or costs related to duplicated head office functions
- synergistic or special value that may be unique to a specific acquirer
- whether the acquisition is competitive.

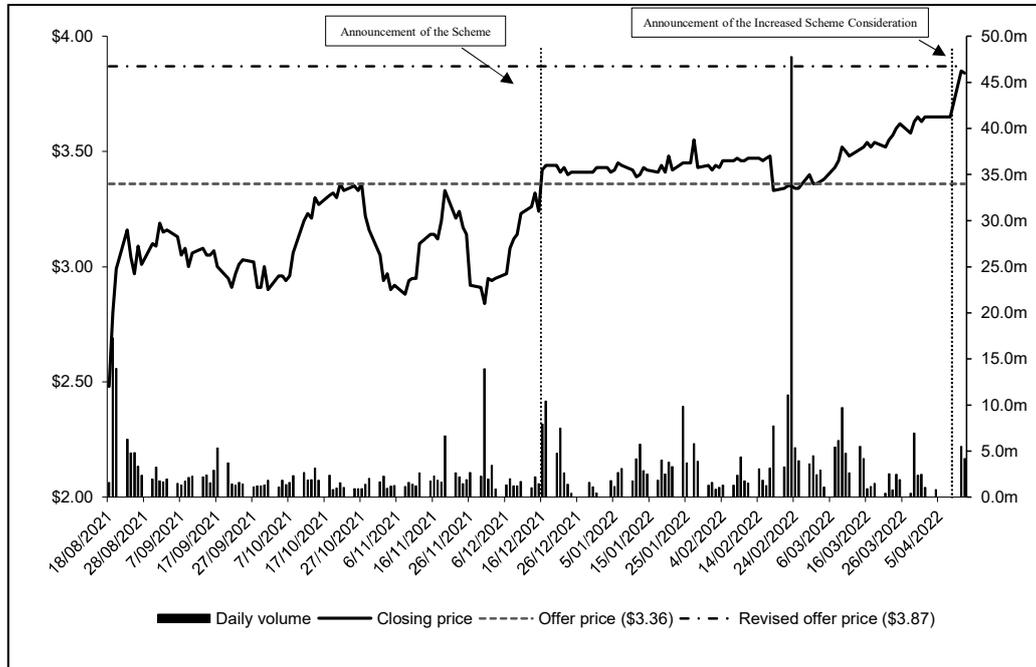
As illustrated in the chart below, apart for a brief period following IGO’s announcement on 17 February 2022 that it had, subject to various conditions, secured Wyloo’s support for the Scheme, Western Areas shares consistently trading through the Initial Scheme Consideration value of \$3.36, being the offer in the market at the time.

⁵ Excluding transactions where the implied premium was less than 0% and greater than 150%

⁶ RSM “Control Premium Study” 2021

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Figure 2: Western Areas daily close price on the ASX post the Initial Announcement



Source: IRESS, KPMG Corporate Finance Analysis and ASX announcements

In our view this likely reflected market speculation that either:

- IGO would need to increase the Initial Scheme Consideration in order to secure the required level of support for the Scheme
- an alternative superior offer may emerge.

Based on Western Areas' closing price of \$3.65 on 4 April 2022, being the last trading day prior to Western Areas' announcement of the Revised Scheme⁷, the Increased Scheme Consideration of \$3.87 per Western Areas share represents a premium of approximately 6%.

Western Areas' shares closed at \$3.84 on 12 April 2022.

⁷ Western Areas entered into a voluntary suspension over the period 5 April 2022 to 10 April 2022

3.2.2 **Disadvantages of approving the Revised Scheme**

Western Areas shareholders will no longer hold an interest in Western Areas' assets

In the event that the Revised Scheme is successfully implemented, Scheme Shareholders will exchange each Western Areas share held for \$3.87 cash. As a result, Scheme Shareholders will no longer have any interest in the mineral and other assets of Western Areas, including its interest in the potentially very valuable Cosmos Nickel Operation.

Whilst it is open for Scheme Shareholders to re-invest the Increased Scheme Consideration in IGO shares, we note that IGO is focused on discovering, developing and operating high quality metal assets critical to enabling clean energy, including a 49% interest in a joint venture focused on lithium assets in Western Australia, which holds both a 51% interest in the Greenbushes Lithium Mine and a 100% interest in the Kwinana Lithium Hydroxide Refinery. As such any re-investment of the proceeds from the Revised Scheme in IGO will no longer be solely nickel focussed.

Taxation implications for Scheme Shareholders

In the event the Revised Scheme is implemented, Scheme Shareholders will receive \$3.87 cash for each Western Areas share currently held. This will represent a disposal of the relevant Western Areas shares for capital gains tax purposes and will crystallise any capital gains tax implications for individual Scheme Shareholders, which may not be at a time most financial beneficial for the relevant holder.

Scheme Shareholders are strongly encouraged to read the outline of the taxation implications in respect of the Revised Scheme are set out in Section 8 of the Scheme Booklet and, if any doubt, should seek their own independent taxation advice regarding the tax consequences of the Revised Scheme.

3.2.3 **Other considerations**

IGO has declared the Increased Scheme Consideration to be its "last and final" offer in the absence of a superior proposal

IGO has declared the Increased Scheme Consideration its "last and final" offer, in the absence of a superior proposal. As a consequence, under Australia's "truth-in-takeovers" regime, IGO is prohibited during the currency of the Revised Scheme from increasing its offer for Western Areas in the absence of a superior offer.

Whilst Scheme Shareholders with no requirement for short term liquidity and a positive view on the Western Areas mineral asset portfolio and the nickel industry and prices in general could vote against the Revised Scheme in the hope that IGO may agree to an increased offer price for Western Areas at some future time outside of the current Revised Scheme process, particularly as the acquisition of Western Areas potentially provides IGO with nickel feed to underpin its

pursuit of the construction of a processing plant to make battery-grade nickel products, there can be no guarantee of this occurring, also noting that IGO has demonstrated a willingness to step away from a transaction it no longer considers provides a sufficient return to its shareholders⁸.

The prospect of a superior alternative proposal emerging is considered unlikely but can't be discounted entirely

An alternative offer has not emerged since the date of the Initial Announcement on 19 August 2021, no party other than IGO has requested entry into due diligence since the Initial Announcement and the Directors have advised that they have no reason to believe that an alternative proposal will ultimately emerge.

Furthermore, under the SID, Western Areas is restricted from either soliciting or entering into discussions with third parties in relation to alternative proposals. However, the Directors would be required under their fiduciary duties to consider the merits of an alternative proposal should it arise.

We note however that IGO has a first right to match any competing bid considered by the Western Areas Board to be superior to the Revised Scheme, which may reduce the appetite of any potential alternative bidder.

Whilst having regard to the above it would be reasonable to conclude that the prospect of a superior offer emerging is unlikely, there would appear to be certain other parties that might consider a competing offer, including BHP Group Limited (**BHP**). Nickel ore mined from the Flying Fox and Spotted Quoll mines is processed through the Cosmic Boy concentrator (**Cosmic Boy**) and a significant proportion sold into an offtake agreement with BHP Nickel West (**Nickel West**). This current offtake arrangement is due to expire in 2023. Western Areas has also recently commenced a tender process for future short-term offtake from Odysseus, the outcome of which is not yet settled. Accordingly, it is conceivable that post 2023 Nickel West may no longer have a commercial interest in Western Areas' nickel concentrate production. IGO is also a supplier to Nickel West through a supply agreement which is due to conclude in 2025.

Accordingly, it is possible that BHP may see the consolidation of Western Areas' nickel assets under the control of IGO as a threat to its security of supply. We also note that in late December 2021, BHP withdrew from a competitive offer process for Noront Resources Ltd (**Noront**), a Canadian nickel, copper, chromite and platinum company, which was seen by various

⁸ IGO announced an off-market takeover bid for all of the shares in Panoramic Resources Limited (**Panoramic**) on 4 November 2019. On 27 December 2019, IGO announced that it intended to allow its offer to lapse on the basis that subsequent announcements by Panoramic made after the offer had been made had eroded value

commentators at the time as a potential replacement for the Western Areas/IGO nickel feed. The successful bidder was Wyloo.

It is also possible stakeholders in the rapidly emerging electric vehicle parts sector may have some interest.

There is the potential for the price of a Western Areas share to fall from current levels in the absence of the Revised Scheme or an alternative superior proposal

To the extent that the current share price of Western Areas includes a premium reflecting an expectation that the Revised Scheme will be successfully completed or that an alternative proposal may emerge, should neither of these potential outcomes emerge, it is possible that removal of this premium will result in a fall from current trading levels.

Based on our range of assessed values for a Western Areas share of \$4.04 to \$5.23 and a minority interest discount of 23%⁹, the notional valuation range for a portfolio interest in Western Areas is \$3.11 to \$4.03 in the absence of the Revised Scheme.

It is possible that the value of Western Areas to certain acquirers could exceed our range of assessed values.

Depending upon the tax structure of the successful acquirer of Western Areas, there is the possibility that through the operation of Australia's tax consolidation rules, material additional taxation synergies would be able to be realised by the acquirer, including IGO, through the resetting of tax cost bases of various assets, including tenements, property, plant and equipment. We note that this uplift is not available to Western Areas on a stand-alone basis.

Various Scheme Shareholders have indicated that, subject to certain conditions, they intend to support the Revised Scheme

IGO announced on 16 December 2021 that it has entered into voting agreements with Perpetual (which currently owns 1.0%¹⁰ of Western Areas' shares) whereby Perpetual would, in the absence of a superior proposal or offer to acquire any of the Western Areas shares held by Perpetual, and subject to Perpetual continuing to consider the Initial Scheme to be in the best interests of its members, support the Initial Scheme¹¹. The Directors have advised that they have no reason to expect Perpetual's support for the proposed transaction has been removed.

⁹ Being the inverse of an indicative control premium of 30%

¹⁰ As at 1 April 2022

¹¹ For the avoidance of doubt, Perpetual also advised that this intention statement does not prohibit Perpetual from selling any of its Western Areas shares, in its absolute discretion, prior to the Scheme meeting; is only valid until 6 months after the date of the announcement or earlier if IGO decides not to

On 17 February 2022, IGO announced that Wyloo (which currently owns 9.8% of Western Areas' shares) had undertaken to support the Initial Scheme, subject to there being no superior proposal for Western Areas that is unmatched by IGO and the independent expert concluding (and continuing to conclude) that the Initial Scheme is in the best interests of Western Areas shareholders. Subject to the same conditions, Wyloo has also committed to a standstill such that it will not acquire or dispose of any Western Areas shares other than pursuant to the implementation of the Initial Scheme¹².

In its ASX announcement on 11 April 2022 in relation to the Revised Scheme, IGO advised that Wyloo continues to support the proposed transaction.

In addition, the Directors, who hold a combined 0.2% voting interest in the Company, have indicated they also intend to vote in favour of the Revised Scheme, in the absence of a superior proposal, and subject to individual Directors continuing to consider the Revised Scheme to be in the best interests of Scheme Shareholders.

This means that shareholders holding approximately 11.0% of the shares in Western Areas have previously indicated support for the proposed transaction in the absence of a superior proposal and subject the relevant parties continuing to conclude that the Scheme is in the best interests of Scheme Shareholders.

In order for the Revised Scheme to be implemented, it must be approved at the Revised Scheme meeting to be held in or around May 2022 by:

- more than 50% of eligible Western Areas shareholders present and voting at the Revised Scheme meeting (unless the Court orders otherwise); and
- at least 75% of the total number of votes cast on the Revised Scheme resolution by eligible Western Areas Shareholders.

pursue the Scheme; and is subject to RG25 – Takeovers: false and misleading statements published by ASIC

¹² IGO's announcement indicated that it had also separately entered into an agreement with Wyloo Metals Pty Ltd (**Wyloo Metals**) to jointly evaluate opportunities for nickel downstream processing in Australia. The first stage of this is a study, which is expected to take approximately two years, will be funded 70:30 by IGO and Wyloo Metals respectively. Following the conclusion of the study, and subject to the parties making a final investment decision, the parties would then form a 70:30 joint venture of IGO and Wyloo Metals respectively to construct and operate a nickel downstream processing facility.

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3.2.4 **Consequences if the Scheme does not proceed**

In the event that the Revised Scheme is not approved or any conditions precedent prevents the Revised Scheme from being implemented, Western Areas will continue, in the absence of a successful alternative offer, to operate in its current form and remain listed on the ASX. As a consequence:

- Scheme Shareholders will not receive the Increased Scheme Consideration and the implications of the Revised Scheme, as summarised above, will not occur
- Scheme Shareholders will continue to be exposed to the benefits and risks associated with an investment in Western Areas, which will be closely tied to the success or otherwise of the Odysseus mine as it moves through its development and operational cycle and the success of other near mine exploration, such as at AM6, AM5 and Mount Goode. Based on the cash flow forecast developed by KPMG Corporate Finance and SRK, peak funding requirements for the development of the Odysseus mine will be reached in FY23, which, based on current forecasts, is expected to be fully funded through a combination of Western Areas' cash on hand, free cash flow to the company in the interim period and access to a \$75m revolving credit facility (**RCF**) with the Commonwealth Bank of Australia (**CBA**)
- whilst Western Areas had established a track record of paying fully franked dividends over an extended period, the Board decided that a dividend would not be paid in respect of FY21. In our view this is not unexpected due to the Company's significant capital commitments in developing the Odysseus mine in the short term. Based on current forecast cash flows, this need to retain funds is expected to be removed once the Odysseus mine is in production. That said, payment of dividends is at the discretion of the Board and, as such, there is no certainty when the Company will re-instate the payment of dividends in the future, if at all
- Western Areas will have incurred various transaction costs and a break fee may be payable depending upon the circumstances leading to the Revised Scheme not proceeding.

4 **Other matters**

In forming our opinion, we have considered the interests of Scheme Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Scheme Shareholders. It is not practical or possible to assess the implications of the Revised Scheme on individual Scheme Shareholders as their financial circumstances are not known to us. The decision of Scheme Shareholders as to whether or not to approve the Revised Scheme is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual Scheme Shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual Scheme Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

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Our report has been prepared:

- in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements
- for the sole purpose of assisting Scheme Shareholders in considering the Revised Scheme and for no other purpose.

We do not assume any responsibility or liability to any other party as a result of reliance on or use of this report for any other purpose. Our opinion should not be interpreted as representing a recommendation to Scheme Shareholders to either vote for or against the Revised Scheme, which remains a matter solely for individual Scheme Shareholders to determine.

KPMG Corporate Finance has made reasonable enquiries of Western Areas and Western Areas has concluded that Design and Distribution Obligation regulations do not apply to the Revised Scheme.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Scheme Booklet to be sent to Scheme Shareholders in relation to the Revised Scheme, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Scheme Booklet.

References to:

- financial years have been abbreviated to FY
- 6-month periods of a financial year have been abbreviated to HY
- calendar years have been abbreviated to CY (where different to the relevant entity's FY).

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The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully



Jason Hughes
Authorised Representative



Bill Allen
Authorised Representative

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5 Summary of the Revised Scheme

The principal terms of the Revised Scheme as they affect Western Areas shareholders are that Scheme Shareholders will receive \$3.87 cash for each ordinary share held in Western Areas.

5.1 **Conditions precedent**

Completion of the Revised Scheme is subject to a number of conditions precedent as set out in the SID, including, but not limited to:

- all regulatory and other approvals, consents, clearances and permissions to give the Revised Scheme effect having been obtained from all relevant bodies, including the Court and the ASIC
- Scheme Shareholders approving the Revised Scheme by the requisite majorities
- the independent expert concluding, and continuing to conclude, that the Revised Scheme is in the best interests of Scheme Shareholders.

As at the date of this report, Western Areas is not aware of any reason why the conditions precedent will not be satisfied.

5.2 **No shop, No talk**

The parties have agreed that unless the SID is terminated, or prior to 16 June 2022 if that is earlier, Western Areas will not directly or indirectly solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal unless failure to do so would involve a breach of the fiduciary duties of its Directors.

Western Areas must notify IGO if it becomes aware of any competing bid. IGO has also been granted a right to match any competing bid.

5.3 **Other clauses**

The SID includes clauses for Western Areas paying a break fee of \$10.96m to IGO in certain circumstances leading to the Revised Scheme not proceeding, along with various other standard provisions relevant to a scheme, such as termination rights and the obligations of each company in the lead up to implementation. A reverse reimbursement fee is payable by IGO to Western Areas in certain circumstances.

Further details in relation to the Revised Scheme are set out in the Scheme Booklet to which this report is attached, and also in the SID included with the Company's announcement of the Initial Scheme on 16 December 2021.

6 **Scope of the report**

6.1 **Purpose**

This report has been prepared by KPMG Corporate Finance for inclusion in the Scheme Booklet to accompany the Notice of Meeting convening a Court ordered meeting of Scheme Shareholders in or around May 2022 in accordance with Section 411 of the Act. The purpose of the meeting will be to seek approval of the Revised Scheme.

The sole purpose of this report is an expression of KPMG Corporate Finance's opinion as to whether the Revised Scheme is in the best interests of Scheme Shareholders. This report should not be used for any other purposes or by any other party.

6.2 **Limitations and reliance on information**

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Western Areas or any of its associated entities for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of Western Areas' management. We have had discussions with Western Areas' management and its advisers in relation to the nature of the business operations, specific risks and opportunities, historical results and prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Western Areas has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (**forward-looking financial information**) prepared by or on behalf of Western Areas. KPMG Corporate Finance has relied upon this

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forward-looking financial information in preparing this report and Western Areas remains responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the models. However, we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

KPMG Corporate Finance has instructed SRK to undertake various enquiries in relation to the forecast information, including review of technical data and holding discussions with Western Areas management in regard to the technical and commercial assumptions underlying the forecast operations of Western Areas' Forrester Nickel Operation and Cosmos Nickel Operation. SRK has, where necessary, made adjustments to reflect its judgement and provided its preferred forecast production and cost schedules to KPMG Corporate Finance. KPMG Corporate Finance is of the view that this forward-looking information has been prepared on a reasonable basis and, therefore, is suitable as a basis for our valuations. Further detail in relation to the involvement of SRK and a summary of its projections is set out in section 9 of this report. A copy of SRK's ITSR is included at Appendix 7 to this report.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal diligence that a company and its advisers may undertake. The Directors are responsible for conducting diligence in relation to the Revised Scheme. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the diligence process, which is outside our control and beyond the scope of this report. We have assumed that the diligence process has been and is being conducted in an adequate and appropriate manner.

6.3 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. Due to commercial sensitivity and/or confidentiality undertakings given by Western Areas we have limited the level of disclosure in relation to certain key business arrangements. However, we have disclosed a summary of material information which we relied on in forming our view, which is consistent with the type of information that is regularly placed into the public domain by Western Areas.

6.4 **Reliance on Technical Expert**

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG Corporate Finance in the valuation of Western Areas' mineral assets, SRK was engaged by Western Areas, and instructed by us, to prepare an independent technical report in relation to the development and operational forecast assumptions for the Forrestania Nickel Operation and the Cosmos Nickel Operation as well as the valuation of any other mineral interests, such as defined resources and other exploration tenements held by Western Areas but not included in the forecasts in respect of the Forrestania Nickel Operation and the Cosmos Nickel Operation. A copy of SRK's ITSR, dated April 2022, is attached to this report at Appendix 7. SRK's ITSR was prepared in accordance with the VALMIN Code to the extent applicable.

ASIC Regulatory Guides recommend the fees payable to the technical specialists be paid in the first instance by the independent expert and claimed back from the party commissioning the independent expert. KPMG Corporate Finance's preferred basis for appointment of independent technical specialists is that the client commissions, and pays the fees directly to, the technical specialist, whilst KPMG Corporate Finance defines the scope of work for the technical specialist. We do not consider that the independence of the technical specialist is impaired by this arrangement.

We have satisfied ourselves as to SRK's qualifications and independence from Western Areas and IGO and have placed reliance on its report.

Following discussion and enquiry with SRK, the development and operational assumptions recommended by SRK have been adopted in the cash flow projections used by us in assessing the value for Western Areas' interest in the Forrestania Nickel Operation and the Cosmos Nickel Operation. KPMG Corporate Finance was responsible for the determination of certain macroeconomic and other assumptions such as commodity prices, exchange rates, discount rates, inflation and taxation assumptions.

The valuation methodologies adopted by SRK in respect of mineral assets outside of the Forrestania Nickel Operation and the Cosmos Nickel Operation are based on comparable transactions, the yardstick, past expenditure and/or geoscientific rating methods as appropriate.

Due to the various uncertainties inherent in the valuation process, SRK has determined a range of values within which it considers the value of each of these additional mineral assets to lie. The valuations ascribed by SRK to the other mineral assets of Western Areas have been adopted in our report.

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7 Industry overview

Western Areas' principal assets include interests in nickel concentrate production, development and exploration projects. Accordingly, the financial performance of Western Areas is significantly impacted by developments in the international nickel industry. To provide a context for assessing the prospects of Western Areas, we have included an overview of recent trends in the international nickel markets at Appendix 3.

8 Profile of Western Areas

8.1 Company overview

Western Areas is a Western Australian mineral production, development and exploration company listed on the securities exchange of the ASX.

The Company was incorporated in Western Australia on 24 December 1999 as Western Areas NL and was formed to acquire six nickel exploration properties and two gold properties in the Yilgarn Craton region of Western Australia.

Western Areas was admitted to the Official List of ASX Limited on 24 July 2000.

Western Areas' first mine, Flying Fox, entered into production in October 2006, following the intersection of the Flying Fox deposit in September 2003.

Today, Western Areas' principal mineral assets comprise its:

- 100% owned Forresteria Nickel Operation, which includes:
 - the producing Flying Fox and Spotted Quoll underground nickel mines
 - the Cosmic Boy concentrator (**Cosmic Boy**) and BioHeap nickel leaching operation
 - various development projects, including the prospective New Morning/Daybreak (**NMD**) deposits.

Ore is currently mined and milled at Cosmic Boy at a rate of 500,000 – 600,000 tonnes per annum (**tpa**) to produce 15,000 - 16,000 tpa nickel in concentrate.

- 100% owned Cosmos Nickel Operation, which includes:
 - the Odysseus mine, which is currently under development
 - the Alec Mairs 6 (**AM6**) Ore Reserve and its integration with Odysseus
 - development projects, such as the Mt Goode, Alec Mairs 5 (**AM5**) and Odysseus Massive deposits.

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Western Areas also holds joint venture interests in various other mineral exploration projects, including its:

- 100% and 75% interests in various tenements comprising the Western Gawler Nickel-Copper Joint Venture, located in South Australia
- 25% non-contributing interest in the Mt Alexander Joint Venture, located in Western Australia
- its right to earn-in to 75% in the Metal Hawk Joint Venture in Western Australia.

In addition, Western Areas holds an indirect 19.9% interest in the Savannah nickel-copper-cobalt project located in the East Kimberley, Western Australia, via its corresponding equity interest in Panoramic.

An overview of the Forrestania Nickel Operation, the Cosmos Nickel Operation and Western Areas' other exploration assets is set out below and discussed in more detail in SRK's ITSR which is attached as Appendix 7 to this report.

8.2 Forrestania Nickel Operation

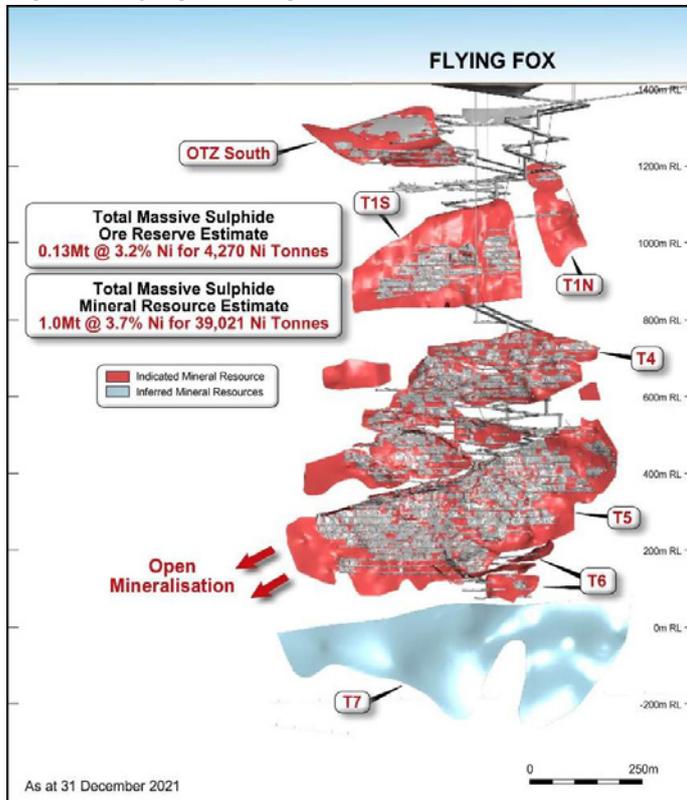
8.2.1 Flying Fox

Flying Fox is an underground nickel mining operation located approximately 350 kilometres (km) east-southeast of Perth, Western Australia in the Forrestania greenstone belt. The Flying Fox deposit was first intersected in September 2003 and has been in production since October 2006.

The Flying Fox orebody extends from 250 metres (mtrs) to 1.2km below the surface and includes discrete independent orebodies with possible extensions at depth. The primary stoping method used is 'top-down' long-hole stoping using paste-fill to attempt 100% recovery of the high-grade orebody. In the narrower sections of the orebody both modified Avoca with unconsolidated and cemented rock-fill are used.

The longitudinal section below shows the Flying Fox mine with mineral resources and ore reserves as at 31 December 2021.

Figure 3: Flying Fox long section



Source: Western Areas

In recent times, given higher nickel prices and maturity of the mine, Western Areas has been mining and processing from selected lower grade areas in addition to higher grade areas. Grade was also adversely impacted by narrower ore in some production areas. Over 1HY22, 88,480t of ore, at an average nickel grade of 2.5%, was mined, for 2,176t of nickel.

Current mine life based on remaining reserves is estimated by Western Areas at less than 2 years but potential to exploit the significant amount of low grade disseminated Mineral Resource exists.

8.2.2 Spotted Quoll

The Spotted Quoll mine is an underground nickel mining operation located in close proximity to the Flying Fox mine. The Spotted Quoll deposit was discovered in October 2007 and has been in production since April 2010.

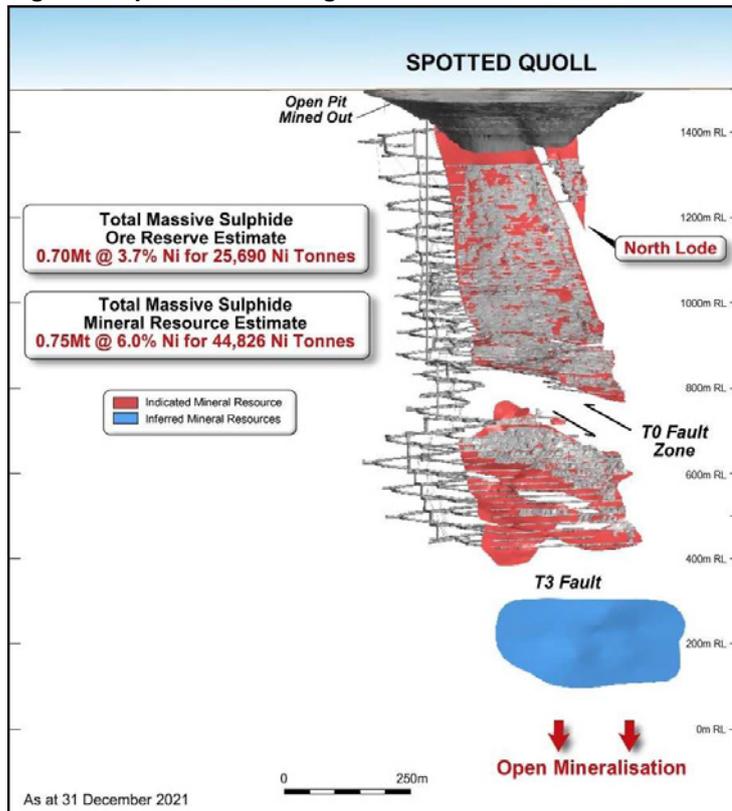
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The Spotted Quoll orebody is open at depth with the mine currently planned to just over 1km below the surface. The primary stoping method is a ‘top-down’ mining method using long-hole open stoping with paste fill. The narrower and shallower areas are mined using top-down narrow vein techniques.

The longitudinal section below shows the Spotted Quoll mine with mineral resources and ore reserves as at 31 December 2021

Figure 4: Spotted Quoll long section



Source: Western Areas

Over 1HY22, 152,200t of ore, with an average grade of 3.8% nickel, was mined for 5,765t of nickel. Ore was predominately sourced from long-hole stoping (approx. 98%), with the balance from ore drive development.

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Western Areas' estimates that Spotted Quoll has a current remaining mine life of approximately 4 years based on current Ore Reserves; however seismic surveys indicate further exploration upside may exist.

8.2.3 Cosmic Boy nickel concentrator

Nickel ore mined from the Flying Fox and Spotted Quoll mines is processed through Cosmic Boy and sold into offtake agreements with Nickel West for a minimum of 10,000 tpa nickel, expiring in 2023, with the balance sold to Jinchuan Group, China's largest nickel cathode producer (discussed further at 8.2.5 below).

Cosmic Boy treats the nickel ore and has a nameplate capacity of 550,000 tpa, which is often exceeded, producing a consistent nickel concentrate product grading between approximately 13% - 15% nickel at a recovery rate currently, on average, of between 84% and 90%. The concentrate produced from the Forrestania Nickel Operation is characterised by low impurities such as magnesium, with a Fe/Mg ratio attractive to smelter operations.

The concentrator consists of a three-stage crushing circuit, followed by a single closed-circuit ball mill and a system of flotation tanks and thickening/filtration system.

A Mill Recovery Enhancement Project (**MREP**) has been commissioned at Cosmic Boy. The MREP incorporates the use of Western Areas' proprietary BioHeap™ technology to increase average concentrator nickel recovery via the removal of arsenic, which reduces nickel lost to the tailings waste stream. The nickel recovered is then converted into a high-grade nickel sulphide product which can either be mixed with the Cosmic Boy flotation concentrate or sold as a separate premium product suitable to be processed in a refinery.

Over 1HY22, Cosmic Boy milled 299,541t of ore at an average grade of 3.1% nickel, for 7,829t nickel concentrate, at a recovery rate of 85% and an average product grading of approximately 13.8%, inclusive of MREP production of 291t nickel (sulphide precipitate and cyclone underflow). Total nickel recovered into concentrate was largely in line with internal Company forecasting, reflecting higher than budgeted feed tonnes offset by lower than budgeted grade and recovery, notwithstanding final production levels were adversely impacted by several power outages resulting in unplanned down-time.

A 20,000t demonstration heap leach pad was successfully commissioned in late April 2021, with the heaps irrigated to build the nickel grade in solution. The demonstration heap leach will provide the test data to evaluate a full-scale heap leach of the remaining scats (290,000t at 1.5% nickel for over 4,000t nickel).

The demonstration phase of the project consists of:

- 20,000t mill scats, that have been inoculated with BioHeap™ bacteria, stacked to a height of 8m

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- a pumping station that will supply acidic solution to the top of the heap for irrigation
- pregnant liquor solution (**PLS**) will be collected at the base of the heap and directed to a fully lined collection pond, recirculating to the top of the heap to continue leaching.
- a bleed stream of PLS will be pumped to the MREP facility where it will be precipitated as a high-grade nickel sulphide.

A total of 60,631t of nickel concentrate was delivered for sale over 1HY22, containing 8,473t nickel.

Summarised in the table below is a summary of recent mill production at Cosmic Boy.

Table 3: Cosmic Boy historical mill production

	Unit	FY20	FY21	1HY22
Tonnes Milled Ore	t	586,640	581,058	299,541
Grade	%	4.0%	3.2%	3.1%
Average Recovery	%	89%	87%	85%
Nickel in Concentrate Produced	t	20,926	16,180	7,829
Nickel in Concentrate Sold	t	19,587	15,509	8,473

Source: Western Areas, Western Areas' FY20 and FY21 Annual Reports

Note 1: Nickel in Concentrate Produced includes MREP nickel tonnes produced

8.2.4 Potential to extend project life

Numerous near-mine and regional targets continue to be advanced across the Forrestania Nickel Belt. A key focus for Western Areas is to ensure that the full potential of the Western Ultramafic Belt is realised, including the medium grade NMD deposits, which lie between the high-grade Flying Fox and Spotted Quoll deposits.

8.2.5 Offtake Agreements

On 21 January 2020, Western Areas announced that it had entered into new offtake agreements with Nickel West and Jinchuan, replacing existing offtake agreements with Nickel West and China's Tsingshan Holding Group Co. (**Tsingshan**), as summarised below.

Table 4: Key terms of offtake contracts

Term	Description
Nickel West	
Contract Period	Three years from 1 February 2020 or until completion of the aggregate quantity
Quantity	10,000 tpa of nickel contained in concentrate, with a 30,000t, aggregate limit

Term	Description
Delivery	Bulk logistics to Kambalda
Other Commercial terms	Payable rates are subject to customary confidentiality clauses, all other terms are in line with industry standard for such agreements
Jinchuan	
Contract Period	30 June 2022 <i>Optional Extension</i> – The contract can be extended, by mutual agreement, for a further six-month period at an aggregate nickel quantity to be agreed between the Company and Jinchuan
Quantity	10,000 tpa of nickel contained in concentrate with a 20,000 tonne, aggregate limit
Delivery	CIF into China, utilising established logistic process
Other Commercial terms	Payable rates are subject to customary confidentiality clauses, all other terms are in line with industry standard for such agreements

Source: Western Areas 21 January 2020 ASX announcement

8.2.6 Forrestania Ore Reserves and Mineral Resources

Set out is a summary of the Forrestania Ore Reserves and Mineral Resources as at 31 December 2021.

Table 5: Forrestania Ore Reserves and Mineral Resources

	Tonnes	Grade – Ni %	Ni tonnes	Classification
Ore Reserves				
<i>Flying Fox Area</i> ¹	133,700	3.2	4,270	Probable
<i>Spotted Quoll Area</i> ¹	699,100	3.7	25,690	Probable
<i>Diggers Area</i>				
Digger South ²	2,016,000	1.4	28,950	Probable
Digger Rocks ²	93,000	2.0	1,850	Probable
	2,941,800	2.1	60,760	Probable
Mineral Resources				
<i>Flying Fox Area</i>				
T1 – T6 Massive zone ¹	807,687	4.4	35,250	Indicated
T7 Massive zone ¹	259,568	1.5	3,771	Inferred
<i>Total High Grade</i>	1,067,255	3.7	39,021	
T5 Flying Fox Disseminated ²	197,200	0.8	1,590	Indicated
	357,800	1.0	3,460	Inferred
T5 Lounge Lizard Disseminated ²	4,428,000	0.8	36,000	Indicated

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	Tonnes	Grade – Ni %	Ni tonnes	Classification
<i>Total Disseminated</i>	<i>4,983,000</i>	<i>0.8</i>	<i>41,050</i>	
<i>New Morning/Daybreak</i>				
Massive Zone ¹	340,126	3.3	11,224	Indicated
	78,067	3.9	3,025	Inferred
Disseminated Zone ¹	3,318,468	1.2	41,181	Indicated
	2,496,658	1.3	32,498	Inferred
	6,233,319	1.4	87,928	
<i>Spotted Quoll Area</i>				
Spotted Quoll ¹	604,584	6.2	37,598	Indicated
	146,678	5.0	7,228	Inferred
	751,262	6.0	44,826	
Beautiful Sunday ²	480,000	1.4	6,720	Indicated
	1,231,262	4.2	51,546	
<i>Cosmic Boy Area</i>				
Cosmic Boy	180,900	2.8	5,050	Indicated
Seagull	195,000	2.0	3,900	Indicated
	375,900	2.4	8,950	
<i>Diggers Area</i>				
Diggers South - Core ²	2,704,500	1.4	37,570	Indicated
Diggers South - Core ²	362,700	1.2	4,530	Inferred
Diggers South - Core ²	282,940	1.7	4,790	Indicated
Diggers South - Core ²	50,600	1.3	670	Inferred
Purple Haze ²	560,000	0.9	5,040	Indicated
	3,960,740	1.3	52,600	
Total Forrestania Mineral Resource	17,851,476	1.6	281,095	

Source: Western Areas 31 December 2021 Activity Report

Notes:

1. JORC Code 2012
2. JORC Code 2004

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8.3 **Cosmos Nickel Operation**

The original Cosmos deposit was discovered by junior explorer Jubilee Gold Mines NL (**Jubilee**) in 1997, with open pit production commencing in April 2000, and later underground mining.

Xstrata Nickel Australasia (**Xstrata**) purchased the mine from Jubilee in late 2007 and continued the underground mine. The mine was placed on care and maintenance by Xstrata in September 2012.

Between 2000 and 2012, the Cosmos Nickel Operation produced over 127,000t of nickel in concentrate at an average head grade of 4.8% nickel.

The mine was acquired by Western Areas in 2015, including the existing 450,000 tpa concentrator, new semi-autogenous mill, accommodation village, offices, supplies, airstrip and water supply infrastructure.

Since 2015, Western Areas has advanced resource definition drilling at the Odysseus, AM5 and AM6 deposits, completed a DFS for the Odysseus deposits and is now progressing development and construction of the Odysseus mine. Studies integrating AM6 with the Odysseus development are being advanced and the Company has commenced studies on the AM5 and Odysseus Massive deposits which lie adjacent to planned mining areas.

8.3.1 **Odysseus**

The Odysseus project, identified in 2010, sits on a granted mining lease that is part of the high-grade Cosmos nickel complex that lies 30km north of Leinster, Western Australia.

On 22 October 2018, Western Areas announced the outcome of a DFS for Odysseus, along with the Board's decision to mine via an extension of the existing Cosmos decline and processing via the existing Cosmos plant and infrastructure, both of which will be upgraded. In addition, the Company announced that optimisation studies were to commence in relation to bringing the AM5 and AM6 deposits into production.

Key outcomes from the DFS include:

- Initial 10-year mine life from Odysseus Ore Reserves of 8.1mt grading 2.0% nickel for 164,000t of nickel¹³

¹³ The Company noted that <2% of the material contained in the Ore Reserve is classified as Inferred Mineral Resources. An Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource. There is no certainty that further exploration work will result in the conversion of the material into an Indicated Mineral Resource

- Life of mine (**LOM**) average 13,000 tpa nickel in concentrate (14,600 tpa nickel in concentrate average from FY24-FY31)
- Shaft haulage incorporated with an average 900,000 tpa ore throughput in the mill
- Pre-production capital expenditure of \$299m including contingency¹⁴.

The redevelopment project commenced in January 2019, with first nickel concentrate production at the mine now anticipated by late 2022.

Western Areas also identified the potential for further upside with the commencement of an optimisation study for potential additional production feed from the collective AM5 and AM6 Indicated Mineral Resources of 57,600t adjacent to Odysseus.

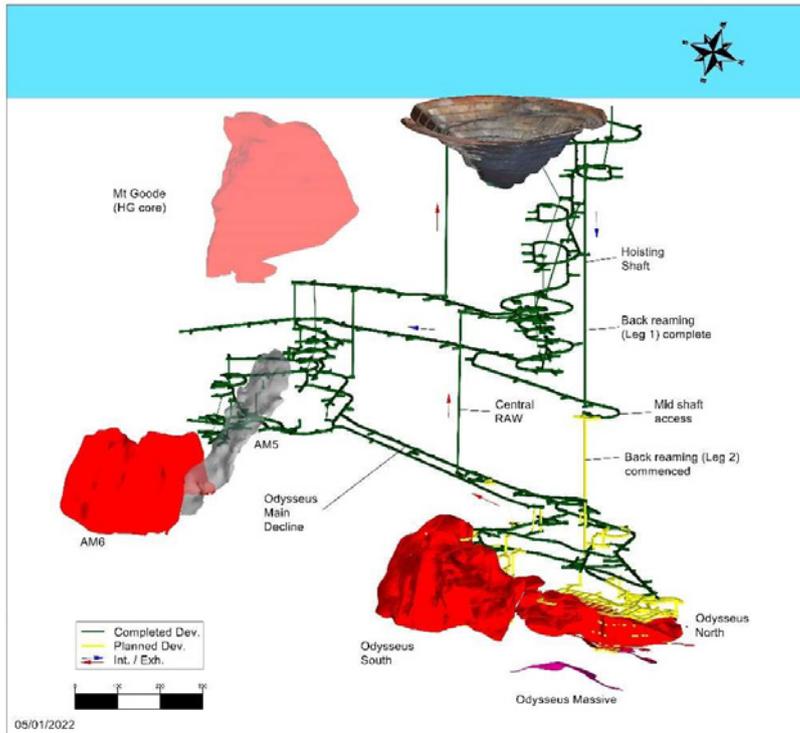
The Odysseus mineralisation comprises three separate orebodies (North, South and Massive) situated 1,000mtrs to 1,100mtrs below the surface. The Odysseus south orebody extends 360mtrs in strike length with an average thickness of 62mtrs while the Odysseus North orebody extends 380mtrs in strike length with an average thickness of 51mtrs lies 100mtrs north of the south orebody and at a depth of 1,000mtrs to 1,075mtrs below the surface.

Both the orebodies occur in the same mineralised trend that also contains the AM5 and AM6 deposits.

The Odysseus Massive deposit comprises stringer to Massive sulphide veins located just below Odysseus North. It includes several distinct lenses with the largest being 100mtrs in strike length.

¹⁴ Pre-production capital estimates have been updated on a regular basis since the announcement of the outcome of the DFS i.e. refer to Western Areas' announcement on 1 December 2021, which indicated expected pre-production capital expenditure in FY22 of \$160m and FY23 of \$55m

Figure 5: Odysseus mine development



Source: Western Areas

Mining of the north and south orebodies will be carried out in a top-down, centre-out sequence using single lift open stoping and utilise paste fill. The top-down approach along with quicker ramp access will allow early access to the ore.

A new single ramp decline beginning from the AM5/6 decline development will provide access to Odysseus. Ore and waste will be transported to surface via a haulage shaft system.

The plant refurbishment and expansion will involve the installation of a secondary crusher and new conveyors. The existing grinding mills will be reconfigured and flotation capacity will also be increased.

The Cosmos plant's design involves a conventional sulphide processing route utilising a traditional grinding and flotation technology for producing concentrate.

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The mined ore will be fed through a conveyor from the production shaft head frame to the surface stockpile. The ore will then be transported to the run-of-mine (**ROM**) bin via a front-end loader and fed to the mill.

The nickel concentrate will be either trucked to the local smelter or exported via the Port of Geraldton in Western Australia.

Connection of the Cosmos power plant and the Goldfields gas pipeline has been completed and gas supply and transport contracts executed with the power station operating in dual fuel mode. Contract negotiations for the LOM power supply are on-going.

On 5 October 2021, Western Areas announced first ore production at the Odysseus project where nickel ore had been intersected at the Odysseus south orebody, with the ore to be stockpiled during construction of the concentrator plant, with first concentrate now expected in the December 2022 quarter.

Western Areas provided a further development update to the market on 8 November 2021, advising that it had signed two contracts for major construction works, including for the provision of shaft haulage, infrastructure design, construction and equipment, along with a contract for Cosmos concentrator engineering, procurement and construction.

Western Areas also advised, amongst other things, that:

- as part of the upgrade engineering design works, a design for the increase in mill capacity from 900,000tpa to 1.1mtpa has been included, which allows for integration of production from the AM6 deposit
- drilling to test extensions of the high grade-massive sulphide lens located directly below the Odysseus North disseminated deposit would commence in November 2021
- an offtake tender process had commenced in the September 2021 quarter for the first two years of the Odysseus concentrate, which had attracted strong interest.

Western Areas announced on 27 January 2022 that a shortlist of preferred parties for final discussions in relation to the offtake has been settled.

8.3.2 AM6

On 2 September 2020, Western Areas announced that it had completed a pre-feasibility study (**PFS**) for the AM6 deposit, confirming its suitability to be developed as an additional mining zone.

The AM6 deposit is located 600mtrs southwest of the Odysseus deposit at a vertical depth of 900mtrs to 1,200mtrs. It is geologically related to the Odysseus and the AM5 deposits. The deposit strikes north-south for nearly 400mtrs, dips steeply east (-75°) and extends for 250mtrs down-dip/plunge. The true thickness ranges from 2mtrs to 25mtrs and mineralisation is 30mtrs

to 50mtrs above the ultramafic footwall contact. The mineralogy is high tenor disseminated pentlandite pyrrhotite-pyrite, with the high-grade core typically grading up to 3.5% nickel.

Whilst Western Areas remains focussed on commencing initial production from the Odysseus mine, AM6 is considered by the Company to provide an opportunity to further improve the Odysseus base case.

Key outcomes of the PFS included:

- Mineral Resource estimate of 2.8mt at 2.4% nickel for 67,000t of nickel
- Maiden AM6 Probable Ore Reserve of 2.1mt at 2.2% nickel for 47,100t of nickel
- The AM6 deposit is directly accessible from a single decline commencing from the base of the existing AM5 decline which is located directly above AM6
- Pre-production capital estimate of \$30m and total sustaining life of mine capital of \$81m. AM6 preproduction capital expenditure is planned post commencement of Odysseus production.

On 28 October 2021, Western Areas reported that the AM6 Mineral Resource estimate had been updated following the results received from eight resource/metallurgical diamond drill holes, which had identified late-stage barren pegmatites and the effect that the remodelling has had on the low-grade halo, which has decreased in size. The impact of this work was that Mineral Resources decreased to 3.0mt at 2.0% for 61,200t of nickel, at a lower cut-off of 1.0% nickel.

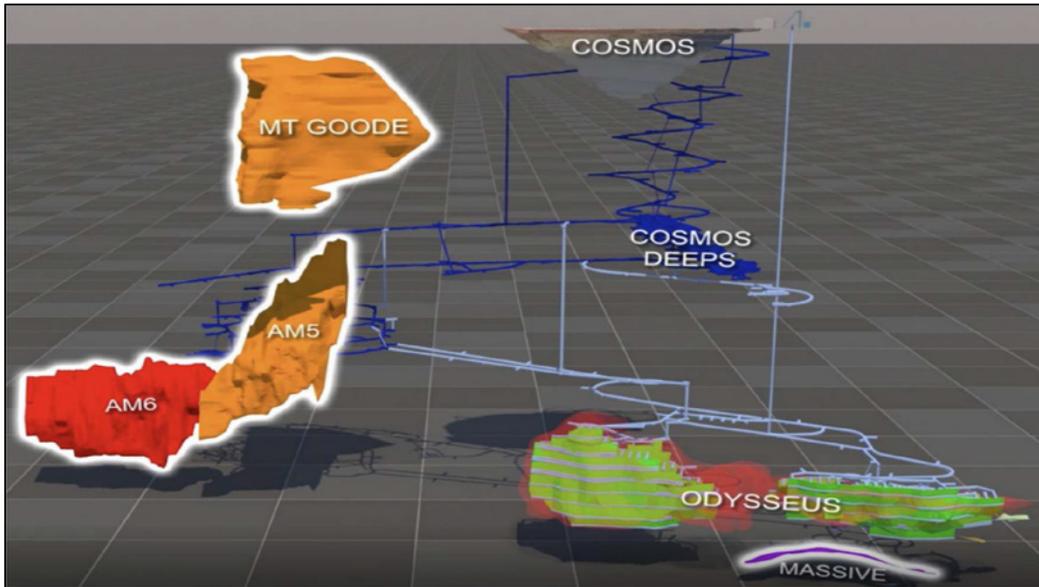
Further work to optimise an integrated production profile between AM6 and Odysseus is underway. The Company does not anticipate production from AM6 within the first few years of Odysseus production.

Being part of the Cosmos system of orebodies and located directly adjacent to Odysseus, it is anticipated that AM6 will leverage most of the Odysseus infrastructure currently in development, including utilising the new decline access ramp to the loading station, the hoisting shaft, the expanded Cosmos mill and new paste fill plant. Operation of the AM6 mine will be supported by the existing Cosmos surface infrastructure including the existing office and accommodation complex.

8.3.3 Potential to extend project life

Western Areas has identified a number of additional potential growth opportunities at the Cosmos Nickel Operation including Mt Goode, AM5 and Odysseus Massive.

Figure 6: Cosmos extension projects



Source: Western Areas

Mount Goode

Western Areas is currently undertaking a scoping study in relation establishing open pit and underground mining at the Mount Goode deposit, which sits adjacent to the Cosmos open pit and is located directly above the AM6/AM5 deposits. The study contemplates an initial three stage open pit design, mining 4mtpa by way of conventional truck and shovel, targeting early ore and deferral of waste stripping.

A three hole drilling programme was completed in the December 2021 quarter to inform resource and metallurgical studies to, in turn, support a PFS. Drill results will be correlated against historical resources data and the samples used for mineralogy, flotation and beneficiation studies.

AM5

The AM5 deposit, which was partially mined by Xstrata from 2010 to 2012 prior to its decision to place the Cosmos Nickel Operation on care and maintenance, is hosted within an ultramafic unit and consists of disseminated nickel sulphide mineralisation as a high-grade core surrounded by medium and low-grade zones.

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Original resource modelling of the AM5 deposit was completed by Xstrata prior to AM5's acquisition by Western Areas. On 24 April 2020, the Company announced that due to its proximity, the AM5 resource was remodelled at the time of the AM6 being completed which resulted in larger volumes of disseminated nickel sulphides at a lower grade, resulting in an increase in contained nickel metal of 34% when compared to the previous resource estimate.

On 28 October 2021, Western Areas advised that as a result of the completion of further technical work, the AM5 Mineral Resource had been updated to be 3.3mt at a grade of 2.1% nickel for 68,800t of nickel.

Odysseus Massive Sulphide

An underground drilling program to test the high-grade extensions of the massive sulphide lens located directly below Odysseus North disseminated deposit commenced in the December 2021 quarter. In addition to testing the massive sulphide lens, the drill holes will pass through the disseminated Odysseus North orebody and the samples will be used for further updates to the Odysseus Mineral Resource.

8.3.4 Cosmos Ore Reserves and Mineral Resources

Set out is a summary of Cosmos Ore Reserves and Mineral Resources as at 31 December 2021.

Table 6: Cosmos Ore Reserves and Mineral Resources

	Tonnes	Grade – Ni %	Ni tonnes	Classification
Ore Reserves [†]				
<i>Odysseus</i>				
South	4,483,700	1.9	85,620	Probable
North	3,651,900	2.2	78,900	Probable
<i>AM6</i>	2,098,500	2.2	47,100	Probable
	10,234,100	2.1	211,620	Probable
Mineral Resources [†]				
<i>Cosmos Area</i>				
AM5	1,449,751	2.0	28,217	Indicated
	1,832,451	2.2	40,578	Inferred
AM6	2,889,733	2.1	59,397	Indicated
	118,518	1.5	1,718	Inferred
Odysseus South Disseminated	4,016,949	2.1	84,767	Indicated
	219,641	2.0	4,302	Inferred
Odysseus North Disseminated	3,128,943	2.6	81,156	Indicated
	225,248	2.7	6,111	Inferred

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	Tonnes	Grade – Ni %	Ni tonnes	Classification
Odysseus North Massive	70,106	12.6	8,814	Indicated
	124,900	11.2	14,002	Inferred
<hr/>				
Mt Goode Area	14,076,240	2.3	329,062	
Mt Goode	13,563,000	0.8	105,791	Measured
	27,363,000	0.6	158,705	Indicated
	12,009,000	0.5	62,447	Inferred
	52,935,000	0.6	326,943	
Total Cosmos Mineral Resource	67,011,240	1.0	656,005	

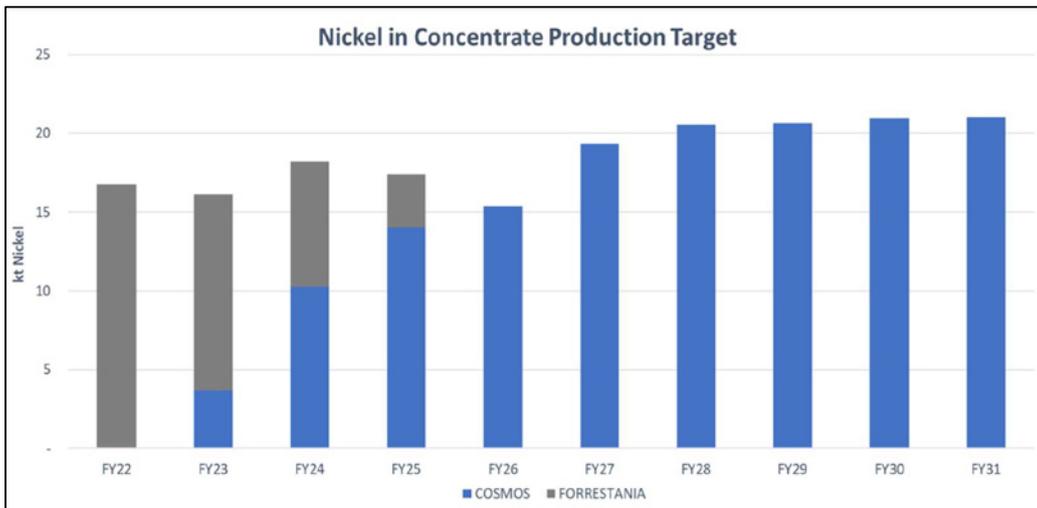
Source: Western Areas 31 December 2021 Activity Report

Note 1: JORC Code 2012

8.3.5 Production results and guidance

On 30 July 2021, Western Areas announced a consolidated ten-year production forecast as set out in the chart below.

Figure 7: Ten-year production targets



Source: Western Areas ASX 30 July 2021 announcement

The Company's long-term forecast indicates that production will cease at Forrestania in FY25, with production ramping up at the Cosmos Nickel Operation between FY23 and FY28, after

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which it will stabilise at approximately 20,000t of nickel in concentrate over the balance of the forecast period.

Western Areas provided updated FY22 guidance targets on 22 February 2022, reflecting its latest mine operating plans and capital estimates for the Company's various projects and mining activities. A comparison of the prior FY22 guidance provided on 30 July 2021 and the updated FY22 guidance announced on 22 February 2022 is set out in the table below:

Table 7: FY22 Guidance

Category	Prior FY22 guidance	Updated FY22 guidance
Nickel Tonnes in Concentrate Production	16,000t – 17,000t	15,200t – 16,200t
Nickel Tonnes in Concentrate Sales	16,000t – 17,000t	16,000t – 17,000t
Unit cash cost of production (Nickel in Concentrate)	\$4.25/lb – 4.65/lb	\$4.65/lb – 4.90/lb
Forrestania Mine development	\$5m - \$10m	\$5m - \$10m
Other Capital and Growth	\$5m - \$10m	\$5m - \$10m
Odysseus Pre-Production Development	\$150m - \$170m	\$150m - \$170m
Exploration and Feasibility Studies	\$15m - \$20m	\$15m - \$20m

Source: Western Areas ASX 22 February 2022 announcement

In relation to the prior FY22 guidance provided on 30 July 2021, Western Areas noted amongst other things:

- Nickel in Concentrate – FY22 production guidance 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.
- Sustaining Mine Development Expenditure – 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 stopping areas at Flying Fox.
- Capital and Growth Expenditure – This includes feasibility studies at both the Forrestania Nickel Operation and the Cosmos Nickel Operation. 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 Expenditure** – Capital expenditure at the Cosmos Nickel Operation 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.

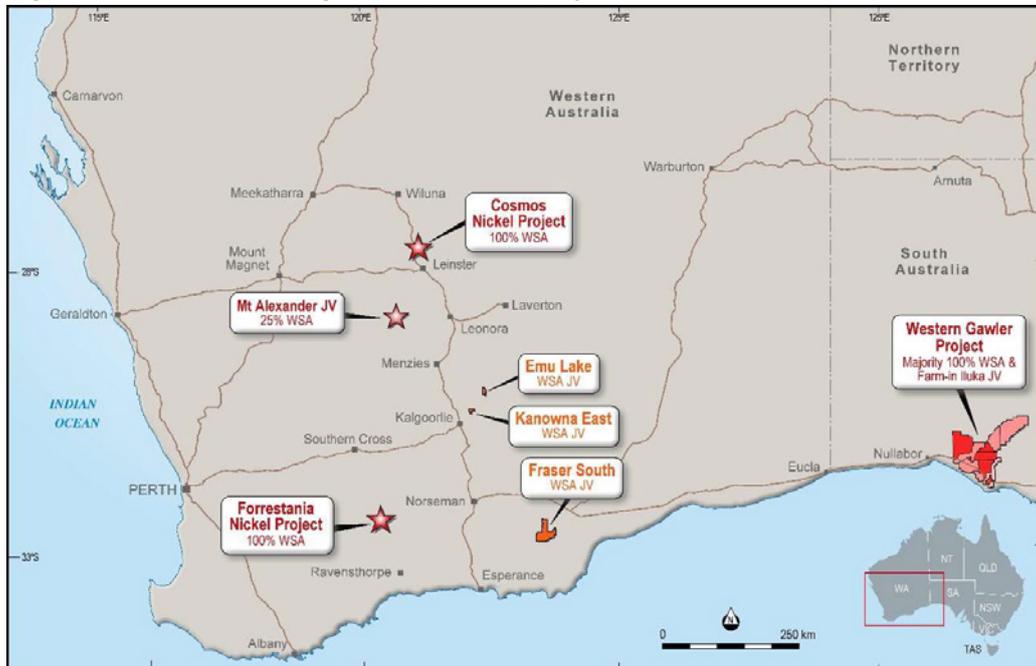
The Odysseus pre-production capital cost guidance includes the roll forward of prior year unspent capital and the latest mine plan and construction schedule timing and cost estimates of the various activities to be completed pre-production. The Company advised that the pre-production development expenditure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

With the Company now increasingly experiencing COVID-related productivity issues resulting from operator and maintenance staff availability, Western Areas has confirmed that unit costs are now expected to be marginally above (~5%) previous guidance. The Company also expects the lower grade material and productivity issues to impact concentrate production for the year by approximately 5%. Nickel sales volumes are expected by Western Areas to be unaffected.

8.4 Other mineral and related assets

In addition to various near mine and brownfields exploration plays with the potential to extend the mine life at both the Forrestania Nickel Operation and the Cosmos Nickel Operation, Western Areas has a direct interest in a number of regional exploration projects, as shown in the figure below.

Figure 8: Western Areas regional exploration projects



Source: Western Areas September 2021 Quarterly Activity Report

8.4.1 Western Gawler Joint Venture

Western Gawler is a prospective greenfield exploration project, located in South Australia. The Company has a consolidated land holding with 100% interest covering six tenements across the Western Gawler Project. Additional to these tenements, Western Areas entered into a Farm-in and Joint Venture agreement with Iluka Resources Limited in July 2018, which enabled the Company to acquire up to 75% of base, precious and rare earth metal and mineral interests at a further five tenements across the Western Gawler region while Iluka retains its rights to mineral sands.

The agreement was structured in two stages:

- Stage 1: \$2.75m spend within three years, with a minimum spend of \$0.75m in the first year and \$1m in the second and third years to acquire a 51 per cent stake in the relevant metal rights at the five tenements.
- Stage 2: \$3.0m over another four years to earn a further 24 per cent.

These milestones were satisfied in September 2020.

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An additional three tenements were applied for in June 2020. Including these additional tenements, the contiguous tenure covering the Western Gawler Project now encompasses a total area of 11,601km².

Western Areas completed a 12-hole drilling campaign for 5,185m in the September 2021 quarter.

8.4.2 Metal Hawk Limited Joint Venture

During the September 2020 quarter, the Company finalised and executed a Farm-in and Joint Venture agreement with Metal Hawk Ltd (**Metal Hawk**) over a series of tenements, across both the Eastern Goldfields and within the Albany – Fraser province, which are considered highly prospective for base metal (nickel – copper) sulphides and platinum group elements (**PGE**). The Farm-in and Joint Venture incorporates three project areas at Kanowna East (including tenure extending to within 12km of the Silver Swan / Black Swan nickel mine), Emu Lake (incorporating tenure 10km along strike from the high-tenor Binti nickel prospect) and Fraser South, incorporating a portfolio of greenfield tenements interpreted to be positioned over the southern structural extension of the Fraser Zone component of the broader Albany – Fraser Orogen.

The Company may earn into all non-gold metal rights at Emu Lake and Kanowna East, and all metals rights at Fraser South over two stages:

- Stage 1: \$3m spend over 3 years for a 51% interest
- Stage 2: a further \$4m spend over 2 years for a total 75% interest.

The Company also holds a direct 6.3% equity interest in Metal Hawk.

8.4.3 Mt Alexander Joint Venture

Western Areas is in a Joint Venture with St George Mining Limited (**St George**) in respect of the Mt Alexander project located 120km south-southwest of the Agnew-Wiluna belt which hosts a number of highly prospective nickel deposits. The project comprises five granted exploration licences – E29/638, E29/548, E29/962, E29/954 and E29/972.

The Cathedrals, Stricklands and Investigators nickel-copper discoveries are located on E29/638, which is held in joint venture by Western Areas Limited (25%) and St George (75%). St George is the manager of the project with Western Areas retaining a 25% non-contributing interest in the project (in regard to E29/638 only) until there is a decision to mine.

St George has reported high-grade nickel sulphide intersections drilled at the Cathedral prospect.

8.4.4 **Wesfarmers chemicals, energy and fertilisers farm-in and joint venture (lithium)**

Western Areas continues its Farm-in and Joint Venture Agreement with Wesfarmers chemicals, energy and fertilisers (formerly Kidman Resources Limited), covering the Company's northern group of tenements at Forrestania. The Company retains all non-lithium rights over this ground.

Further detailed discussion in relation to each of Western Areas' principal mineral assets is set out in SRK's ITSR, which is attached to this report at Appendix 7.

8.4.5 **Bioheap™ Limited**

BioHeap™ is a wholly owned subsidiary of Western Areas specialising in bacterial oxidation of sulphide ores. The BioHeap™ process is an internationally patented bacterial leaching technology which utilises a suite of bacterial cultures to leach valuable metals from sulphide ores including nickel, copper, cobalt, zinc and refractory gold. At Western Areas, BioHeap™ is used to commercially recover nickel and reject arsenic from waste products produced by the Cosmic Boy, producing a higher-grade, clean Nickel Sulphide Precipitate which has become a premium product for Western Areas sold directly into EV markets. Western Areas is now focusing on opportunities to commercialise the technology with various third parties.

8.5 **Historical financial performance**

Western Areas' historical audited consolidated financial performance for each of FY20 and FY21, and independently reviewed results for the 1HY22 are summarised below.

Table 8: Western Areas historical financial performance

Period ending \$ m unless otherwise stated	30-Jun-20	30-Jun-21	31-Dec-21
Revenue from contracts with customers	308.4	257.2	182.0
Operating costs	(171.8)	(161.6)	(100.8)
Depreciation and amortisation	(75.6)	(82.6)	(44.6)
Other income	5.0	0.6	0.3
Finance costs	(1.3)	(1.6)	(1.1)
Employee benefit expense	(12.2)	(12.8)	(7.8)
Foreign exchange gain/(loss)	(2.8)	1.8	1.3
Share-based payments	(3.0)	(2.4)	(1.2)
Administration expenses	(4.7)	(4.8)	(2.0)
Realised derivative (loss)/gain	3.0	(4.4)	(0.2)
(Loss)/profit before income tax	44.9	(10.7)	25.9
Income tax benefit/(expense)	(13.1)	3.0	(7.2)
(Loss)/profit for the year	31.9	(7.7)	18.8
Changes in fair value of hedging instruments, net of tax	1.2	(1.7)	(0.6)
Changes in financial assets at fair value through other comprehensive income, net of tax	(4.1)	20.5	34.0
Total comprehensive income for the year	29.0	11.1	52.2

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Period ending \$ m unless otherwise stated	30-Jun-20	30-Jun-21	31-Dec-21
<i>Statistics</i>			
Revenue growth	14.8%	(16.6%)	n/a
Basic earnings per share (cents)	11.66	(2.68)	5.84

Source: FY20 and FY21 Annual Reports, 31 December 2021 HY accounts prepared by Western Areas, KPMG Corporate Finance analysis

Note 1: Amounts may not add exactly due to rounding

We note the following in relation to Western Areas' historical financial performance above.

8.5.1 FY20

FY20 revenue totalled \$308m based on sales of 19,900t of nickel concentrate to customers, in line with the Company's published guidance.

Total tonnes mined increased from 556,000t in FY19 to 595,200t, however average nickel grade reduced to 3.9% from 4.3%, reflecting the grade variability of the mature Flying Fox mine moving toward the end of production, resulting in a relatively flat nickel in ore result of 23,400t (23,200t FY19).

Total ore treated at Cosmic Boy was 586,600t, which was lower than FY19 (610,500t) due to several unplanned downtime events resulting from power outages as a result of evacuation for a bushfire event and lubrication fault, whilst average milled grade and recovery rate, assisted by the MREP, were largely flat, resulting in a slight reduction in nickel in concentrate produced from 21,700t to 20,900t.

Western Areas' revenue increase over the prior year by \$39.7m, principally due to a higher average nickel price for the year, partly offset by a build up in nickel concentrate awaiting shipment (timing variance) and lower nickel production tonnes compared to the prior year. Only a partial year benefit was realised from the improved commercial terms of the new offtake agreements with Nickel West and Jinchuan, which commenced on 1 February 2020.

Year on year depreciation and amortisation costs increased due to the capitalisation of the MREP having reached commercial production and exploration transferred to mine properties for amortisation over the life of mine.

8.5.2 FY21

FY21 revenue totalled \$257.2m based on sales of 15,500t of nickel concentrate to customers.

Production at Flying Fox was required to be rescheduled in 1H21 due to seismic activity, resulting in a deferral of mining higher grade areas. In addition, nickel production at Spotted Quoll was impacted by lower grades due to a pegmatite intrusive unit increasing unplanned dilution in scheduled mining areas.

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Western Areas re-entered higher-grade mining areas at Flying Fox in December 2020 and, whilst still impacted by pegmatite intrusions over the balance of FY21, a greater proportion of ore from stoping operations was achieved at Spotted Quoll, resulting in a strong increase in both mine and mill production over the second half of FY21.

Western Areas' FY21 operating result also reflects:

- the first full year benefit of the updated BHP Nickel West and Jinchuan offtake agreements
- a timing related variance related to a final 820t nickel export shipment not leaving port until after the financial year end
- an increase in depreciation and amortisation charges over the prior year, partly as a result of introduction of accounting standard AASB 16 - Leases, which required the capitalisation of "right of use" assets which, in turn, resulted in an increase in the depreciation of property, plant and equipment. This was mitigated somewhat by an overall decrease in mine development amortisation due to lower nickel tonnes mined compared to the prior year.

8.5.3 1HY22

1HY22 revenue totalled \$182.0m based on sales of 8,500t of nickel concentrate to customers. Revenue per tonne increased by 29% from FY21 reflecting a higher nickel price over the half year.

Production grade at Flying Fox was adversely impacted by narrower ore in production areas as well as the mining and processing of selected lower grade areas, given the higher nickel price and maturity of the mine. This was offset by the continued mining sourced predominantly from long-hole stoping at Spotted Quoll.

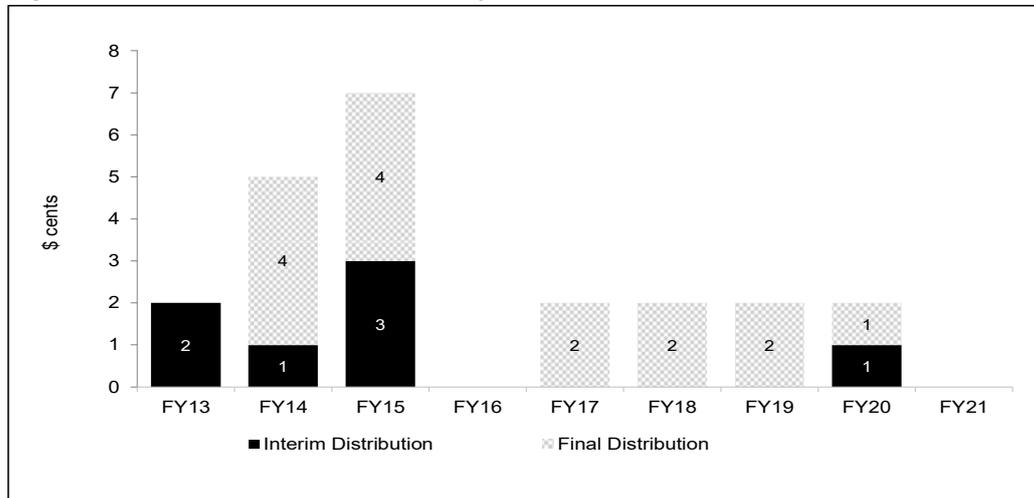
Western Areas' 1HY22 operating result also reflects:

- an increase in cost per unit of concentrate produced, reflecting a reduced processing recovery rate and unplanned downtime of Cosmic Boy
- a relative increase in depreciation and amortisation expense as a result of relative increased ore processed during the period.

8.6 Dividends and franking credits

Prior to FY21, Western Areas had established history of paying fully franked dividends. Dividends paid by Western Areas since FY13 are shown in the table below.

Figure 9: Western Areas' dividend history



Source: Western Areas, KPMG Corporate Finance analysis

Neither an interim or final dividend was declared in respect of FY21, given the Company's requirement to fund its development of Odysseus.

Western Areas operates a Dividend Reinvestment Plan which allows eligible shareholders to elect to either partially or fully apply the dividends they would otherwise be entitled to receive in acquiring additional shares in the Company. The issue price for any additional share is the Average Market Price¹⁵ over the Pricing Period¹⁶.

8.7 Historical financial position

Western Areas' historical audited financial position as at each of 30 June 2020 and 30 June 2021 and independently reviewed financial position 31 December 2021 are summarised below.

¹⁵ "Average Market Price" is defined as the arithmetic average of the daily VWAP for shares traded on ASX during the relevant period, excluding any trades that the Company determines, at its sole and absolute discretion, to exclude on the basis that the trades are not fairly reflective of natural supply and demand or are not in the ordinary course of trading on the relevant market

¹⁶ "Pricing Period" is defined in respect of a dividend, the period determined by the Company, being a period of not less than 5 Trading Days (commencing before, on or after the relevant Dividend Record Date, as determined by the Company)

Table 9: Western Areas' historical financial position

As at \$ m unless otherwise stated	30-Jun-20	30-Jun-21	31-Dec-21
Cash and cash equivalents	144.8	151.1	142.6
Trade and other receivables	17.8	22.7	43.7
Inventories	30.4	36.4	25.9
Derivative financial instruments through other comprehensive income	1.3	-	-
Total Current Assets	194.2	210.2	212.2
Property, plant and equipment	134.5	145.5	151.3
Right-of-use assets	2.5	19.8	18.9
Intangible assets	0.5	0.5	0.5
Exploration and evaluation expenditure	120.1	134.0	139.8
Mine properties	169.3	233.1	251.1
Financial assets at fair value through other comprehensive income	33.9	63.8	112.6
Total Non-Current Assets	460.8	596.7	674.3
Total Assets	655.0	806.9	886.6
Trade and other payables	50.8	53.3	59.3
Lease liabilities	1.1	8.5	8.6
Provisions	5.1	6.6	6.8
Provisions for income tax	7.7	-	-
Derivative financial instruments through other comprehensive income	-	0.5	1.0
Total Current Liabilities	64.7	68.9	75.6
Lease liabilities	2.7	13.2	12.6
Provisions	32.9	50.9	49.1
Net deferred tax	28.8	38.4	60.3
Total Non-Current Liabilities	64.4	102.6	122.1
Total Liabilities	129.1	171.5	197.7
Net Assets	525.9	635.4	688.9
Contributed equity	443.8	542.8	542.8
Other reserves	48.4	69.4	104.0
Retained Earnings	33.7	23.2	42.0
Total equity	525.9	635.4	688.9
<i>Statistics</i>			
Shares on issue period end - m	274.0	321.6	321.6
Weighted average number of securities - m	273.4	288.1	321.6
Net assets per security (\$)	1.92	1.98	2.14
Gearing - %	0.0%	0.0%	0.0%
Current ratio - %	3.0	3.1	2.8

Source: FY20 and FY21 Annual Reports, 31 December 2021 HY accounts prepared by Western Areas, KPMG Corporate Finance analysis

Notes:

1. *Net asset backing per share represents net assets divided by shares on issue at period end*
2. *Gearing represents net debt divided by net assets, where net debt is total external borrowings, plus lease liabilities less cash and cash equivalents. Given net debt is less than \$nil, gearing has been recorded as zero*
3. *Current ratio represents current assets divided by current liabilities*
4. *Amounts may not add exactly due to rounding*

8.7.1 Cash and cash equivalents

Western Areas raised \$100m during FY21 through a fully underwritten \$85m equity placement and a non-underwritten share purchase plan available to eligible shareholders to raise \$15m at the same price as the placement. The proceeds were earmarked to be used in the completion of the Odysseus mine development, to advance organic growth projects at the Forrestania Nickel Operation and the Cosmos Nickel Operation and to continue exploration.

Capital investment in the Cosmos Nickel Operation totalled \$84.0m in FY21 as the Odysseus mine construction activity increased.

The final FY21 cash balance was impacted by a timing variance related to the final export shipment to Jinchuan leaving port post 30 June 2021. The provisional payment for this sale would, in the normal course, have been received prior to year-end.

8.7.2 Other working capital items

Western Areas has advised that it expects that all amounts recorded as trade and other receivables as at 31 December 2021 will be received when due as there is no recent history of default or expectation of default.

As at 31 December 2021, inventories comprised ore stockpile (\$4.7m), nickel concentrate stockpiles (\$14.0m) and consumables and spare parts (\$7.2m).

8.7.3 Property, plant and equipment, exploration and evaluation assets and mine property assets

The aggregate carrying value of Western Areas' property, plant and equipment and mine property assets as at 31 December 2021 was \$402.4m¹⁷. Of this total amount, \$137.5m is related to the Forrestania Nickel Operation and the corporate office, and \$264.9m is related to the Cosmos Nickel Operation.

Exploration and evaluation expenditure is only capitalised where rights of tenure are current, and to the extent that they are expected to be recovered through the successful development of

¹⁷ This excludes right of use assets of \$18.9m

the area of interest or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operation in relation to the area of interest are continuing.

8.7.4 Right of use assets

The significant increase in non-current assets over FY21 reflects the requirements under accounting standards to recognise equipment made available for use under new underground mining service contracts entered into during FY21 as right-of-use assets for the period that the equipment is available.

Recognition of these assets also gives rise to an associated lease liability.

8.7.5 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income represent Western Areas' investments in shares in listed companies.

In accordance with the terms of AASB 9 – Financial Instruments, the Company made an irrevocable election to recognise movements in the fair value of its shares in Panoramic, Metal Hawk, Todd River Resources Ltd (**Todd River**) and Grid Metals Corp (**Grid Metals**) at each reporting period through Other Comprehensive Income, as these investments are not held for trading.

Panoramic

On 25 May 2020, Western Areas announced that it had entered into an agreement with Panoramic to acquire up to 19.9% of Panoramic's issued capital for approximately \$28.6m. At the time, Western Areas indicated that it considered its investment provided exposure to the future restart of Panoramic's Savannah project, which has a significant nickel sulphide resource that also includes valuable copper and cobalt by-products. Furthermore, the investment was seen to be strategically aligned with Western Areas' existing nickel strategy and was consistent with the Company's strategy of investing in promising "New Energy Vehicle" (**NEV**) focused opportunities at attractive entry points in the cycle.

As part of the transaction Western Areas was granted the right, but not the obligation, to appoint one representative to the Panoramic Board and to participate on a technical committee comprised of two representatives nominated by Western Areas and two representatives from Panoramic to provide technical assistance to the Savannah project. Western Areas has advised that it does not currently have a representative on the Panoramic Board.

The market value of the Company's interest in Panoramic increased by \$29m over FY21 to \$62.1m, based on the closing price for a Panoramic share on the ASX on 30 June 2021 and had increased further to \$110.2m as at 31 December 2021.

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Metal Hawk

Western Areas acquired a 6.6% equity interest in ASX listed Metal Hawk during FY21, which has subsequently reduced to 6.3%. In addition, to the joint venture with Western Areas referred to at 8.4.2 above, Metal Hawk is focussed on exploration of early-stage gold and nickel sulphides prospects in Western Australia. The market value of Western Areas' interest, based on the closing price for a Metal Hawk share on the ASX on 31 December 2021, was \$1.0m.

Todd River

Western Areas has a 1.99% equity interest in ASX listed Todd River, which holds base and precious metal exploration projects covering over 7,500 sq. km. of highly prospective geology in Western Australia and the Northern Territory. The market value of Western Areas' interest, based on the closing price for a Todd River share on the ASX on 31 December 2021, was \$0.9m.

Grid Metals Corp

Western Areas' held a 5.39%¹⁸ equity interest in TSX Venture Exchange (**TSXV**) listed Grid Metals. Grid Metals is focused on exploration and development for nickel, copper and platinum group metals. The company has two deposits in southeast Manitoba, Canada. The market value of Western Areas' interest, based on the closing price for a Grid Metals share on the TSXV on 31 December 2021, was \$0.6m.

8.7.6 Borrowings

On 24 December 2020, Western Areas announced that documentation has been executed to establish a secured A\$75m RCF with CBA. Western Areas is currently working through a number of conditions precedent prior to the availability of the first funding drawdown, mostly related to third party consent deeds to enable the establishment of the CBA security position over the project tenements. The principal terms of the RCF are summarised below in the table below.

¹⁸ following a share issue by Grid Metals in January 2022, Western Areas' interest has been diluted to 4.67%

Table 10: Principal terms of Revolving Credit Facility

Term	Description
Facility Amount	A\$75m, with ability to increase the facility by A\$25m (total facility A\$100m), subject to lender consent
Tenure	3 years with option to extend by a further 1 year, if mutually agreed
Purpose	General corporate purposes
Repayment	Bullet at maturity
Security	First ranking security will be provided to the lender over the Company's assets

Source: Western Areas, ASX announcements 24 December 2020, 28 October 2021

As at 31 December 2021, \$nil has been drawn down against the RCF.

8.7.7 **Net deferred tax**

As at 31 December 2021 Western Areas' net deferred tax balance comprised net deferred tax assets of \$45.0m, including \$7.7m in relation to carry forward tax losses, and net deferred tax liabilities \$81.1m in respect of temporary timing differences.

Western Areas has also recognised a further \$24.6m deferred tax liability on investments in Panoramic, Todd River and Metal Hawk on favourable mark-to-market valuations through Other Comprehensive Income.

8.7.8 **Provisions**

Provisions as at 31 December 2021 comprise:

- Employee entitlements of \$7.1m in respect of annual leave and long service leave
- Rehabilitation and restoration costs of \$48.9m at the Forrestania Nickel Operation and the Cosmos Nickel Operation. Based on current estimated mine life, restoration activities are not expected to commence prior to FY26.

8.8 **Statement of cash flows**

Western Areas' historical audited consolidated statement of cash flows for each of FY20, FY21 and independently reviewed 1HY22 are summarised below.

Table 11: Western Areas Statement of cash flows

Period ending \$ m unless otherwise stated	30-Jun-20	30-Jun-21	31-Dec-21
Cash flows from operating activities			
Receipts from customers	311.4	254.1	162.7
Payments to suppliers and employees	(182.4)	(175.3)	(93.8)
Interest received	2.0	0.7	0.2
Royalties paid	(13.1)	(10.4)	(6.6)
Other receipts	3.0	0.1	0.1
Interest paid	(0.0)	(0.2)	(0.5)
Realisation on settlement of derivatives	0.2	(2.6)	1.1
Income tax (paid)/refund	(0.6)	(6.8)	2.7
Net cash inflow from operating activities	120.4	59.7	66.0
Cash flows from investing activities			
Payments for property, plant and equipment	(41.8)	(39.7)	(14.8)
Proceeds/(loss) from sale of property, plant and equipment	0.0	0.0	(0.0)
Investments in listed companies	(28.7)	(0.5)	(0.2)
Proceeds from sale of shares	33.1	-	-
Mine development expenditure	(57.5)	(87.9)	(44.1)
Exploration and evaluation expenditure	(16.0)	(15.7)	(9.7)
Net cash outflow from investing activities	(110.9)	(143.8)	(68.7)
Cash flows from financing activities			
Proceeds from share issue	-	100.0	-
Capital raising costs	-	(1.7)	(0.9)
Finance lease payments	(1.2)	(0.6)	(0.3)
Right-of-use assets lease payments	-	(5.3)	(4.5)
Dividends paid to company's shareholders	(7.7)	(2.1)	-
Net cash inflow/(outflow) from financing activities	(8.9)	90.3	(5.7)
Net increase in cash and cash equivalents held	0.5	6.3	(8.4)
Cash and cash equivalents at beginning of the year	144.3	144.8	151.1
Cash and cash equivalents at end of the year	144.8	151.1	142.6

Source: FY20 and FY21 Annual Reports, 31 December 2021 HY accounts prepared by Western Areas, KPMG Corporate Finance analysis

Note 1: Amounts may not add exactly due to rounding

8.9 Taxation

Western Areas and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity of the tax consolidated accounts for the current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidation group.

8.10 Board of Directors

The current Directors of Western Areas are set out below.

Table 12: Western Areas' Board of Directors

Board member	
Ian Macliver Non-Executive Chairman of the Board	Daniel Lougher Managing Director, Chief Executive Officer
Richard Yeates Non-Executive Director	Tim Netscher Non-Executive Director
Natalia Streltsova Non-Executive Director	Yasmin Broughton Non-Executive Director

Source: Scheme Booklet, Western Areas

Further details in relation to the experience and other directorships of the Directors of Western Areas are set out in on pages 25 to 27 of Western Areas' FY21 Annual Report.

8.11 Share capital and ownership

8.11.1 Ordinary shares on issue

As at 12 April 2022, Western Areas had 321,643,155 ordinary shares on issue and its substantial shareholders so far as known to Western Areas based on information contained in substantial shareholders notices lodged with the Company are set out in the table below.

Table 13: Western Areas' substantial shareholders as at 12 April 2022

Substantial shareholder	Interest in Western Areas shares	Voting power in Western Areas
Wyloo Consolidated Investments Pty Ltd ¹	31,509,769	9.80%
Mitsubishi UFJ Financial Group	24,434,101	7.60%
UBS Group AG	22,300,407	6.93%
Morgan Stanley	22,261,240	6.92%

Source: ASX announcements

Note 1. Based on the substantial shareholding notice lodged by IGO on 18 February 2022

8.11.2 Performance Rights

Under the Performance Rights plan, executives and senior management are granted a right to be issued a share in the future, subject to continued employment and share price performance vesting conditions being met. The Company's share price performance is measured by way of a Total Shareholder Return (**TSR**), compared against a customised peer group of companies.

The table below sets out the vesting outcome based on the Company's relative TSR performance.

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Table 14: Western Areas' Performance Rights Vesting Criteria

Relative TSR performance	Performance vesting outcomes
Less than the 50 th percentile	0% vesting
At the 50 th percentile	50% vesting
Between 50 th and 75 th percentile	Pro-rata/progressive vesting from 50% to 100%
At or above the 75 th percentile	100% vesting

Source: Western Areas' 2021 Annual Report

Western Areas currently has 4,591,640 Performance Rights on issue.

Pursuant to the SID, if the Court approves the Revised Scheme, the Company must procure that all Performance Rights have either lapsed or vested and converted into Western Areas shares in accordance with their terms, such that:

- 1) there are no outstanding Performance Rights on issue as at the Scheme Record Date¹⁹
- 2) the relevant holders of those Western Areas Performance Rights are entitled to receive the Increased Scheme Consideration with respect to those Western Areas Performance Rights.

Western Areas has advised that it intends to issue 4,591,640 new Western Areas shares in satisfaction of the Performance Rights, which will entitle the holders to participate in the Revised Scheme and receive the Increased Scheme Consideration in relation to Performance Rights currently on issue.

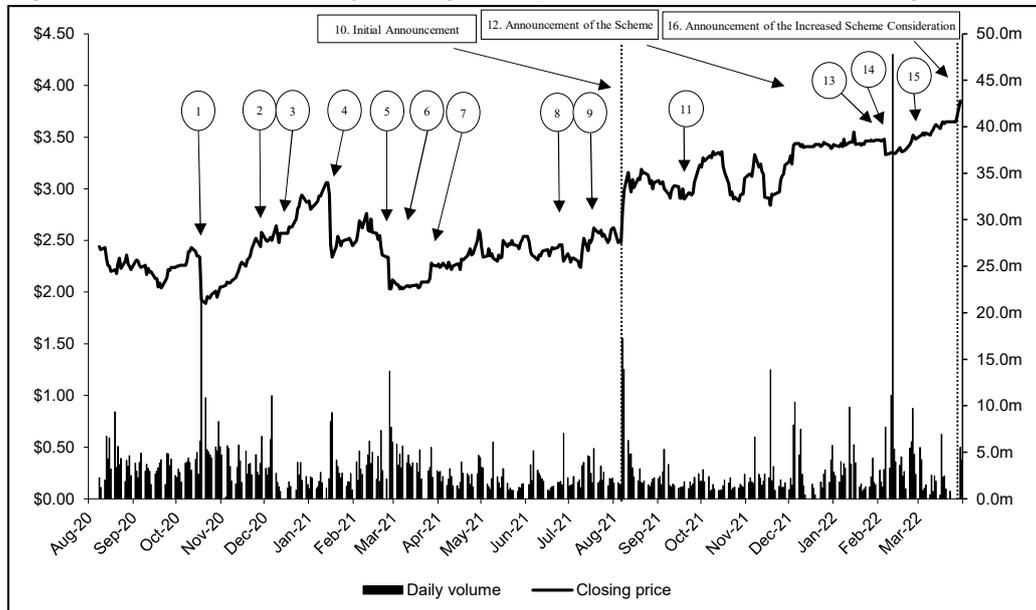
8.12 Share price and volume trading history

The chart below depicts Western Areas' daily closing price on the ASX over the 12-month period to 18 August 2021 (inclusive), being the last trading day prior to the announcement by Western Areas that it was in preliminary discussions with IGO in relation to a potential change of control transaction, and for the period subsequent to that date to 12 April 2022, along with the combined daily volume of shares traded on the ASX and Chi-X over the period.

¹⁹ Defined as being 7pm on the second business day after the Scheme is given effect or such other time as agreed between Western Areas and IGO

For personal use only

Figure 10: Western Areas daily closing share price on ASX and volume trading



Source: IRESS, KPMG Corporate Finance Analysis and ASX announcements

As shown in the figure above, Western Areas' closing share price on ASX exhibited a significant level of volatility both in the period leading up to the Initial Announcement on 19 August 2021 and also over the subsequent period prior to the announcement of the Initial Scheme on 16 December 2021, closing at a low of \$1.89 on 2 November 2020 and a high of \$3.42 on 16 December 2021.

Western Areas' shares closed at \$2.48 the last trading day prior to the Initial Announcement and at \$3.24 on the last trading day prior to the announcement of the Initial Scheme.

Over the period since the announcement of the Initial Scheme to 4 April 2022, being the last trading date prior to the announcement of the Revised Scheme, Western Areas' shares closed between \$3.33 and \$3.65. On the day following announcement of the Revised Scheme, Western Areas shares closed at \$3.84.

Other than normal full year, half year reporting and quarterly activities reporting, announcements made by Western Areas, identified on the ASX website as being price sensitive since 18 August 2020, include:

1. 30 October 2020. Update to FY21 guidance:

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- reducing forecast nickel tonnes in concentrate production down from 19,000 to 21,000 tonnes to 17,000 to 19,000 tonnes
 - increasing forecast unit cash cost of production (nickel in concentrate) for \$3.25 per pound (**lb**) to \$3.75/lb to \$3.50/lb to \$4.00/lb
2. 11 December 2020. Western Areas removed from the S&P/ASX 200 Index from 21 December 2020
 3. 24 December 2020. An approved credit term sheet to establish \$75m RCF was entered into with CBA
 4. 28 January 2021. Forrestania continued to experience operational challenges which impacted production during the quarter ended 31 December 2020. Average head grade remained lower than expected at Flying Fox due to continued mining of lower grade areas and continued pegmatite dilution being encountered at Spotted Quoll. Access to the remaining higher grade areas at the Flying Fox mine was re-established during December
 5. 9 March 2021. \$100m equity raise comprising \$85m fully underwritten private placement and non-underwritten share purchase plan to raise \$15m to be completed, which together will fund development of Odysseus and the Company's advanced exploration portfolio and organic growth projects
 6. 10 March 2021. Successful completion of \$85m placement
 7. 8 April 2021. Preliminary production results for the Forrestania Nickel Operation for the March 2021 quarter, reporting a quarter on quarter improvement in both mine and milled physicals, resulting in improved nickel in concentrate produced over the quarter
 8. 8 July 2021. Preliminary production results for the Forrestania Nickel Operation for the June 2021 quarter, reporting a quarter on quarter improvement in both mine and milled physicals, resulting in improved nickel in concentrate produced over the quarter
 9. 30 July 2021. Long term production profile and FY22 guidance metrics, indicating that nickel concentrate production from the Forrestania Nickel Operation will fall year on year before cessation in FY25, whilst production from Cosmos will ramp up from FY23 to full production by FY28
 10. 19 August 2021. Initial Announcement
 11. 5 October 2021. Odysseus mine development reaches first ore
 12. 16 December 2021. Announcement of the Initial Scheme
 13. 17 February 2022. Western Areas filed a copy of the announcement by IGO in relation to it having secured the support of Wyloo for the Initial Scheme

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14. 22 February 2022. Western Areas half year accounts and guidance update
15. 17 March 2022. Metal Hawk Joint Venture update
16. 11 April 2022. Announcement of the Revised Scheme.

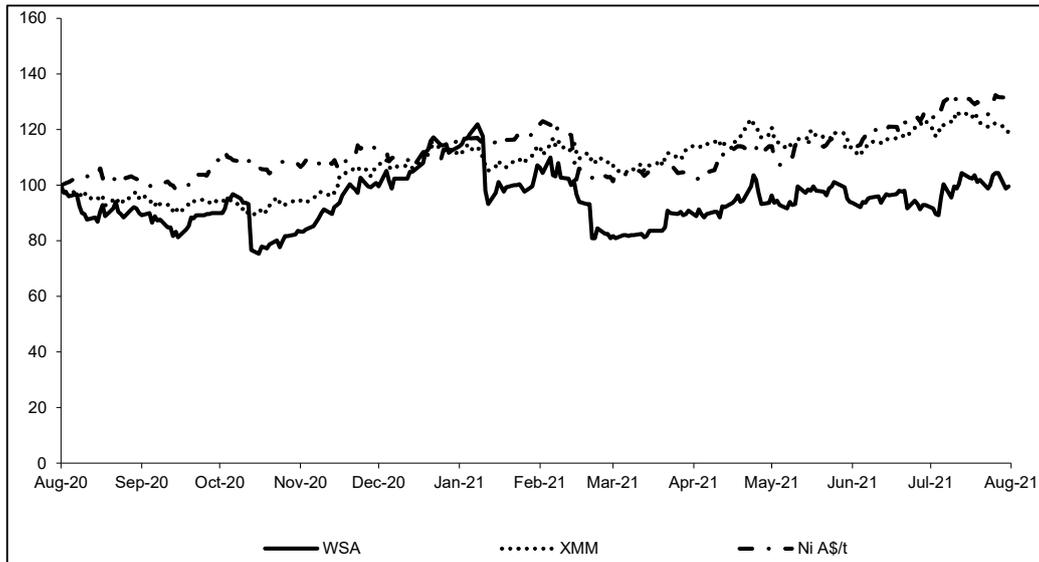
Further details in relation to all announcements made by Western Areas to the ASX can be obtained from either Western Areas' website at www.westernareas.com.au or the ASX's website at www.asx.com.au.

8.12.1 Relative share price performance prior to the Initial Announcement

As illustrated in the figure below, Western Areas' closing share price generally underperformed against both the S&P/ASX 300 Metals & Mining Index (**XMM**) and the AUD spot nickel price over the 12 months to 18 August 2021 (inclusive) being the last trading day prior to the Initial Announcement, which may reflect:

- negative market sentiment in relation to disappointing production results at the Forrestania Nickel Operation as Flying Fox moves towards the end of its life, particularly those announced in January 2021
- the dilutionary impact of the \$100m equity raising completed during the year.

Figure 11: Western Areas' share price performance relative to ASX Metals & Mining and AUD nickel price



Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

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8.12.2 Trading liquidity on ASX

An analysis of volume of trading in Western Areas' shares over various periods in the 12 months to 18 August 2021 (inclusive), being the last trading day prior to the Initial Announcement, is set out in the table below.

Table 15: Trading liquidity in Western Areas shares prior to the Initial Announcement

Period up to and including 18 Aug 21	Price (low) ¹ \$	Price (high) ¹ \$	Price VWAP \$	Cumulative value \$m	Cumulative volume m	% of issued capital
1 day	2.42	2.52	2.48	3.9	1.6	0.5%
1 week	2.42	2.65	2.56	22.4	8.8	2.7%
1 month	2.24	2.70	2.50	145.4	58.1	18.1%
3 months	2.24	2.70	2.43	349.3	143.7	44.7%
6 months	1.92	2.81	2.34	831.7	356.2	113.3%
12 months	1.86	3.10	2.32	1,921.8	827.7	281.1%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

Notes:

1. Share price data represents intra-day trading rather than closing prices
2. Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.

Western Areas' shares exhibited strong liquidity over the 12-month period to 18 August 2021 (inclusive), with an average of approximately 1.1% of issued capital traded per day, and an average daily value of approximately \$7.6m. Over this period, Western Areas' shares were traded on all available trading days on the ASX other than when under a trading halt in relation to the \$100m equity raising completed during the year.

An analysis of the volume of trading in Western Areas' shares over the period 19 August 2021 to 12 April 2022 inclusive is set out below, over which Western Areas' shares were traded on 169 days.

Table 16: Trading liquidity in Western Areas shares post-announcement of change of control discussions

Period from 19 August 2021 to 12 April 2022 incl.	Price (low) ¹ \$	Price (high) ¹ \$	Price VWAP \$	Cumulative value \$m	Cumulative volume m	% of issued capital ²
169 days	2.76	3.86	3.27	1,662.9	507.9	157.9%

Source: IRESS, Capital IQ and KPMG Corporate Finance Analysis

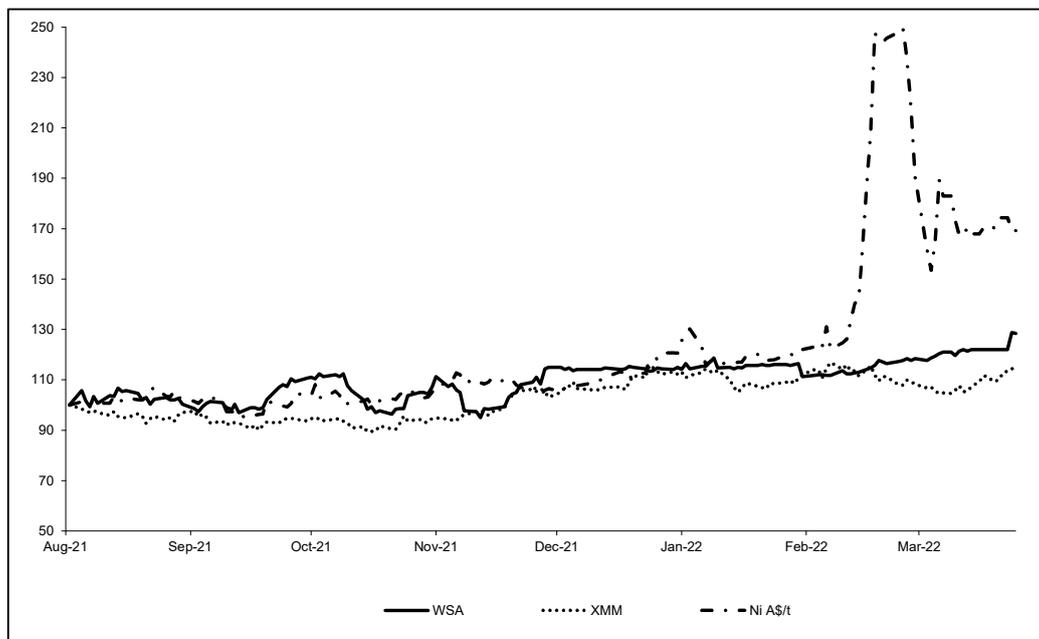
Notes:

1. Share price data represents intra-day trading rather than closing prices
2. Percentage of issued capital is the cumulative volume traded over the period divided by the weighted average number of shares on issue over that period.

8.12.3 Relative share price performance after the initial announcement

As illustrated in the figure below, Western Areas' closing share price generally performed in line with both the S&P/ASX 300 Metals & Mining Index (XMM) and the AUD spot nickel price over the period 19 August 2021 to 12 April 2022 (inclusive), with the exception of February and March 2022, during which the spot nickel price experienced significantly increased volatility, which has been discussed in Appendix 3.

Figure 12: Western Areas' share price performance relative to ASX Metals & Mining and AUD nickel price



Source: Capital IQ, KPMG Corporate Finance Analysis

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9 Valuation of Western Areas

9.1 Valuation methodology

The principal assets of Western Areas comprise its interests in mineral assets at various stages of development, from early-stage exploration through to production. Such assets have limited lives and future profitability and asset lives depend upon factors that are inherently unpredictable.

In our experience, the most appropriate method for determining the value of companies similar to Western Areas is on the basis of the value of the sum of the parts of the underlying net assets, with its principal assets, its interest in the Forrestania Nickel Operation and the Cosmos Nickel Operation, being valued using the discounted cash flow (**DCF**) approach.

The DCF methodology has a strong theoretical basis, valuing a business or asset on the net present value (**NPV**) of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital. This technique is particularly appropriate for assets with limited lives, which is often the case with mineral projects dependent upon depleting ore reserves. Application of this technique generally requires a 5-year minimum period of analysis, however for longer dated finite life mineral projects it is common practice to have regard to forecast cash flows over the LOM. In addition, a sensitivity analysis for variations in key assumptions adopted needs to be performed.

ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. To assist KPMG Corporate Finance in the valuation of Western Areas' mineral interests, SRK was engaged by Western Areas, and instructed by us, to prepare an ITSR in relation to a reasonable production scenario, including appropriate estimations, capital expenditure and operational cost profiles to be adopted by us in the preparation of forecast cash flows for Western Areas' interest in the Forrestania Nickel Operation and the Cosmos Nickel Operation. In addition, SRK has assessed the value of Western Areas' interests in other mineral assets not captured in the Forrestania Nickel Operation and the Cosmos Nickel Operation DCF valuations. A copy of SRK's ITSR, which was prepared in accordance with the VALMIN Code to the extent applicable, is attached to this report as Appendix 7.

The development and operational assumptions recommended by SRK have been adopted in the cash flow projections prepared by us in assessing the value of Western Areas' interest in the Forrestania Nickel Operation and the Cosmos Nickel Operation.

We consider the production and operational cash flow models prepared by SRK are sufficiently robust and reliable to adopt as an input to our assessment, having regard to the following:

- the starting point for SRK's forecasts were Western Areas' current LOM operational plans prepared by Western Areas

- SRK completed a site visit to both the Forrestania Nickel Operation and the Cosmos Nickel Operation and has held discussions with Western Areas' management and considered both internal and third-party supporting information to the LOM operational plans in determining its underlying assumptions
- the cash flows are underpinned by JORC compliant Ore Reserves compiled by parties other than SRK
- KPMG Corporate Finance was responsible for the determination of certain macroeconomic and other assumptions such as commodity prices, exchange rates, discount rates, inflation and taxation assumptions
- we completed a high-level consideration of the veracity of the SRK production and cash flow models and SRK, where it considered appropriate after discussion with us, amended the models.

SRK has also determined a range of values within which it considers the value of each of the relevant interests in other mineral assets to lie. The valuations ascribed by SRK to Western Areas' interests in other mineral assets have been adopted in our report.

Other assets and liabilities of Western Areas have been incorporated in our valuation based on book values as at 31 December 2021, as reasonable estimates of market value unless specifically noted otherwise. Western Areas has confirmed that there have been no significant changes to the Company's activities or the book value of non-operational assets or liabilities (other than as specifically noted below) subsequent to 31 December 2021.

In order to cross-check the outcomes of our valuation assessments, we have compared the Reserve and Resource multiples implied by our range of values for Western Areas against comparable listed companies and transactions. Whilst as discussed later, these multiples are subject to a number of limitations, they do provide a useful secondary measure to assess the reasonableness of the valuation outcomes under our primary valuation methodology.

9.2 Valuation summary

We have assessed the market value of Western Areas assuming 100% of the Company was available for sale, to lie in the range of \$1,317.2m to \$1,707.8m, which equates to between \$4.04 and \$5.23 per Western Areas share. The valuation exceeds the price at which, based on current market conditions, we would expect Western Areas shares to trade on the ASX in the absence of the Revised Scheme.

The market value of Western Areas was determined after aggregating the estimated market value of Western Areas' interests in mineral assets, adding the assessed value of other assets and, if appropriate, deducting any external borrowings, an allowance for corporate overheads and non-trading liabilities. The value of Western Areas has been assessed on the basis of market value, that is, the value that should be agreed in a hypothetical transaction between a

knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Our range of assessed values incorporates direct corporate cost savings that would generally be available to a pool of purchasers but does not include any indirect benefits, such as potential economies of scale or increases in bargaining positions that a specific purchaser might be able to achieve. Similarly, our valuation does not include any potential strategic or operational synergies that may be unique to individual investors. Accordingly, our range of values has been prepared independent of the specific circumstances of any potential bidder.

Table 17: Summary of assessed market values of Western Areas

	Assessed Values	
	Low \$m	High \$m
Market values of Western Areas' interests in mineral assets		
Forrestania Nickel Operation	317.5	318.9
Cosmos Nickel Operation	444.1	481.3
Residual resources (not included in Life of Mine models)	288.0	500.0
Western Areas' interest in exploration portfolio	30.8	117.7
Total Mineral Assets	1,080.5	1,418.0
Add: Cash and cash equivalents	142.6	142.6
Add: Listed investments	138.8	176.8
Add: Other net liabilities ²	(4.6)	(4.6)
Less: Future corporate overheads	(40.0)	(25.0)
Total Equity Value	1,317.2	1,707.8
Number of ordinary shares - undiluted (millions)	321.6	321.6
Add: Performance Rights ³ (millions)	4.6	4.6
Number of ordinary shares - diluted (millions)	326.2	326.2
Value per share, inclusive of a premium for control - \$	4.04	5.23

Source: KPMG Corporate Finance analysis and the ITSR

Notes:

- Figures may not add exactly due to rounding
- Other net liabilities comprise ATO receivables of \$4.7m, transaction costs incurred irrespective of the outcome of the transaction of (post-tax \$1.4m), derivative financial instruments of (\$6.4m) payments to Executives of (post-tax \$1.4m) and net accounts payable / receivable not in net working capital of (\$0.1m) as at 31 December 2021
- In the event the Revised Scheme is approved, all outstanding Performance Rights will vest and form part of the Revised Scheme

Our range of assessed fair values for a Western Areas' share of between \$4.04 and \$5.23 per share compares to:

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- the closing price for a Western Areas share on the last trading day prior to the Initial Announcement of \$2.48
- the VWAP over the 6 months immediately prior to the announcement of the Initial Scheme of \$2.83
- the closing price for a Western Areas' share on the last trading day prior to the announcement of the Revised Scheme of \$3.65
- the closing price for a Western Areas share on 12 April 2022 of \$3.84.

9.2.1 **Macroeconomic and other financial assumptions**

Set out below is a summary of the macroeconomic assumptions adopted by us in the DCF analysis. In selecting our macroeconomic assumptions, we have adopted what we consider to be reasonable inputs that a purchaser of Western Areas' mineral assets would adopt.

Denominations of cash flows

The NPV of the Western Areas' interest in each project has been calculated in AUD terms. Project inputs denominated in currencies other than AUD have been converted to AUD terms based on the inflation and foreign exchange rate assumptions set out below.

Inflation

Inflation rate assumptions adopted by us in the DCFs are set out in the table below.

Table 18: Summary of inflation assumptions

	CY22	CY23	CY24	CY25	CY26
Australia	4.0%	2.7%	2.5%	2.2%	2.2%
United States	6.9%	2.9%	2.2%	2.1%	2.1%

Source: Capital IQ, brokers' notes, various economic commentators and KPMG Corporate Finance analysis

Inflation rate assumptions have been determined having regard to the forecasts of a range of brokers and economic commentators. Subsequent to 2026, the rate has been assumed to be constant at 2.5% per annum for Australia and 2.0% per annum for the United States.

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Forecast currency exchange

Nominal foreign exchange rate assumptions adopted by us in the DCFs are set out in the table below.

Table 19: Summary of nominal foreign currency exchange assumptions

	CY22	CY23	CY24	CY25	CY26
AUD:USD	0.74	0.76	0.76	0.76	0.76

Source: Bloomberg, Oxford Economics, Economist Intelligence Unit and KPMG Corporate Finance analysis

Exchange rate assumptions have been determined having regard to the forecasts of brokers and economic commentators and also the relevant forward curve, where available.

Subsequent to 2026, we have adopted exchange rates such that the nominal exchange rate is assumed to be driven by the long-term inflation differential between the relevant country and the United States, such that the relative purchasing power parity between both currencies is maintained. That is, the exchange rate stays constant in real terms.

Commodity prices

Contracted revenues

A proportion of the revenue from the Forrestania Nickel Operation is underpinned by short term offtake agreements. The terms of these contracts are commercial in confidence and are not disclosed to the market. The volumes and sales prices set out in these contracts have been incorporated in KPMG Corporate Finance's valuation models. In the absence of better information, it has been assumed for valuation purposes that sales volumes under any future supply agreements that may be negotiated will be rebased having regard to prevailing spot commodity prices at the relevant time.

Whilst Western Areas has commenced a tender process for the offtake from the Cosmos Nickel Operation and a shortlist of preferred parties for final discussions has been settled, an agreement has not yet been entered into in relation to same. Accordingly, for the purpose of our valuation, we have assumed that future sales from the Cosmos Nickel Operation are completed based on our prevailing forecast spot commodity prices at the relevant time.

Nickel prices

Forecast nominal spot nickel prices adopted by us over the period to 2031 are set out in the table below.

Table 20: KPMG Corporate Finance assumptions

	CY22	CY23	CY24	CY25	CY26
USD/t	26,300	21,000	20,000	19,000	19,000
	CY27	CY28	CY29	CY30	CY31
USD/t	20,000	20,000	21,000	21,000	21,000

Source: Bloomberg, Consensus Economics and KPMG Corporate Finance analysis

In determining our forecast nickel price assumptions, we have had regard to recent forecast nickel prices published by various market analysts, economic commentators and broking houses in the period since 18 March 2022.

The CY22 nickel price adopted by us includes the impact of actual nickel prices realised by Western Areas over the 3 months to 31 March 2022 and our forecast nickel price for the 9 months ended 31 December 2022.

Subsequent to 2031, we have assumed that nickel prices will increase by the long-term inflation rate for the United States. In effect, the nickel price is assumed to remain constant in real USD terms post 2031.

Discount rates

Where DCF has been employed as the primary valuation approach, projected ungeared, post tax cash flows for each asset have been discounted using nominal ungeared, post tax weighted average cost of capitals (**WACC**) in the range of:

- 8.5% to 9.2% per annum for the Forrestania Nickel Operation
- 9.7% to 10.6% per annum for the Odysseus operations
- 10.1% to 11.6% per annum for the AM6 operations

which we consider as a reasonable estimation of the rate of return that would be required by investors in the relevant nickel assets reflecting the relative periods of operations and stages of development. Further details in relation to our assessment of appropriate discount rates to apply to each asset are set out in Appendix 4.

Taxation and royalties

Key tax and royalty assumptions adopted by us in assessing the value of Western Areas' mineral interests include:

- corporate income tax rate of 30% for Australian companies
- nil utilisation of the accumulated tax losses as at 31 December 2021 as these were consumed by way of carryback submitted to the Australian Tax Office in January 2022. The estimated tax refund has been incorporated in our assessment of other net liabilities set out later in this section

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- state and private royalty charges for nickel mining and concentrate operations calculated at the applicable rates after adjustments for allowable deductions.

Other operational and specific assumptions adopted by us in the DCF models for the Forrestania Nickel Operation and the Cosmos Nickel Operation are set out in the valuation section for each operation below.

9.2.2 Valuation of Western Areas' 100% interest in the Forrestania Nickel Operation

We have valued Western Areas' 100% interest in the projected cash flows from the Forrestania Nickel Operation as lying in the range of \$317.5m to \$318.9m.

In forming our opinion we have developed cash flow forecasts incorporating SRK's view as to a reasonable production scenario for the Forrestania Nickel Operation, based on SRK's discussions with management and other supporting documentation.

Key operational assumptions

The principal operational assumptions provided by SRK and adopted in our valuation of the Forrestania Nickel Operation are summarised below.

Table 21: SRK's key operating assumptions

	Unit	Assumption
<i>Flying Fox</i>		
Remaining mine life as at 31 December 2021	Years	2
Total nickel ore mined	mt	0.1
<i>Spotted Quoll</i>		
Remaining mine life as at 31 December 2021	Years	4
Total nickel ore mined	mt	0.7
<i>Leach Operations</i>		
Total ore leached	mt	0.3
<i>Mill Operations</i>		
Total ore processed	mt	1.0
Average annual plant throughput	mtpa	0.3
Average nickel processing grade	%	3.2%
Average nickel recovery	%	87.6%
<i>Project Metrics</i>		
Average nickel recovered	000tpa	9.3
Average annual concentrate production	000dmt ¹	61.2
Average concentrate nickel grade	%	15.1%

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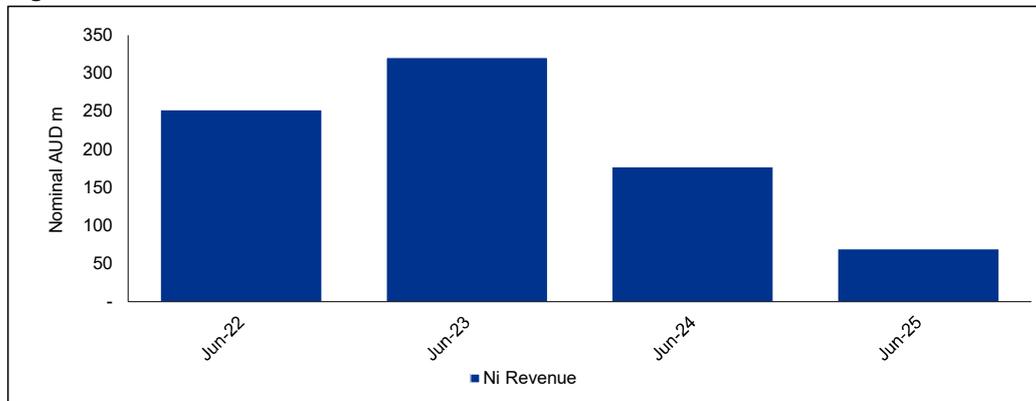
	Unit	Assumption
Average operating cost per nickel tonne recovered (2022 dollars)	\$/kt	11.0
Total capital cost over LOM (2022 dollars)	\$m	14.9

Source: SRK LOM Model
 Note 1: Dry metric tonnes

Revenue

Forecast revenue is a function of the quantity of product produced from the Forrestania Nickel Operation and the contracted and forecast spot prices of nickel and is summarised in the chart below.

Figure 13: Forecast revenue



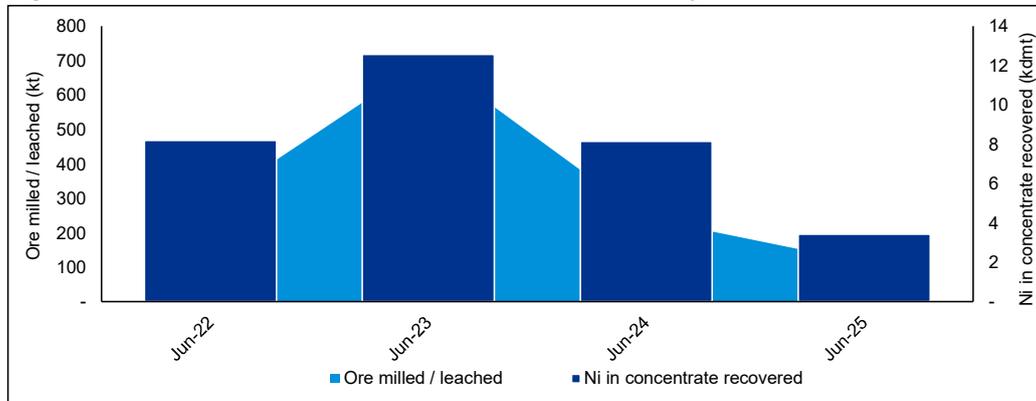
Source: SRK and KPMG Corporate Finance analysis
 Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Nickel revenue contributes 100% of the total projected revenue over the life of the Forrestania Nickel Operation.

We have set out the ore milled / leached and nickel concentrate recovered profile over the project life in the figure below.

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Figure 14: Forecast ore milled / leached and nickel recovery



Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Nickel recovered is driven by grade, recovery rates and throughput.

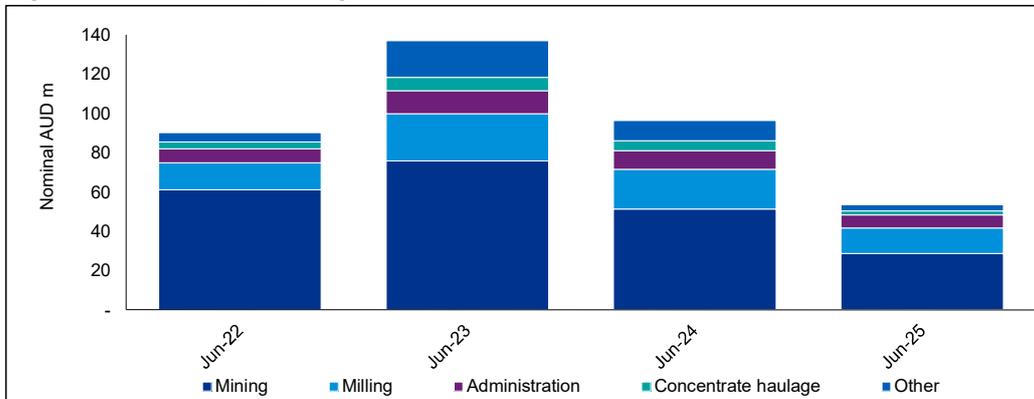
Operating costs

Operating costs comprise mining, processing, administration and haulage over the life of the project as set out in the chart below.

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Figure 15: Forecast operating costs



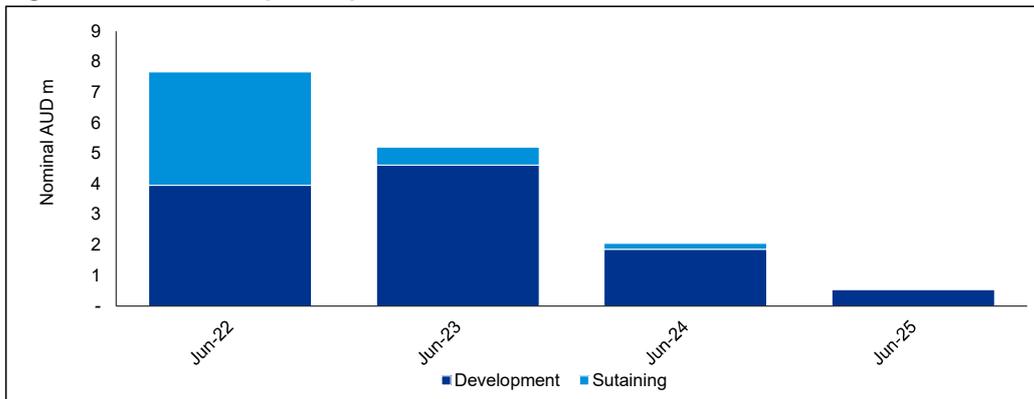
Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Capital expenditure

Aggregate mine development and sustaining capital expenditure is set out in the chart below.

Figure 16: Forecast capital expenditure



Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Sustaining capital expenditure is inclusive of net rehabilitation and closure costs.

Further details in relation to SRK’s assumptions are set out in its report which is attached at Appendix 7.

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Our range of assessed fair values for the Forrestania Nickel Operation does not incorporate any terminal value. We have adopted net closure and rehabilitation costs in the sustaining capital expenditure as advised by SRK.

In reality, there may be a prospect of Western Areas achieving further success with its development and exploration programs, including at the New Morning deposit, resulting in an extension of mining inventory available for exploitation, which may extend the life of the Forrestania Nickel Operation beyond the end of the discrete forecast period. SRK has however captured the value of further exploration success in its separate assessed values of Western Areas' interest in other mineral assets not included in the LOM model, including residual resources at the Forrestania Nickel Operation.

Sensitivity analysis

We have undertaken a sensitivity analysis around the mid-point of our DCF valuation range for the Forrestania Nickel Operation based on a range of key assumptions, the outcome of which is set out in the table below.

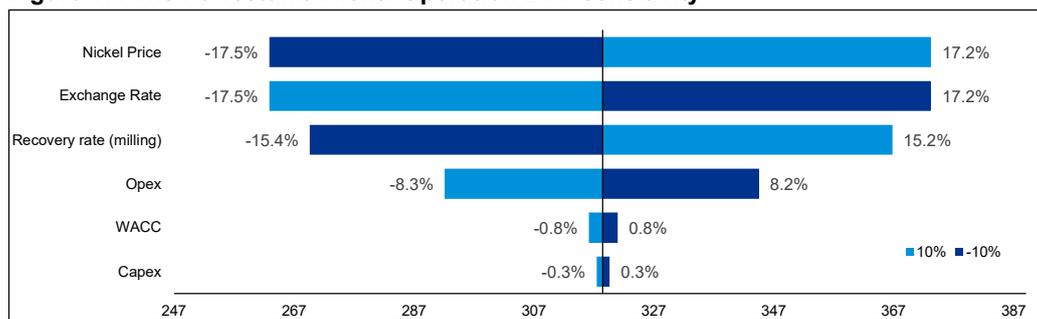
Table 22: Sensitivity analysis

Sensitivity – A\$m	-10%	-5%	0%	5%	10%
Exchange Rate	373	346	318	291	263
Nickel Price - USD	263	291	318	346	373
Recovery rate (milling)	269	294	318	343	366
Opex	344	331	318	305	292
WACC	321	319	318	317	316
Capex	319	319	318	318	317

Source: KPMG Corporate Finance analysis

This analysis indicates that our range of assessed values of the Forrestania Nickel Operation is most sensitive to USD nickel price, AUD:USD exchange rate and mill recovery rate assumptions, as set out in the tornado chart below based on a 10% variance to each key input.

Figure 17: The Forrestania Nickel Operation DCF sensitivity



Source: KPMG Corporate Finance analysis

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9.2.3 Valuation of Western Areas' 100% interest in the Cosmos Nickel Operation

We have valued Western Areas' 100% interest in the projected cash flows from the Cosmos Nickel Operation as lying in the range of \$444.1m to \$481.3m.

In forming our opinion we have developed cash flow forecasts incorporating SRK's view as to a reasonable production scenario for the Cosmos Nickel Operation, based on SRK's discussions with management and other supporting documentation.

Key operational assumptions

The principal operational assumptions provided by SRK and adopted in our valuation of the Cosmos Nickel Operation are summarised below.

Table 23: SRK's key operating assumptions

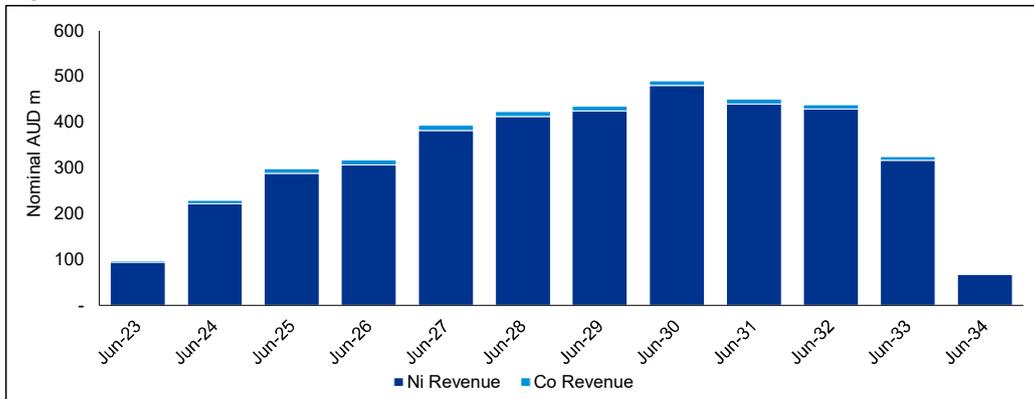
	Unit	Assumption
Odysseus		
Remaining mine life as at 31 December 2021	Years	12
Total nickel ore mined	mt	7.9
AM6		
Forecast mine life as at 31 December 2021	Years	9
Total nickel ore mined	mt	2.1
Mill Operations		
Total ore processed	mt	10.1
Average annual plant throughput	mtpa	0.8
Average nickel processing grade	%	2.2%
Average nickel recovery	%	80.9%
Project Metrics		
Average nickel recovered	000tpa	14.7
Average annual concentrate production	000dmt	95.0
Average concentrate nickel grade	%	15.5%
Average operating cost per nickel tonne recovered (2022 dollars)	\$/kt	8.4
Total capital cost over LOM (2022 dollars)	\$m	514.7

Source: SRK LOM Model

Revenue

Forecast revenue is a function of the quantity of product produced from the Cosmos Nickel Operation and the forecast prices of nickel and cobalt and is summarised in the chart below.

Figure 18: Forecast revenue



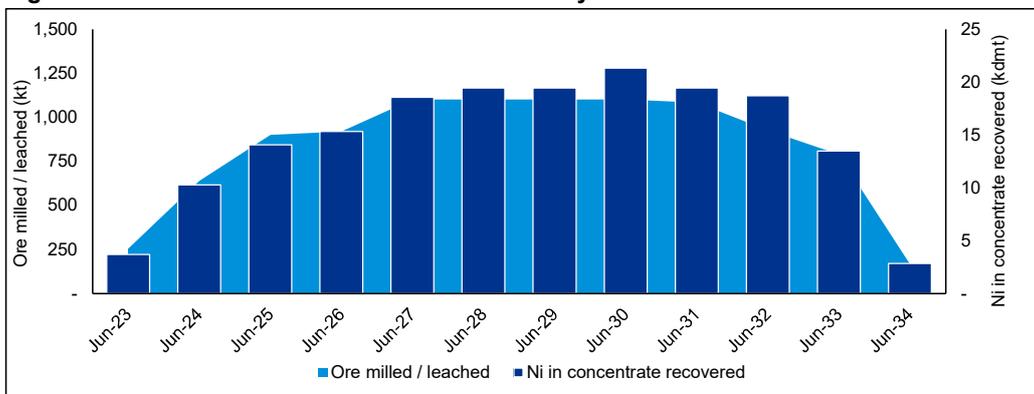
Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Nickel revenue contributes approximately 97% of the total projected revenue over the life of the Cosmos Nickel Operation.

We have set out the ore mined and nickel concentrate recovered profile over the project life in the figure below.

Figure 19: Forecast ore mined and nickel recovery



Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Nickel recovered is driven by grade, recovery rates and throughput.

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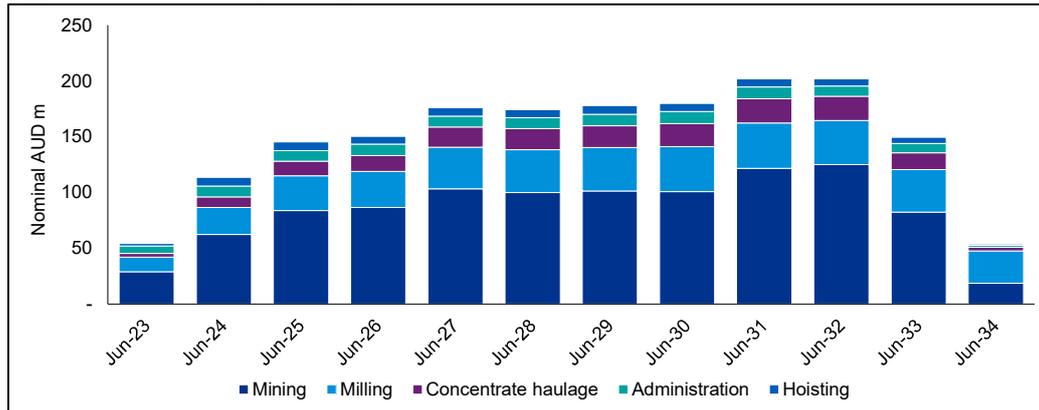
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Operating costs

Operating costs comprise mining, milling, administration, concentrate haulage and hoisting over the life of the project as set out in the chart below.

Figure 20: Forecast operating costs



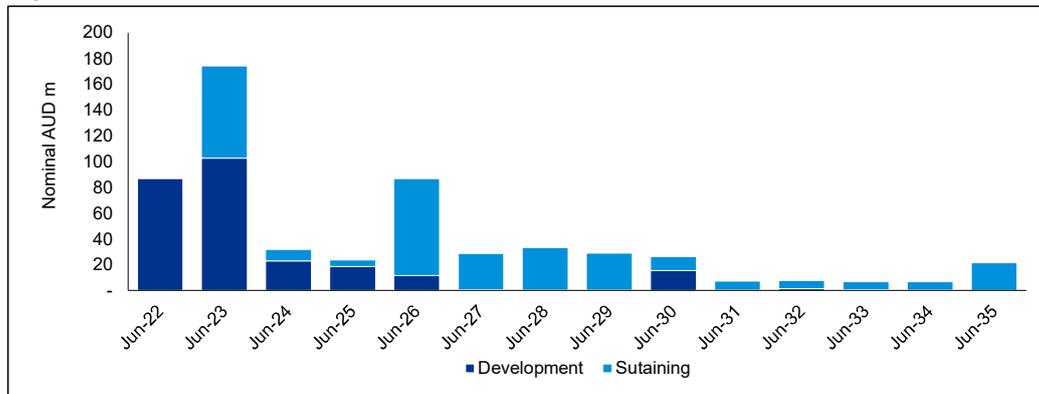
Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

Capital expenditure

Aggregate mine development and sustaining capital expenditure is set out in the chart below.

Figure 21: Forecast capital expenditure



Source: SRK and KPMG Corporate Finance analysis

Note 1: June 2022 figures relate to the 6 months ending 30 June 2022

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Sustaining capital expenditure is inclusive of net rehabilitation and closure costs.

Further details in relation to SRK's assumptions are set out in its report which is attached at Appendix 7.

Our range of assessed fair values for the Cosmos Nickel Operation does not incorporate any terminal value. We have adopted net closure and rehabilitation costs in the sustaining capital expenditure as advised by SRK.

In reality, there may be a prospect of Western Areas achieving further success with its development and exploration programs, including at the Mt Goode, AM5 and Odysseus Massive deposits, resulting in an extension of mining inventory available for exploitation, which may extend the life of the Cosmos Nickel Operation beyond the end of the discrete forecast period. SRK has however captured the value of further exploration success in its separate assessed values of Western Areas' interest in other mineral assets not included in the LOM model, including residual resources at the Cosmos Nickel Operation.

Sensitivity analysis

We have undertaken a sensitivity analysis around the mid-point of our DCF valuation range for the Cosmos Nickel Operation based on a range of key assumptions, the outcome of which is set out below in the table below.

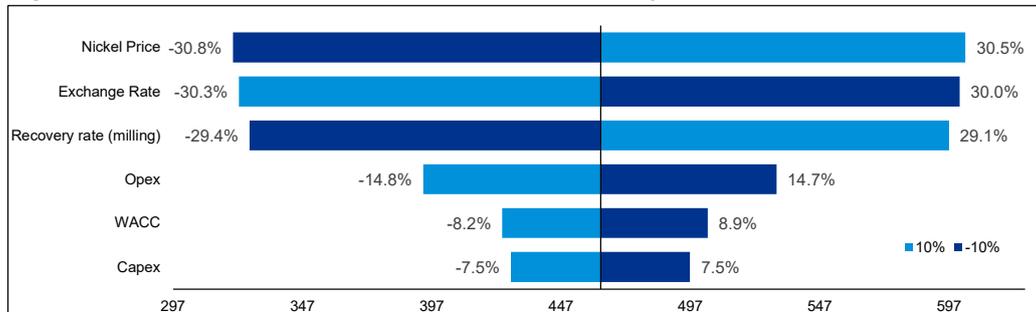
Table 24: Sensitivity analysis

Sensitivity – A\$m	-10%	-5%	0%	5%	10%
Exchange Rate	601	532	462	392	322
Nickel Price - USD	320	391	462	533	603
Recovery rate (milling)	327	394	462	530	597
Opex	530	496	462	428	394
WACC	504	483	462	443	424
Capex	497	480	462	445	428

Source: KPMG Corporate Finance analysis

This analysis indicates that our range of assessed values of the Cosmos Nickel Operation is most sensitive to US nickel price, AUD:USD exchange rate and mill recovery rate assumptions, as set out in the tornado chart below based on a 10% variance to each key input.

Figure 22: The Cosmos Nickel Operation DCF sensitivity



Source: KPMG Corporate Finance analysis

9.2.4 Valuation of Western Areas' interest in other mineral assets

The value of Western Areas' interest in Mineral Resources that are not included in its forecast production for the Forrestania Nickel Operation and the Cosmos Nickel Operation provided by SRK, as well as interests in other mineral exploration assets are in the range of \$318.8m to \$617.7m as summarised in the table below.

Table 25: Summary of valuations of other mineral assets held by Western Areas

	Assessed Values	
	Low \$m	High \$m
Residual resources (not included in LOM models)	288.0	500.0
Western Areas' interest in exploration portfolio	30.8	117.7
Total other mineral assets	318.8	617.7

Source: SRK's ITSR

In its assessment of the value of the other mineral assets, SRK has adopted generally accepted methods for valuing mineral assets including market-based, yardstick and Geoscientific Rating approaches. Further details in relation to each of these assets and the valuation methodology adopted are set out in SRK's ITSR which is included at Appendix 7. It should be noted that the valuation of early stage/exploration assets is highly subjective and has involved assessments based on the professional judgements and experience of SRK.

9.2.5 Listed equity investments

Western Areas currently holds investments in various listed equity securities, including 408.1m shares (19.9%) in Panoramic, 3.5m shares (6.3%) in Metal Hawk, 11.3m shares (2.0%) in Todd River and 5.1m shares (4.7%) in Grid Metals.

Shares in Panoramic

Whilst the final value of the shares held in Panoramic will be determined by the prevailing market price at the date of realisation, the closing price for a Panoramic share on ASX on 8 April 2022 of \$0.37 implies a prima facie aggregate market value for Western Area's investment in Panoramic of \$151.0m.

However, in assessing value it is also relevant to consider that the voting interest held by Western Areas carries with it a level of influence not available to a portfolio interest, including:

- whilst not exercised at this time, Western Areas has the right appoint a nominee to the Board of Panoramic
- in practical terms, Western Areas is likely to be able to block any special resolution and significantly influence the outcome of any ordinary resolution
- any acquisition offer for Panoramic as a whole would require the support of Western Areas.

In these circumstances we consider that, in the event Western Areas was able to identify a party desirous of acquiring Western Areas' holding as single bloc, it is possible that Western Areas' investment might be realised at a premium to listed trading prices.

As noted at section 3.2 above, we consider a typical control premium in successful metals mining acquisition to be in the range of 30% to 40%. Reflecting that Western Areas' 19.9% investment in Panoramic does not attach the benefit of full control, we have applied a premium of 15% to the marked-to-market value as at 8 April 2022 to determine the high end of our range.

Conversely, the summary of recent trading in Panoramic shares over the 12 months to 8 April 2022 set out in the table below, suggests that in the event Western Areas was required to realise its investment on-market, this would be required to be completed over an extended realisation period to mitigate the volume pressure on Panoramic's share price that would likely arise or through a series of block trades. Accordingly, we have applied a 10% discount at the low end of our range of values to reflect this investment may not be immediately liquid and to also provide an allowance for transaction costs or block trade discount.

Table 26: Trading liquidity in Panoramic shares for the 12 months to 8 April 2022

Period up to and including 8 Apr 22	Cumulative value \$m	Cumulative volume m	% of issued capital
1 day	4.6	12.3	0.6%
1 week	27.9	80.2	3.9%
1 month	73.6	231.7	11.3%
3 months	152.5	521.2	25.4%
6 months	232.9	854.7	41.7%
12 months	363.6	1,580.4	77.1%

Source: IRESS and KPMG Corporate Finance analysis

Other listed investments

As with Western Areas' investment in Panoramic, the final value of the shares held by Western Areas in other listed investments will be determined by the prevailing market price at the date of realisation, the closing price for Metal Hawk, Todd River and Grid Metals shares on 8 April 2022 imply prima facie market values of \$1.1m, \$0.7m and \$1.2m respectively.

Having regard to the Western Areas' voting interest in each company we have applied a small premium and discount to the implied mark-to-market value of these investments.

9.2.6 Other assets and liabilities

Net assets not valued as part of Western Areas' mineral assets comprise cash and other sundry assets and liabilities held by Western Areas. Except as specifically noted below, having regard to their nature and quantum, these assets and liabilities have been incorporated in our valuation at net book values as at 31 December 2021. Western Areas has confirmed that there have been no significant changes to the Company's activities or the book value of non-operational assets or liabilities (other than as specifically noted below) subsequent to 31 December 2021.

Derivative financial instruments

We have adopted a market value of Western Area's derivative financial instruments of negative \$6.4m, being the most recent mark-to-market assessment obtained by the Company (as at 31 March 2022) in our valuation of other net liabilities. The Company has advised that there has been no subsequent change to the instruments held.

Working capital balances

Trade debtors, prepayments, trade creditors and accruals and provisions as at 31 December 2021 have been reflected in the opening balance forecast assumptions in the relevant mine models where appropriate, with the balance (net liability of \$0.1m) incorporated in our valuation of other net liabilities.

BioHeap™ technology

The benefit of the application of the BioHeap™ technology has been reflected in the cash flow forecast for the Forrestania Nickel Operation. Whilst we note that Western Areas is in discussion with various third parties in relation to the potential external commercialisation of the BioHeap™ technology, these discussions are at an early stage and there is no certainty that any agreement will be reached. Accordingly, we have not ascribed any additional value to the BioHeap™ technology at this time.

Transaction costs and change of control payments

We have adopted the Company's estimate of post-tax transactions costs expected to be incurred irrespective of whether the transaction proceeds or not, along with amounts payable to

senior management in the event of a change of control transaction in the order of \$2.0m in our valuation of other net liabilities.

Tax refund receivable

We have adopted the estimated tax refund receivable in relation to carryback of accumulated tax losses as advised by Western Areas of approximately \$4.7m in our valuation of other net liabilities.

Future corporate overheads

Western Areas incurs corporate overheads in relation to managing its business. These costs have not been incorporated into the valuation of Western Areas' interest in the mineral assets set out above, and therefore it is necessary to deduct the present value of anticipated future management and administrative costs in relation to Western Areas' operating assets from the value of the Company.

We have been provided with a schedule prepared by Western Areas that sets out the Company's assessment of the direct synergies and cost savings likely to be available to a pool of purchasers in acquiring a 100% interest in Western Areas. Depending upon the size and nature of the acquirer these synergy benefits and cost savings could total up to approximately \$9.8m per annum (in 31 December 2021 pre-tax dollars) over the life of the Western Areas' expected operations.

In assessing the quantum of these synergies and cost savings for the purpose of our valuation we have considered:

- head office costs - a large acquirer with excess capacity should be able realise head office wage and on-cost savings as a result of various management and head office functions being subsumed within the organisational structure of the acquirer
- directors' and officers' fees – any acquirer would seek to rationalise the Board of Western Areas
- audit and compliance costs – any acquirer is expected to realise economies of scale from consolidation in terms of statutory reporting and compliance requirements charged in respect of the enlarged entity when compared to two standalone entities.
- external rent – an acquirer may be able to realise cost savings associated with the reduction of space requirements as a direct result of the reduction in head office executive and employee head count.

We have discussed with Western Areas' management the basis of its assessment as to the level of synergies and cost savings that may be realised by a pool of purchasers. Whilst there is both downside risk and potential upside in relation to the final quantum and nature of the

synergies that may ultimately be realised, we have applied a probability range of 75% to 100% to these synergy benefits and also included an allowance for once-off costs of realisation.

The after-tax NPV of these adjusted corporate costs, having regard to the nature of the Company's assets, has been estimated to be in order of \$25.0m to \$40.0m.

9.3 **Other valuation parameters**

Having regard to our assessed values in respect of Western Areas' assets and liabilities, the implied enterprise value for Western Areas is between approximately \$1,038.7m and \$1,391.2m²⁰, which, based on Western Areas' published Ore Reserve and Mineral Resources as at 31 December 2021 implies a value per tonne of contained nickel Ore Reserves and Mineral Resources as summarised in the table below.

Table 27: Ore Reserve and Mineral Resource value per tonne of contained nickel implied by our assessed values

Parameter	Low \$/t	High \$/t
Ore Reserves ^{1,2}	3,754	5,028
Mineral Resources ^{1,3,4}	1,087	1,456

Source: KPMG Corporate Finance analysis

Notes:

1. Ore Reserve and Mineral Resource multiples implied by our assessed values are calculated using Western Areas' most recent published Ore Reserve and Mineral Resource information as at 31 December 2021
2. Ore Reserves include Proved and Probable Reserves
3. Mineral Resources include Measured, Indicated and Inferred Resources
4. Mineral Resources are inclusive of Ore Reserves.

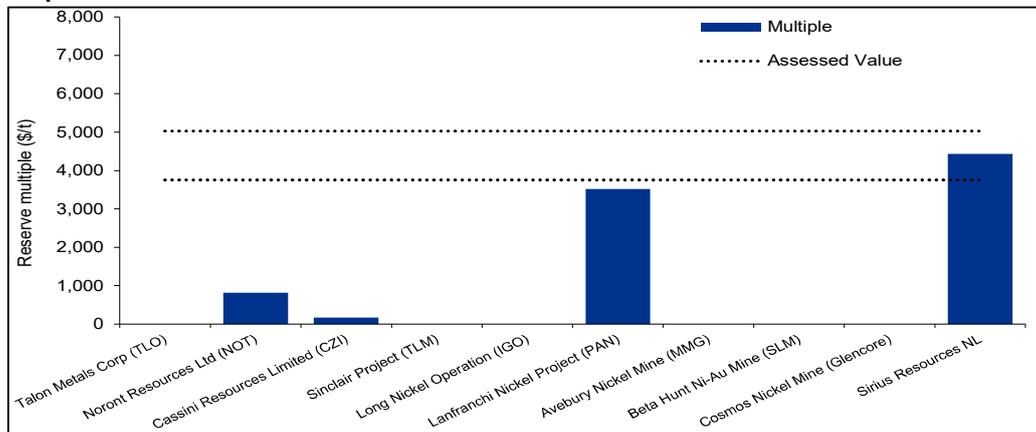
Comparison to contained nickel equivalent Ore Reserve multiples implied by recent nickel corporate and asset transactions

Summarised in the figure below is a comparison of the contained nickel equivalent Ore Reserves multiples implied by the range of enterprise values for Western Areas with the implied value per nickel equivalent Ore Reserve tonne for a selection of recent transactions involving companies/projects with nickel production and/or development operations.

²⁰ Enterprise value has been calculated throughout the report as equity value less net cash, shares in listed entities, adjusted for the Revised Scheme transaction costs.

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Figure 23: Ore Reserve multiples per tonne of contained nickel implied by selected corporate and asset transactions



Source: KPMG Corporate Finance analysis, Capital IQ, Merger Market and respective company announcements and Annual Reports

In considering the outcomes of the comparison to nickel equivalent Ore Reserve multiples implied by recent nickel transactions we note the following limitations:

- of the transactions identified, only Panoramic's Lanfranchi project, Sirius' Nova-Bollinger project, Noront's Eagles Nest project and Cassini's West Musgrave project had disclosed Ore Reserves as at the transaction announcement date
- the transactions considered were completed under different prevailing market conditions and the participants may have held different expectations in relation to future nickel prices at the relevant transaction date. In this regard we note that spot nickel prices have increased significantly in recent times
- we would expect assets in or near production to attract a higher reserve multiple than early stage projects, all else being equal. Whilst not yet in production, Sirius' Nova project had begun construction, after delivering a DFS contemplating a high margin, 10-year mine, producing 26ktpa of nickel in concentrate, with permits and offtake agreements secured
- the Lanfranchi mine had been previously operated for 10 years before being placed on care and maintenance in 2015, approximately 3 years prior to the transaction date. The mine was acquired by a private equity firm, which at the time indicated its intention was to restart the mine. No further details in relation to the key value drivers for the acquisition were disclosed. However, we note that the mine also included a significant level of established infrastructure. In addition, the Lanfranchi mine had a relatively small quantity of reserves

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relative to its resource base (approximately 5% reserves to resources as at the transaction date), which impacts its observed reserve multiple

- whilst Noront's principal focus is the development of its early stage 100%-owned, high-grade, nickel, copper and PGE deposit called Eagle's Nest, it also holds significant chromite deposits.

These results need to be viewed with some caution as they do not capture such things as:

- the weighting of Ore Reserves to Mineral Resources and whether there is any imperative for conversion. In this regard we note that companies in development stage with limited funding might not be willing to spend money to convert resources to reserves
- potential timing differences by companies in reporting updated Ore Reserves figures
- other assets and liabilities held by the selected companies not reflected in the Ore Reserves balances
- the final price paid by the successful acquirer may incorporate an element of synergies and cost savings unique to that purchaser that it was required to pay away. This value is excluded from the commonly accepted definition of market value but is extremely difficult to quantify. If excluded could reduce the implied transaction multiples.

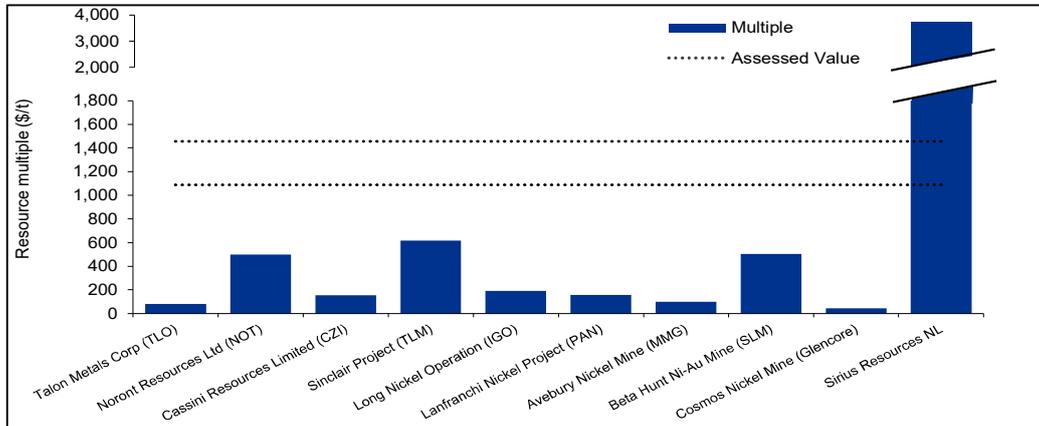
Accordingly, whilst in our view the outcome of this analysis provides broad support for our range of values, due to the limitations of this form of analysis highlighted above, it should only be considered as a high-level cross-check of the outcomes of other valuation methodologies and not as a determinant of value.

Further details of our analysis are set out in Appendix 5 to this report.

Comparison to contained nickel equivalent Mineral Resource multiples implied by recent nickel corporate and asset transactions

Summarised in the figure below is a comparison of the contained nickel equivalent Mineral Resources multiples implied by the range of values for the enterprise value of Western Areas with the implied value per contained nickel equivalent Mineral Resource tonne for a selection of recent corporate transactions involving companies/projects with nickel development or production operations.

Figure 24: Resource multiples per tonne of contained nickel equivalent implied by selected corporate and asset transactions



Source: KPMG Corporate Finance analysis, Capital IQ, Merger Market and respective company announcements and Annual Reports

Notes:

1. Talon Metals Corp (**Talon**) has substantial iron ore resources, which if excluded from the company's nickel equivalent resource, would increase the observed multiple for Talon to be 3,536
2. Noront has substantial chromite resources, which if excluded from the company's nickel equivalent resource, would increase the observed multiple for Noront to be 797.

This analysis indicates a wide range of outcomes, however we note that the range of the Mineral Resource multiples implied by our range of assessed values for the enterprise value of Western Areas lies within the observed range, but above the majority of the multiples implied by the transactions considered.

In considering the outcomes of the comparison to contained nickel equivalent Mineral Resource multiples implied by recent company transactions we note:

- many of the previously mentioned comments in relation to the multiples implied by listed companies' Enterprise Values have equal relevance here
- the Beta Hunt mine incorporates significant gold by-product credits in its nickel equivalent resource multiple, while Sirius's Nova-Bollinger project has copper by-products
- Talon has substantial iron ore Resources at its Trairão project which will have impacted its observed multiple, as these account for more than 90% of the overall nickel equivalent Resources

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- the transactions considered were completed under different prevailing market conditions and the participants may have held different expectations in relation to future nickel prices
- as noted previously, the final price paid by the successful acquirer may incorporate an element of synergies and cost savings unique to that purchaser that it was required to pay away. In this regard, we note:
 - Mincor intended to utilise infrastructure and road access from the Long operation for its other Kambalda projects
 - Saracen highlighted that the Sinclair Project included “underexplored gold tenure immediately along strike from [their] Bannockburn Project...” and that the processing plant, as well as the resource, “unlocked value” at their nearby Waterloo/Amorac nickel deposits.

These results need to be viewed with some caution as they do not capture such things as:

- potential timing differences by companies in reporting updated Mineral Resources figures
- other assets and liabilities held by the selected companies not reflected in the Mineral Resources balances.

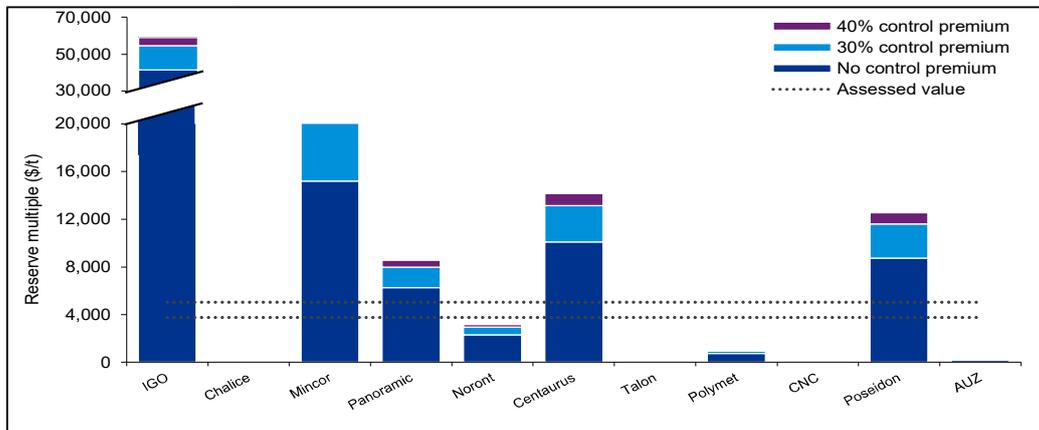
Our previous comments in relation to the caution required in the use of this analysis have equal application here.

Further details of our analysis is set out in Appendix 5 to this report.

Comparison to listed company nickel Ore Reserve multiples

Summarised in the figure below is a comparison of the results set out above with the value per nickel equivalent Ore Reserve tonnes for a selection of listed nickel companies (at various stages of development and/or production) implied by their market capitalisation as at 8 April 2022, separately disclosing a notional allowance, solely for comparison purposes, for a premium for control of 30% to 40% (with the exception of Noront, as it was subject to a takeover offer immediately prior to the date of the calculation) and their most recent reported net debt/(cash) positions.

Figure 25: Ore Reserve value per tonne of contained nickel equivalent implied by selected listed companies



Source: KPMG Corporate Finance analysis, Capital IQ, respective company announcements and Annual Reports

This analysis indicates a wide range of outcomes, however we note that the range of Ore Reserve multiples implied by our range of assessed market values for the enterprise value of Western Areas lies within the range of equivalent observed listed company multiples.

In considering this outcome, we would highlight:

- many of the previously mentioned comments in relation to the multiples implied by nickel transactions have equal relevance here
- our selection of listed production/pre-production nickel companies includes companies with projects located outside of Australia; Talon's Tamarack project and PolyMet's NorthMet project are both located in the USA. Noront's Eagle's Nest project and Canada Nickel's Crawford project are both located in Canada and Centaurus Metals' main project is the Jaguar nickel Sulphide project located in Brazil.
- only IGO, Panoramic and Mincor²¹ are in production as at the date of this report. Polymet Mining Corp, and Australian Mines Limited have each completed a DFS, and Centaurus Metals has a DFS underway. Chalice, Noront, Talon, Canada Nickel and Poseidon Nickel are at the pre-feasibility stage.

²¹ Mincor completed its first delivery of Nickel Ore on 15 February 2022.

- IGO has substantial lithium reserves in its Greenbushes project, Centaurus Metals Limited has substantial iron ore reserves in its Jambreiro Iron Ore project and Polymet Mining has substantial copper and palladium reserves in its North Met project, which have significantly impacted the implied nickel equivalent multiples.
- IGO's observed multiple is distorted by its 49% interest in the Kwinana lithium hydroxide refinery, which is expected to deliver its first battery grade lithium hydroxide in the first half of 2022.
- Mincor's Widgiemooltha Gold Project began gold production in July 2018 and ceased in the December 2019 in line with the operating plan. Mincor is now considering strategic options to realise value from the project.
- Centaurus and Poseidon have relatively small quantities of reserves relative to their resource bases (approximately 7% and 6% nickel equivalent reserves to resources ratio, respectively), which impacts their observed reserve multiples.

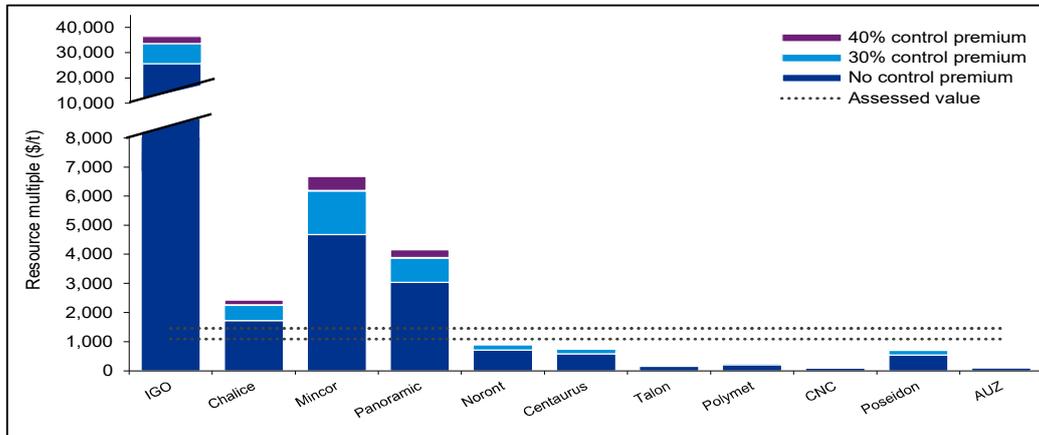
Our previous comments in relation to the caution required in the use of this analysis have equal application here.

Further details of our analysis is set out in Appendix 6 to this report.

Comparison to listed company contained nickel equivalent Mineral Resource multiples

Summarised in the figure below is a comparison of the results set out above with the value per nickel equivalent Mineral Resource tonne for a selection of listed nickel companies implied by their market capitalisation as at 8 April 2022, separately disclosing a notional allowance, solely for comparison purposes, for a premium for control of 30 percent to 40 percent (with the exception of Noront, as it was subject to a takeover offer at the date of the calculation) and their most recent reported net debt/(cash) positions.

Figure 26: Mineral Resource multiples per tonne of contained nickel equivalent implied by selected listed companies



Source: KPMG Corporate Finance analysis, Capital IQ, respective company announcements and Annual Reports

Notes:

1. Talon has substantial iron ore resources, which if excluded from the company's nickel equivalent resource, would increase the observed multiples for Talon to be 7,439, and 8,031 (inclusive of the 30% and 40% control premiums respectively).
2. Noront has substantial chromite resources, which if excluded from the company's nickel equivalent resource, would increase the observed multiples for Noront to be 1,516, and 1,627 (inclusive of the 30% and 40% control premiums respectively).

This analysis indicates a wide range of outcomes, however we note that the range of Mineral Resource multiples implied by our range of assessed market values for the enterprise value of Panoramic lies well within the range of equivalent observed listed company multiples.

In considering these outcomes we note that many of the comments in relation to the multiples implied by listed company Ore Reserve multiples are equally relevant here, including:

- our selection of listed production/pre-production nickel companies includes companies with projects located outside of Australia; Talon's Tamarack project and PolyMet's NorthMet project are both located in the USA. Noront's Eagle's Nest project and Canada Nickel's Crawford project are both located in Canada. And Centaurus Metals', main project is the Jaguar nickel Sulphide project located in Brazil

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- only IGO, Panoramic and Mincor²² are in production as at the date of this report. Polymet Mining Corp, and Australian Mines Limited have each completed a DFS, and Centaurus Metals has a DFS underway. Chalice, Noront, Talon, Canada Nickel and Poseidon Nickel are at the pre-feasibility stage
- IGO's observed multiple is distorted by its 49% interest in the Kwinana lithium hydroxide refinery, which is expected to deliver its first battery grade lithium hydroxide in March 2022
- Noront has substantial chromite Resources in its Blackbird and Black Thor projects, Talon has substantial iron ore Resources in its Trairão project, IGO has substantial lithium resources in its Greenbushes project, Chalice Mining Limited has substantial palladium resources in its Gonesville project, Noront holds significant chromite deposits, Centaurus Metals Limited has substantial iron ore resources in its Jambreiro Iron Ore project, Polymet Mining has substantial copper and palladium resources in its North Met project and Canada Nickel has substantial cobalt resources in its Crawford project. These additional metal resources have significantly impacted each company's implied nickel equivalent resources and likely distorted the implied multiples.

Whilst it is necessary to recognise the shortcomings of this form of analysis due to the various factors that can distort the implied metrics, having regard to the abovementioned analysis we consider the analysis provides broad support for our range of enterprise values for Western Areas.

Further details of our analysis is set out in Appendix 6 to this report.

²² Mincor completed its first delivery of Nickel Ore on 15 February 2022.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Jason Hughes and Bill Allen. Each has a significant number of years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as preparation of expert reports.

Jason Hughes is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Jason is a Fellow of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce and a Graduate Diploma in Applied Finance.

Bill Allen is an Authorised Representative of KPMG Financial Advisory Services (Australia) Pty Ltd and a Partner in the KPMG Partnership. Bill is an Associate of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree and a Graduate Diploma in Applied Finance.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Revised Scheme is in the best interests of Scheme Shareholders. KPMG Corporate Finance expressly disclaims any liability to any Scheme Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Scheme Booklet or any other document prepared in respect of the Revised Scheme. Accordingly, we take no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Revised Scheme.

Our report makes reference to "KPMG Corporate Finance analysis". This indicates only that we have (where specified) undertaken certain analytical activities on the underlying data to arrive at the information presented.

Independence

KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently. In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Western Areas for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG

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Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Other than fees to be received in respect to preparing this report, neither KPMG Corporate Finance or the KPMG Partnership have provided professional services to Western Areas or IGO in relation to either the Initial Scheme or the Revised Scheme.

By way of disclosure, total fees received from Western Areas by the KPMG partnership and/or KPMG Corporate Finance in the 2 years prior to that date of announcement of the SID were \$0.1m excluding Goods and Services Tax (**GST**). From time to time KPMG Corporate Finance and/or the KPMG Partnership undertake professional assignments for IGO and its affiliated entities. Total fees received from IGO by KPMG and/or KPMG Corporate Finance over the same 2 year period were in the order of \$0.1m, excluding GST. The quantum of the fees received from both Western Areas and IGO are not material to either the KPMG Partnership or KPMG Corporate Finance

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Scheme Booklet to be issued to the shareholders of Western Areas. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Professional standards

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board. KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- company presentations and announcements of Western Areas and IGO
- Western Areas' annual reports for the periods ended 30 June 2020 and 30 June 2021 and half year results for the period ended 31 December 2021
- annual reports, company presentations and news releases of comparable companies
- data providers including S&P Capital IQ Pty Ltd, Bloomberg, MergerMarket, Thomson One, Consensus Economics, Connect 4, IBISWorld Pty Ltd, Economist Intelligence Unit, Oxford Economics, FactSet Mergerstat and the Department of Industry Innovation and Science.
- various broker and analyst reports
- various press and media articles
- the Scheme Booklet.

Non-public information

- life of mine forecast production and costing projections prepared by SRK
- other confidential agreements, documents, presentations and industry papers
- SRK's independent technical specialist report.

In addition, we have held discussions with, and obtained information from, the senior management of Western Areas and its advisers.

Appendix 3 – Overview of the nickel industry

To provide a context for assessing the future prospects of both Western Areas, we have set out below, an overview of the recent and expected trends in the international nickel market.

Overview

Nickel is an internationally traded commodity and its price fluctuates on a daily basis in the commodity market, as determined by worldwide demand and supply factors. As a result of the many fundamental and speculative factors influencing global demand and supply we observe divergent views as to the likely balance and timing of nickel consumption and supply into the future. Whilst various commentators and forecasters have suggested demand and supply drivers will result in a deficit in supply over the short to medium term, others forecast a more balanced demand and supply equation.

The industry commentary below is not intended to represent all commentator views and does not make any statement as to whether any forecasts or projections included will be achieved but rather intends to highlight some of the key factors influencing the balance.

Nickel demand

The International Nickel Study Group reports that global nickel demand increased from 1.123mt in 2000 to 1.465mt in 2010 and reached 2.385mt in 2020, with an average annual growth rate of 3.8% since 2000. Asia is now by far the largest regional market for nickel, representing around 80% of total global demand. China alone now accounts for close to 60% of world nickel demand, compared with 5.5% in 2000 and 39% in 2010.

The Department of Industry, Science, Energy and Resources (**DISER**)²³ forecasts that total nickel demand reached 2.8mt in 2021, but expects nickel demand growth to moderate over 2022, as global growth rates normalise following the COVID-19 rebound, reaching 2.9 mt in 2022 and growing to almost 3.1mt in 2023. Over the period 2021 to 2027, DISER forecast a 3.7% compound average growth rate in nickel consumption.

Key to the demand, and therefore the price, for nickel is the steel industry and energy storage batteries. At present, nickel prices closely follow steel industry demand and activity, with stainless steel producers currently accounting for over 70% of total nickel demand.

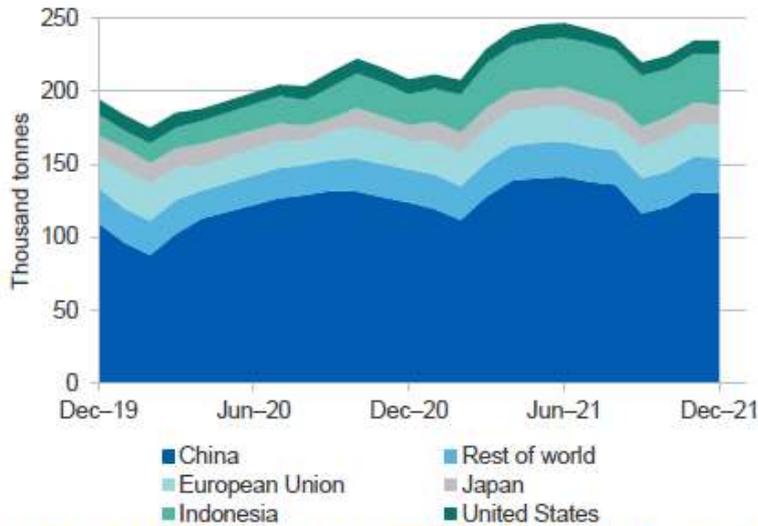
Stainless steel is widely used in utensils and domestic appliances, automobile manufacturing and construction and as such the demand for nickel is directly related to the performance of these industries and any other industries where stainless steel is used.

²³ *Resources and Energy Quarterly March 2022 – Office of the Chief Economist, Department of Industry, Science, Energy and Resources*

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Stainless steel production is estimated to have increased by approximately 13% over 2021, led by China (up 7.5% to 33.8mt) and Indonesia (up 86% to 5.0mt), with Indonesia overtaking India to become the second largest producer of stainless steel. Stainless steel production is expected to grow at an average annual rate of 3.1% over the period 2021 to 2027.

Figure A3-1: Composition of world nickel consumption



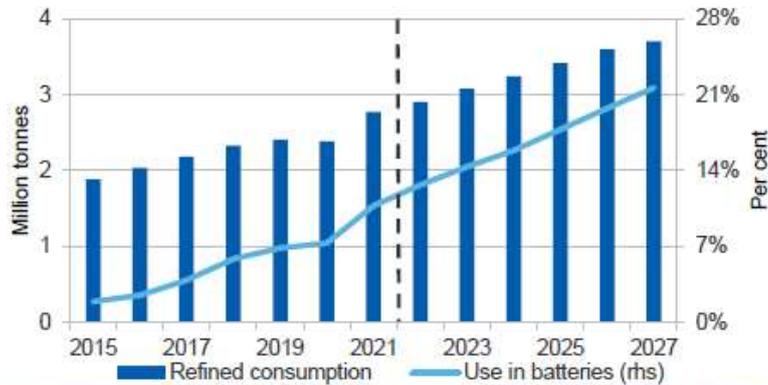
Source: International Nickel Study Group; Department of Industry, Science, Energy and Resources (2022)

Source: Resources and Energy Quarterly March 2022 – Office of the Chief Economist, Department of Industry, Science, Energy and Resources

Future demand is however expected to be heavily influenced by demand from the nascent electric vehicle (EV) industry and the associated battery manufacturing.

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Figure A3-2: Historical and forecast nickel consumption by use



Source: International Nickel Study Group (INSG); Wood Mackenzie; Department of Industry, Science, Energy and Resources (2022)

Source: Resources and Energy Quarterly March 2022 – Office of the Chief Economist, Department of Industry, Science, Energy and Resources

DISER estimates 360,000t of nickel was used in batteries in 2021 (11% of total demand), up from 200,000t in 2020. By 2027, batteries are expected to account for 22% of total nickel demand.

In the short-term, increasing demand is expected to be driven by the Europe, China and the US, however, longer term, local EV value chains in nations such as India and Indonesia are likely to drive consumption beyond its forecast period.

DISER also notes that however the recent surge in EV sales has created some of its own pressure on the back of recent strong increases in battery metal prices, with the cost per kilowatt-hour of battery packs is expected to rise in 2022. DISER observes that should the price of battery metals remain elevated, this may adversely impact the rate of EV take up, creating some softening for nickel in battery demand. It also notes that alternative battery chemistries that do not use nickel are also emerging.

Nickel supply

The nickel ore mining industry is predominately segmented into two types of operations: sulphide ores and laterite ores.

Sulphide

Sulphide ore deposits generally are typically located at greater depths than laterite deposits, have higher grades than laterites and can be mined by both open cut and underground

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methods. Due to increased depth sulphide operations generally involve higher comparative mining costs, however, being softer and with a less complex metallurgy, often attach lower processing costs compared to laterites.

Laterite

Nickel bearing laterites typically have lower grades the sulphide ore deposits and are found near the surface, about 15 to 20 meters deep, where nickel sulphides have been converted to oxide ores through a weathering process. Being closer to surface, laterites can generally be mined via open-cut methods. Reflecting their comparative lower mining costs, but often involving higher processing costs laterite operations typically rely on large volumes and economies of scale to exist.

Because nickel destined for the stainless steel industry does not need to be pure nickel metal, nickel product can be differentiated into two separate classes:

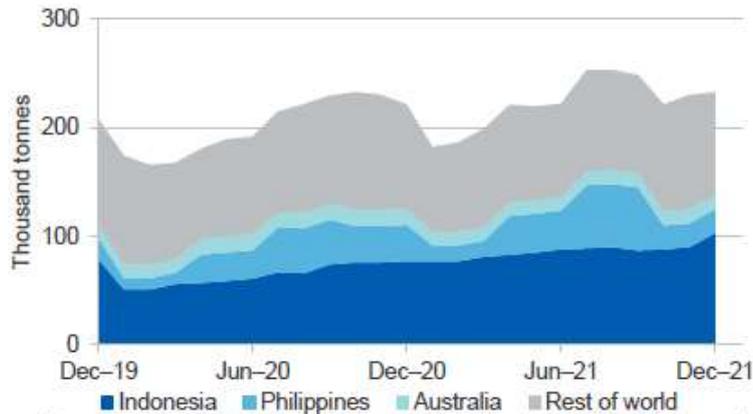
- Class 1 nickel products: These are high purity nickel products (>99.98% Ni) and can be in the form of metal sheets, or as pellets recognised as deliverable products to the LME or Shanghai Futures Exchange. Nickel metal can be further processed to create nickel chemicals that are used in batteries; intermediate product nickel matte can also be converted directly to nickel sulphate that is used in battery production. Class 1 nickel can be used in any application including specialist alloy steels & batteries. Sulphide ores are typically used in the production of class 1 nickel products however pathways for the economic production of Class 1 product direct from laterite ores are being explored by industry.
- Class 2 nickel products: In class 2 products the nickel is not completely liberated and so these products are inadequate for use in EV batteries and most specialist alloys steels; but class 2 nickel has become the key input for austenitic stainless steel.

Historically, the majority of nickel production has been from sulphides, however, the rapid growth in the nickel pig iron (**NPI**)²⁴ industry over the past decade has resulted in a shift towards laterites as the dominant ore source.

A summary of recent historical global nickel mine production by country is set out below.

²⁴ *Nickel Pig Iron is a ferronickel that is used as a cheaper alternative in the production of stainless steel. NPI is made of laterite nickel ores, which are then heated in a blast furnace or electric furnace together with coking coal, sand and gravel.*

Figure A3-3: Global nickel mine output by country



Source: International Nickel Study Group; Department of Industry, Science, Energy and Resources (2022)

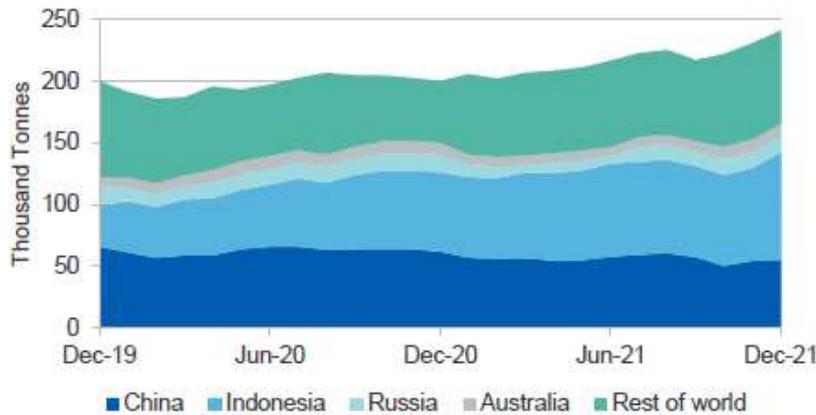
Source: Resources and Energy Quarterly March 2022 – Office of the Chief Economist, Department of Industry, Science, Energy and Resources

DISER estimates world mine production increased by nearly 9% over 2021 and expects it to increase by a further 11% in 2022, largely driven by increased mine production in Indonesia. Indonesia's laterite ore bodies are generally easy to mine as they sit close to surface and the nature of Indonesia landmass (Island archipelago) generally means that logistics are relatively simple and quick to develop as deposits are generally close to port infrastructure. As a result, Indonesia has been the key source of nickel supply to the rapidly growing China stainless steel and NPI industry over recent years.

In addition, in effort to increase investment into its own domestic smelting capacity, the Indonesian government provided advanced notice in 2016 that it intended to re-introduce a previously reversed ban on Indonesian nickel exports. This led to several companies investing in new smelting capacity in Indonesia and the establishment of large industrial estates, which, in turn, has, as illustrated in the figure below, led to a rapid growth in Indonesian refined nickel output over the past few years.

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Figure A3-4: Refined nickel production by major country



Source: International Nickel Study Group; Department of Industry, Science, Energy and Resources (2022)

Source: Resources and Energy Quarterly March 2021 – Office of the Chief Economist, Department of Industry, Science, Energy and Resources

In terms of Australia’s mine production, this is forecast to lift from 162,000t over 2020–21 to 237,000 tonnes in 2024-25 before falling to 226,000 tonnes in 2026-27, represent an average annual growth rate over the 6-year period of 6.2%. Australia’s refinery output is forecast to rise from 105,000 tonnes in 2020–21 to 139,000 tonnes in 206-27, at an average annual growth rate of 4.9%.

Nickel prices

Historical

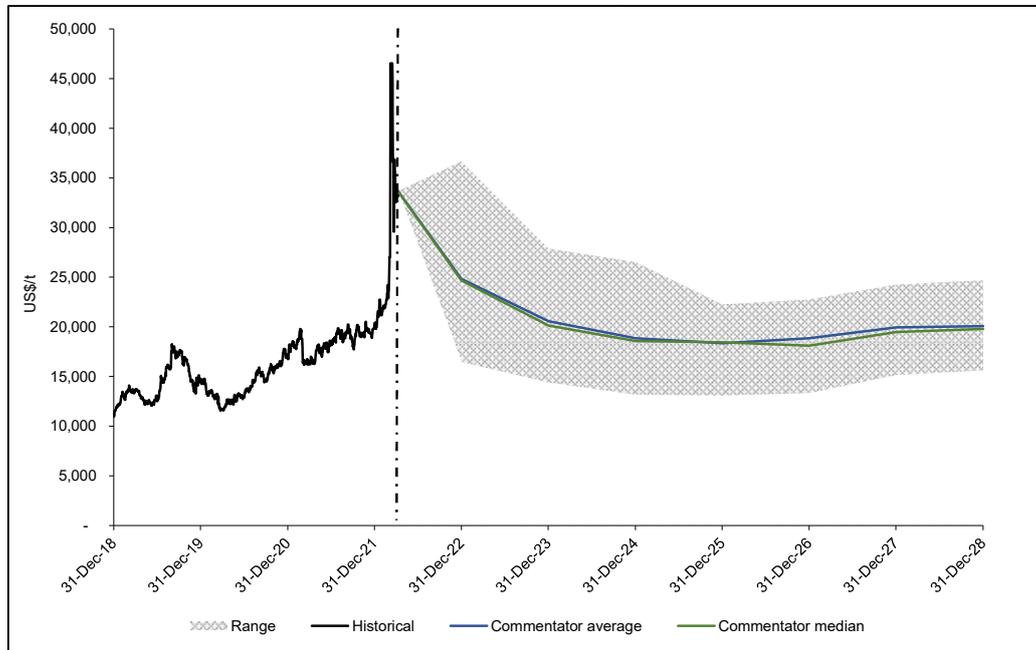
Nickel prices are sensitive to global economic growth sentiment but also to economic conditions in key consuming countries such as China where local industrial condition and economic outlook also impact demand.

Set out below is the historical USD dominated cash nickel price per tonne as quoted on the LME for the three years to 8 April 2022, along with the range of forecast nickel prices published by various brokers, financial institutions and market commentators since 18 March 2022.

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Figure A3-5: Historical and forecast LME nickel prices



Source: Capital IQ, KPMG Corporate Finance Analysis

Nickel prices have recorded sustained growth since early 2021 on the back of the market dynamics discussed above, but recently have been most heavily influenced by supply chain concerns as a result of the conflict between Ukraine and Russia, falling levels of LME warehouse stocks and the impact of margin calls on nickel short sellers.

As geo-political tensions continued to grow ahead of Russian troops moving into Ukraine, large nickel offtakers moved to secure supply, with the nickel price increasing from US\$23,334/t on 1 February 2022 to US\$25,233/t on 24 February 2022, the day Russian troops moved into Ukraine. Nickel prices continued to rise in the subsequent period largely on concerns that sanctions imposed by the USA and others, including in relation to oil and gas imports, could be extended to other commodities such as nickel.

This price increase in turn impacted investors who held short positions in the nickel market who were forced to meet margin calls to cover their positions. Chinese entrepreneur Xiang Guangda is reported to have held a significant short position through Tsingshan, the world's largest producer of nickel and stainless steel. Tsingshan is reported to have entered the market and bought large amounts of nickel to reduce its nickel contracts and its exposure to margin calls.

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After London Metals Exchange (**LME**) 3-month closing price increased from US\$29,609/t to above US\$100,000/t over two trading sessions on 7 and 8 March 2021, the LME intervened to suspend trading for a week and cancel billions of dollars of trades.

Tsingshan is reported²⁵ to have been able negotiate standstill agreements with a group of banks, under which the banks will not make margin calls on or close out Tsingshan's nickel positions with the LME and will seek to agree a standby secured liquidity facility.

Upon resumption in trading on 16 March 2022, the LME imposed daily upper and lower price limits in either direction based on the previous day's closing price. These limits were initially set at +/- 5%, but were progressively relaxed and currently have been set at +/- 15%. On 24 March 2022, the LME advised that it had introduced a prohibition on the submission of orders outside the applicable daily price limited.

Nickel prices experienced a series of downward prices corrections since the LME recommenced trading, closing at US\$33,867/t on 8 April 2022.

Outlook

We have compiled nickel price forecasts from various commentators published in the period since 18 March 2022 to 8 April 2022, as set out below.

Table A3-1: Forecast nickel prices

Forecast nominal Nickel Price (US\$/t)							
	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
Number of commentators	27	29	25	22	17	12	11
Commentator high	36,667	27,900	26,500	22,250	22,752	24,251	24,692
Commentator low	16,383	14,318	13,098	13,016	13,258	15,063	15,528
Commentator average	24,827	20,561	18,860	18,363	18,855	19,961	20,060
Commentator median	24,667	20,182	18,739	18,225	18,115	19,466	19,780

Source: Bloomberg, Consensus Economics, KPMG Corporate Finance

The analysis set out in the table above indicates a wide range of views as to forecast nickel prices, however, in general nickel prices are expected, on average, to retreat from current levels over the period to December 2025, before increasing gradually through to 2028.

²⁵ China's Tsingshan agrees to standstill agreement on LME nickel margins with banks, Reuters, 14 March 2022

Appendix 4 – Calculation of discount rates

We have assessed an appropriate nominal, post-tax WACC applicable for the forecast cash flows being valued at:

- the Forrestania Nickel Operation, comprising the combined operations of Flying Fox and Spotted Quoll projects, to be in the order of 8.5% per annum to 9.2% per annum
- the Cosmos Nickel Operation, comprising the Odysseus mine development to be in the order of 9.7% per annum to 10.6% per annum and the AM6 mine development to be in the order of 10.1% per annum to 11.6% per annum.

The discount rates are AUD denominated discount rates, reflecting that the projected underlying cash flow models for each of Flying Fox, Spotted Quoll, Odysseus and AM6 are denominated in AUD.

Selection of the appropriate rate to apply to the forecast cash flows of any asset or business operation is fundamentally a matter of judgement. Whilst there is a body of theory that may provide a framework for the derivation on an appropriate discount rate, it is important to recognise that given the level of subjectivity involved in selecting various inputs to the theoretical framework there is no absolute “correct” discount rate.

We consider the rates adopted to be reasonable discount rates that purchasers would use in the current market and are reflective of the commercial, operational and technical risks of the respective projects.

WACC

The WACC of a project is the expected cost of the various classes of capital (i.e. its equity and debt) employed in the project, weighted by the proportion of each class of capital to the total capital employed and is represented by the following formula, which calculates an after tax nominal rate:

$$\text{WACC} = K_d \times (1 - t_c) \times \left(\frac{D}{D + E} \right) + K_e \times \left(\frac{E}{D + E} \right)$$

Where the key inputs are defined as follows:

- | | |
|-------|---|
| K_e | the after-tax cost of equity, which is the rate of return required by the providers of equity capital |
| K_d | the pre-tax cost of debt, which is the expected long-term average future borrowing cost of the relevant project and/or business |

t_c	the applicable corporate tax rate
D	the market value of debt
E	the market value of equity

The WACC is an opportunity cost of capital in the sense that it reflects the returns that would have been earned in the market with the relevant capital if it was employed in the next best investment of equivalent risk profile. It represents the minimum weighted average rate of return which is required or expected by the providers of capital as compensation for bearing the risks associated with the relevant investment or business operation

Each of the components of the WACC formula is discussed further below.

Cost of equity (K_e)

The WACC approach represents a merger of the Capital Asset Pricing Model (**CAPM**) with capital structure theory. In the WACC formula discussed earlier, the CAPM provides the means for estimating the cost of equity.

The CAPM provides a theoretical basis for determining a discount rate that reflects the risk of a particular investment or business operation. In simple terms, the CAPM states that the returns expected by an equity investor reflect the risk of the underlying equity investment. The risk can be determined by the risk-free rate of return plus a risk premium which reflects the relative risk (as measured by the “beta” factor) and any company/project specific risk (as measured by the “alpha” factor) required to be borne by the investor. Therefore, the required rate of return for equity securities is determined as set out below.

$$K_e = R_f + (\beta \times MRP) + \alpha$$

Where the key inputs are defined as follows:

R_f	risk free rate of return
β	beta factor of the investment or business operation
MRP	equity market risk premium
α	company/project specific risk factor

A large degree of subjectivity is involved in estimating the inputs to the formula. These limitations mean that any estimate of the cost of equity must necessarily be regarded as

indicative rather than as a firm and precise measure. Furthermore, because the cost of equity is a market-determined measure, changes in market conditions over time will affect its calculation.

Risk free rate (R_f)

The relevant risk-free rate of return is the return on a risk-free security, typically for a long-term period. In practice, long dated government bonds are generally accepted as a benchmark for a risk-free security. The spot yield to maturity of Australian Government Bonds has traditionally been accepted as a proxy for the risk-free rate in determining a cost of equity under the CAPM. Further, the market for Australian Government Bonds is liquid such that, in our view, the current yield on Australian Government Bonds represents an appropriate indicator of the risk-free opportunity cost of an asset for the forthcoming period at any particular point in time.

Having regard to:

- the expected remaining aggregate project life of the producing Flying Fox and Spotted Quoll mines of approximately 4 years, we have adopted the spot yield of 2.6% per annum on similar dated Australian Government Bonds as the risk-free rate for these projects
- SRK's forecast 12 year project life of the combined Odysseus/AM6 mine development project, we have adopted the spot yield of 3.0% per annum on 10 year Australian Government Bonds as the risk-free rate for these projects.

Beta factor (β)

The beta factor is a measure of the risk of an investment or business operation, relative to a well-diversified portfolio of investments. In theory, the only risks that are captured by beta are those risks that cannot be eliminated by the investor through diversification. Such risks are referred to as systematic, undiversifiable or market risk. The concept of beta is central to the CAPM given that beta risk is the only risk that is priced into investor required rates of return.

The equity betas can be statistically measured by regressing the returns on an equity market index against the share price returns of the relevant stock. By definition, the market portfolio has an equity beta of 1.0. A beta greater than 1.0 implies that the returns on a stock are, on average, more volatile, and hence the stock is more risky than the market, whilst a beta of less than 1.0 implies the reverse.

The beta of a stock can be presented as either an adjusted beta or as an historical beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. Conversely, the adjusted beta is an estimate of a security's future beta. It is initially derived from the historical beta, but modified by the assumption that a security's true beta will move towards the market average of one, over time. Generally, an adjusted beta is used because of its greater predictive features.

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Betas derived from stock market observations represent equity betas, which reflect the degree of financial gearing of the company. Consequently, it is not possible to compare the equity betas of different companies without having regard to their gearing levels. In theory, a more valid analysis of betas can be obtained by “ungearing” the equity beta, by applying the following formula:

$$\beta_a = \frac{\beta_e}{1 + \left[\frac{D}{E} \times (1 - t)\right]}$$

where “D/E” is the debt and equity market values of the relevant equity security and “t” is the corporate tax rate. The adjustment involves stripping out the impact of financial gearing from the equity beta to obtain ungeared beta (denoted by β_a).

The following table sets out closing market capitalisation as at 8 April 2022, the 2-year and 5-year historical average financial gearing and the adjusted ungeared 2-year weekly and 5-year monthly beta estimates for a selection of Australian and International listed nickel sulphide companies.

The beta factors have been calculated relative to the Morgan Stanley Capital Index – All Countries (**MSCI**), an international equities market index that is widely used as a proxy for the global stock market as a whole. The MSCI is often used as a benchmark in respect of assets where underlying earnings streams are influenced by international markets, the marginal investor is likely to be international and/or the asset is likely to be attractive to international buyers.

Table A4-1: Selected listed companies – financial gearing and ungeared beta

Comparable companies - Beta analysis						
Company name	Country	Market Cap AUDm	Debt to value		Unlevered beta	
			2-year average	5-year average	2-year weekly	5-year monthly
Producing						
IGO Limited	Australia	10,354	0%	0%	0.66	1.02
Western Areas Limited	Australia	1,174	0%	0%	0.94	1.09
Mincor Resources NL	Australia	1,172	0%	0%	0.58	0.87
Noront Resources Ltd.	Canada	659	17%	21%	0.25	0.90
Mean (Producing) excl. outliers			0%	0%	0.94	0.97
Median (Producing) excl. outliers			0%	0%	0.94	0.96
Pre-Production						
Chalice Mining Limited	Australia	2,464	0%	0%	1.51	-0.06
Panoramic Resources Limited	Australia	759	6%	3%	0.47	1.07
Centaurus Metals Limited	Australia	635	0%	0%	0.81	1.31
Talon Metals Corp.	Canada	613	0%	2%	0.65	1.36
PolyMet Mining Corp.	Canada	501	9%	24%	0.19	0.45
Canada Nickel Company Inc.	Canada	319	n/a	n/a	n/a	n/a
Poseidon Nickel Limited	Australia	270	0%	0%	1.20	1.11
Australian Mines Limited	Australia	97	0%	0%	0.66	1.45
Mean (Pre-Production) excl. outliers			2%	1%	1.36	1.22
Median (Pre-Production) excl. outliers			0%	0%	1.36	1.22
Total						
Total Mean (excl. outliers)			2%	1%	1.22	1.05
Total Median (excl. outliers)			0%	0%	1.20	1.05

Source: Capital IQ, latest available financial statements of the companies and KPMG Corporate Finance analysis

Notes:

- Market capitalisation is at 8 April 2022, converted to AUD as at the same date based on prevailing spot prices (where relevant)
- Debt is average short-term and long-term debt less average cash as disclosed by Capital IQ based on financial accounts available as at 8 April 2022
- Where a company does not have any interest-bearing debt or the resultant net debt figure is negative, the debt to value ratio has been recorded as 0%
- Outliers (shaded) have been excluded from the mean and median. For debt to value, outliers have been assessed based on statistical analysis of the data set on a category-by-category basis. For unlevered beta, outliers have been assessed based on statistical confidence levels
- "n/a" denotes insufficient observations.

We have categorised the list of comparable companies into producing nickel sulphide companies and pre-production nickel sulphide companies, reflecting the fact that different mining assets have varying risk profiles depending on, amongst other things, the stage of development and location of assets.

In selecting an appropriate ungeared beta for the Forrester Nickel Operation and the Cosmos Nickel Operation, we have considered that:

- the above analysis indicates that in a large number of cases, the observed beta observations exhibit a low level of statistical confidence, such that only limited reliance can be given to these directly observed beta factors
- a number of the comparable companies have recently undergone a change to the nature of their operations, which is likely to have impacted observed betas. Specifically:
 - IGO divested its 30% interest in the Tropicana gold mine to Regis Resources Limited in May 2021 and entered into a new lithium joint venture with Tianqi Lithium Corporation over Tianqi's lithium asset
 - Panoramic divested its controlling interest in ASX listed Horizon Gold in the first quarter of 2020 and the sold its Canadian subsidiary which held 100% of the Thunder Bay North PGE project in May 2020

Its 5-year beta observation will also reflect its transition from a multi-location producer to holding assets on either care and maintenance and/or at pre-production and its current transition back to full production at Savannah

- Chalice Mining announced on 12 July 2021 an intention to demerge its gold assets into a standalone ASX-listed gold company, with the demerger completed in December 2021. Chalice Mining's principal project, the Julimar Nickel-Copper-PGE Project was only discovered in March 2020
- Noront received competing bids for its acquisition during 2021, with the acquisition by the preferred bidder, Wyloo, expected to close during early 2022
- Centaurus Metals flagship project, Jaguar, located in Brazil was only acquired in April 2020
- Panoramic received an unsolicited takeover offer from IGO in late 2019, which subsequently lapsed in January 2020, the offer and subsequent withdrawal had a significant impact on Panoramic's share price
- a number of the comparable companies have exposure to other minerals and/or operations in addition to nickel mining. Specifically:
 - IGO formed a new lithium joint venture with Tianqi over Tianqi's Australian lithium assets in 2021
 - Mincor Resources NL's Widgiemooltha Gold Project began gold production in July 2018 and ceased in the December 2019 in line with the operating plan. Mincor is now considering strategic options to realise value from the project

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- whilst Noront's principal focus is the development of its 100%-owned, high-grade, nickel, copper and PGE deposit called Eagle's Nest, it also holds significant chromite deposits
- most the other companies considered have exposure to a number of base and/or precious metals including copper, nickel, platinum, palladium, gold and cobalt to varying degrees
- only Western Areas, IGO and Panoramic are in production as at the date of this report
- the Forrestania Nickel Operation has only a relatively short period left to run, whilst the Odysseus mine is under development with production expected to commence in the short term, in contrast the AM6 development is still at an early development stage.

Having regard to the above, we consider an ungeared beta range of 1.0 to 1.1 to be reflective of an Australian nickel sulphide mining operation.

Having determined an appropriate ungeared beta, it is necessary to "regear" the beta to a specified level of financial gearing to determine the equivalent beta.

Debt/equity mix

The selection of an appropriate capital structure is a subjective exercise. The tax deductibility of the cost of debt means that the higher the proportion of debt, the lower the WACC for a given cost of equity. However, at significantly higher levels of debt, the marginal cost of borrowing would increase due to the greater risk which debt holders are exposed to. In addition, the cost of equity would also be likely to increase due to equity investors requiring a higher return given the higher degree of financial risk that they have to bear.

Ultimately for each company there is likely to be a level of debt/equity that represents the optimal capital structure for that company. In estimating the WACC, the debt/equity level assumption should reflect what would be the optimal or target capital structure for the relevant asset. Optimal (as opposed to actual) capital structures are not readily observable. Accordingly, any estimate of optimal capital structure is necessarily subjective. In practice, the existing capital structures of comparable businesses can be used as a guide to the likely capital structure for a firm/project, taking into consideration the specific financial circumstances of that firm/project. In drawing any conclusions from the comparable company information, it is important to note that the observed gearing levels usually represent current gearing levels, which may or may not be representative of optimal, long term gearing levels. Furthermore, the gearing level of a company at a given point in time can reflect recent new issues of debt or equity.

In selecting an appropriate capital structure we have had regard to the gearing level of those comparable companies in Table A4-1 that are currently in production. We consider an

appropriate long term gearing level for an Australian nickel sulphide mining operation to be in the order of 0% to 10% debt to enterprise value.

On this basis, the regearred beta range is in the order of 1.08 to 1.10.

Market risk premium (MRP)

The MRP represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets such as Government bonds. Given that expectations are not observable, a historical premium is generally used as a proxy for the expected risk premium.

Measurement of historical premia in Australia is subject to considerable debate, including in relation to the method of calculation, the relevance of long dated data and the relevant period of observation, as well as the impact of the introduction of imputation credits and the value attributed to imputation credits.

The most recent Australian study of historical premia was completed in by J.C. Handley in 2012²⁶ (**the 2012 Handley Study**), as prepared for the Australian Energy Regulator, and was based on earlier works by R.R. Officer in 1989 and T. Brailsford, J.C. Handley and K. Maheswaran in 2008 and 2012. The 2012 Handley Study found that:

- relative to 10 year bonds, the equity risk premium averaged 6.0% p.a. over 1883–2011 ignoring the impact of imputation credits (this increases to 6.3% per annum if imputation credits are valued at 100%)
- relative to 10 year bonds, the equity risk premium averaged 5.8% p.a. over 1958–2010 ignoring the impact of imputation credits (this increases to 6.6% per annum if imputation credits are valued at 100%).

Consistent with our approach to the risk free rate, we adopted a long term view in setting the market risk premium. A market risk premium of 6.0% per annum is regarded as appropriate by KPMG Corporate Finance for the current long-term investment climate in Australia.

Specific risk adjustment

Under CAPM theory, it is assumed that diversified investors require no additional returns to compensate for specific risks because the net effect of specific risks across a diversified portfolio will, on average, be zero i.e. portfolio investors can diversify away all specific risk. In reality many investors will include an additional risk premium to reflect such factors as project

²⁶ J.C. Handley, "An Estimate of the Historical Risk Premium for the period 1883 to 2011", April 2012

location and stage of development. Certainly, it is common for companies to set “hurdle rates” for investments above their own estimates of the cost of capital, to deal with these issues.

It can be argued that the approach of a valuer to this issue should reflect the approach most likely to be adopted by actual or potential purchasers of similar assets.

Reflecting the mature and established nature of the Forrestania Nickel Operation, we do not consider an additional specific risk adjustment is required for this operation.

In contrast, we have assessed an appropriate risk premium to reflect development risk associated with the cash flows forecast for the Odysseus project to be in the order of 1.0% per annum, reflecting that whilst Odysseus is expected to be able to leverage, after refurbishment, certain existing mine surface infrastructure at Cosmos, underground mine development activities have commenced and contracts for certain major construction activities awarded, these activities are not yet complete and commercial production is yet to be established.

There is a degree of inherent risk in the remaining development, construction and commissioning of any new operation which can be considered to add to the risk of the underlying cash flows emerging as projected in comparison to an established production project with known operating parameters.

Given that the AM6 is at an earlier stage of development than Odysseus with forecast first production longer dated, we consider a further risk adjustment to the AM6 forecast cash flows is warranted and have assessed an appropriate risk premium in the order of 1.5% to 2.0% per annum to be appropriate.

Cost of equity calculation (K_e)

The following table sets out our cost of equity estimate for the Forrestania Nickel Operation, the Odysseus mine development and AM6 mine development based on the assumptions and inputs discussed above:

Table A4-2: AUD nominal cost of equity

Input	Definition	Forrestania		Odysseus		AM6	
		Low	High	Low	High	Low	High
R_f	Risk-free rate of return	2.6%	2.6%	3.0%	3.0%	3.0%	3.0%
β_a	Asset beta (ungeared beta estimate)	1.00	1.10	1.00	1.10	1.00	1.10
β_e	Equity beta (regeared beta estimate)	1.08	1.10	1.08	1.10	1.08	1.10
MRP	Equity market risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
α	Company specific risk premium	0.0%	0.0%	1.0%	1.0%	1.5%	2.0%
K_e	Cost of equity (nominal, post-tax)	9.1%	9.2%	10.4%	10.6%	10.9%	11.6%

Source: KPMG Corporate Finance analysis

Note 1: amounts may not add exactly due to rounding

Cost of debt calculation (K_d)

In determining the cost of debt appropriate for:

- the Forrestania Nickel Operation we have considered the current yield on 4-year BBB rated Australian corporate bonds,
- the Odysseus and AM6 mine developments, we have considered the current spread on BBB rated Australian corporate bonds over Australian Government Bonds and our aforementioned assessed risk free rate discussed above.

Based on the above, we consider an appropriate nominal, pre-tax cost of debt in respect of Forrestania Nickel Operation to be in the order of 4.0% per annum and the Odysseus/AM6 mine development to be in the order of 4.6% per annum to 5.1% per annum.

Corporate tax rate (t_c)

The Australian corporate tax rate of 30% has been applied to calculate the post-tax, nominal discount rates.

Calculation of the WACC

The following table summarises the implied base calculation of a nominal post-tax WACC for application in our valuation assessment based on the assumptions/inputs discussed above.

Table A4-3: Summary of the WACC

Input	Definition	Forrestania		Odysseus		AM6	
		Low	High	Low	High	Low	High
K_e	Cost of equity (post-tax)	9.1%	9.2%	10.4%	10.6%	10.9%	11.6%
K_d	Cost of debt (pre-tax)	4.0%	4.0%	4.6%	5.1%	4.6%	5.1%
t_c	Corporate tax rate	30%	30%	30%	30%	30%	30%
$D/(D+E)$	Proportion of debt in capital mix	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%
$E/(D+E)$	Proportion of equity in capital mix	90.0%	100.0%	90.0%	100.0%	90.0%	100.0%
WACC	Weighted average cost of capital (nominal, post-tax)	8.5%	9.2%	9.7%	10.6%	10.1%	11.6%

Source: KPMG Corporate Finance analysis

Note 1: amounts may not add exactly due to rounding

Having regard to the above variables, we have adopted a discount rate range 8.5% per annum to 9.2% per annum for the Forrestania Nickel Operation, 9.7% per annum to 10.6% per annum for the Odysseus mine development and 10.1% per annum to 11.6% per annum for the AM6 mine development.

Whilst we consider the range of discount rates adopted by us to be reasonable, we note that the assessment of an appropriate discount rate is ultimately a matter of judgement and that it is quite possible that individual investors may select a different range depending upon their risk appetite. Any such difference would impact upon our assessed values either positively or negatively. In this regard we would refer Western Areas' Scheme Shareholders to section 9 in the body of the report, which sets out the sensitivity of our range of values in respect of the Forrestania Nickel Operation, the Cosmos Nickel Operation developments to changes in various operating and macroeconomic assumptions.

Appendix 5 – Selected transactions

Target	Description
Talon Metals Corp (TLO)	On 15 October 2021, Pallinghurst Nickel International Limited announced it had agreed to acquire a 19.2% interest in Talon Metals Corp, for an aggregate purchase price of Canadian dollars (CAD) 80.2m. Talon is a Canadian exploration and development company with a 51% interest in the Tamarack nickel-copper-cobalt project located in Minnesota, the United States; and a 100% interest in the Trairão iron project located in Brazil.
Noront Resources Ltd (NOT)	On 25 May 2021, Wyloo Metals Pty Ltd made an offer to acquire the remaining 76.54% stake in Noront Resources Ltd, for approximately CAD 0.3115 per share. On 12 December 2021 Wyloo Metals Pty Ltd made an improved offer of CAD 1.10 per share. Noront is a resource company which engages in the exploration of base and precious metals in Canada. The company's flagship property is the Eagle's Nest project located in the James Bay Lowlands Ontario.
Cassini Resources Limited (CZI)	On 21 June 2020, OZ Minerals Limited entered into a binding scheme implementation deed to acquire Cassini Resources Limited from Guangzhou Tinci Materials Technology Co., Ltd, and others. As part of the transaction OZ Minerals will pay one new OZ Minerals share for every 68.5 Cassini Resources Limited shares and AUD 0.01 per share in cash will be returned to Cassini's shareholders out of Cassini's existing cash balance. Cassini's primary asset is its 30% owned West Murgrove nickel sulphide project located in WA.
Sinclair Project (TLM)	On 27 September 2019, Saracen Mineral Holdings Limited (Saracen) entered into a binding agreement to acquire the Sinclair nickel project from Talisman Mining Limited. Under the terms of the agreement, Saracen paid an up-front consideration of \$10m cash, in addition to a 2% Net Smelter Royalty (NSR) payable on all metal production from the Sinclair tenements as well as non-precious metals produced at Saracen's Waterloo tenement. The Sinclair nickel project includes Mineral Resources of 720,000t at 2.3% nickel, a 350,000tpa processing plant, a 200-person camp, mine buildings and workshops, a core yard, a two kilometre airstrip and water resources. Saracen noted that it considered the Sinclair project to offer significant gold exploration upside close to its existing Thunderbox mill and the extensive infrastructure and other assets at Sinclair provided opportunities to enhance Saracen's Thunderbox mine and mill.
Long Nickel Operation (IGO)	On 23 May 2019, Mincor announced it had entered into a binding agreement with IGO to acquire a 100% interest in the Long Nickel Operation, located in the Kambalda District in WA, which included the underground nickel sulphide mine and key infrastructure. As consideration, Mincor issued 7.8m shares at \$0.45 per share, with a further \$6m payable upon achievement of certain production milestones. IGO had placed Long into care and maintenance in June 2018 after 16 years of production averaging approximately 10ktpa of nickel. The announcement noted Mincor's intention to leverage Long's existing infrastructure, underground declines and improved access to Mincor's nearby Durkin North Deposit.
Lanfranchi Nickel Project (PAN)	On 13 September 2018, Panoramic announced it had executed a binding agreement with Black Mountain Metals LLC (Black Mountain), whereby Black Mountain would acquire all of the issued shares in Panoramic's wholly-owned subsidiary, Cherish Metals Pty Ltd, which owned the Lanfranchi nickel mine and associated infrastructure south of Kambalda located in WA, for a total cash consideration of \$15.1m.

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Target	Description
	Panoramic had placed Lanfranchi into care and maintenance in August 2015 after 10 years of production, pending a sustained recovery in the nickel price. Black Mountain stated at the time that its intention was to restart production at the mine.
Avebury Nickel Mine (MMG)	On 28 September 2016, Dundas Mining Pty Ltd (Dundas) agreed to acquire the Avebury nickel mine in Tasmania from MMG Ltd for \$25m. The mine had been on care and maintenance since 2009. Coverage noted that Dundas aimed to bring the Avebury mine back into production as soon as possible.
Beta Hunt Ni-Au Mine (SLM)	On 1 February 2016, RNC announced it had agreed to acquire a 67% interest in Salt Lake Mining Pty Ltd (SLM) in exchange for 32.5m RNC shares and C\$2.5m. SLM's primary asset was the 100% owned Beta Hunt nickel / gold mine located in the Kambalda district in WA. The mine resumed nickel production in 2014 and gold production 2015.
Cosmos Nickel Mine (Glencore)	On 19 June 2015, WSA announced it had reached a binding agreement to acquire the Cosmos Nickel Complex from Xstrata Nickel Australasia Operations Pty Ltd, a subsidiary of Glencore Plc, for a total cash consideration of \$24.5m. The Cosmos Nickel Complex covers 88km ² in the Agnew Wiluna Nickel Belt in WA. The acquisition included a 450,000tpa concentrator, a mill and other associated infrastructure. WSA noted that the acquisition would complement its existing Forrester Nickel operations and represented a low cost, counter-cyclical investment consistent with its brownfield acquisition strategy.
Sirius Resources (NL)	On 25 May 2015, Sirius Resources NL announced that it had entered into a scheme implementation deed under which IGO agreed to acquire all the issued capital of Sirius by way of a scheme of arrangement, inter-conditional with a demerger and share reduction scheme by which Sirius would divest certain exploration assets into a new listed vehicle. Under the scheme, eligible Sirius shareholders would receive 0.66 IGO shares and \$0.52 for each Sirius ordinary share held. Sirius's principal asset was the Nova nickel-copper sulphide mine. Sirius had completed a DFS in 2014, defining a total resource of 325kt nickel and 130kt of copper, contemplating a 1.5mtpa underground mine and processor operation. Initial construction had commenced, with production expected to begin in late 2016.

Source: Capital IQ

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Western Areas Limited
Independent Expert Report and Financial
Services Guide
14 April 2022

Target	Acquirer	Date announced	Percentage acquired	Implied EV A\$m	NIeq. Resources kt	NIeq. Reserves kt	Resources multiple A\$/t	Reserves multiple A\$/t
Talon Metals Corp (TLO)	Pallinhurst Nickel International Limited	18 Oct 21	19%	414.4	5,218	-	79x	n/a
Noront Resources Ltd (NOT)	Wyloo Metals Pty Ltd	25 May 21	77%	735.7	1,477	900	498x	817x
Cassini Resources Limited (CZ)	OZ Minerals Limited	22 Jun 20	100%	96.0	623	563	154x	171x
Sinclair Project (TLM)	Saracen Mineral Holdings Limited	27 Sep 19	100%	10.0	16	-	617x	n/a
Long Nickel Operation (GO)	Mincor Resources NL	23 May 19	100%	6.1	32	-	191x	n/a
Lanfranchi Nickel Project (PAN)	Black Mountain Metals LLC	13 Sep 18	100%	15.1	96	4	158x	3,512x
Avebury Nickel Mine (MMG)	Dundas Mining Pty Ltd	28 Sep 16	100%	25.0	252	-	99x	n/a
Beta Hunt Ni-Au Mine (SLM)	Royal Nickel Corporation	1 Feb 16	67%	38.8	77	-	504x	n/a
Cosmos Nickel Mine (Glencore)	Western Areas Limited	19 Jun 15	100%	24.5	567	-	43x	n/a
Sirius Resources NL	Independence Group NL	25 May 15	100%	1560.4	419	352	3,723x	4,436x
Mean							607x	2,234x
Median							175x	2,164x

Sources: Capital IQ, company financial statements and reports, publicly available resource/reserve information of relevant companies and KPMG Corporate Finance Analysis

Notes:

1. Resource and reserve multiples are calculated using the Enterprise Value implied by the transaction and resources and reserves sourced from latest resource and reserve statement announced by the target prior to the announcement of the transaction.
2. Implied enterprise value calculated using the consideration offered by the acquirer and the target's net debt/cash position reported prior to the announcement of the transaction.
3. Where the transaction involved a company acquiring an interest of below 100 percent, the consideration has been grossed up to reflect an implied acquisition of 100 percent.
4. Resources are based on Measured, Indicated and Inferred Resources. Resources are quoted inclusive of reserves.
5. Reserves are based on proven and probable reserves.
6. Where the target's resources or reserves contain other metals (copper, cobalt, gold etc.) a total contained Nickel equivalent resource or reserve has been calculated based on spot metal prices at the announcement date of the transaction

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Appendix 6 – Selected listed companies

Company	Description
Independence Group NL (IGO)	IGO is an Australian mining company primarily focussed on its 100% owned Nova Ni-Cu-Co project in the Fraser Range region of WA. In addition, IGO has a 26% interest in the Greenbushes lithium mine, also in WA, which is operated and 70%-owned by AngloGold Ashanti Limited. The company was incorporated in 2000 and is headquartered in Perth.
Chalice Mining Limited (Chalice)	Chalice is an Australian mineral exploration company, with its flagship project being the Julimar Nickel-Copper-Platinum group element project, that covers approximately 2,000 square kilometres located in the Avon Region, in Western Australia. The company was incorporated in 2005 and is headquartered in Perth, Australia.
Mincor Resources NL (Mincor)	Mincor is an Australian mining company primarily focussed on its previously-operating Kambalda Nickel Project, located south of Kalgoorlie. Mincor restarted nickel sulphide mining at their Kambalda Nickel Project in early 2022, following a Final Investment Decision in September 2020. Mincor was incorporated in 1996 and is headquartered in Perth.
Noront Resources Ltd (Noront)	Noront is a resource company which engages in the exploration of base and precious metals in Canada. The company's flagship property is the Eagle's Nest project located in the James Bay Lowlands Ontario. The company was incorporated in 1980 and is headquartered in Toronto.
Talon Metals Corp. (Talon)	Talon is a Canadian exploration and development company with a 51% interest in the Tamarack nickel-copper-cobalt project located in Minnesota, the United States; and a 100% interest in the Trairão iron project located in Brazil. Talon was incorporated in 2005 and is headquartered in Road Town, the British Virgin Islands.
Panoramic Resources Limited (Panoramic)	Panoramic is an Australian mining company primarily focused on its 100% owned Savannah nickel project in Western Australia. The Savannah Nickel mine operated from 2004 to 2016, and 2018 to 2020, and restarted again in 2021. The company was founded in 2001, and is headquartered in Perth.
Centaurus Metals Limited (Centaurus)	Centaurus is an ASX listed exploration company focused on the development of the advanced Jaguar Nickel Sulphide Project, located in the Carajás mineral province in Brazil. The company was founded in 1989 and is headquartered in Perth.
PolyMet Mining Corp. (PolyMet)	PolyMet is a Canadian mining company primarily focussed on the evaluation and development of its NorthMet nickel, copper and precious metals project, located in Minnesota. PolyMet was incorporated in 1981 and is headquartered in Toronto.
Canada Nickel Company (Canada Nickel)	Canada Nickel, is a Canadian mining exploration company, primarily focused on its 100% owned Crawford Nickel-Cobalt Sulphide Project, located in northern Ontario, Canada. The company was incorporated in 2019, and is headquartered in Toronto.
Poseidon Nickel Limited (Poseidon)	Poseidon is an Australian mining company that owns three previously-operating Nickel Sulphide mines: Windarra, Black Swan/Silver Swan and Lake Johnston, and surrounds, all located in WA. Poseidon is focussed on further exploration and recommencement of these operations, having completed a restart feasibility study in 2018, with precursor works presently underway at

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Company	Description
	Black Swan. Poseidon was incorporated in 1993 and is headquartered in Perth.
Australian Mines Limited (Australian Mines)	Australian Mines, engages in the pre-development of battery metals project in eastern Australia. The company primarily explores for cobalt, nickel, and scandium deposits. Its flagship project is the Sconi project located in northern Queensland. The company was founded in 2001 and is headquartered in Brisbane.

Source: Capital IQ

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Company	Market cap A\$m	Enterprise value ¹ A\$m	Nickel Resources ³ kt	Ni Eq. ⁵ Reserves ⁵ kt	Nickel Reserves ⁴ kt	Ni Eq. ^{3,4,5} kt	No control premium Reserves multiple ⁶ A\$/t	Reserves multiple ⁶ A\$/t	30% control premium Reserves multiple A\$/t	Reserves multiple	40% control premium Reserves multiple A\$/t	Reserves multiple
IGO Limited	10,354	9,807	208	383	123	237	25,595	41,436	33,701	54,560	36,403	58,935
Chalice Mining Limited	2,464	2,401	528	1,392	-	-	1,725	n/a	2,256	n/a	2,434	n/a
Mincor Resources NL	1,172	1,092	200	234	-	72	4,676	15,205	6,182	20,101	6,683	21,733
Panoramic Resources Limited	759	825	210	271	101	132	3,043	6,252	3,883	7,978	4,163	8,553
Noront Resources Ltd.	659	702	299	998	187	305	704	2,304	902	2,952	968	3,168
Centaurus Metals Limited	635	627	733	1,084	-	62	578	10,084	754	13,149	812	14,171
Talon Metals Corp.	613	586	79	3,921	-	-	149	n/a	198	n/a	212	n/a
PolyMet Mining Corp.	501	571	869	2,758	239	769	207	742	261	937	280	1,003
Canada Nickel Company Inc.	319	316	2,892	3,659	-	-	86	n/a	112	n/a	121	n/a
Poseidon Nickel Limited	270	248	431	467	28	28	532	8,757	705	11,611	763	12,562
Australian Mines Limited	97	91	744	926	329	442	99	207	130	273	141	295
Mean							3,399	10,623	4,462	13,945	4,816	15,052
Median							578	7,505	754	9,794	812	10,558

Sources: Capital IQ, company financial statements and reports, publicly available resource/reserve information of relevant companies and KPMG Corporate Finance Analysis

Notes:

1. Enterprise value for selected listed companies has been calculated as market capitalisation as at 8 April 2022, converted to AUD as at the same date based on prevailing spot exchange rates (where relevant), and the latest net debt/cash of the selected company and adjusted for outside equity interests reported prior to 8 April 2022
2. Resources are based on Measured, Indicated and Inferred Resources. Resources are quoted inclusive of reserves
3. Reserves are based on proven and probable reserves
4. Where the Resources/Reserves are not 100 percent owned, all calculations are based on the company's relevant interest
5. The table above shows resource and reserve valuation comparisons for companies predominantly focused on nickel (Ni). In the case where the comparable companies' resources or reserves contain other metals (for example copper), a total contained Ni equivalent resource or reserve has been calculated (based on spot metal prices as at 8 April 2022. The spot metal prices used were US\$33,867/t for nickel, US\$1,945.6/oz for gold, US\$24,8/oz for silver, US\$972/oz for platinum, US\$2,420/oz for palladium, US\$10,305/t for copper and US\$81,815/t for cobalt.
6. Resource and reserve multiples have been calculated based as enterprise value divided by total contained nickel equivalent resources and reserves (Ni Eq.) respectively
7. 'n/a' indicates the information was not available. Reserves estimates were not available as at 8 April 2022.

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Appendix 7 – SRK report

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Independent Technical Assessment and Valuation Report

Proposed Merger Scheme of Arrangement between Western Areas Limited and IGO Limited prepared for KPMG Corporate Finance

SRK Consulting (Australasia) Pty Ltd ■ KPM003 ■ April 2022



Independent Technical Assessment and Valuation Report

Proposed Merger Scheme of Arrangement between Western Areas Limited and IGO Limited

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File Name:

KPM003_ISR on the Mineral Assets of Western Areas Limited_Scheme_Rev2.docx

Suggested Citation:

SRK Consulting (Australasia) Pty Ltd. 2022. Independent Technical Assessment and Valuation Report. . Prepared for Proposed Merger Scheme of Arrangement between Western Areas Limited and IGO Limited prepared for KPMG Corporate Finance: Project number: KPM003. Issued April 2022.

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Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

A\$	Australian dollar
AC	air core drilling
AusIMM	Australasian Institute for Mining and Metallurgy
°C	degrees Celsius
CNO	Cosmos Nickel Operation
DD	diamond drilling
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation, and amortisation
EPCM	Engineering, Procurement, Construction and Management
FNO	Forrestania Nickel Operation
ha	hectares
IRR	internal rate of return
IVSC	International Valuation Standards Committee
JORC	Joint Ore Reserves Committee
JORC Code	
JV	joint venture
LOM	life-of-mine
M	million
m ³ /day	cubic metres per day
MCP	Mine Closure Plan
ML	megalitres
MREP	Mill Recovery Enhancement Project
Mt	million tonnes
Mtpa	million tonnes per annum
NPV	net present value
oz	ounces
PAF	potentially acid forming
RAB	rotary air blast drilling
RC	reverse circulation drilling
RICS	Royal Institution of Chartered Surveyors
S&P	Standard & Poor's
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
tpa	tonnes per annum
tph	tonnes per hour
TSF	tailings storage facility
VALMIN Code	

Executive Summary

On 16 December 2021, Western Areas Limited (WSA or the Company) reported that it had entered into a Scheme Implementation Deed with IGO Limited (IGO) under which IGO Nickel Holdings Pty Ltd, a wholly owned subsidiary of IGO, would acquire 100% of the issued share capital in WSA by way of a Scheme of Arrangement (Scheme).

KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (KPMG) has been engaged by WSA to prepare an Independent Expert Report (KPMG Report) for inclusion within a Scheme Booklet to be provided to the shareholders of the Company. The Scheme Booklet is to provide shareholders with the information they require to make an informed decision regarding the proposed Scheme between WSA and IGO (Proposed Transaction). The KPMG Report will present an opinion on the value of WSA's assets and issued capital.

At the direction of KPMG, WSA subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to provide Specialist services and prepare an Independent Technical Assessment and Valuation Report (Report).

SRK's Scope of work was established by KPMG and comprised:

1. The development of a base case operational cashflow model to a pre-tax line for each relevant project (including processing operations, where appropriate) based on underlying technical and operational assumptions considered by SRK to be reasonable. The starting point for SRK's base case models were the production and processing models prepared by WSA, including, where appropriate, the benefit of the potential for life of project extensions/future development. SRK prepared technical models (SRK Models) for WSA's mineral assets where a Discounted Cashflow (DCF) analysis was considered the most appropriate valuation methodology. In doing so, SRK reviewed WSA's respective project's technical parameters and provided commentary regarding the reasonableness of these assumptions including the:

- mining physicals (including tonnes of ore mined, quality, waste material, and mine life)
- processing physicals (including ore processed and produced)
- production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies)
- capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation, and contingency)
- any other relevant technical assumptions

Where SRK considered that a technical assumption made by the Company was unreasonable, SRK provided an alternative which was then justified and reflected in the Report.

2. A valuation of any interests in WSA's Mineral Assets that are not captured in the Models, including any residual resource estimates (i.e., those which reside outside of a mining schedule) and exploration stage assets.

The mineral assets that are the subject of the Report are:

- 1 The Western Australian operating and development assets of WSA comprising:
 - 1.1 the Forrestania Nickel Operation (FNO):
 - 1.1.1 the Flying Fox and Spotted Quoll underground nickel mines
 - 1.1.2 key processing assets including the Cosmic Boy nickel concentrator and BioHeap nickel leaching operation
 - 1.1.3 Development Projects such as New Morning/Daybreak and Diggers South Resources
 - 1.2 the Cosmos Nickel Operation (CNO):
 - 1.2.1 the Odysseus mine that is currently under development
 - 1.2.2 the AM6 Ore Reserve (and its integration with Odysseus)
 - 1.2.3 Development Projects such as Mount Goode and AM5
 - 1.2.4 the potential for extensions / repetitions to the Odysseus massive sulfide zones.
- 2 The Western Gawler nickel-copper Project, in central South Australia.
- 3 The Mount Alexander Joint Venture, the Wesfarmers Chemicals, Energy and Fertilisers Farm-In and Joint Venture and the Metal Hawk Joint Venture.

SRK's Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

SRK's recommended valuation ranges and preferred values are detailed in the valuation section of this Report and are summarised in Table ES-1. The valuation ranges were developed on the basis of the perceived potential of the mineral assets at the Valuation Date of 8 April 2022.

Based on the technical assessment and valuation presented in earlier sections of the Report, Tables ES-1, ES-2 and ES-3 summarise SRK's Market Value assessment in accordance with its mandate.

Table ES-1: SRK Valuation summary

Item	Value Low (A\$M)	Value High (A\$M)	Value Preferred (A\$M)
SRK Technical Models	Supplied by SRK to KPMG for valuation analysis		
Residual Resources	288	500	384
Regional Exploration Portfolio JV Interest basis	30.8	117.7	85.3

Source: SRK Analysis

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No additional value has been ascribed to the prospectivity at FNO and CNO beyond that captured in the residual resource estimates. The existing geological modelling indicates that the prospectivity could not be reasonably represented by an area-based valuation assessment and SRK does not have reasonable grounds to assess the grade and tonnage range for this prospectivity.

In defining its valuation ranges, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Western Areas Limited (WSA or the Company) under the direction of KPMG Corporate Finance (KPMG). The opinions in this Report are provided in response to a specific request from WSA/KPMG to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

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1 Introduction and scope of Report

On 16 December 2021, Western Areas Limited (WSA or the Company) reported that it had entered into a Scheme Implementation Deed with IGO Limited (IGO) under which IGO Nickel Holdings Pty Ltd, a wholly owned subsidiary of IGO, would acquire 100% of the share capital of WSA by way of a Scheme of Arrangement (Scheme).

KPMG Corporate Finance, a division of KPMG Financial Advisory Services (Australia) Pty Ltd (KPMG) has been engaged by WSA to prepare an Independent Expert Report (KPMG Report) for inclusion within a Scheme Booklet to be provided to the shareholders of the Company. The Scheme Booklet is to provide shareholders with the information they require to make an informed decision on the proposed Scheme between WSA and IGO (Proposed Transaction). The KPMG Report will present an opinion on the value of WSA's assets and issued capital. At the direction of KPMG, WSA subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to provide Specialist services and prepare an Independent Technical Assessment and Valuation Report (Report) giving its opinion on matters to which KPMG are not Specialist (SRK Scope).

SRK's Scope of Work was established by KPMG and comprised:

1. The development of a base case operational cashflow model to a pre-tax line for each relevant project (including processing operations, where appropriate) based on underlying technical and operational assumptions considered by SRK to be reasonable. The starting point for SRK's base case models were the production and processing models prepared by WSA, including, where appropriate, the benefit of the potential for life of project extensions/future development. SRK prepared technical models (SRK Models) for WSA's mineral assets where a Discounted Cashflow (DCF) analysis was considered the most appropriate valuation methodology. In doing so, SRK reviewed WSA's respective project's technical parameters and provided commentary regarding the reasonableness of these assumptions including the:
 - mining physicals (including tonnes of ore mined, quality, waste material, and mine life)
 - processing physicals (including ore processed and produced)
 - production and operating costs (including but not limited to drilling, blasting, mining, haulage, processing, transport, general administration, distribution and marketing, contingencies and royalties or levies)
 - capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation, and contingency)
 - any other relevant technical assumptions

Where SRK considered that a technical assumption made by the Company was unreasonable, SRK provided an alternative which was then justified and reflected in the Report.

2. A valuation of any interests in Western Areas' Mineral Assets that are not captured in the Models, including any residual resource estimates and exploration stage assets.

The mineral assets that are the subject of the Report are:

1. The Western Australian operating and development assets of WSA comprising:
 - 1.1 The Forrestania Nickel Operation (FNO):
 - 1.1.1 The Flying Fox and Spotted Quoll underground nickel mines
 - 1.1.2 Key processing assets including the Cosmic Boy nickel concentrator and BioHeap nickel leaching operation
 - 1.1.3 Development Projects such as New Morning/Daybreak and Diggers South Resources
 - 1.2 The Cosmos Nickel Operation (CNO):
 - 1.2.1 The Odysseus mine that is currently under development
 - 1.2.2 The AM6 Ore Reserve (and its integration with Odysseus)
 - 1.2.3 Development Projects such as Mount Goode and AM5
 - 1.2.4 The potential of the Odysseus massive sulfide zones.
- 2 The Western Gawler nickel-copper Project, South Australia.
- 3 The Mount Alexander Joint Venture, the Wesfarmers Chemicals, Energy and Fertilisers Farm-In and Joint Venture and the Metal Hawk Joint Venture.

SRK has classified the mineral assets of WSA in accordance with the categories outlined in the VALMIN Code (2015). The individual sections of the Report provide commentary regarding these classifications.

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

1.1 Reporting Standard

As noted previously, this Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012). It also takes cognisance of the relevant requirements of the Corporations Act, the public policies of the Australian Securities and Investments Commission (ASIC), the Australian Securities Exchange (ASX) and court decisions that may be relevant to such reports.

A first draft of the report was supplied to WSA to check for material error, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'Market Value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion, as defined in the VALMIN Code (2015).

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between WSA and any other parties.

1.2 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions. SRK has relied on information supplied by the Company and the Company's tenement managers relating to the legal status of the tenure.

1.3 SRK Site Inspection

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection to the Forrestania and Cosmos Nickel Operations was carried out in support of the preparation of this report.

As such, representatives from SRK's project team attended the FNO and CNO in January 2022, where they met with WSA site representatives and undertook mine, processing, and infrastructure tours.

1.4 Valuation and Effective Date

The Valuation Date and Effective Date of this Report is 08 April 2022.

1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set in Table 1.1.

The Specialist Practitioner taking overall responsibility for the Report is Dr Karen Lloyd, with peer review undertaken by Mr Jeames McKibben. Additional details relating to Dr Lloyd and Mr McKibben are given below.

Karen Lloyd, Associate Principal Consultant (Project Evaluation), BSc (Hons) Geology, MBA, PhD (Mining and Metallurgical Engineering), FAusIMM

Dr Lloyd has 26 years' international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe. Dr Lloyd's PhD research was focussed on the market risk premium for gold project transactions on the Australian Securities Exchange.

Dr Lloyd is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Jeames McKibben, Principal Consultant (Project Evaluation), BSc (Hons) Geology, MBA, FAusIMM(CP), MAIG, MRICS.

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 27 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Mr McKibben is a Fellow and Chartered Professional of the AusIMM, a Member of the AIG, and a Member and Registered Valuer with the Royal Institution of Chartered Surveyors. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Table 1.1: Details of the qualifications and experience of the project team

Specialist	Position/ Company	Responsibility	Length and Type of Experience	Site Inspection	Professional designation
Karen Lloyd	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Project Manager Valuation	26 years; 8 years in operations, 7 years in strategic planning, 3 years in funds management, 8 years in consulting	None	BSc (Hons), MBA, PhD, FAusIMM
Jeames McKibben	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Peer Review	27 years; 17 years in valuation and corporate advisory, 2 years as an analyst; 8 years in exploration and project management roles	None	BSc (Hons), MBA, FAusIMM (CP), MAIG, MRICS
Lisa Chandler	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Approvals and Permitting	25+ years; 3 years in operations; 5 years as government regulator; 20 years as environmental consultant to the resources sector.	None	BSc (Physical Geography), MEng (Civil) MAusIMM Member NELA
Ben Jupp	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Mineral Resource Estimates and prospectivity – Forrestania Nickel Operation	17 years; 7 years in research/government with exploration focus, 10 years consulting	None	BSc (Hons), MAIG
James Carpenter	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Mineral Resource Estimates and prospectivity – Cosmos Nickel Operation	21 years; 10 years in Mineral Resource estimation, 5 years in consulting and 6 years in mining and exploration roles	None	BAppSc(Hons), MSc, MAusIMM(CP)
Alexander Thin	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Ore Reserve Estimates, mining and production – Forrestania Nickel Operation and Mt Goode	33 years; 9 years in consulting specialising due diligence and advisory services; 24 years in operations	Due to COVID travel restrictions, site inspection by Simon Hanrahan 25/01/2022	BEng (Hons) Mining, GDE, FAusIMM (CP), FIMMM (CEng), FSAIMM, RPEQ
Robert Urie	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Ore Reserve Estimates, mining and production – Cosmos Nickel Operation	25 years; 25 years operational and engineering experience in UG and OP mining	25/01/2022	BE (Hons) Mining, MAusIMM

Specialist	Position/ Company	Responsibility	Length and Type of Experience	Site Inspection	Professional designation
Simon Walsh	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Metallurgy and Process engineering	26 years; 10 years in operations, 16 years in engineering design, consulting and metallurgical laboratory management; independent technical reviews during the last 15 years	18/01/2022	BSc (Extractive Metallurgy & Chemistry), MBA, MAusIMM (CP), GAICD
Oliver Willets	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Geology and Prospectivity – exploration assets	15 years in consulting; 5 years in Exploration; 10 years in Mineral Resource Estimation	None	BSc, MSc. MAusIMM
Mat Davies	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Comparable Market Transaction Analysis	10 years; 3 as an exploration geologist and 7 working in geology and valuation	None	BSc (Hons) Geology, MAusIMM

1.6 Limitations, reliance of information, declaration and consent

1.6.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by WSA throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by WSA was taken in good faith by SRK. SRK has not independently verified Mineral Resources or Ore Reserve estimates by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by WSA was complete and not incorrect, misleading or irrelevant in any material aspect.

1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

All members of the proposed study team are independent of Western Areas, IGO, KPMG, and their subsidiaries and associates.

Since 2019, the SRK Perth and Melbourne offices have assisted WSA with various engagements including a structural review (Spotted Quoll) and exploration drilling geological modelling (at Spotted Quoll, Cosmos AM5 and AM6), as well as reviews of a third-party project for due diligence purposes.

In 2021, SRK conducted an independent due diligence report on WSA Ore Reserves for financing purposes on behalf of the Commonwealth Bank of Australia. SRK has taken internal legal advice in relation to these previous reports, which were all prepared on an independent basis, and does not consider itself to be conflicted in relation to WSA's Mineral Assets.

No SRK consultants are presently acting as Competent Person (as defined in the JORC Code, 2012) for WSA's publicly reported exploration results, Mineral Resources or Ore Reserves. SRK has not previously provided an opinion on the market valuation of the Mineral Assets as held by Western Areas Limited.

In performing the works of an independent Specialist, SRK has not be required to review its own work and as such considers itself capable on commenting from an independent standpoint.

1.6.3 Indemnities

As recommended by the VALMIN Code (2015), WSA has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

In line with the VALMIN Code (2015), WSA has provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/ or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by WSA, or WSA not providing material; or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

1.6.4 Consent

SRK understands that this Report may be provided to WSA's shareholders. SRK provides its consent for this Report to be included in the KPMG Report on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.6.5 Consulting fees

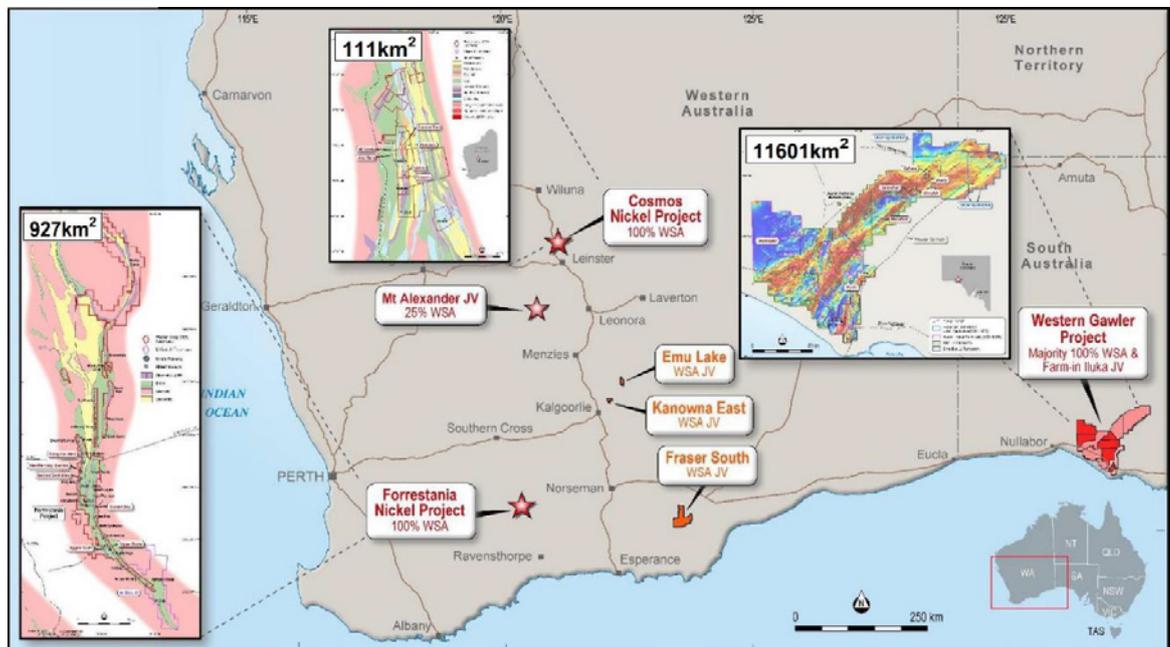
SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$165,000. The payment of this professional fee is not contingent upon the outcome of this Report.

2 Overview of WSA's Mineral Assets

WSA owns a 100% interest in the Forrestania Nickel Operation (FNO), which comprises the operating Flying Fox and Spotted Quoll underground mines, as well as a 100% interest in the Cosmos Nickel Operation (CNO), which is on care and maintenance and is currently undergoing refurbishment. Both the FNO and CNO are located in Western Australia.

Additionally, WSA owns a Joint Venture interest in its Regional Exploration Portfolio (REX) comprising the Western Gawler Project in South Australia, as well as the Metal Hawk and Mount Alexander Joint Venture Projects in Western Australia (Figure 2.1). Other interests held by WSA include a 19.9% stake in Panoramic Resources Limited, a 5.5% stake in Grid Metals Corporation, a 6.3% stake in Metal Hawk Limited and a 2% interest in Todd River Resources Limited.

Figure 2.1: WSA Tenure Overview



Appendix A presents an overview of the status of WSA's mineral tenure at the Effective Date of the Report (31 December 2021). The tenement schedules relating to each mineral asset are presented throughout the Report.

SRK has received representation from WSA that this tenement schedule presented in Appendix A and throughout the Report are to be relied upon and used for the purpose of this Report. SRK has made all reasonable enquiries into the status of this tenure as at the Effective Date.

3 The Forrestania Nickel Operation

3.1 Location, Topography and Climate

The FNO is located approximately 400 km east of Perth and 80 km east of Hyden in the central Wheatbelt region of Western Australia. Road access from Perth is east via State Route 40 (the Brookton Highway) through Hyden and then south on the Marvel Loch-Forrestania gazetted gravel road for approximately 20 km.

Hot dry summers and mild winters characterise the weather in the region. The summer average daily maximum temperature is 34 degrees Celsius, with a daily minimum of 17 degrees Celsius. In winter, the daily maximum is 23 degrees Celsius with an average minimum of 5 degrees Celsius. The average annual rainfall is 328 millimetres, usually falling between March and November. There is an average of 170 clear days per year.

The topography of the FNO area is generally flat and low lying. There are no major topographic or climatic impediments to operations or exploration activities year-round, although periodic flooding occasionally limits exploration access on unsealed tracks in the winter months. The workforce operates on a fly-in fly-out (FIFO) basis to the FNO, with goods and services supplied from Perth.

3.2 Status of tenure

The FNO tenements extend across three local government areas: The Shires of Yilgarn, Kondinin and Lake Grace. The operation comprises five discrete mining areas, which are listed from north to south in Table 3.1. The Flying Fox, Cosmic Boy and Digger Rocks mines were active between 1992 and 1999. During that time, previous project owners processed ore at a concentrator located at Cosmic Boy. WSA acquired tenure over the FNO in 2002 and commenced mining at Flying Fox in 2004. Ore was initially toll treated, then processed at Cosmic Boy after the commissioning of a new plant and a tailings storage facility in 2009.

The Spotted Quoll nickel deposit was discovered in 2007. Open pit mining commenced in October 2009 and concluded in February 2012. Underground mining at Spotted Quoll commenced in April 2011 and has since continued.

Approval to re-establish the Diggers Rock mine under the Western Australian Mining Act was granted in May 2008 and preliminary earthworks were conducted at the Diggers South deposit in that year. However, unfavourable nickel prices resulted in the Diggers South project being placed into care and maintenance in December 2008. The project status remains unchanged since that time.

A new mining development, New Morning, has recently been proposed at a location approximately 1.5 km north of the Spotted Quoll mining area. The New Morning development envisages an underground mine, associated boxcut and portal, together with associated infrastructure (ROM pad, waste rock dumps and soil stockpiles, haul and access roads, dewater bores and pipeline, a paste fill plant) is currently under environmental assessment by State and Commonwealth agencies (further details are given in Section 3.3.4).

Table 3.1: Forrestania Operations mining areas

Mining area	Infrastructure	Disturbance, ha <small>Note 1</small>	Rehabilitation, ha <small>Note 1</small>
Flying Fox	Open cut mine, underground mine, ROM, paste plant, borrow pits, borefield, waste rock dumps and overburden / topsoil stockpiles, landfill, workshop, fuel storage, explosives magazine, water storage infrastructure, waste water treatment plant, roads / service infrastructure	116.20	49.45
Spotted Quoll	Open cut mine, underground mine, ROM, paste plant, workshops, fuel storage, borrow pits, borefield, waste rock dumps and overburden/topsoil stockpiles, landfill, water storage infrastructure, waste water treatment plant, roads/service infrastructure.	165.37	35.50
Digger Rocks/ Diggers South	Inactive open cut mine, waste rock dump, evaporation pond, water storage infrastructure, hypersaline water pipeline, soil stockpiles,	148.67	41.76
Cosmic Boy	Concentrator, tailings storage facility, accommodation village, aerodrome, workshop and laydown areas, fuel storage facility, borrow pits, borefield, waste rock dumps and overburden/topsoil stockpiles, landfill, water storage and drainage infrastructure, waste water treatment plant, communications tower, roads	203.56	61.98
Mossco Farm	Dewatering infrastructure and evaporation ponds	132.5	4.08

Source: WSA Management Information

Note 1: Estimates of disturbance and rehabilitation areas sourced from 2019-2020 MRF data (September 2020)

3.2.1 Pastoral Tenure

The FNO is mostly located within Unallocated Crown Land. The project tenements do not overlie any pastoral land tenure.

3.2.2 Private landholdings

SRK understands that the project components included in the Mossco Farm tenement package (G70/226, G70/231, L70/111 and L74/44) are located on private farmland (Talis, 2021).

3.2.3 Native Title

The FNO tenements intersect parts of the registered native title claim area of the Ballardong People (WC2000/007; WAD6181/1998) and the Marlinyu Ghoorlie claim group (WC2017/007; WAD647/2017). The claim of the Ballardong People was determined on 1 December 2021, along with a number of other claims which collectively comprise the 'Single Noongar Application'. The Federal Court decided that Native Title does not exist in the claim area, which included the Ballardong People's claim (Bennell v State of Western Australia [2021] FCA 1508).

The claim of the Marlinyu Ghoorlie claim group remained to be determined as at the Effective Date.

The current status of WSA's Forrestania tenements is summarised in Table 3.2.

Table 3.2: FNO Status of Tenure

Tenement	Area (km ²)	Granted Date	Expiry Date	Rent status	Expenditure status
G 70/226	385.6	28/02/2008	3/03/2029	Paid in full	Not required
G 70/231	861.6	6/11/2008	5/11/2029	Paid in full	Not required
G77/135	358.4	14/10/2019	13/10/2040	Paid in full	Not required
L70/111	61.00	31/12/2008	30/12/2029	Paid in full	Not required
L74/11	200.0	22/05/1992	21/05/2022	Paid in full	Not required
L74/12	115.0	21/10/1994	20/10/2024	Paid in full	Not required
L74/25	22.2863	12/04/2001	11/04/2022	Paid in full	Not required
L74/44	55.00	31/12/2008	30/12/2029	Paid in full	Not required
L77/104	63.00	27/02/1992	26/02/2027	Paid in full	Not required
L77/141	22.00	16/02/1994	15/02/2024	Paid in full	Not required
L77/182	21.97	13/02/2001	12/02/2043	Paid in full	Not required
L77/197	51.04	14/01/2005	13/01/2026	Paid in full	Not required
L77/203	10.00	19/10/2007	18/10/2028	Paid in full	Not required
L77/204	1.00	19/10/2007	18/10/2028	Paid in full	Not required
M74/57	897.4	8/10/1989	11/10/2031	Paid in full	Good Standing
M74/58	966.0	8/10/1989	11/10/2031	Paid in full	Good Standing
M74/64	922.0	18/12/1989	17/12/2031	Paid in full	Good Standing
M74/65	895.8	18/12/1989	17/12/2031	Paid in full	Good Standing
M74/81	190.9	11/03/1992	10/03/2034	Paid in full	Good Standing
M 74/90	606.3	19/08/1993	18/08/2035	Paid in full	Good Standing
M 74/91	679.2	19/08/1993	18/08/2035	Paid in full	Good Standing
M74/92	930.0	19/08/1993	18/08/2035	Paid in full	Good Standing
M77/98	502.7	19/11/1986	18/11/2028	Paid in full	Good Standing
M77/215	756.95	21/03/1988	20/03/2030	Paid in full	Good Standing
M77/216	591.9	21/03/1988	20/03/2030	Paid in full	Good Standing
M77/219	338.4	21/03/1988	20/03/2030	Paid in full	Good Standing
M77/284	325.5	29/06/1988	28/06/2030	Paid in full	Good Standing
M77/285	661.7	29/06/1988	28/06/2030	Paid in full	Good Standing
M77/286	492.05	29/06/1988	28/06/2030	Paid in full	Good Standing
M77/324	949.5	28/07/1989	27/07/2031	Paid in full	Good Standing
M77/329	835.8	7/02/1990	6/02/2032	Paid in full	Good Standing
M77/335	158.15	18/09/1989	24/09/2031	Paid in full	Good Standing
M77/336	909.35	25/09/1989	24/09/2031	Paid in full	Good Standing
M77/389	842.95	5/07/1989	4/07/2031	Paid in full	Good Standing
M77/399	887.95	5/11/1989	7/11/2031	Paid in full	Good Standing
M77/458	969.5	20/09/1990	19/09/2032	Paid in full	Good Standing

Tenement	Area (km ²)	Granted Date	Expiry Date	Rent status	Expenditure status
M77/542	957.45	23/01/1992	22/01/2034	Paid in full	Good Standing
M77/543	241.0	23/01/1992	22/01/2034	Paid in full	Good Standing
M77/545	666.6	19/01/1992	22/01/2034	Paid in full	Good Standing
M77/550	858.9	29/07/1992	28/07/2034	Paid in full	Good Standing
M77/568	842.9	22/12/1992	22/12/2034	Paid in full	Good Standing
M 77/574	950.15	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/582	758.45	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/583	980.25	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/584	967.2	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/585	858.85	29/07/1992	28/07/2034	Paid in full	Good Standing
M77/586	844.85	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/587	976.9	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/588	993.7	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/589	996.75	28/09/1993	27/09/2035	Paid in full	Good Standing
M77/911	411.5	17/07/2006	18/07/2027	Paid in full	Good Standing
M77/912	281.65	17/07/2006	18/07/2027	Paid in full	Good Standing
E74/470	8 BL	24/03/2011	23/03/2023	Paid in full	Good Standing
E77/1734	17 BL	30/09/2011	29/09/2023	Paid in full	Good Standing
E77/1865	2 BL	6/03/2012	5/03/2022	Paid in full	Good Standing
E77/2127	7 BL	3/06/2020	2/06/2025	Paid in full	Good Standing
E77/2228	6 BL	3/06/2020	2/06/2025	Paid in full	Good Standing
E77/2235	6 BL	21/01/2020	20/01/2025	Paid in full	Good Standing
E77/2236	7 BL	21/01/2020	20/01/2025	Paid in full	Good Standing
E77/2261	47 BL	21/01/2020	20/01/2025	Paid in full	Good Standing
E77/2440	5 BL	21/01/2020	20/01/2025	Paid in full	Good Standing
E77/2523	1 BL	19/03/2019	18/03/2024	Paid in full	Good Standing
E77/2524	2 BL	17/09/2018	16/09/2023	Paid in full	Good Standing
E77/2527	9 BL	21/01/2020	20/01/2025	Paid in full	Good Standing
E77/2641	2 BL	Pending– lies within Jilbadji Nature Reserve		NA	NA
P77/4279	4.0	29/07/2015	28/07/2023	Paid in full	Good Standing
P77/4473	198.3	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4474	198.26103	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4475	195.6	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4476	199.1	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4477	184.08819	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4478	200.0	23/04/2020	22/04/2024	Paid in full	Good Standing
P77/4479	182.41752	23/04/2020	22/04/2024	Paid in full	Good Standing

Tenement	Area (km ²)	Granted Date	Expiry Date	Rent status	Expenditure status
P77/4496	106.0	19/09/2018	18/09/2022	Paid in full	Good Standing
P77/4497	149.7	19/09/2018	18/09/2022	Paid in full	Good Standing
P77/4499	194.0	19/09/2018	18/09/2022	Paid in full	Good Standing
P77/4500	95.0	19/09/2018	18/09/2022	Paid in full	Good Standing
P77/4501	67.0	19/09/2018	18/09/2022	Paid in full	Good Standing
E74/0603	18,695.57	02/01/2018	01/01/2023	Paid in full	Good Standing
E77/1416	4,522.7	02/02/2010	01/02/2022*	Paid in full	Good Standing
M77/0099	478.8	18/09/1986	17/09/2028	Paid in full	Good Standing
M77/0467	738	30/07/1990	29/07/2032	Paid in full	Good Standing
M77/0468	900.5	06/05/1991	05/05/2023	Paid in full	Good Standing
M77/0544	433.35	23/01/1992	22/01/2034	Paid in full	Good Standing
E77/1436	176.34	23/02/2010	22/02/2022*	Paid in full	Good Standing
E77/1581	2,333.46	01/02/2010	31/01/2022*	Paid in full	Good Standing

Source: WSA Management Information

Note: *Renewals submitted

3.2.4 Wesfarmers Chemicals, Energy and Fertilisers JV

In March 2017, WSA entered into a earn-in and joint venture agreement with Kidman Resources Limited (Kidman) for lithium and lithium by-product rights over 19 tenements in the northern portion of the Forrestania Project, in exchange for 6.3 million shares and the following staged expenditures:

- **Stage 1** – Kidman can earn a 50% interest by spending A\$5.0 million over 3 years with a minimum of A\$1.5 m being spent in the first 12 months. At the end of Stage 1, WSA has the right to co-contribute with further exploration expenditure on a 50:50 basis with Kidman.
- **Stage 2** – Where WSA elects not to contribute at the end of Stage 1, Kidman may elect to spend a further A\$4.0 million over 2 years to earn 70%; and
- WSA is free carried to a decision to mine should Stage 2 be completed.

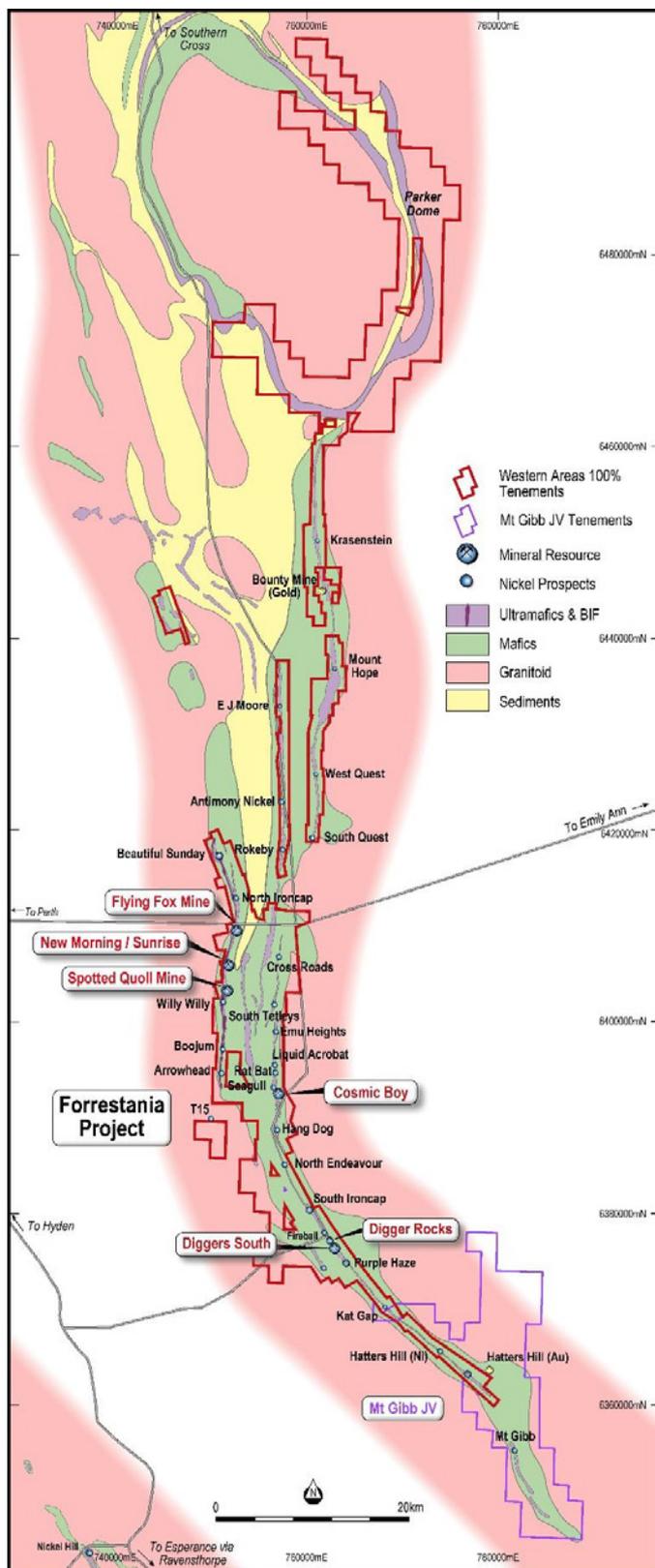
In September 2019, Wesfarmers Limited acquired all the issued share capital in Kidman and in doing so, acquired Kidman's interest in this joint venture, which is now known as the Wesfarmers Chemicals, Energy and Fertilisers (WESCEF) earn-in and joint venture.

The tenements involved are E77/1436, E77/1581, E77/1734, E77/2127, E77/2228, E77/2235, E77/2236, E77/2261, E77/2527, M77/215, M77/216, M77/284, M77/285, M77/286, M77/324, M77/389, M77/458, M77/542, M77/550, and P77/4473-4479. WSA retains all non-lithium rights over these tenements.

SRK has been advised by WSA that as at the Valuation Date, WESCEF has not earned an equity interest in any of these tenements, despite two extensions to the Stage 1 earn-in period and have until 2023 to earn an interest under Stage 1. SRK understands that this delay is due to tenements lying within a nature reserve which impacts on gaining the relevant approvals for access.

As such, SRK considers that WSA's Forrestania Project should be valued on a 100% equity basis.

Figure 3.1: FNO tenements



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Source: WSA Management Information

3.3 Environment

3.3.1 Flora, vegetation and fauna

The FNO is located within the Coolgardie and Mallee bioregions of the South-Western Interzone Botanical Province of Western Australia (Coolgardie and Roe botanical districts). The pre-European vegetation in the Coolgardie Bioregion is substantially intact, however, much of Mallee subregion has been cleared for agriculture.

The project area has been the subject of numerous flora and fauna surveys, starting in about 2005. Three threatened flora species (*Banksia sphaerocarpa* var *dolicostyla*, *Eucalyptus steedmanii* and *Pityrodia scabra*) and seventeen priority flora have been identified in the course of vegetation surveys across the Project Area.¹ No threatened ecological communities or priority ecological communities have been confirmed in the project area.

Six broad terrestrial fauna habitats have been identified across the project area. Some of these habitats may support terrestrial fauna of conservation significance, including Carnaby's black cockatoo, chuditch and malleefowl. Environmental authorities typically have regard to the potential impacts of development on habitat suitable for threatened species, even if the fauna themselves are not recorded during surveys of an area proposed for disturbance.

The project area lies partly within an environmentally sensitive area which surrounds the Lake Cronin Class A nature reserve. Lake Cronin, a semi-permanent freshwater lake, is located approximately 5.6 km northeast of the Flying Fox mine. The Lake Cronin area is characterised by a high level of flora and fauna diversity and endemism. It may provide a refuge for plant and animal species that were formerly widespread in the Western Australian wheatbelt, but which are now less common or occur less extensively, as a result of habitat clearing. Many of WSA's exploration and prospecting tenements to the north of the Flying Fox mine lie within, or partially intersect the Jilbadji nature reserve (R24049), which is vested in the Conservation Commission of Western Australia. Approval of exploration, and even mining, activities are not necessarily prohibited in such reserves, however permitting is generally more protracted and any approved activities are closely scrutinised.

3.3.2 Aboriginal heritage

SRK understands that parts of the Forresteria tenements have been the subject of ethnographic field surveys or other assessment in 1991/1992, 2008 and 2010. No registered Aboriginal heritage sites are reported within the FNO tenements, although it is unclear whether the whole of the tenement package has been comprehensively surveyed. WSA advises that it consults with Ballardong People periodically in relation to Aboriginal heritage matters, notwithstanding that it has received advice that the FNO area is not generally considered to be of primary cultural interest to traditional owners and that the landscape is not considered prospective for the discovery of significant archaeological artefacts.

¹ The conservation status of threatened and priority species is periodically updated and some species previously designated as 'priority' flora may no longer be designated as such.

3.3.3 Stakeholder engagement

SRK understands that WSA maintains a stakeholder engagement register for the FNO. Excerpts from the register containing records of stakeholder communications relevant to mine rehabilitation and closure were appended to the most recent FNO mine closure plans (JBS&G, 2020; Talis, 2021). The information provided in the mine rehabilitation plan appendices suggests a moderate to strong level of interest in mine rehabilitation and closure matters from local government and at least one neighbouring landowner. Section 7.8.1.1 of the plan asserts that WSA will 'continue to consult with Ballardong NT people regarding closure and rehabilitation activities.

3.3.4 Environmental permitting

Environmental Protection Act 1986 (Part IV)

Open cut mining at Spotted Quoll was formally assessed by the Environmental Protection Authority (EPA) in 2008 and 2009 under Part IV of the *Environmental Protection Act 1986*. The key issues identified as potentially environmentally significant included: impacts on vegetation and flora; impacts on fauna and mine rehabilitation / closure. The project was approved in September 2009, subject to a range of implementation conditions (Ministerial Statement 808). A revised (simplified) Ministerial approval for the Spotted Quoll mine (Ministerial Statement 882) was issued in December 2011. The EPA elected not to formally assess environmental aspects of the Spotted Quoll underground mine, which was referred to it in 2010.

The proposed New Morning development was referred to the Western Australian EPA on 6 August 2021. On 28 September 2021, the EPA published its decision not to formally assess the proposal. The EPA decision said that the likely environmental effects of the proposal are not so significant as to warrant formal assessment under Part IV of the Environmental Protection Act. The EPA noted that other frameworks for assessing and regulating the project (for example, under Part V of the Act) are available. No appeals were lodged in relation to the EPA's decision not to formally assess the New Morning project.

Environment Protection and Biodiversity Conservation Act 1999

Concurrent with the original EPA assessment of the Spotted Quoll project, the proposal to mine at Spotted Quoll was referred to the then Department of Environment, Water, Heritage and the Arts (now Department of Agriculture, Water and the Environment) in October 2008. The project was determined by the Federal Government to be a 'controlled action' under the *Environment Protection and Biodiversity Conservation Act 1999* ('EPBC Act'). Approval for the Spotted Quoll Mining Project was issued in July 2009.

Construction of a haul road between the Spotted Quoll open pit and the Cosmic Boy processing plant triggered a further federal assessment under the EPBC Act in July 2011, chiefly because of the potential for impacts on fauna (or fauna habitats) protected under the EPBC Act. Commonwealth approval (EPBC 2011/6003) was granted in February 2012, subject to ten implementation conditions.

Mining Act 1978

Environmental aspects of mining at Forrestania are chiefly regulated under the *Mining Act 1978*. Forty-three mining proposals and/or mine closure plans have been approved for the operation between 1990 and 2021 (Table 3.3). Commitments made in approved mining proposals and mine closure plans are binding on successive tenement holders.

Table 3.3: Approved mining proposals and closure plans – FNO

Registration ID	Registration Title	Date Lodged	Date Approved
94204	Lounge Lizard East Sand Pit – Southern extension	26 February 2021	30 April 2021
85133	Cosmic Boy Concentrator: TSF Southern Extension and Ancillary Work	4 February 2020	30 June 2020
84572	Forrestania Nickel Operations Reconciliation Mining Proposal	6 January 2020	8 April 2020
82944	Mine Closure Plan – Forrestania Nickel Operations/Western Areas	28 September 2019	30 June 2020
76459	Mining Proposal – Forrestania Solar Farms – M77/399 & M77/582	04 October 2018	14 November 2018
60856	Forrestania Nickel Operations – Rehabilitation and Mine Closure Plan – M77/583; M77/584; M77/586; M77/587; M77/582; M77/911; M77/545; M77/912; L77/141; M74/91; M74/90; M74/58; M74/57; M77/568; M77/588; M77/589; L77/197; L77/104; M77/399; M77/335; M77/574; G70/226; L70/111; G70/231; L74/44	30 September 2016	20 December 2016
55517	Forrestania Nickel Operation – Mining Proposal – Lounge Lizard Sand Pit – Tenement M77/545	27 June 2015	3 September 2015
35890	Forrestania Nickel Project Mining Proposal – Revision A Spotted Quoll Mine Infrastructure Upgrade M77/583	26 June 2012	9 August 2012
33310	Forrestania Nickel Project Mining Proposal – Cosmic Boy Camp Expansion and Septic System Upgrade – REV C M77/399 & M77/589 26 June 2012	28 November 2011	4 July 2012
20122	Forrestania Nickel – Letter of Intent – Establishment of a bioremediation area and recycling area at the new Digger Rocks nickel mine (M74/58)	12 August 2008	15 October 2008
19740	Forrestania Nickel Project – Letter of Intent – Establishment of a new waste dump at Flying Fox and upgrade of existing access track (M77/582 and M77/545)	30 June 2008	1 October 2008
19507	Forrestania Nickel Project – Letter of Intent – Extension of Cosmic Boy Coreyard (M77/399)	9 June 2008	3 September 2008
19150	Forrestania – Flying Fox T5 Addendum M77/582, M77/545	24 August 2007	15 January 2008
18806	Forrestania Nickel/Western Areas/Pipeline Extension M77/399	11 August 2006	16 January 2008

Registration ID	Registration Title	Date Lodged	Date Approved
18780	Forrestania Nickel/Western Areas: NOI New Gravel Pits	4 July 2006	14 August 2006
18728	Forrestania Nickel/Western Areas/ Upgrade Access Track	8 June 2006	14 July 2006
18679	Forrestania Nickel Project/Flying Fox T5 Development	31 March 2006	12 September 2006
18678	Forrestania Nickel Project/Cosmic Boy TSF and Plant	21 April 2006	14 August 2006
18640	Hyden East – Forrestania Sand Removal of Sand M77/1053	3 March 2006	6 April 2006
18605	Forrestania Nickel/Site Prep for Cosmic Boy Plant M77/399	13 February 2006	1 May 2006
18546	Forrestania Nickel- Gravel Pit at Cosmic Boy M77/589 M77/399	10 November 2005	30 November 2005
18406	Forrestania Nickel Project/Western Areas/ERT at FF and CBOY	02 June 2005	28 June 2005
18405	Forrestania Nickel Project: Western Areas Laydown Area – Cosmic	10 June 2005	28 June 2005
18404	Forrestania Nickel Project: Installation of Survey Station on Lounge Lizard Waste Dump	2 June 2005	28 June 2005
18388	Forrestania Nickel/Western Areas – 2 nd Biopad M77/399	20 May 2005	27 June 2005
18387	Forrestania Nickel/Western Areas/ Waste Facility M77/399	20 May 2005	28 June 2005
18332	Forrestania Nickel/Western Areas/Evap Sump for Waste Water	11 March 2005	27 April 2005
18331	Forrestania Nickel/Western Areas /Bioremediation Pad	11 March 2005	5 April 2005
18324	Forrestania Nickel/Western Areas/ Waste Dump Gravel Pit	28 February 2005	17 March 2005
18128	Forrestania Nickel: NOI Flying Fox U/G Nickel Mine	27 July 2004	10 December 2004
17978	Forrestania Nickel/Western Areas Accom Village Expansion	6 April 2004	22 June 2004
16995	Forrestania : Cosmic Boy TSF Decommissioning Plan	10 January 2001	13 September 2001
16880	Forrestania : Outokumpu Closure Plan	14 August 2000	18 September 2000
15902	Bounty: Forrestania South McMahons Pit	7 July 1997	11 July 1997
15629	Bounty: Forrestania South: M77/99; 544; 545; 582	6 June 1996	14 April 1997
15535	Forrestania: North Ironcap Razorback	5 March 1996	27 March 1996
15337	Forrestania Digger Rocks Tailings Addendum	20 March 1995	17 July 1995
15306	Forrestania: Digger Rocks Deeps U/G	12 May 1995	3 July 1995
14489	Forrestania Borrow Pits	28 August 1992	31 August 1992
14486	Forrestania: Cosmic Boy/Flying Fox Dewatering	1 July 1992	28 August 1992

Registration ID	Registration Title	Date Lodged	Date Approved
14280	Forresteria: Digger Rocks/ Cosmic Boy Addendum	17 October 1991	10 January 1992
13790	Forresteria: Digger Rocks/ Cosmic Boy Flying Fox	26 October 1990	10 January 1992
13789	Forresteria: Digger Rocks/Cosmic Boy	30 July 1990	10 January 1992

Environmental Protection Act 1986 (Part V) – prescribed activities

A range of ‘prescribed activities’ at FNO are licensed under Part V of the *Environmental Protection Act 1986*. These include: ore processing (up to 680,000 tpa); mine dewatering (up to 6,400,000 tpa), screening of materials, sewage treatment, operation of a putrescible waste landfill. The current Part V licence (L8041/1990/5) was most recently amended in September 2020 (to authorise operation of a bioleach plant at Cosmic Boy). The licence is valid to 18 July 2027. Commissioning / construction reports for the bioheap facility (W6345/2020) and the TSF southern extension (W6372/2020) were lodged in June and April 2021, respectively.

The licence administered by the Department of Water and Environmental Regulation (DWER), imposes conditions relating to storage of tailings, dewatering water, septage and treated septic effluent, and non-process wastes. It also specifies a range of monitoring and reporting requirements. The only limits imposed through the licence relate to authorised production or throughput capacity and to requirements relating to ensuring that groundwater levels remain below specified depths (apparently for the purpose of limiting harm to vegetation). The only groundwater quality limit specified in the licence relates to the concentration of arsenic in monitoring bores associated with the Cosmic Boy Tailings Storage Facility (TSF). The licence requires annual monitoring of arsenic and a range of other parameters. The licence does not impose constraints on the quality of water held in surface impoundments.

Environmental Protection Act 1986 (Part V) – clearing of native vegetation

Thirty-seven clearing permits have been granted to allow clearing of native vegetation on the Forresteria tenements between 2004 and 2020. The extent of clearing approved through Part V clearing permits is 620.1 ha. A further 140 ha of vegetation clearing is authorised under Ministerial Statement 808. According to data contained in a publicly available version of the Annual Environmental Report for the period September 2020 to August 2021 (AER-670-37493), total ground disturbance at the Forresteria project to date is approximately 975.7 ha, with a total approved disturbance area of approximately 1087.5 ha. The apparent discrepancy between the authorised disturbance area and approved native vegetation clearing is most likely attributable to some mining activities being conducted on previously disturbed areas where native vegetation had already been removed prior to Western Areas activities (such that there was no requirement for a native vegetation clearing consent).

Rights in Water and Irrigation Act 1914

WSA holds a water licence (GWL156549) which allows it to extract up to 8.5 Glpa of groundwater at its Forresteria operations. The licence is mainly used in connection with mine dewatering and is valid to 27 November 2022. In the most recent reporting period (2020-2021), the volume of water extracted for mine dewatering and operations water supply was approximately 1.19 GL. Licence extensions may be granted, provided they are sought before expiry of the current licence. SRK

understands that this licence has now been amended to allow for water abstraction at New Morning.

Aboriginal Heritage Act 1972; Aboriginal Cultural Heritage Act 2021

So far as SRK has been able to determine, no Section 18 consents to disturb Aboriginal heritage sites have been sought or granted at FNO.

3.3.5 Environmental management and compliance

SRK understands that an environmental management system aligned with ISO 14001 (*Environmental management systems – Requirements with guidance for use*) was implemented at the FNO in 2020/2021. In parallel with its corporate management system, WSA is required to implement and maintain a range of management plans and monitoring programs dictated by various environmental consents granted for FNO activities. These include, for example, a conservation management plan for the threatened Steeman's Gum, a malleefowl management plan and a bushfire response plan. WSA has developed a plan for management of fibrous (asbestiform) minerals at Flying Fox and Spotted Quoll underground operations, however that plan explicitly excludes consideration of activities such as material haulage or handling of fibrous materials once they are removed from the mine.

WSA submits annual performance and compliance reports to EPA to demonstrate adherence to statutory conditions imposed through the Ministerial Statements. No non-compliance matters were identified in the most recent compliance report (for the period 1 July 2020 to 30 June 2021).

WSA also submits annual compliance reports in relation to environmental aspects of the Spotted Quoll-Cosmic Boy haul road to the Federal Department of Agriculture, Water and the Environment (DAWE). No non-compliance matters arose during the 2020/2021 reporting periods.

WSA is required to lodge annual compliance reports with the DWER. The most recent publicly available compliance report (posted on the DWER website, but not on the WSA company website) is for the July 2020 to July 2021 reporting period. A single non-compliance matter was reported in the most recent annual compliance report to the DWER. The compliance report explains that structural failure of a mine water feed tank in May 2021 caused the release of up to 52,000 litres of saline water into surrounding areas, in contravention of Condition 3 of the Part V licence which requires the licence holder must ensure that materials are only discharged into specified locations. No significant harm is thought to have resulted from the incident and the tank has been decommissioned. Four other minor environmental incidents were recorded during the 2020 – 2021 reporting period. No complaints were received during the reporting period.

WSA is required to submit annual environmental reports (AERs), including reconciliation of disturbed and rehabilitated areas, to the Department of Mines Industry Regulation and Safety (DMIRS). The most recent AER for FNO was submitted in September 2021 (for the 12-month period ending August 2021). A single non-compliance matter was noted in the most recent compliance report: WSA was issued with a warning letter in relation to surface clearing works undertaken in relation to works carried out to establish communications and power infrastructure to replace infrastructure damaged by a bushfire in December 2019. The works were conducted before DMIRS had formally approved (in April 2020) the mining proposal submitted in early January 2020.

An audit of the Mossco Farm evaporation ponds conducted in June 2021 (TetraTech Coffey, 2021) identified:

- surface cracking and piping erosion at several locations along the embankment crests
- damage of the High Density Poly Ethylene (HDPE) liner at the northern corner of Cell 3
- damage to the HDPE liner along internal embankments between Cells 1 and 2
- undersized and/or blocked drainage culverts
- vegetation growth within parts of the pond complex

These defects were noted in previous annual audit reports. The Mossco Farm evaporation pond structure is an important component of the Forrestania water management system: in 2020 -2021 approximately 25% of mine dewatering water was disposed of to the Mossco Farm ponds, which have a combined area of over 100 ha. According to the most recent audit report, the water stored in the ponds is hypersaline, with an average electrical conductivity of approximately 200,000 uS/cm (corresponding to a total dissolved solids concentration of about 130,000 mg/L). SRK has not sighted detailed water quality monitoring results for the water stored in the Mossco Farm ponds, but the 2021 audit report says that pH of the contained water may be as low as pH 3.2.

Groundwater extraction and reinjection is managed in accordance with an approved Groundwater Operating Strategy (GWOS). The most recent GWOS update was submitted to DWER in June 2021 and approved in August 2021 (Rockwater, 2021). Annual compliance reports are required by 30 September each year and 3-yearly aquifers reviews are also required under the water licence. The most recent annual groundwater report (Rockwater, 2021) concludes that there were no non-compliances during the 2020/2021 reporting period. The most recent triennial review, which was completed in September 2019, concluded that the FNO generally complies with its groundwater licence and operating strategy, although seepage of water from the Mossco Farm evaporation ponds requires active management to maintain groundwater levels below regulatory compliance levels (Rockwater, 2019). An updated triennial report is due in 2022.

3.3.6 Mine rehabilitation and closure

The FNO is expected to close in the next 4 to 5 years (Talis, 2021a). The most recent mine closure plan approved by DMIRS for the Forrestania operations is dated 2 April 2020. It was approved on 30 June 2020. In its letter approving the closure plan, DMIRS noted a number of deficiencies in the Forrestania plan and requested that these be addressed either at the time of the next revision of the plan, or in some cases at an earlier date. The matters identified by DMIRS as requiring action included:

- Revising format and content of the plan to align with requirement of DMIRS's Statutory Guidelines for Mine Closure Plans (2020)
- Requests for additional figures
- Updating of closure completion criteria
- Further work on geochemical characterisation of mineral wastes (to be completed by 31 July 2021)
- Review of the project risk assessment to reflect the findings of additional geochemical testwork.

- Requirement for additional information on long term stability (including erosional stability) of the TSF and waste rock landforms
- Requirement for updated materials balance and more detailed rehabilitation implementation schedule.

A subsequent mine closure plan which addressed most of the matters listed above (Talis, 2021) was prepared and submitted to DMIRS in September 2021. The updated mine closure plan nominates the following dates for cessation of mining activities at FNO:

- Flying Fox: operations to cease in 2023
- Spotted Quoll, Cosmic Boy and Mossco Farm: operations to cease in 2025
- Digger Rocks: to remain under care and maintenance

It is proposed to decommission the operation in 2026.

According to the most recent annual environmental report for FNO (September 2021), approximately 976 ha of land has been disturbed by mining to date, of which approximately 287 ha has been at least partially rehabilitated (leaving approximately 688 ha over which no rehabilitation has yet commenced). No rehabilitated land has yet been relinquished. These figures do not entirely align with disturbance estimates presented in the 2020/2021 MRF report for Forrestania tenements (2020/2021 reporting period, as at 28 September 2021), which report a total (unrehabilitated) disturbance footprint of approximately 692 ha, with approximately 208 ha of land under rehabilitation. The most recent mine closure plan (Talis, 2021) states that as of September 2020, the total extent of disturbance at FNO was 1,080 ha, of which 280 ha had been rehabilitated (in whole or in part).

A review of mine closure liability for the FNO was completed by Kewan Bond in August 2021. The review updated previous liability estimates prepared in 2019 and 2020. The liability estimate completed in 2021 pre-dated the completion of the most recent mine closure plan (Talis, 2021), but took into account some recent technical studies referenced in the mine closure plan including, most notably, draft conceptual cover designs for the Cosmic Boy TSF and for waste rock dumps at Flying Fox and Spotted Quoll (Coffey, 2021). The closure liability estimate assumes the Flying Fox operation will close in September 2022 and the Spotted Quoll mine will close in 2025. A minimum 10-year period of post-closure monitoring is assumed.

The most recent LOM closure liability estimate for the FNO (which does not include any provision for mining at New Morning) is approximately A\$32 million, inclusive of a 5.6% contingency allowance. Closure costs associated with the TSF and waste rock dumps amount to approximately 45% of the total closure liability. The comparatively modest contingency is justified by Kewan Bond on the basis that designs proposed in Coffey's conceptual cover design are 'conservative' (i.e. that less complex systems may in fact be sufficient to deliver acceptable closure outcomes). No contingency is applied to estimated demolition costs (approximately A\$4.87 million) on the basis that infrastructure resale/salvage value will offset demolition costs.

The recently updated closure liability estimates rely on a number of important assumptions and Kewan Bond has noted some key areas of uncertainty that may affect the reliability of its closure liability estimate. These include:

- Post-closure monitoring period will not exceed 10 years
- Active management of seepage from the TSF and Mossco Farm evaporation ponds will be required for only 1 year after cessation of mining operations
- The TSF cover design proposed by Coffey (2021) is appropriate and sufficient
- The cover designs proposed by Coffey for waste rock dumps at Flying Fox and Spotted Quoll are appropriate and sufficient
- Materials suitable for the construction of the TSF and waste dump cover systems are available in sufficient quantity
- No re-profiling of the TSF embankments will be required
- Closure strategy for Mossco Farm evaporation pond will involve limited removal of accumulated salts in the north and south ponds, then placement of the excavated material in the middle pond under a cover comprising 0.52 m of 'embankment material' and 0.12 m of topsoil. Remaining cells to be covered with 0.12 m of topsoil only.

SRK considers that there are some uncertainties in the cover designs proposed by Coffey (2021). No modelling of seepage or erosion has been done in support of the proposed conceptual designs, notwithstanding that key objectives of the closure design include the:

- Minimisation of oxidation of stored reactive wastes
- Minimisation of seepage (notwithstanding that groundwater is not considered a 'sensitive receptor')
- Prevention of erosion

The estimated cost of rehabilitating the Mossco Farm evaporation ponds was estimated by Kewan Bond at approximately A\$2.3 million. The closure liability estimate makes no provision for assessment of contamination at the Moss Farm facility, notwithstanding that the ponds are situated on private land and the possibility of transferring the rehabilitated land to a private landowner for future farming use has already been raised (WSA's stakeholder engagement register).

3.3.7 SRK Opinion

The FNO is a mature project with a well-established framework of environmental authorisations to guide project implementation. The project appears to be substantially compliant with current statutory requirements. Closure design for key project components (the Cosmic Boy TSF, waste rock dumps and Mossco Farm evaporation ponds) is not sufficiently well-developed to allow very accurate definition of closure cost liabilities. The most recent life of mine (LoM) closure liability estimate is generally based on reasonable and well-documented assumptions and is suitable for use for the purpose of this Report.

3.4 Geological setting and Mineral Resource Estimates

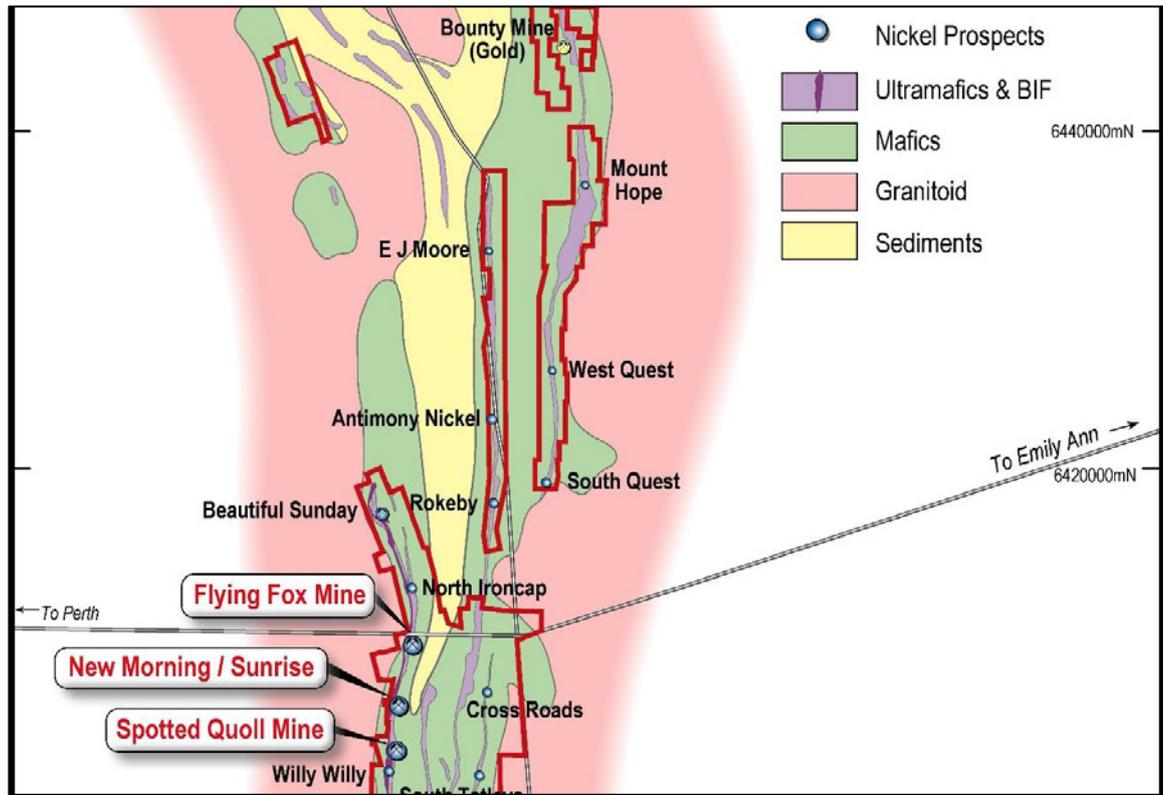
The FNO is geologically located within the Forrestania Greenstone Belt (FGB) which is the southernmost extension of the Southern Cross Greenstone Belt in the Yilgarn Craton of Western Australia (Figure 3.2). The FGB is a 400 km long arcuate belt of ca 2.9 Ga greenstone sequences bound by Archaean granite-gneiss terrane of the Yilgarn Craton. The FGB contains two main lithological associations consisting of the lower sequence of basalt, ultramafic, banded iron formation (BIF) and sedimentary rocks, as well as an upper sequence of predominantly finely laminated siltstones, shales and felsic metasedimentary rocks (Newexco, 2013).

The greenstone belt hosts up to six ultramafic rock types in the lower sequence with strike length of individual belts ranging from 20 km to 90 km. Compositionally, these ultramafic belts consist of komatiite sequences with a variety of textures and structures such as accumulates to mesocumulates, channelised flow sequences, flanking flow sequences and thin spinifex textured flow units. These rocks have been metamorphosed to amphibolite facies, which has largely obliterated primary structures and textures. Subsequent lower temperature retrograde metamorphism has replaced the higher metamorphic grade assemblages. A pervasive metamorphic fabric is developed in most rock types. The greenstone belt is enclosed by Archean granitoids and gneisses and intruded by granite plutons, flat lying pegmatite sills and east-trending Proterozoic dolerite dykes (Newexco, 2013).

Based on historical exploration programs, the greenstone belt is interpreted to have been regionally folded into a gently north-plunging syncline, with sedimentary rocks occupying the fold core over the older mafic, ultramafic and BIF units. Five of the six ultramafic belts face west, with noted differences in the character of the footwall rocks underlying the lowermost ultramafic units on opposing side of the belt, as well as complex folding, thrusting and attenuation of the sequences in the southern area of the belt making correlation of the rock units difficult (Newexco, 2013).

Several massive and disseminated nickel sulphide deposits and prospects comprise the FNO (Figure 3.2) including Flying Fox, Spotted Quoll, New Morning, Beautiful Sunday, Diggers, Liquid Acrobat, Seagull, Cosmic Boy, and South Ironcap. All of the deposits occur within the Eastern and Western Ultramafic Belts, mostly in the lowermost of the two main ultramafic units. Cosmic Boy and Digger Rocks occur in the Eastern Ultramafic Belt, while Flying Fox, Spotted Quoll, New Morning and Beautiful Sunday are located along the Western Ultramafic Belt.

Figure 3.2: Regional geology and deposits of the Forresteria Greenstone Belt



Source: WSA Management Information

3.4.1 Spotted Quoll

The Spotted Quoll deposit is hosted in the margin of the Western Ultramafic Belt where a series of moderate dipping (approximately 40 to 50°), north striking massive nickel sulfide lenses are recorded. Mineralisation extends over a 300 m strike length and to approximately 1000 m depth. Mineralisation is hosted within a package of metamorphosed sediments (footwall metasediments) consisting of interlayered amphibolitic sediment, BIF and quartzo-feldspathic sediments. These sediments sit below a package of ultramafic (komatiites), mafic (basalt) with interbedded shales and BIF units. A similar secondary sequence of ultramafics, mafics and sediments overlie this sequence and potentially represent a structural repeat. This sequence is in turn overlain by a thick package of felsic volcanics and sediments. The deposit has undergone polyphase deformation, as well as amphibolite-grade metamorphism, resulting in pervasive fabric development parallel to igneous and sedimentary layering. Deformation has resulted in several offsets of the mineralisation along subhorizontal and subvertical structures, which have been intruded by late-stage granites.

3.4.2 Flying Fox

The Flying Fox deposit is hosted within an east dipping, north-northeast trending (035°) ultramafic (komatiite) sequence, which is overlain by a sequence of mafic volcanics and secondary ultramafic package (Hangingwall Mafic and Hangingwall Ultramafic). Underlying the ultramafic host package

is a metasedimentary sequence (Footwall Metasediments). Several intermingled granite, pegmatite and granodiorite bodies intrude the lithological package. At depth below what is termed the T3 lens, the northern extents of the deposit are marked by an east-west trending Proterozoic dolerite dyke. Above the T3 lens, mineralisation continues north of this dyke. Mineralisation forms as both massive and matrix nickel sulphides occurring at the base of olivine cumulate (peridotite) sequences, adjacent to the contact with the underlying footwall metasedimentary sequence. The deposits average grade from drill hole ore intercepts ranges from 3.5 to 11% Ni (Wulfse, 2008 – WAN002).

3.4.3 New Morning - Daybreak

The New Morning – Daybreak deposit is located half-way between Flying Fox and Spotted Quoll deposits. It is located within an abrupt strike variation or jog along the Western Ultramafic Belt of the FGB. The overall stratigraphy of the project area is north-northeast striking with the ultramafic sequence following a more north-south orientation. From east to west, the stratigraphy consists of footwall metasediments, the host cumulate sequence, felsic volcanoclastics and sulphidic chert, Quoll Ultramafic, Quoll Basalt, graphitic and sulphidic sedimentary rocks, Son of Quoll Ultramafic, Quoll Basalt and the upper Komatiite. This stratigraphic sequence is intruded by composite granites (pegmatite-granite-granodiorite), as well as cross-cut by Proterozoic dykes.

Mineralisation at New Morning is hosted by the New Morning cumulate intrusive body, forming as a basalt contact massive sulfide or as disseminations at several levels within the cumulate.

Mineralisation at Daybreak is spatially associated with metamorphosed granite with mineralisation largely engulfed by intrusion. Therefore, the majority of the mineralised intercepts at Daybreak have been modified due to the intrusion or later contact metamorphism associated with the granite.

3.4.4 Cosmic Boy

The Cosmic Boy deposit is located approximately 20 km south of Flying Fox within the Western Ultramafic Belt. Unlike typical komatiite associated nickel deposits of the belt, mineralisation at Cosmic Boy is commonly hosted within non-ultramafic rocks, including metasedimentary schists or against contacts with late-stage granitoid intrusive. Stratigraphy within the deposit is west dipping (46°), striking north-south. Mineralisation comprises four west dipping massive to matrix style nickel sulfide lodes. The lodes include two hangingwall lodes overlying a basalt unit, and two footwall lodes overlying a predominantly BIF sequence, all striking north south, consistent with stratigraphy.

3.4.5 Diggers

Digger Rocks, Diggers Deeps and Digger South prospects comprise what is colloquially referred to as Diggers. The prospect lies 18 km to the south of Cosmic Boy within the Eastern Ultramafic Belt. The host stratigraphy consists of an approximate north-northwest trending, west facing sequence of mafic amphibolite, metasediments, BIF and ultramafics. The succession is cut by a series of close spaced sub-vertical northwest trending faults. Minor granite dykes have been observed in the deposit, typically forming as narrow bodies (less than 1 m) (Newexco, 2015).

Diggers and Diggers South are host to both massive and disseminated sulfide mineralisation and are concentrated toward the base of the ultramafic (meso-accumulate) package. Zones of

disseminated mineralisation are also recognised higher within the adcumulate package (Newexco, 2015).

The Digger Rocks deposit forms as a west dipping (58°) disseminated and massive sulfide mineralisation plunging northward (60°) and extending up to 400 m in length (Newexco, 2015). The deposit was historically mined via open pit and underground between 1992 and 1999 by Outokumpu with production of 1.73 Mt at 1.83% Ni for 31,650 t contained nickel metal. This deposit continues below the former open pit as Diggers Rocks Deeps with current depth extents of mineralisation marked by a fault at depth.

The Digger South deposit is separated from the Digger Rocks deposit by a major northwest trending fault. The mineralisation at Digger South has not previously been mined. The deposit consists of low to moderate grade (average 1.5% Ni) disseminated nickel mineralisation with limited accumulations of massive sulfide pods forming at the base of the ultramafic stratigraphy. Geometry of the deposit is a flat to moderately south plunging (32°), west dipping (58°) with an average thickness of 6.5 m and is remains open at depth (Haywood, 2008 – Diggers Resource Report WSA).

3.4.6 Liquid Acrobat, Purple Haze and South Ironcap

The Liquid Acrobat, Purple Haze and South Ironcap prospects lie within the Eastern Ultramafic Belt of the FGB. These deposits are described by WSA as typical komatiitic type deposits, with nickel sulphides forming at the base of olivine cumulate within channelised flows, similar to the mineralisation observed at the Flying Fox deposit. Mineralisation is hosted on or adjacent to the contact between the footwall metasedimentary rock and overlying ultramafic sequences (Wulfse, 2008 – Four Deposits 1st Pass Modelling).

3.4.7 Beautiful Sunday

The Beautiful Sunday mineralisation was initially identified through anomalous soil geochemistry within the Western Ultramafic Belt in the 1970s. The deposit consists of two mineralised lodes which are hosted toward the base of the mesocumulate within a broader ultramafic sequence. The ultramafic directly overlies a sequence of mafic units and bBIFs. Overlying the ultramafic is a volcano-sedimentary succession composed of clastic metasediments and black shales. The local stratigraphy strikes northwest-southeast unlike the regional north-south trend apparent within the Western Fold Belt of the FGB. Mineralisation consists of two lodes (lower basalt lode and upper basal lode) which are divided by secondary thrust faults with intrusive felsic volcanics between. Both lodes comprise fine grained disseminated sulphides. The lower basal lode is east dipping (40°), strikes north-south for approximately 230 m and plunges (28°) south-southeast with an average defined width of 8 m (up to 30 m). Drill intercept grade range from 0.51% to 1.59% Ni. The Upper basal lode strikes 230 m north-northwest with a south-southeast plunge (23°) and east dip, with an average width of 5 m. Grade range from 0.68% Ni and up to 3.69% Ni. Both lodes occur between 30-250 m below surface with mineralisation interpreted to be open to the south (Bentum, 2012 - Beautiful Sunday Review, 2012).

3.4.8 Seagull

The Seagull prospect lies approximately 3 km north of Cosmic Boy within the Eastern Ultramafic Belt of the FGB. Locally, the belt is complex with localised accumulations of cumulate ultramafic rocks up to 500 m thick underlying a sequence of mafic volcanics, in turn underlain by a sequence of BIF. The ultramafic sequence has undergone complex folding and faulting, which is interpreted to have resulted in structural thickening of this sequence (Bentum, 2012 - Seagull Review).

Two enriched nickel bearing horizons (East Limb lode and West Limb lode) have been interpreted as hosting disseminated with occasional massive nickel sulphides forming on the limbs of the Seagull Anticline, within a meso-orthocumulate ultramafic approximately 200-400 m below surface. The East Limb lode consists primarily of disseminated sulphides with occasional massive sulfide intercepts. The West Limb lode consists of matrix to massive sulfide intercepts amongst mainly disseminated sulphides (Bentum, 2012 - Seagull Review).

3.4.9 Mineral Resource estimates

The current FNO Mineral Resource estimates are summarised in Table 1.1. Notably, several of the Mineral Resource estimates have not been reported in accordance with JORC Code (2012) guidelines.

Table 3.4: Current FNO Mineral Resource estimates

Deposit	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
1. Flying Fox Area					
T1-T6 Massive Zone	807,687	4.4	35,250	Indicated Mineral Resource	2012
T7 Massive Zone	259,568	1.5	3,771	Inferred Mineral Resource	2012
Total High Grade	1,067,255	3.7	39,021		
T5 Flying Fox Disseminated Zone	197,200	0.8	1,590	Indicated Mineral Resource	2004
	357,800	1.0	3,460	Inferred Mineral Resource	2004
T5 Lounge Lizard Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	2004
Total Disseminated	4,983,000	0.8	41,050		
Total Flying Fox/Lounge Lizard	6,050,255	1.3	80,071		
2. New Morning / Daybreak					
Massive Zone	340,126	3.3	11,224	Indicated Mineral Resource	2012
	78,067	3.9	3,025	Inferred Mineral Resource	2012
Disseminated Zone	3,318,468	1.2	41,181	Indicated Mineral Resource	2012
	2,496,658	1.3	32,498	Inferred Mineral Resource	2012
Total New Morning / Daybreak	6,233,319	1.4	87,928		
3. Spotted Quoll Area					
Spotted Quoll	604,584	6.2	37,598	Indicated Mineral Resource	2012
	146,678	5.0	7,228	Inferred Mineral Resource	2012
Total Spotted Quoll	751,262	6.0	44,826		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
Total Spotted Quoll/Beautiful Sunday	1,231,262	4.2	51,546		

Deposit	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
4. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	2004
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	2004
Total Cosmic Boy Area	375,900	2.4	8,950		
5. Diggers Area					
Diggers South - Core	2,704,500	1.4	37,570	Indicated Mineral Resource	2004
Digger South - Core	362,700	1.2	4,530	Inferred Mineral Resource	2004
Digger Rocks - Core	282,940	1.7	4,790	Indicated Mineral Resource	2004
Digger Rocks - Core	50,600	1.3	670	Inferred Mineral Resource	2004
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	2004
Total Diggers Area	3,960,740	1.3	52,600		

Sources: WSA December 2021 Quarterly Activities Report, ASX press release dated 27 January 2022

Flying Fox

A total of 23 structurally offset massive sulfide domains comprising 18 north-south trending sub-vertical domains, four pegmatite hosted domains and one east-west sub-vertical domain comprise the Flying Fox Mineral Resource.

The resource estimate was completed using raw drill hole data extracted within each modelled mineralisation wireframe within which statistical analysis was completed. A composite of 1 m was used which was the mode of the sample length within each wireframe. Variography analysis was conducted for each domain from the composite data using Snowden's VISOR software. Block modelling was completed on a 2 m × 5 m × 5 m (XYZ) cell size. Estimation of nickel was completed within the block model using Ordinary Kriging (OK) with ancillary elements estimated using an Inverse Distance (ID) algorithm. Validation was completed once all blocks were estimated. Block model nickel grades were checked against sample mean grades and are reported to have shown good correlation between composite grades and block model grades. Visual checks were additionally completed between raw data and estimated block model grades.

The resource classification was based on geological understanding, drill density and kriging quality parameters. T7 and a portion of the T1N domains were classified as Inferred and no blocks have been classified as Measured. The block model was depleted for mining as at the end of December 2021. The Mineral Resource estimate has been reported at a 0.4% Ni cut-off grade in accordance with JORC Code (2012) guidelines (Wulfse, 2021 – FF Massive MRE Model).

New Morning

WSA conducted geological modelling of the New Morning-Daybreak deposit using Leapfrog Geo and Datamine software. Mineralisation models for the massive and disseminated mineralisation were created using downhole lithology and assay data to constrain the domains.

- Massive sulfide: massive sulphides and presence of >2% Ni to footwall side.
- Disseminated sulfide: >0.7% and <2% Ni, to hanging wall side.
- Some interpretation was applied for intervals logged as massive sulphides though with <2% Ni.

Block modelling was conducted for the model area to a block size of 5 m × 15 m × 10 m (XYZ) with sub-cells created within the resource domains at 10 m × 10 m × 10 m. Resource modelling for nickel grades was then conducted applying Ordinary Kriging. Elements including Co, As, Fe, Mg and S were estimated within the mineralised wireframes using an Inverse Distance Squared method. Validation was completed including visual checks of block data against input data, Jack-knifing and swath plot analysis to test model robustness. The estimate was classified based on combination of quantitative parameters coupled with geological understanding of the deposits.

The final estimate was reported at a cut-off of 0.5% Ni for the disseminated ore and 2% Ni for the massive sulfide ore in accordance with JORC Code (2012) guidelines in June 2018 (Wulfse, 2018 - New Morning_CPR_MRE_1017_0916_rev1).

Spotted Quoll

Mineralisation domain modelling for the Spotted Quoll deposit was conducted using the Leapfrog™ 3D modelling software vein modelling tool.

Six structural domains are modelled, four of which (Zones 1-4) have a core of massive/matrix/brecciated sulphides which are modelled separately from the outer stringer/disseminated sulphides. The high-grade domains were defined applying lithological criteria for massive, matrix and brecciated sulphides. The outer halo was defined applying a 0.8% Ni cut-off grade. Updated geological and structural modelling was completed prior to the resource estimate with the identification of several faults and late stage felsic intrusives across the mine space. These structures and intrusives were observed in places to cross-cutting and stope out ore, most notably in Zone 4, resulting in the depletion of the pre-2021 defined resource for Zone 4.

Block modelling of the domains was conducted on an 2 m × 5 m × 5 m (XYZ) cell size. Sub-cells were used in areas where lodes were narrower than their parent cell. Estimations were however completed only within the parent blocks. Raw data was extracted for each domain with statistical analysis of the data conducted. Based on this analysis compositing of the data was conducted to 1 m (sample length mode). A total of 7,082 diamond drill composites were subsequently used in the estimate. Variography was completed for each domain and estimations were completed using Ordinary Kriging. Deleterious elements were estimated using an Inverse Distance algorithm.

Validation was completed of the model with nickel grades checked against mean sample grades with good correlations evident. Visual checks were additionally completed with the block model against raw data. The block model was coded to account for mined out and sterilised areas. Resource classification was based on drilling density and kriging quality parameters. The final model contains grades below the reported cut-off of 0.4% Ni allowing for flexibility with mine planning purposes. The final Mineral Resource estimate was reported at a 0.4% Ni cut-off grade and depleted for mining. The resource was completed in accordance with JORC Code 2012 guidelines.

Beautiful Sunday

The Beautiful Sunday deposit consists of two south plunging, east dipping mineralised lodes separated by faulting and intrusive volcanics. Modelling of the deposit was undertaken using Datamine with domains constructed using a sectional approach. Mineralised domains were constructed using a 0.25% Ni cut-off value. The resource estimate was completed using the

Inverse Power Distance method. The resource estimate contains approximately 480,000 tonnes at 1.4% Ni of disseminated and occasionally massive nickel sulphides hosted within a meso to orthocumulate ultramafic host. The Mineral Resource was reported under the guidelines of JORC Code (2004) reporting guidelines.

Liquid Acrobat, Purple Haze and Southern Ironcap

The 3D modelling of the Liquid Acrobat and Purple Haze deposits were conducted in 2008. Initial resource estimation work included an initial review of the exploration drilling data in Datamine and Isatis with statistical analysis, variography, probability plots for each element produced.

Nickel mineralisation domains were created by WSA using with a nominal lower grade cut-off of 0.4% Ni in conjunction with geological logging data. Visual verifications in both 2D and 3D were completed against drill hole data to ensure consistency. A total of five mineralisation domains were created for the deposits inclusive of two for Liquid Acrobat, two for South Ironcap and one for Purple Haze.

Drill hole compositing was completed on a 1 m interval for all deposits. Variogram modelling was then completed using Normal variograms which were validated using Pairwise Relative variography which was then followed by a stage of Variogram fitting for each domain. Block models for each deposit were created using a 2 m x 10 m x 5 m (XYZ) block size. Sub-blocking was conducted to in the Z direction to 1.25 m to obtain a reasonable geometric fit with the same grades as parent cells applied to the daughter cells. Estimations were conducted in Datamine within the modelled domains using Ordinary Kriging interpolation with validation conducted applying an Inverse Distance Squared algorithm. Estimation validations were completed by summarising the block model statistics against drill hole statistics with less than 10% variance observed within all scenarios, indicating a robust estimate.

Cosmic Boy

The database used for resource estimation consisted of channel, underground open hole percussion, underground diamond drilling and surface diamond drilling data. Only the diamond drilling data was used for the block modelling, whereas all drilling data was used for the wireframe modelling. Drilling used was conducted by Outokumpu and WSA between 1973 and 2005 (Wulfse, 2008 – WAN004).

A 0.4% Ni cut-off grade was applied to create mineralisation wireframes encompassing hangingwall and footwall extents with the 0.4% Ni cut-off optimally describing continuity of mineralisation. Each of the four lode wireframes was constructed using a 3D sectional approach encompassing all drilling datasets and channel datasets to constrain mineralisation extents. The mineralised domains between the hangingwall and footwall were then populated with blocks for estimation with a block model dimension of 10 m x 15 m x 10 m (XYZ) with sub-blocking of 2 m x 3.75 m x 2 m for the wireframes. Diamond drill data used for the estimation was composited to 1 m length based on the dominant sample intercept length. Variograms were created for each domain using a lag distance of 1 m. Estimation was then conducted using Datamine within the blocks applying Ordinary Kriging and Inverse Distance Squared, with the latter used as a check against the Ordinary Kriging results for nickel. Block modelling was validated by Quantitative Kriging Neighbourhood Analysis to ensure best linear unbiased estimate for the deposit (Wulfse, 2008 – WAN004).

Blocks were classified according to the results of the data validation runs and a weighted algorithm based on the Kriging Efficiency, Slope of Regression, Search Volume and Number of Samples used for each block estimate. Previous development plans from mining conducted by Outokumpu between 1994-1998 were used for depletion from the final resource. The resultant Mineral Resource estimate was reported in accordance with the JORC Code (2004) (Wulfse, 2008 – WAN004).

Seagull

The Seagull deposit consists of two mineralised lodes (East Limb and West Limb). Modelling was completed on a 3D section approach within Datamine to define the two lodes. A 0.3% Ni lower cut-off grade was used to model to mineralised zones within the deposit. The resource estimate was completed using the Inverse Power Distance method. Tonnage for this resource was estimated at 195,000 tonnes with a grade of 2.0% Ni. The Mineral Resource was reported under the JORC Code (2004) guidelines.

Diggers

Geological modelling was conducted with Datamine Studio software (Datamine) of the Digger Rocks and Diggers South deposits inclusive of lithological units and nickel mineralisation envelopes. Wireframing was conducted applying previous wireframe interpretations as the basis for the 2008 update. Additional weathering profiles were created. The main mineralisation domains were created applying a 0.75% Ni cut-off grade with a lower grade envelope created applying a 0.3% cut-off grade. Several faults have been identified to cross-cut and offset mineralisation, with these faults used to limit the extents of mineralisation domains where applicable (Haywood, 2008 – Diggers Resource Report WSA).

Drillhole intercepts used for estimation were drilled between 1971 and 2008, with the bulk of the data collected by Outokumpu and WSA. The bulk of the drilling was collected by surface diamond drilling. Drilling data was composited to 1 m for resource estimations from which semi-variograms were created for each mineralisation domain. Resultant data was used for interpolation calculations within the Block Model within the Datamine. Block modelling was conducted on a 10 m x 10 m x 10 m cell size. Estimation was conducted by the Ordinary Kriging method. The Diggers Resource has been completed under the guidelines of the JORC Code (2004) (Haywood, 2008 – Diggers Resource Report WSA).

3.4.10 SRK Opinion

In SRK's opinion, the 2020 and 2021 Mineral Resource estimates for FNO have been prepared to a sufficient quality standard and are reasonable global estimates. The Mineral Resource estimates prepared under the guidelines of the JORC Code (2004) have been conducted using reasonable methodologies for this style of mineralisation. Reporting of these estimates in accordance the guidelines under JORC Code (2012) is recommended for additional transparency, governance and to provide reasonable input to further technical studies with respect to the assessment of the reasonable prospects of eventual economic extraction (RPEEE).

3.5 Additional Prospectivity

Flying Fox

As noted previously, the Flying Fox deposit is structurally complex with several fault offsets and pegmatite intrusive bodies complicating mineralisation which is currently defined as 23 structurally offset domains. The depth extents of Flying Fox have not yet been closed off with potential for down dip extensions along the footwall contact of the host ultramafic sequence. In addition, given the complex structural nature of the deposit, potential additional offsets to mineralisation may exist and offer additional upside potential. The lateral extents to the north and south are relatively well constrained with the northern extents limited at depth by an east-west striking Proterozoic dyke. In the upper levels, mineralisation is noted to extend beyond this dyke. The northern potential of this mineralisation beyond the dyke at depth remains uncertain, but offers additional exploration potential.

New Morning

The New Morning-Daybreak deposit lies 2 km south of the Lounge Lizard – McMahons Flying Fox open pits which were mined for gold in the 1990s. Newexco (2012) note that previous drilling at New Morning – Daybreak has not systematically analysed for gold. Anomalous gold values were noted from Rotary Air Blast (RAB) drilling conducted by Viceroy Australia in 2001 within a sulfidic chert unit at the base of the Hangingwall sequence at Daybreak. Additional potential for gold has been interpreted to be associated with observed hydrothermal alteration of the basal cumulate within the Daybreak area, with a small number of analyses exceeding 1g/t Au.

Newexco (2012) indicate potential for extensions of nickel sulfide mineralisation below 1,000 mRL, as well as within untested areas of the basalt contact of the host cumulate sequence.

Spotted Quoll

Mineralisation at Spotted Quoll remains open at depth below the current resource extents. The deposit has a complex fault architecture with several structural offsets of the orebody apparent, opening potential for additional mineralisation to be offset from the currently defined resource. Lateral extents to the north and south have undergone limited drill testing with major faulting to the north partially defining the northern extents. To the south, limited drilling has been completed to define the extent of mineralisation.

Beautiful Sunday

Mineralisation is interpreted to remain open to the south of the current defined resource area. A southward plunge to the known mineralisation and favourable stratigraphy remains largely untested over a 400 m strike length. In 2015, drilling and a downhole electromagnetic (EM) geophysical survey were proposed to test this southward trend, however it remains uncertain if this work was completed.

A magnetic geophysical feature identified west of the Beautiful Sunday prospect is associated with the footwall ultramafic sequence that hosts mineralisation at Beautiful Sunday. This ultramafic body

was interpreted in 2015 to have potential to host nickel mineralisation (Bentum, 2012 – Beautiful Sunday Review).

Seagull

The Seagull deposit is interpreted to remain open along strike with potential to extend mineralisation along the limbs of the Seagull Anticline. Drill testing and downhole EM geophysical surveying was previously proposed within the 2012 deposit review to test these extensions (Bentum, 2012 – Seagull Review), but it remains unclear if this zone was tested.

Diggers

The South Diggers mineralisation plunges to the southwest and is open at depth. Limited drill testing has been completed in this zone with all holes terminated below the projected position of mineralisation (Newexco, 2015).

The extents of mineralisation at Diggers Rocks (Diggers Rocks Deeps) is cut off by a major fault. However, mineralisation is interpreted to be open at depth (Newexco, 2015).

Prior to management by WSA, no analysis was conducted for gold within drilling. Results from drilling by WSA have shown anomalous gold with a maximum of 2.13 g/t Au returned over a 1 m interval hosted within metasediments. The potential for additional gold at the deposit is uncertain and remains largely untested (Newexco, 2015).

3.5.2 SRK Opinion

In SRK's opinion, there remains potential for additional extensions to known mineralisation, as well as identification of additional deposits within the ultramafic sequences. Flying Fox and Spotted Quoll are both mature deposits, although both offer down dip extension potential at depth. Underexplored deposits such as New Morning, Beautiful Sunday and Diggers also show additional along strike and down dip potential.

While the portfolio is generally regarded as being nickel focused, the package's gold potential is also well known (based on previously gold production) and offers potential additional commodity exposure with exploration potential including anomalous gold intercepts at Diggers and New Morning. Historical exploration sampling has not assayed for gold and could provide additional exploration upside. In SRK's opinion, WSA has all the relevant attributes in place, including a reasonable data set and strong geological understanding, to define and develop further exploration concepts and Exploration Targets at FNO in accordance with the guidelines of the JORC Code (2012).

3.6 Metallurgy and Processing

3.6.1 Metallurgical testwork

WSA has been processing nickel sulphide ores from Flying Fox and Spotted Quoll through the Cosmic Boy processing facility since 2009. This follows earlier processing of ores from these deposits by Outokumpu between 1992 and 1997. As a result of this substantial processing history,

there is a good understanding of the metallurgical behaviours of these ores. Verification testing is undertaken on new ores and domains that have not been historically processed.

Historical production data is superior to metallurgical testwork when forecasting future metallurgical performance through an existing concentrator, specifically when processing similar ores.

Historical testwork is also available for the prospective New Morning and Daybreak deposits which remain to be fully developed. These deposits are currently not included in the forecast LOM production schedule. This testing, undertaken in 2004, was relatively extensive. It did not highlight any significant processing risks and the ores are expected to have similar metallurgical behaviours to the current feed. The samples tested were predominantly massive sulphides, but also with transitional zone sulfide mineralogy with pentlandite altered to violarite. Comminution behaviours were in the typical range of the blends to the Cosmic Boy Concentrator (CBC) and high nickel recoveries of approximately 90% were achieved at concentrate grades of between 14 and 16% Ni. When scaled up to full plant operations, these would be in line with the current plant performance. Current assumptions are for an 83% recovery at a 14% Ni concentrate grade. The arsenic grades were typically lower than the Spotted Quoll deposit (other than outlier samples) and are expected to be manageable. It would assist in concentrate blending, if the New Morning-Daybreak ores were to be processed.

Renewed exploration focused on expanding the presently defined mineral inventory and the associated additional drilling will be used to provide further samples for confirmation of the behaviours of the potential massive and disseminated sulfide feed from the two main ore hosting channels. This project is being developed to a feasibility level of confidence. SRK consider the New Morning and Daybreak deposits do not to present significant metallurgical risks to the Operation, and the current CBC to be amenable to processing these ores, if they are included in the LOM plan at some time in the future.

The Diggers South project, hosting disseminated sulfide resources is also not included in the LOM plan, but remains prospective and presents upside potential. It is at an earlier level of project development and does not have the same level of metallurgical testing available. It would likely require some moderate modifications to the CBC circuit to optimise performance on this new feed type.

3.6.2 Process description

The CBC was designed and constructed by GR Engineering Services Ltd (GRES). This work was completed in February 2009. The original nameplate throughput was 250 ktpa. With the identification of the Spotted Quoll and Cosmic Boy massive sulfide deposits, it was subsequently upgraded in 2010 to the current nominal capacity of 550 ktpa. With ongoing debottlenecking and production creep over time, the nameplate is now 550 to 615 ktpa. The plant has operated continuously throughout WSA's ownership.

The processing flowsheet is a conventional flotation style concentrator, typical of those operating in Western Australia and around the world. It comprises a three-stage crushing circuit, a ball mill operating in closed circuit with classification hydrocyclones targeting a grind size of nominally 150 µm, and normally between 140 and 180 µm, a flotation circuit incorporating flash flotation, roughing, scavenging and cleaner cells. The final nickel sulfide concentrate, typically comprising the rougher and scavenger concentrate, is dewatered of the final nickel sulfide concentrate through

thickening and pressure filtration. When arsenic rejection is required, the flash flotation cell and flash concentrate cleaners can be brought online to concentrate the arsenic, something typically undertaken on a campaign basis, before hydrometallurgical treatment.

The product is stored in a concentrate shed on-site prior to dispatch via trucking to domestic customers such as BHP, and shipping to international customers including Jinchuan. The concentrate nickel grade is approximately 14 – 15%. Process plant tails are thickened prior to being pumped to the paddock style TSF adjacent to an exhausted TDF cell. The underground paste plant uses dry tails from this old, decommissioned tails dam. An older, summary flowsheet is presented in Figure 3.3.

The CBC has been upgraded to include the Mill Recovery Enhancement Project (MREP), which preferentially leaches arsenic from a small concentrate stream recovered from the flotation circuit (the flash cleaners), which contains a higher arsenic grade. The unleached concentrate is blended back with the main flotation concentrate. Any nickel that is leached can be precipitated as a nickel sulphide product (NSP). This has the combined benefit of increasing the overall metallurgical nickel recovery, produces a secondary high-grade NSP of between 45 – 50% Ni, and reduces the arsenic grade in product. The leached arsenic is rejected to tailings in the environmentally stable form of ferric arsenate.

Bacterial leaching (BioHeap®) technology is currently being used on a demonstration heap leach project comprising three heaps of normally 7,000 tonnes each. The optimum water quality and pH conditions are being trialled as part of this project, with the intent of applying these conditions to 307 kt of Cosmic Boy scats, along with any other learnings from the work. This technology has been developed in house by WSA over a number of years and there is confidence in the nickel leach extractions that can be achieved.

The plant is supported by other reagents and utilities systems standard for these plants as well as general infrastructure including access and internal roads, airstrip, accommodation village (529 rooms), warehouse, workshops and administration buildings, mains grid power (33 kV), small emergency power gensets, overhead power lines, and underground dewatering for process water supply and reverse osmosis (RO) systems.

The plant has demonstrated it is amenable to processing the underground ores, is flexible to different feed types and in SRK's opinion, will continue to be suited to treating the forecast LOM feed. Similarly, in SRK's opinion, the existing infrastructure does not present any material risk to the ongoing viability of the FNO. The infrastructure is typical of comparable Australian mineral processing facilities.

Table 3.5: Historical & Fforecast FNO production data

Variable	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY November YTD	2022 FY (Budget)	LOM Forecast* 2022–2025 FY
Ore Milled (dry t)	616,599	610,487	586,640	581,058	247,134	569,741	1,313,695
Processed Grade (Ni %)	4.0	4.0	4.0	3.2	3.12	3.25	3.21
Processing Recovery (% incl. MREP)	87	88.5	89.2	87.0	85.1	89.7	88.9
Concentrate Grade (% Ni)			14.7	13.9	13.8	14.1	14.9
Total Nickel in Conc. (t)	21,059	21,675	20,926	16,180	6,556	16,780	37,451

Sources: 'https://www.westernareas.com.au/what-we-do/forrestania/flying-fox', '210924 WSA Corporate Model vF.xlxs', June 2018, June 2019, June 2020, June 2021, November 2021 Monthly reports and 'FNO FY22 Budget – Universe v1' Western Areas Ltd.

* Note: excludes 307,282 t of Cosmic Boy scats processed via heap leaching

The forecast LOM throughput is maintained below the maximum plant capacity of 615 ktpa. The LOM financial model forecasts 570 kt is to be processed in the 2022 FY (and is currently ahead of budget), but then tapers for the remaining LOM, between 2023FY to the 2025FY, as the Flying Fox and Spotted Quoll underground ore sources are depleted.

In SRK's opinion, for the purpose of the Report, the mill throughput assumptions used in the LOM model are reasonable. They are supported by historical production data. The forecast throughput is below the capacity of the plant, and well below the capacity in years 2023 - 2025. As a result, SRK expect there to be potential for further throughput upside if additional feed tonnes can be introduced into the LOM plan. If sufficient additional tonnage was brought into the Ore Reserves, SRK consider it a relatively low capital cost exercise to expand the plant capacity upwards of 800 ktpa, depending on a future requirement.

Bacterial heap leaching of the 307.3 kt Cosmic Boy scats stockpile is scheduled to begin leaching with 291.3 kt and 16 kt over 2022FY and 2023FY respectively, with the long leach duration resulting in production continuing into 2024FY. In SRK's opinion, while the demonstration plant heap leach trial has commenced, the timing of the scats under leach is likely to drift by a year and the LOM model should be updated to reflect this. This is still material to the valuation, as it contributes 3,457 tonnes of nickel recovered from the heaps over the LOM.

3.6.4 LOM Metallurgical Recoveries

Historical operating data is used to develop nickel recovery, and nickel concentrate grade algorithms. These are used to forecast metallurgical recoveries. They are related to the deposit, nickel feed grades and arsenic grades. These relationships are updated on a monthly basis and are used for forecasting updates and annual mine planning and budgeting. An additional nickel recovery allowance is made for the MREP process assuming 98% of the contained nickel is recovered from this circuit, and a fixed 75% nickel recovery for the Cosmic Boy scats heap leaching project.

Separate flotation circuit recoveries are assigned to the Spotted Quoll and Flying Fox ores. In the LOM model, the Flying Fox ores' average recovery is 88.95% but this feed is exhausted in calendar year 2023. Recovery for the remaining LOM is associated solely with Spotted Quoll feed at 87.63% which comprises the bulk of the overall tonnage, for an overall weighted nickel recovery of 87.9%. The forecast nickel recovery within the LOM model over the remaining LOM is 87.3% at 3.3% Ni feed grade. With the inclusion of the MREP circuit, the nickel recovery increases to 88.9% overall. The LOM model also reflects the FNO 2022FY budget values for the LOM.

Recent actual nickel recoveries range from 85 – 90%. These are presented in Table 3.5. They have been relatively consistent at the forecast grades. The forecast recoveries are generally consistent with recent historical production data. In SRK's opinion, for the purposes of the valuation, the LOM recovery assumption of 88.9% at a feed grade of 3.3% Ni is reasonable. Realistically, it is likely that the actual recoveries will fluctuate around this value depending on actual feed grades, lithology types and stability in the concentrator. SRK expects that the concentrator may be operated on a campaign basis at the mining restrained, lower tonnage rates in the final quarters of operation. As a result, there will be a short recovery ramp-up period each time the plant is restarted.

There is a moderate risk that the recoveries could be marginally overstated, particularly in the last few quarters of production as the grade drops. For valuation purposes, SRK recommend modelling a sensitivity metallurgical recovery case of -1.5% Ni (absolute) to test the economics with a modest decrease in nickel recovery.

The BioHeap leach nickel recovery allowance of 75% reflects the 2022FY budget forecast. Testwork recoveries in large scale, 8-metre columns suggests that recoveries up to 84.3% could be achieved after a year under laboratory conditions, with the expectation that heap leaching would be continued until nickel extraction from the heaps, is exhausted. In SRK's opinion, the heap leach recovery is of the right order and is a reasonable assumption for base case valuation purposes. However, given this is an emerging technology that is still ongoing at a large scale demonstration level without the benefit of the ultimate recoveries being reached, there is some risk that it could be below this level. As such, a downside case BioHeap leach recovery is recommended.

3.6.5 Product specification

The nickel sulphide concentrate specification is of a good quality, with nickel grades targets in excess of 14.0% Ni and typically between 14% and 15%, but as high as 16%. Moisture levels are maintained at approximately 8% w/w. The key impurity of the nickel concentrate product is arsenic. The arsenic grade is maintained under the contractual limit of 0.5% As and WSA targets levels below 0.45% As to ensure this limit is not exceeded.

The arsenic reporting to the concentrate is predominantly associated with the Spotted Quoll feed. It is managed in two primary ways, namely through blending with low arsenic Flying Fox concentrate, and through the rejection of arsenic in the flotation circuit. The flash flotation and cleaner circuit is typically only operated on a campaign basis when the arsenic feed grade is forecast to exceed 2,500 ppm. The flash flotation concentrate is cleaned in the cleaner flotation cells. This cleaner tailings is pumped to the MREP circuit, where the bulk of the arsenic is leached out of the concentrate and precipitated as a stable ferric arsenate allowing it to be pumped to and stored with the tailings.

The forecast arsenic grade in product has been modelled based on current and historic operational performance. This results in a minor nickel loss; however, this is partially recovered as a nickel sulfide product (NSP) using the MREP circuit. Arsenic penalties are incorporated into the LOM model, with the feed and products blended to best manage the final product arsenic grades.

The Flying Fox deposit mine life has been extended to allow additional lower arsenic concentrate blending. Further operational blending flexibility will be afforded if the lower arsenic grade New Morning deposit is introduced into the production plan in the future. Additional upside may also be realised if other lower grade nickel concentrates can be used in blending as part of an acquisition with an existing nickel producer.

Otherwise, the concentrate can be penalised for having a Fe: Mg ratio below 10 or absolute MgO above 5%. Monthly concentrate analysis for the 2021FY show the Fe: Mg ratio was managed, but it can drop marginally below the required minimum ratio. The absolute MgO grade is managed below the required threshold. The arsenic penalties are captured in the LOM model. No Fe: MgO or MgO penalties are incurred, or allowance made for payable cobalt in the LOM model.

The MREP product generates a high-grade nickel sulfide product of between 45% – 50% nickel which is currently sold to Sumitomo Metals & Mining and other spot sale customers. This high-grade product is readily saleable, as it is suitable for refining to nickel sulfate battery precursor.

SRK consider that, for the purpose of the Report, the assumption of ongoing saleability of the nickel concentrates, is reasonable and supported by extensive historical operations and the existing sulfide concentrate off-take contracts with BHP and Jinchuan. It does not present a material risk to the valuation of the FNO but does require ongoing management and does incur a nickel recovery loss and additional processing costs to do so.

3.6.6 Processing Operating Costs

Processing costs comprise the concentrator costs, MREP costs and when operating, the bacterial heap leach costs. These are modelled and reported separately. The concentrator costs which account for the majority of the costs are separated into fixed and variable cost components to allow for the reduction in annual production during the remaining LOM.

The average and annual processing cost forecast in the FNO LOM plan have been reviewed and compared against historical operating costs, the best indicator of likely future costs when processing similar ores. They have also been benchmarked against peer flotation style concentrator operations of comparable size for further validation.

The actual 2021FY milling costs were A\$44/t feed against a budget of A\$43/t, and in 2020FY were A\$41/t feed against a budget of A\$41/t. This follows on from costs of A\$39/t in both 2018FY and 2019FY. Costs are sensitive to the throughput, as the operation is at a size where it is on a steep part of the throughput versus cost curve and as such, is sensitive to the proportion of fixed costs.

The forecast average milling cost for the remaining LOM is A\$61.23/t. While this appears high compared to historical costs, it is explained by the tapering of throughput from 2022FY – 2025FY. The annual milling costs over the remaining LOM are A\$47/t at 570 kt, A\$56/t at 412 kt, A\$85/t at 222 kt and A\$106/t at 111 kt for each successive year. In SRK's opinion, this reflects the historical costs and the 2022FY budget which forecasts costs of A\$47.3/t for a forecast throughput of 570 kt.

The MREP cost allowance in the LOM model ranges from A\$4.1 to A\$4.4m/year but does not reflect historic costs (for example A\$7.7m in the 2021FY, or the FNO Budget forecast of A\$6.9m in 2022FY, A\$6.8m in 2023FY, A\$5.9m in the 2024FY and A\$1.3m in 2025FY). The justification for this is a change in the operating strategy of the MREP circuit following the most recent modifications. These modifications entail treating more nickel tonnes with higher arsenic through the MREP, but more nickel tonnes will be processed through only part (back end) of the circuit. This will reduce the MREP plant operating cost. In SRK's opinion, these costs are reasonable base case estimates.

The heap leach processing costs forecast in the LOM model of approximately A\$800k/year in 2022, 2023 and 2024 are less material (relative to the concentrator costs). They reflect the 2022 Budget allowance and SRK consider them reasonable for valuation purposes.

The concentrate freight costs provided in the LOM model is separated into a domestic allowance of A\$46.06/t concentrate to haul the concentrate 390 km, including 230 km on unsealed roads, to BHP's the Kalgoorlie Nickel Smelter, and A\$176.13/t concentrate for international transport to Jinchuan. This includes container haulage to the Port of Esperance and shipment to China via an intermediate port. In SRK's opinion, these costs are reasonable. They reflect the current contractual arrangements and the budgeted costs and benchmark well against comparable operations.

Overall, in SRK's opinion, the average forecast FNO processing costs used in the LOM model are reasonable. They are supported by historical costs, the 2022FY budget and benchmark well against other comparable reference concentrators both operating and in advanced design.

3.6.7 Sustaining and Development Capital Costs

The LOM model includes a milling and administration sustaining capital allowance of A\$3.694m in FY2022 and A\$0.50m in FY2023. No further allowances are made for the 2024FY and FY2025 financial years. These values reflect the 2022FY budget model for the CBC milling operations (A\$715k) and maintenance (A\$2.979m).

These figures exclude the budget allowance for the MREP circuit (A\$655k) and the scats heap leaching project (A\$5.018m), some of which has already been expended on the heap leach demonstration plant. These costs are captured separately in the LOM model. The Southern TSF cell has been completed and has sufficient capacity for the remaining LOM feed. No further allowance is required for TSF capacity expansion.

SRK accept that the sustaining capital be tapered down at the end of the LOM. SRK normally consider it prudent to incorporate a larger nonspecific sustaining allowance for 2023FY to 2024FY based on the historical spend. In this case, noting that the mill and operation is mature, with a relatively short LOM (currently) and therefore limited capital projects from 2022 onwards, accepts that most of the remaining sustaining repairs and maintenance will be conducted through the operating maintenance costs and there is sufficient allowance within the forecast processing costs to meet these obligations.

3.7 Mining

Spotted Quoll is the main focus of current and future production at FNO, with a four-year life compared to Flying Fox which extends for about a year.

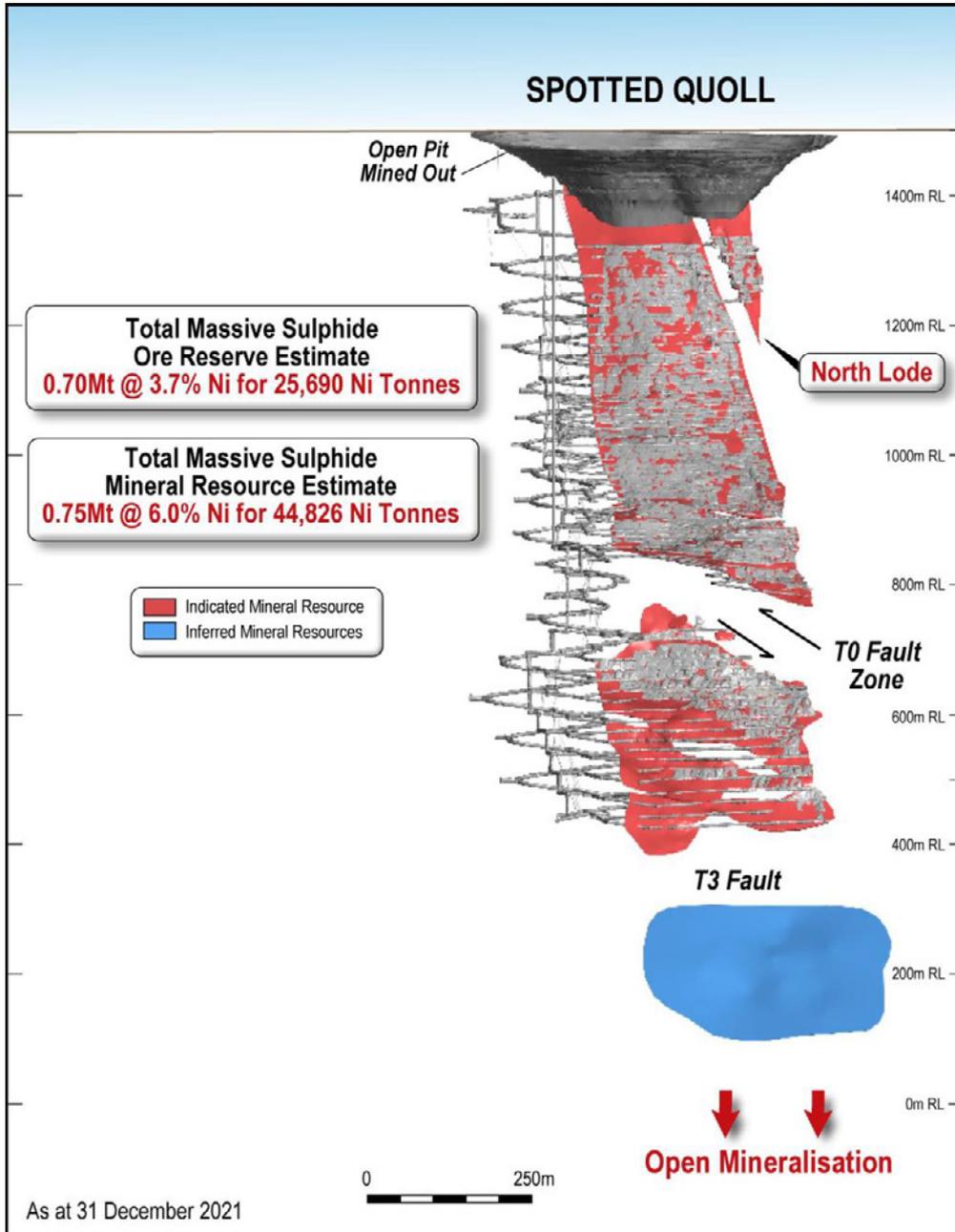
3.7.1 Spotted Quoll

The mining method adopted at Spotted Quoll utilises long-hole open stoping with a top-down sequence and paste filling of the voids. In FY21, Spotted Quoll mined a total of 346.4 kt ore at an average grade of 3.2% nickel for 11.1 kt of contained nickel, which represents the highest annual ore tonne production to date. A representative Spotted Quoll mining long section is presented in Figure 3.4. The Spotted Quoll orebody is a relatively narrow high-grade deposit with average widths of between 3 m and 4 m. The deposit dips to the east in the local grid with an average dip of approximately 45 degrees, however the dip shows significant local variations particularly in the lower part of the orebody. All primary development is largely in place to access ore for the remainder of the mine's life. The mining sequence is a continuous mining front that generally retreats stopes from the northern boundary of the orebody to the southern boundary, where the decline is located.

SRK considers the overall mining extraction sequence to mid-2023 to be appropriate and well setup to manage the relatively high ground stress encountered at this depth. The continuous mining front generally avoids the creation of pillars of ore, which can become problematic to recover in a high stress environment.

In mid-2023, the mine plan sequence envisages mining commencing in the lowest stopes of the mine plan, in addition to the continuation of the continuous mining front. This will effectively create a diminishing pillar at a depth of approximately 1,000 m below surface and has the potential to lead to increased levels of stress damage and seismicity. SRK considers the mining of a diminishing pillar at this depth to be a potentially risk which should be managed at the operating level, however the assumptions are reasonable for the purpose of the Report.

Figure 3.4: Spotted Quoll long section



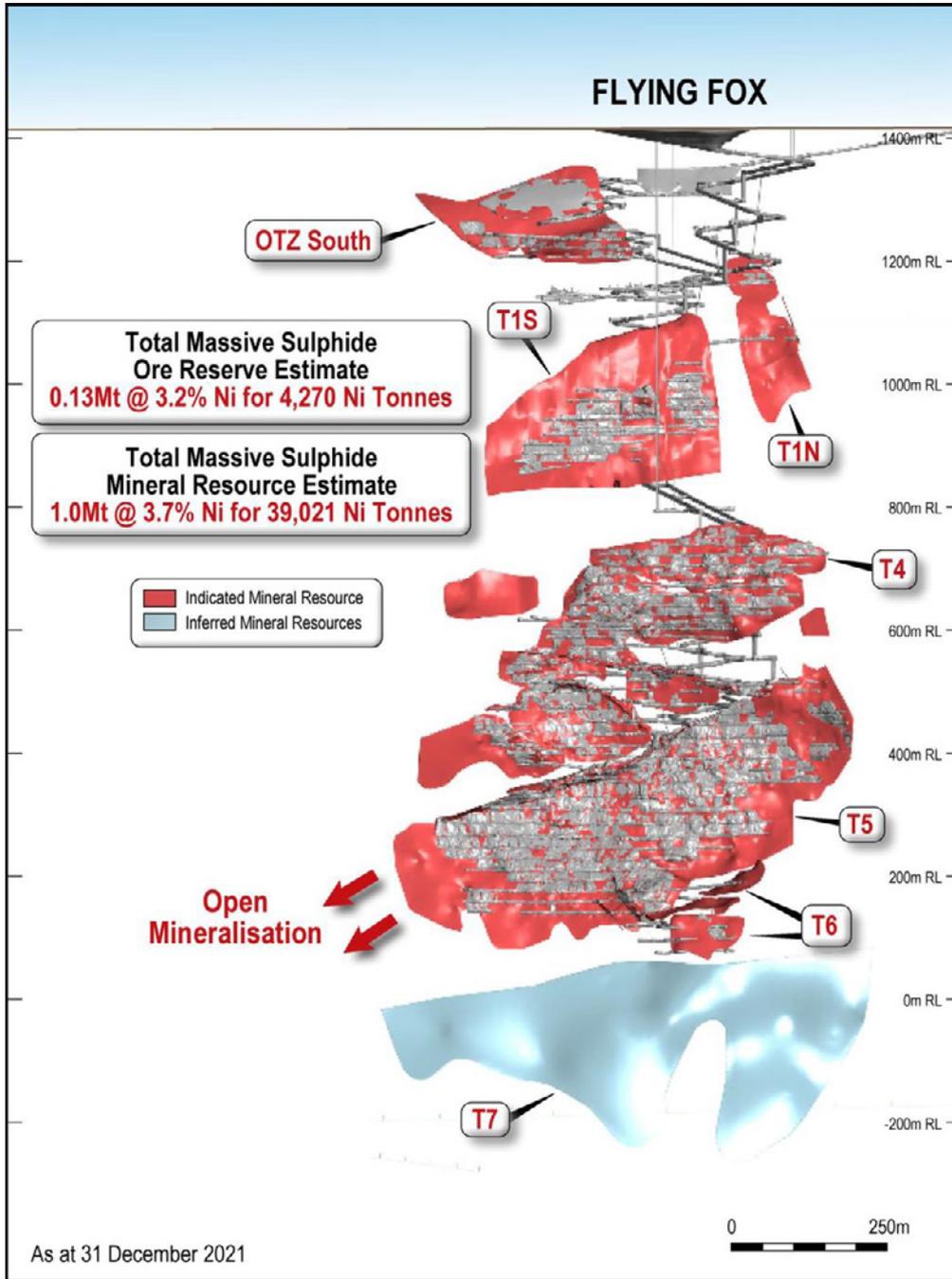
Source: Western Areas Management Information

3.7.2 Flying Fox

The Flying Fox decline has been operating for over 15-years and currently has approximately one-year LOM based on mining of relatively lower grade massive sulfide ore. The mining method used is similar to that at Spotted Quoll (long-hole open stoping and paste filling of the voids).

In FY21, a total of 176.5 kt ore at an average grade of 3.25% nickel for 5.7 kt contained nickel was mined from the Flying Fox decline. A representative long section is presented in Figure 3.5.

Figure 3.5: Flying Fox long section



Source: Western Areas Management Information

All capital infrastructure (i.e., decline, primary ventilation, cooling plant, paste plant, underground fuel bay/magazine) is in place. Mining over the remaining LOM is focused on the extremities of the deposit; T1S, T4 and T5 (Figure 3.5). Additional ore is being evaluated for near term inclusion in the production profile, adding nickel without additional capital expenditure or operating overheads.

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3.7.3 Ore Reserve Estimates

The current FNO Ore Reserve estimates as of 31 September 2021 are summarised in Table 3.6.

Table 3.6: Flying Fox and Spotted Quoll Ore Reserve as at 31 December 2021 on a 100% equity basis

Deposit	Ore Tonnes	Nickel (%)	Ni Tonnes	Classification
Flying Fox	133,700	3.2	4,270	Probable Ore Reserve
Spotted Quoll	699,100	3.7	25,690	Probable Ore Reserve
Total Ore Reserve	832,800	3.6	29,960	

Source: Western Areas' December 2021 Quarterly Activities Report released on 27 January 2022

Notes:

Minor differences in totals are due to rounding.

3.7.4 SRK Opinion

In SRK's opinion, the FNO Ore Reserve estimates for Spotted Quoll and Flying Fox have been prepared to a sufficient quality standard and are reasonable estimates under the JORC Code (2012) guidelines.

3.7.5 Modifying Factors

Study Status

Both Spotted Quoll and Flying Fox are operating underground mines. An allowance has been made in the Capital expenditure (Capex) forecast in the LOM model for new infrastructures associated with the development of Spotted Quoll.

At Spotted Quoll, WSA has previously completed a Feasibility Study in November 2010, as a continuation of the Spotted Quoll open pit (ASX press release dated 15 December 2010). Underground mining commenced on 2 May 2010. The Feasibility Study remains reasonable and has been updated with subsequent operating information. The current Ore Reserves estimate is an update based on the latest Mineral Resources, current operational performance and revised commodity pricing.

At Flying Fox, WSA completed a Feasibility Study for T1 in 2004 and in 2006, the Feasibility Study for T5 (Figure 3.5). This latest study has been updated with the current operational performance and revised commodity pricing.

Production Reconciliation and Cut-Off Parameters

WSA undertake monthly mill reconciliation to allocate metal to Spotted Quoll and Flying Fox. Reconciliation is somewhat complicated by the use of stockpiles.

At Spotted Quoll, the reconciliation data (Ore Reserve to allocated hoisted), both stope and development ore, shows an increase in total ore tonnes, with a drop of grade, but overall, the nickel metal typically reconciles within operating margins.

At Spotted Quoll, the Ore Reserve cut-off grade of 2% Ni was selected to obtain an Ore Reserve that fits the following criteria:

- Minimum Head Grade fitting the Mill requirements
- Ore Reserve average grade equal or greater than LOM breakeven grade
- Mean Arsenic concentration that enables production of a saleable concentrate
- Positive FNO LOM net present value (NPV)
- Maximise steady state production
- LOM nickel price curve from US\$6.00/lb at a A\$:US\$ foreign exchange rate (FX) 0.75 to US\$9.00/lb at a A\$:US\$ FX of 0.75.

Some of the key Ore Reserve assumptions at Spotted Quoll are considered commercially sensitive, however as the mine has been in operation for many years, the Ore Reserve cut-off parameters are developed using historical operating performance and statistics.

The mining factors and assumptions used for the Ore Reserve estimate are:

- The minimum mining width is 2.0 m
- The average stable stope length is between 10 m and 30 m, with a stope height between 7 m and 15 m
- Stope planned dilution is built in the stope shapes, on average:
 - 0.50 m in hanging wall and from 0.1 m to 0.2 m in the foot wall at 0 Ni%
 - Stope unplanned dilution (from hosting rock and paste dilution) varies between 22.5% to 30% at 0 Ni%
 - 0% Ni grade is assigned to the material outside the block model
 - Ore recoveries range from 50% to 100% in relation to the position, and metal recovery ranges from 90% to 100%
 - Pillar factor for unplanned pillars is 0%
- Production rates reflect current mining performances and practice
- Standard specific gravity (SG) for dilution is 2.8 t/m³
- No Inferred Mineral Resource material has been used for the Ore Reserves estimation.

Similarly, at Flying Fox, the Ore Reserve cut-off grade of 1.5% Ni was selected to obtain an Ore Reserve that fits the following criteria:

- Minimum Head Grade fitting the Mill requirements.
- Ore Reserve average grade equal or greater than LOM breakeven grade.
- Mean Arsenic concentration that enables production of a saleable concentrate
- Positive FNO LOM NPV
- Maximise steady state production

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- LOM Nickel price curve from US\$6.00/lb at an A\$: US\$ FX of 0.75 to US\$9.00/lb at a A\$: US\$ of FX 0.75.

Some of the key Ore Reserve assumptions at Flying Fox are considered commercially sensitive. However as with Spotted Quoll, the Flying Fox mine has been in operation for many years and the Ore Reserve cut off parameters are developed using historical operating performance and statistics.

The mining factors and assumptions used for the Ore Reserve estimate are:

- The minimum mining width is 1.8 m
- The max stable stope length is up to 20 m with a stope height between 8 m and 17 m along dip
- Stope planned dilution is built in the stope design, and on average is 0.5 m in hanging wall and 0.25 m in the foot wall
- 0.4% Ni grade is assigned to the material outside the block model
- Stope unplanned dilution (from hosting rock and fill) 6.0% in weight at 0 Ni %
- Ore recovery is 98% in the stopes; and 100% in the ore drives.
- Pillar factor for unplanned pillars is 2%
- Production rates reflect current mining performances and practice
- Standard SG for dilution is 2.8 t/m³
- No Inferred Mineral Resource material has been used to support the Ore Reserves estimation.

Optimisation

At Spotted Quoll and Flying Fox, optimisation and mine planning and scheduling is undertaken in-house utilising Datamine software; 5D Planner[®] and EPS Codes[®]. Mining factors have been selected using historical performance data of the respective deposit.

Metallurgical Factors and assumptions

At Spotted Quoll and Flying Fox, the metallurgical factors and assumptions are based on the historical data generated by the Cosmic Boy concentrator.

Infrastructure

The Spotted Quoll and Flying Fox deposits are both operating mines with adequate infrastructure and planned future capital project extensions are included in the LOM plan.

- Power is supplied by Western Power by a 33kV overhead power-line from the Bounty switchyard 60km to the north of mine-site
- Potable water is produced via a reverse osmosis plant located at Cosmic Boy concentrator and pumped via a pipeline to the mine-sites. Process water is recycled from the mine dewatering network
- Bulk material logistics is predominately via conventional truck haulage

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- Mine personnel reside at the nearby Cosmic Boy Village (529 rooms) and the workforce are predominately a fly-in/ fly-out (FIFO), via the Cosmic Boy airstrip although some are drive-in/ drive-out (DIDO) from Perth and other urban centres.

3.7.6 Production

Table 3.7 presents a summary of the mining production schedule and cost estimates for the FNO.

In SRK's opinion:

- The proposed tonnes and grade profiles are reasonable
- The mining costs (including surface haulage costs) are reasonable
- The capital costs (development and sustaining) are reasonable

Table 3.7: Forresteria – LOM production and mining cost schedule

Mine	2022	2023	2024	2025
<i>Flying Fox</i>				
Ore mined (t)	169,299	23,666	-	-
Grade (%)	3.29	2.40	-	-
Mining Costs (A\$/t)	294.21	345.00	-	-
Surface haulage; Fixed (A\$/mill)/ Variable (A\$/ t)	0.11/ 4.83	0.02/ 4.83	-	-
Capex – development (A\$/mill)	6.7	0.0	-	-
Capex – sustaining (A\$/mill)	0.8	0.3	-	-
<i>Spotted Quoll</i>				
Ore mined (t)	302,718	265,909	215,578	103,867
Grade (%)	3.64	3.77	3.65	3.55
Mining Costs (A\$/t)	197.02	215.98	200.57	227.92
Surface haulage; Fixed (A\$/mill)/ Variable (A\$/ t)	0.20/ 4.83	0.23/ 4.83	0.24/ 4.83	0.12/ 4.83
Capex – development (A\$/mill)	1.1	1.9	1.7	0.5
Capex – sustaining (A\$/mill)	1.4	0.3	0.2	0.0

Source: Western Areas' 210924 WSA Corporate Model vF.xlsm

Notes:

Minor differences in totals are due to rounding.

Mining costs include; development, stope production, paste fill, mining, technical support, geology, contractor costs, dewatering and ventilation.

3.7.7 SRK Opinion

Spotted Quoll

The geological setting, geotechnical mining conditions and mining methodology are well understood. The Spotted Quoll mine is seismically active; however, observations made during SRK's site inspection did not suggest any visually obvious high stress conditions and heavier

ground support was evidenced at depth. The most recent seismic event at Spotted Quoll was in March 2022 in an area of known pegmatites. This recent seismicity is not expected to have a material impact on LOM production going forward.

The number of active stoping levels at Spotted Quoll decreases at the start of FY2023 due to the completion of mining in the upper zone. This reduction in available stoping areas will inevitably result in reduced flexibility and a lower overall mine production rate. As has been undertaken by mine management, when issues are identified, reforecasting is undertaken to try and minimise any negative production shortfalls.

As the deposit approaches the end of mine life, there is a plan to recover ore in proximity to the access tunnels, backfilling these stopes with paste fill and then mining the remaining ore, effectively creating a narrower pillar. SRK considers reducing the dimensions of pillars at 1,000 m below surface to be problematic, due to increased seismicity and loss of ore due to additional stress concentrations in the diminished overlying sill pillars, which could place the remaining mining activity at a higher risk. There is a recommendation for the extraction sequence to be supported by modelling or analysis, reducing the potential level of risk in the mine plan.

Reconciliation reports indicate that current unplanned dilution levels at Spotted Quoll are greater than currently included in the Ore Reserve. Additional unplanned dilution will reduce the grade of the ore and potentially extend the mine life.

SRK considers the mining costs proposed for Spotted Quoll are reasonable. The forecast costs show an understandable relationship to the historic costs and are slightly above third-party costs for a comparable project, when benchmarked against a peer operation.

Overall, the forecast assumptions for the mining operations are reasonable and all primary development is largely in place to access ore for the LOM.

Flying Fox

Similar to Spotted Quoll, the geological setting, geotechnical mining conditions and mining methodology at Flying Fox are well understood. The mining district has experience with seismicity at depth, which has led to some premature mine closures due to elevated operational costs and dilution.

Overall, SRK has not identified material risks associated with the Flying Fox mining operations, development, ore production and mining costs. WSA has recently updated its routine mid-year operational reforecasts to accommodate a grade shortfall due to a change in the mining sequence as a result of poor drilling ground conditions, and labour and fleet resource constraints (including mechanical availability) associated with the current COVID-19 global pandemic.

4 The Cosmos Nickel Operation

4.1 Location, Topography and Climate

The CNO is located approximately 370 km northwest of Kalgoorlie-Boulder and 30 km north of Leinster in the NorthEastern Goldfields region of Western Australia. Road access from Perth is either east via State Route 94 (the Great Eastern Highway) to Kalgoorlie-Boulder and then north on State Route 49 (the Goldfields Highway) through Leinster, or north via National Highway 95 (the Great Northern Highway) to Mount Magnet and east on the Magnet-Sandstone and Agnew-Sandstone roads to Leinster before taking the Goldfields Highway.

Hot dry summers and mild winters characterise the region. The summer average daily maximum temperature is 37 degrees, with a daily minimum of 22 degrees Celsius. In Winter the daily maximum is 20 degrees Celsius with an average minimum of 14 degrees Celsius. The average annual rainfall is 250 millimetres usually falling between November and April.

The topography of the CNO area is generally flat and low lying. There are no major topographic or climatic impediments to operations or exploration activities year-round although rare cyclonic activity with associated lightning strikes have been known to affect mining activity in the region.

The workforce work on a FIFO basis to the CNO, with goods and services supplied from Kalgoorlie-Boulder, Leinster, and Perth.

4.2 Status of Tenure

4.2.1 Native Title

The CNO tenements (Table 4.1) lie within the determined Tjiwarl and Tjiwarl #2 native title claim area (WC2011/007; WAD228/2011). A compensation claim (WP2020/001) was lodged on 17 June 2020 in relation to mining tenements deemed by the native title holders to have affected (but not wholly extinguished) native title rights and interests in the Claim Area. The compensation claim is currently active (as at 18 January 2022) and has not yet been determined by the National Native Title Tribunal. The area to which the compensation claim relates does not appear to intersect tenements held by Australian Nickel Investments Pty Ltd, a wholly owned subsidiary of WSA and the registered holder of the CNO tenements.

Table 4.1: CNO status of tenure

Tenement	Status	Area	Granted Date	Expiry Date	Rent status	Expenditure status
E36/935	Live	4 BL	14/11/2018	13/11/2023	Paid in full	Good Standing
L36/42	Live	168	28/05/1987	27/05/2022	Paid in full	No expenditure required
L36/118	Live	13.39	11/03/1999	10/03/2024	Paid in full	No expenditure required
L36/119	Live	28	11/03/1999	10/03/2024	Paid in full	No expenditure required
L36/145	Live	7.26	2/02/2001	1/02/2021	Paid in full	No expenditure required
L36/148	Live	7.26	23/11/2000	22/11/2042	Paid in full	No expenditure required

Tenement	Status	Area	Granted Date	Expiry Date	Rent status	Expenditure status
L36/159	Live	19.22	20/07/2001	19/07/2022	Paid in full	No expenditure required
L36/171	Live	0.52	24/03/2003	23/03/2024	Paid in full	No expenditure required
L36/172	Live	43.6	24/03/2003	23/03/2024	Paid in full	No expenditure required
L36/189	Live	100	16/08/2006	15/08/2027	Paid in full	No expenditure required
L36/194	Live	73.88	17/10/2006	16/10/2027	Paid in full	No expenditure required
L36/199	Live	18.47	2/03/2007	1/03/2028	Paid in full	No expenditure required
L36/225	Live	20.92	01/07/2020	03/06/2041	Paid in full	No expenditure required
L36/243		834.0	Pending grant as at 18/01/2022. Objection by Tjiwarl Aboriginal Corporation.			
M36/127	Live	606.3	20/04/1989	19/04/2031	Paid in full	Good Standing
M 36/180	Live	536.75	4/07/1990	3/07/2032	Paid in full	Good Standing
M36/212	Live	155.15	2/07/1991	1/07/2033	Paid in full	Good Standing
M36/302	Live	770.7	26/05/1994	25/05/2036	Paid in full	Good Standing
M36/303*	Live	698.25	29/09/1994	28/09/2036	Paid in full	Good Standing
M36/305	Live	756.65	5/08/1994	4/08/2036	Paid in full	Good Standing
M36/329*	Live	133.55	5/01/2001	4/01/2043	Paid in full	Good Standing
M36/330*	Live	658.35	5/01/2001	4/01/2043	Paid in full	Good Standing
M36/332	Live	111.4	5/09/1995	4/09/2037	Paid in full	Good Standing
M36/349	Live	709.6	4/03/1999	3/03/2041	Paid in full	Good Standing
M36/365	Live	21.665	4/05/1999	3/05/2041	Paid in full	Good Standing
M36/371	Live	771.5	4/03/1999	3/03/2041	Paid in full	Good Standing
M36/375	Live	685	4/03/1999	3/03/2041	Paid in full	Good Standing
M36/376	Live	121.3	4/03/1999	3/03/2041	Paid in full	Good Standing
M36/377	Live	569.3	4/03/1999	3/03/2041	Paid in full	Good Standing
M36/441	Live	679.15	4/05/1999	3/05/2041	Paid in full	Good Standing
M36/632	Live	363.5	7/03/2006	6/03/2027	Paid in full	Good Standing
M36/633	Live	606.9	18/02/2009	17/02/2030	Paid in full	Good Standing
M36/659	Live	424.3	23/02/2007	22/02/2028	Paid in full	Good Standing
M36/688		270	Pending grant as at 18/01/2022			

*Note: Tenements followed by an asterisk (**) are jointly held by Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%). All other tenements are held by Australian Nickel Investments Pty Ltd.

4.2.2 Pastoral Tenure

The CNO overlies parts of the Yakabindie pastoral station lease, which is held by BHPB Nickel West.

4.2.3 Environmental Considerations

Flora, vegetation and fauna

Ten flora and vegetation surveys have been completed in the Cosmos operations area between 1998 and 2018 (Cosmos mining proposal REG ID 92690). Some fifteen vegetation communities are recorded in the Cosmos project area. Six vegetation communities have been mapped in the Kathleen Valley-Cosmos project area. Recent monitoring of vegetation in the project area (Botanica, 2021) has generally described vegetation in the Cosmos area as being in 'good' (but not 'very good') condition. Weather conditions and possible impacts from grazing were identified as possible factors causing decline in vegetation health.

No threatened flora listed under state or federal legislation, priority plant species, groundwater dependent ecosystems or threatened ecological communities are known to occur in the Cosmos project area. One priority plant species, *Grevillea inconspicua* (P4) has been recorded within the Kathleen Valley development envelope. No threatened plant species have been recorded in the Kathleen Valley area.

The CNO lies within a buffer zone established around a priority ecological community, the 'Violet Range (Perseverance Greenstone) vegetation complexes'. The vegetation types that characterise the priority ecological community are associated with BIF in the rugged hills to the east and west of the Cosmos/Kathleen Valley operations areas.

Three fauna surveys have been completed in the Cosmos and Kathleen Valley area between 2004 and 2017. A range of fauna habitat types have been mapped within the project area, some of which have the potential to support conservation significant fauna. With the exception of opportunistic sighting of peregrine falcons and some migratory bird species (possible visitors to Lake Miranda, approximately 6 km to the southwest), no protected species have been recorded in the project area. Recommencement of mining at Cosmos / Kathleen Valley is unlikely to represent a significant risk to terrestrial fauna or fauna habitats.

Aboriginal heritage

The CNO lies in an area with a large number of registered Aboriginal heritage sites. SRK notes that Ministerial consent for explorations disturbance of one or more Aboriginal heritage sites on tenements M36/127, M36/180, M36/632, M36/302, M36/633, M36/371 and M36/349 was granted in July 2019. Should the exploration activities result in a proposal to develop expanded operations in these areas, further heritage consents may be required. It is likely that the process for authorising disturbance of heritage sites will be significantly revised with the enactment in 2021 of the *Aboriginal Cultural Heritage Act 2021*. Any planned expansions or modifications of infrastructure at the Cosmos operations will need to consider the implications of the new Act (and subsidiary regulations when they are promulgated).

4.2.4 Environmental permitting

The CNO has operated intermittently since 1999. It is chiefly regulated under the *Mining Act 1978* and Part V of the *Environmental Protection Act 1986*. Thirty-nine mining proposals and/or mine closure plans have been approved for the project between 1999 and 2022 (Table 4.2), the most

recent of which was a mining proposal approved on 11 October 2021. Commitments made in approved mining proposals and mine closure plans are binding on successive tenement holders.

Table 4.2: Approved mining proposals and closure plans – Cosmos operations

Registration ID	Registration Title	Date Lodged	Date Approved
93690	Odysseus Mine Development and Surface Construction - Comos [sic] and Kathleen Valley Consolidation - Revision 4	28/12/2020	11/10/2021
82158	Australian Nickel Investments Pty Ltd - Cosmos Nickel Project - Revised Mining Proposal (MP-3 Version 2)	28/08/2019	30/10/2019
81209	Revised Galaxy - Cosmos Multi-Pit Project Mining Proposal (Version 5b): Stellar Cutback	17/07/2019	2/10/2019
80134	Amended Mining Proposal with Mine Closure Plan - MP 2 V 1 - Cosmos Nickel Project - J02247	17/05/2019	23/05/2019
78096	Cosmos Nickel Project MP - 1 Version 1	28/01/2019	16/04/2019
75926	Revised Galaxy-Cosmos Multi-Pit Project Mining Proposal (Version 4a): Shannon Underground - J00156	31/08/2018	19/12/2018
74554	Cosmos Supporting Infrastructure MP Addendum	13/06/2018	13/08/2018
74187	Mining Proposal Addendum: Cosmos - Orleans Pipeline and Haul Road - J02247	24/05/2018	3/07/2018
64904	Revised Galaxy-Cosmos Multi-Pit Mining Proposal Version 2) M58/136, M58/172, M58/181, M58/187, M58/191 and M58/205	24/03/2017	13/06/2017
62572	Mine Closure Plan - Cosmos Nickel Project - Dec 16	8/12/2016	11/04/2017
34555	Expansion of the Tailings Storage Facility at Cosmos Nickel Project WA (M36/371)	25/11/2011	9/07/2012
31746	Expansion of Water Management Ponds at Cosmos Nickel Operation W.A.	25/07/2011	18/05/2012
19344	Cosmos - Proposed Freshwater Ponds within ROM 2 M36/371	29/02/2008	30/04/2008
19073	Cosmos: Consumer Gas Pipeline M36/371 L36/189 L36/199	18/06/2007	5/07/2007
18900	Cosmos: Prospero/Tapinos Deposits Stage 3 M36/127 M36/371	13/11/2006	14/12/2006
18893	Cosmos Nickel Project: Excavation of Borrow Pit M36/127	7/11/2006	18/01/2007
18798	Cosmos Nickel Project - TSF Topsoil Stockpile M36/371	9/08/2006	22/08/2006
18789	Cosmos: Proposed Ore Storage Area (ROM 2) - M36/371	7/08/2006	31/08/2006
18672	Cosmos: Extension to the Core Farm M36/371	20/04/2006	28/04/2006
18651	Cosmos: Pipeline for Aquifer Re-Injection Trial M36/180	31/03/2006	3/05/2006
18559	Cosmos: Expansion of the Existing Cosmos Nickel TSF M36/371	23/11/2005	22/02/2006
18495	Cosmos: Prospero Deposit St 2 M36/24 M36/127 M36/180 M36/371	28/09/2005	5/10/2005
18433	Cosmos: Addend Prospero Deposit Stage 1 M36/24 M36/127 622	21/07/2005	29/07/2005
18425	Cosmos: Addend Alec Mairs Lower Expl Decline M36/371 M36/127	18/07/2005	22/07/2005

Registration ID	Registration Title	Date Lodged	Date Approved
18183	Cosmos/Anomaly 1 and 1200 Underground Target M36/127 371	21/09/2004	23/09/2004
17715	Cosmos / Airstrip Extension on L36/172	23/07/2003	11/08/2003
17697	Cosmos / Widening of Drainage Channel on M36/171	18/06/2003	2/07/2003
17366	Cosmos: TSF 1 Raise on M36/371	29/05/2002	11/06/2002
17363	Cosmos ERT Centre	17/05/2002	21/05/2002
17153	Cosmos: Office Access Road Rerouting	22/08/2001	28/08/2001
17114	Cosmos Nickel Deeps	25/05/2001	1/05/2002
16902	Cosmos: Dewater Discharge to Lake Miranda	28/09/2000	20/10/2000
16899	Cosmos: East Wall Open Cut Cutback	18/08/2000	28/08/2000
16823	Cosmos: Pit Dewatering to Vanguard	14/07/2000	19/07/2000
16713	Cosmos Nickel: Evaporation Ponds	6/04/2000	26/04/2000
16617	Cosmos: Surface Water Management	10/12/1999	20/12/1999
16547	Cosmos: Pit Dewatering	22/09/1999	15/10/1999
16471	Cosmos Nickel: Camp Relocation	31/05/1999	19/10/1999
16227	Cosmos Nickel Project	10/07/1998	15/10/1999

A prescribed premises licence (L7404/1999/9) is currently in place to allow for

- operation of a putrescible waste landfill and a sewage treatment
- crushing and screening of onsite waste rock (to produce aggregate for use in underground road base and surface hardstand areas)
- mine dewatering at Cosmos.

The Part V licence issued on 24 May 2021 (and valid to 30 July 2040) allows for dewatering of up to 3,000,000,000 tonnes of groundwater per annum (i.e. 3,000 GLpa) at the CNO. The licence does not provide authorisation for ore processing. Further to discussions with WSA, SRK understands that the licence is erroneous on the part of DWER and will be rectified to be consistent with GWL 110790 in allowing for 3,000,000 kl of dewatering.

In August 2021, a works approval to DWER to seek approval for construction/refurbishment works and staged recommissioning of the existing ore processing plant on M36/371 (which was under care and maintenance) was applied for. The first stage involves works to increase the throughput capacity to 900,000 tpa and the second stage will involve works to increase the throughput capacity to 1,100,000 tpa. The works approval was granted on 6 December 2021. Approved activities include:

- Plant construction and refurbishment works (Stages 1 and 2)
- Plant commissioning
- Disposal of tailings at an existing tailings storage facility during commissioning and for a nominal 6-month period post-commissioning.

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Further works approvals will be required in relation to a proposed TSF lift and the establishment and operation of a paste fill plant. An amendment to licence L7404/1999 will be required to authorise ongoing operations of the plant and tailings storage facility.

WSA currently holds a water licence (GWL110790) under the *Rights in Water and Irrigation Act 1914*, which authorises extraction of up to 3 GLpa for the purposes of dust suppression, dewatering and mineral ore processing. The current licence is valid to 20 December 2027. Additionally, the operation is able to access up to 1.5 GLpa from the Yakabindie borefield for the purposes of mineral ore processing and mine rehabilitation. The borefield is operated by ANI via Department of Water instrument Agreement to Take Water (AGR201905). The water that forms the basis for the agreement to take water is allocated under licence GWL63896, which is held by BHP Billiton Yakabindie Nickel Pty Ltd. Both the '5C' water allocation licence and the Agreement to Take expire on 4 September 2023.

4.2.5 Environmental management and compliance

The most recent mining proposal for the combined operations at Cosmos and Kathleen Valley (REG ID 92690, Rev04) states that WSA is developing an environmental management system consistent with ISO 14001 (Environmental Management Systems – requirements with guidance for us). SRK is unaware of the current implementation status of the management system.

A compliance report lodged with DWER in connection with licence L7404/1999 identified minor notifications during the reporting period from 1 January 2020 to 31 December 2020. including a minor exceedance of a limit placed on groundwater levels. Water levels in proximity to the Cosmos water management ponds are required to stay below a depth of 6 m below ground surface. No non-compliances were reported. A water level of 5.92 mbgl was recorded at one monitoring bore on 31 December 2019. No complaints were recorded during the reporting period. The annual compliance report also noted that quarterly sampling for pH, metals and metalloids was not done in the second and third quarters of 2020 and monthly standing water levels could not be monitored at several locations as the monitoring bores were dry or unserviceable.

Management of saline water is likely to be a matter requiring ongoing effort at the Cosmos operation. A geophysical investigation completed in 2020 identified likely seepage from water management pond 8. An audit of the Cosmos TSF and water management ponds completed in December 2020 (Coffey, 2021) resulted in WSA constructing a seepage channel to manage operational risk. It is likely that management of both the TSF and water management ponds will attract continuing regulatory scrutiny.

4.2.6 Stakeholder engagement

The most recent mining proposal for combined operations at Cosmos and Kathleen Valley (REG ID 92690, Rev04) says that the operation maintains a stakeholder engagement register. SRK has not sighted a copy of the register and accordingly cannot comment on the adequacy of consultation.

4.2.7 Mine rehabilitation and closure

A mining proposal, including an updated mine closure plan (REG ID 92690), was submitted to DMIRS in December 2020 and approved on 11 October 2021. The mining proposal and mine

closure plan amalgamates mining and mine closure planning for WSA's Kathleen Valley and Cosmos operations under a single approvals instrument.

An updated mine closure liability cost estimate was prepared by Kewan Bond Pty Ltd for the Cosmos operation in August 2021. Costs were estimated both for current liability (as at the date of reporting) and for the LOM closure cost. The updated closure costing includes (but is not limited to) rehabilitation works for: the Cosmos TSF, the Cosmos, Prospero 2, Orleans and underground waste rock dumps; site drainage infrastructure and water management ponds 1 through 9. Two Kathleen Valley waste rock dumps (Yellow Aster and Mossbecker) are not included in the 2021 Cosmos closure liability estimate, presumably as these are reported to have been rehabilitated in 2016.

The liability cost estimate also does not include costs of rehabilitating the planned expansion of existing TSFs to provide for storage of an additional 3.2 Mt of tailings. A tailings dam expansion at Cosmos was approved in 2012 (DMIRS REG ID 34555), but has not yet been constructed. The most recent mining proposal indicates that WSA intends to lodge a new application for the TSF expansion, as aspects of the proposed new storage have changed.

Kewan Bond has estimated a current IFRS liability at A\$13.59 m and a LOM closure liability of approximately A\$18 m (not including the recommended contingency allowances of 15% and 9% for the current liability and LOM liability, respectively). The LOM costing does not apply a contingency to infrastructure demolition costs (approximately A\$4.68 m) as it assumes that resale / salvage value of mine plant and infrastructure will effectively offset demolition costs. The cost estimate assumes that the current extent of disturbance for the project (as at end June 2021) is approximately 615.2 ha (including about 141 ha of land that has been partially or substantially rehabilitated).

The independent review identified a number of information gaps and uncertainties around the LOM closure cost (including the possible requirement for long term management of acid-generating tailings, requirement for ongoing groundwater management, possible requirement for reprofiling of TSF embankments and uncertainties around demolition costs). The risk of legacy issues arising from the presence of fibrous materials reported to occur in the Prospero and AM5 deposits was not raised as a concern in the closure liability review.

The most recent mining rehabilitation fund (MRF) disturbance data (September 2020) show that approximately 499 ha of land has been disturbed within Cosmos project tenements. A further 55 ha of land is reported to be under rehabilitation. No rehabilitated land has been relinquished. The rehabilitation liability calculated using default MRF rates is approximately A\$13.4 m.

SRK generally concurs with the Kewan Bond closure liability estimates, noting that an adequate contingency provision should be included to address uncertainties in closure design and completion criteria.

4.2.8 SRK Opinion

Permitting to allow continuing mining operations at the CNO is unlikely to be significantly constrained by environmental factors. However, operational effort will be required to maintain compliance with regulatory expectations for the management of tailings, mineral waste and saline water. Significant delays could arise where proposed new development encroaches on areas of

cultural heritage significance, as new legislation enacted in 2021 for the protection of Aboriginal cultural heritage is largely untested and regulations to support the new Act are not yet fully developed.

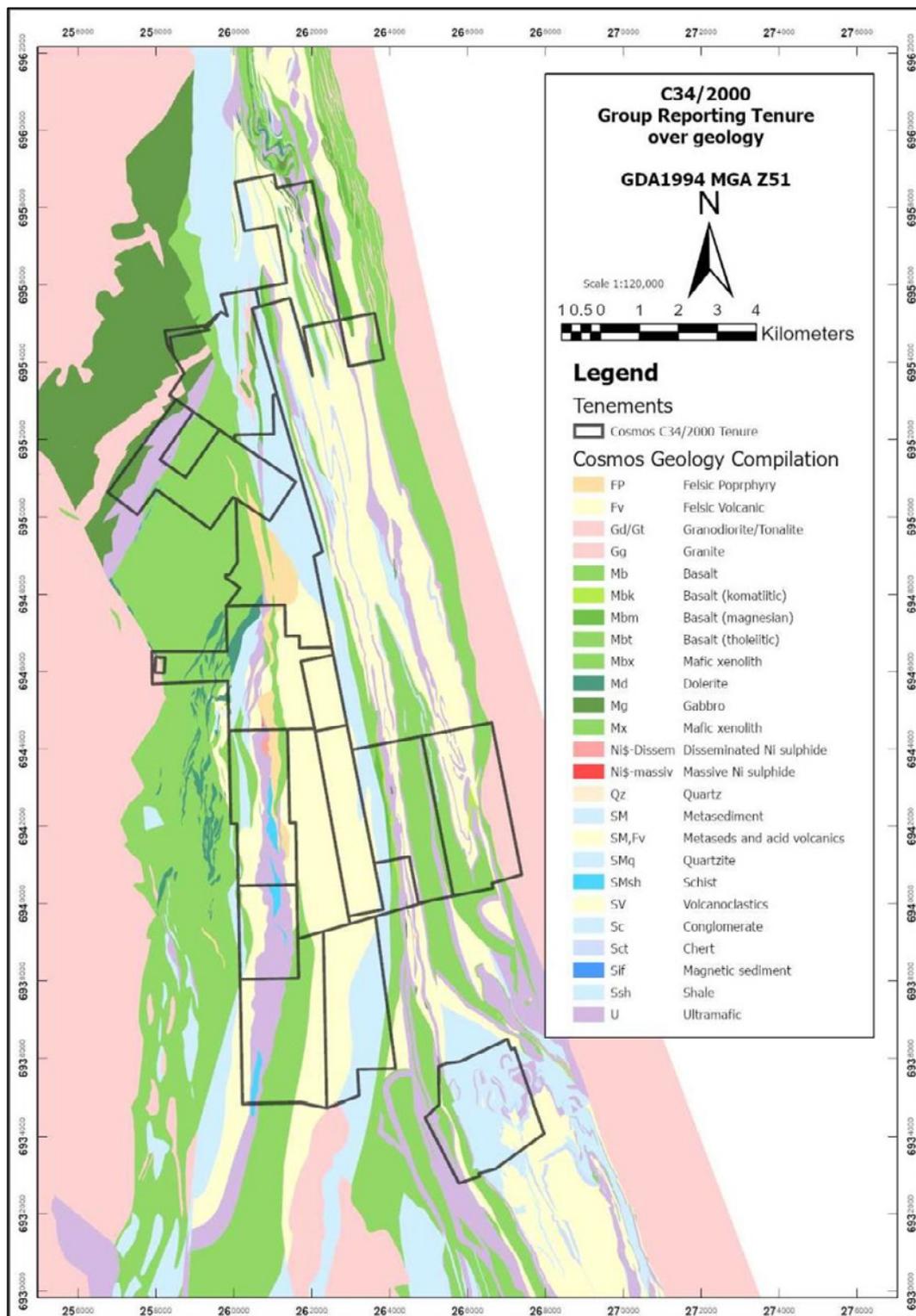
The recent estimate of closure liability for existing disturbance at the CNO appears sound, although assumptions concerning the rehabilitation status of legacy disturbance (for example, waste rock dumps at Kathleen Valley) may warrant a further detailed independent assessment.

4.3 Geological setting and Mineral Resource Estimates

Geologically, the CNO is located within the Norseman-Wiluna Greenstone Belt (Figure 4.1), a sequence of north to northwest striking tholeiitic basalts intercalated with felsic to intermediate volcanic-metasedimentary rocks and cumulate mafic komatiites. The nickel sulfide mineralisation is hosted in the komatiites and typically occurs in association with the basal zone of high magnesium content cumulate ultramafic rocks.

The region has undergone upper greenschist to lower amphibolite facies metamorphism and at least two stages of complex folding, which has shortened the stratigraphy. Hydrothermal fluids have resulted in hydraulic fracturing and pervasive alteration, making identification of the original protolith and emplacement mechanisms difficult to identify. The Norseman-Wiluna and Agnew-Wiluna stratigraphy is complicated by major wrench faults, traceable over tens of kilometres, and local scale northeast and northwest trending faults and shears. Both faulting and shearing influence the emplacement of sulfide mineralisation.

Figure 4.1: CNO geological setting



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The key mineralised areas at CNO are Odysseus (which is subdivided into Odysseus North Disseminated, Odysseus South Disseminated and Odysseus North Massive Sulfide (or Odysseus Massive Sulfide), Alex Mairs 5 (AM5), Alex Mairs 6 (AM6) and Mount Goode (historically referred to as Anomaly 1).

The Odysseus South Disseminated (OSD) deposit lies approximately 1,000 to 1,100 m below surface and is a tabular oblate body striking 355° for 330 m, dipping 45° and plunging gently north with dimensions of 225 m thickness and a width ranging from 0.8 to 68 m, averaging 27 m. Nickel sulphides are concentrated 20 to 30 m above the footwall contact and consists of disseminated net-textured pentlandite and pyrrhotite in the central and basal zones and pentlandite and pyrite at the margins. There is a higher-grade central core containing greater than 1.5% Ni with a reported maximum thickness of 65 m, the average thickness is not reported. The northern end terminates across steep dipping cross cutting barren pegmatite dykes which form the contact with Odysseus North Disseminated, while the southern end is reported to present as a gradual decline of sulphides, indicating primary emplacement. The OSD deposit appears to be closed on all sides by drilling.

The Odysseus North Disseminated (OND) deposit is located proximal to OSD with similar mineralogy and a slightly higher nickel grade, being approximately 2.6% at OND and 2.1% Ni at OSD. The deposit is located at 1,000 to 1,075 m below surface striking 355° for 350 m and dimensions of 340 m thickness and widths ranging from 0.8 to 71 m, averaging 28 m. Barren pegmatites reportedly being more common at OND with a larger proportion of pegmatites at the southern contact. The deposit appears to be closed on all sides and the contacts are reportedly marked by near vertical barren pegmatites.

The Odysseus Massive Sulphide (OMS) consists of massive nickel sulphides and stringer veins and is positioned directly below the OND. The OMS is modelled as shallow west dipping lenses with the largest lens having a strike length of 100 m, a width of 65 m and true thickness of between less than 1 m and 5 m. The mineralisation appears to be a secondary enrichment of remobilised sulphides and are emplaced within shears, faults and fracture zones. The geological continuity of the massive sulphides are reportedly low with discontinuities and regular displacement due to a complex structural overprint. Barren pegmatites are observed to occupy the same structural features that host the massive sulphides have resulted in 'stopping out' or replacement in some localities.

The AM5 deposit consists of massive and disseminated nickel sulphides. AM5 is approximately 750 m below surface and 350 m down dip from the Mount Goode deposit. AM5 consists of two sub-parallel lenses with a strike length of 220 m by 30 m with an average true width of 3 m. The orientation of the deposit is moderately dipping at 65 – 70° to the east with an average strike of 340°.

The AM6 deposit consists of disseminated nickel sulphides and is located at a vertical depth of 900 to 1,200 m below surface along strike from the Odysseus deposits. The deposit strikes north for 400 m, dips steeply east at 85° for 250 m and has a true thickness ranging between 2 to 25 m. AM6 is extensively faulted which has impacted the geometry and orientation. The north and south ends are truncated by faulting with additional northwest oriented conjugate faulting contributing to the geological complexity. Post mineralisation pegmatites are present but in smaller volumes than found at the OND deposit.

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The Mount Goode deposit is a large low grade disseminated nickel sulfide deposit hosted in a thick sequence of serpentinised dunite. The metamorphic grade is upper greenschist to lower amphibolite which has destroyed the primary igneous textures and are now coarse porphyroblastic to bladed olivine with some talc, tremolite and chlorite. The deposit is approximately 400 m thick and plunges steeply to the east with a north-south strike. There are two higher grade lenses at the core of Mount Goode, generally being greater than 1 % Ni, with a surrounding lower grade halo with diffuse contacts. The Mount Goode deposit appears to be similar to other dunite hosted disseminated nickel sulfide deposits in the area (e.g. Mount Keith), which are known to be large with geological and grade continuity, meaning relatively fewer drill holes are required to characterise the deposit compared to other nickel sulfide deposits.

4.3.1 Mineral Resource estimates

The current WSA Mineral Resource estimates for CNO are summarised in Table 4.3.

Table 4.3: Cosmos Nickel operation combined Mineral Resources as at 31 December 2021

Classification	Tonnes (Mt)	Ni grade (%)	Ni metal (kt)
Measured	13.6	0.8	106
Indicated	38.9	1.1	421
Inferred	14.5	0.9	129
Total	67.0	1.0	656

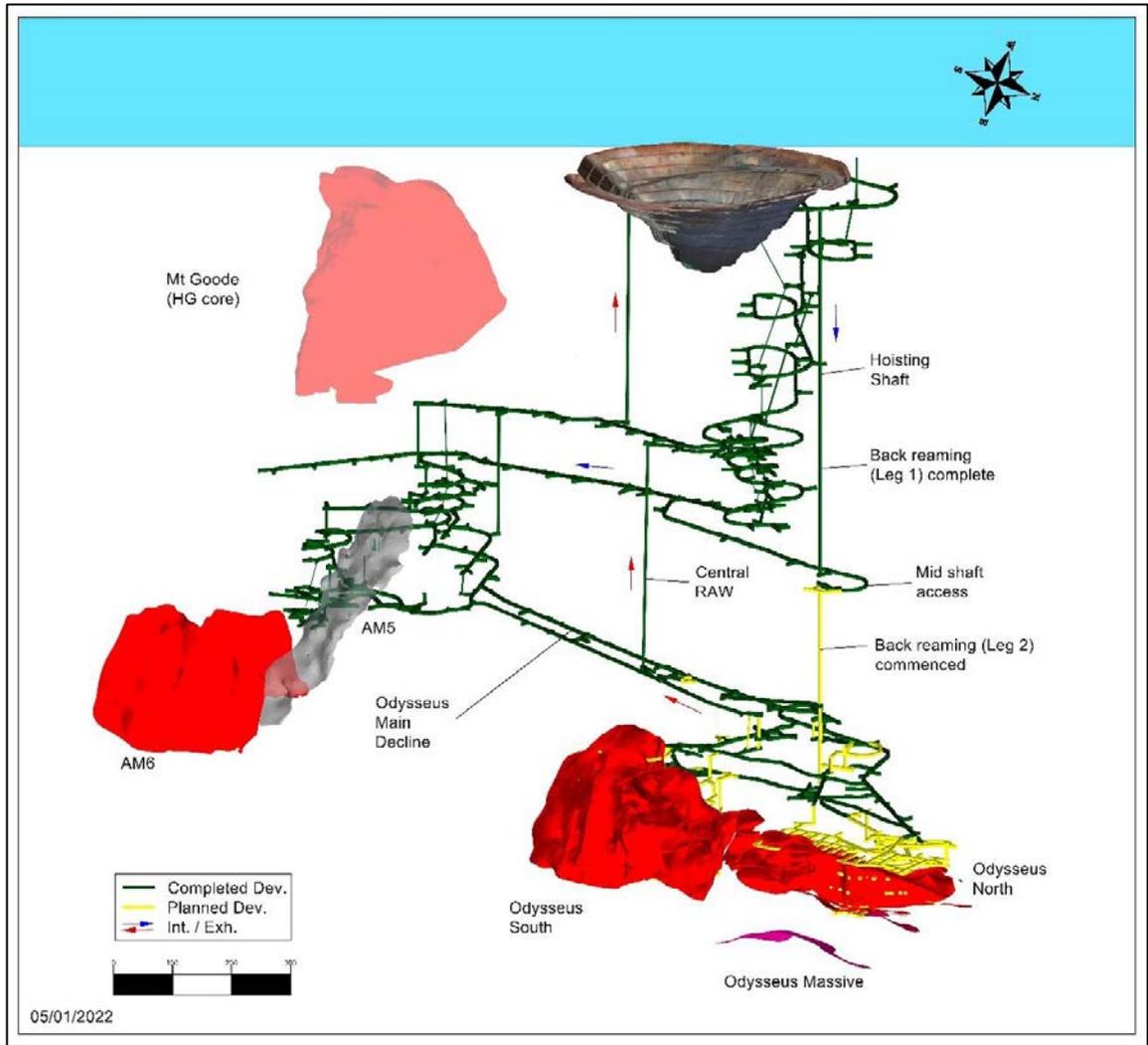
Source: ASX:WSA 27 January 2022

Notes: The Mineral Resource statement reported tonnages down to 1 tonne for the total tonnes and Ni metal. SRK has rounded to remove the impression of precision.

¹ Cut off grades vary from 0.4 % Ni to 1.5 % Ni for various deposits

The relative locations of the deposits and the current underground development is presented in Figure 4.2.

Figure 4.2: Progress of development at the Cosmos Nickel Operation, December 2021



Sources: WSA Management Information

SRK has reviewed the supporting documentation for the Mineral Resource estimates relating to CNO. The individual sulfide bodies have all been reported separately.

The most recently reported Mineral Resources are in the WSA quarter 4 2021 (Q4 2021) announcement (WSA ASX announcement dated 27 January 2022) with an effective date of 31 December 2021. SRK notes that none of the Mineral Resources have been depleted and as such previous Mineral Resource reports and associated JORC Code (2012) reporting has been used for this assessment. The detailed Mineral Resources are provided in Table 4.4.

Table 4.4: Cosmos Nickel Operation detailed Mineral Resources, 31 December 2021

Deposit	Classification	Tonnes (t)	Ni grade (%)	Ni metal (t)	Cut off grade (Ni %)
Odysseus Massive Sulfide (OMS)	Measured	-	-	-	1.5 % and a minimum true thickness of 1.5 m
	Indicated	70,106	12.6	8,814	
	Inferred	124,900	11.2	14,002	
	Total	195,006	11.7	22,816	
Odysseus North Disseminated (OND)	Measured				1.5 %
	Indicated	3,128,943	2.6	81,156	
	Inferred	225,248	2.7	6,111	
	Total	3,354,191	2.6	87,267	
Odysseus South Disseminated (OSD)	Measured				1.5 %
	Indicated	4,016,949	2.1	84,767	
	Inferred	219,641	2.0	4,302	
	Total	4,236,590	2.1	89,069	
AM5	Measured				1.0 % Ni
	Indicated	1,449,751	2.0	28,217	
	Inferred	1,832,451	2.2	40,578	
	Total	3,282,202	2.1	68,795	
AM6	Measured				1.0 % Ni
	Indicated	2,889,733	2.1	59,397	
	Inferred	118,518	1.5	1,718	
	Total	3,008,251	2.1	61,115	
Mt Goode	Measured	13,563,000	0.8	105,791	0.4 % Ni
	Indicated	27,363,000	0.6	158,705	
	Inferred	12,009,000	0.5	62,447	
	Total	52,935,000	0.6	326,943	
All deposits	Measured	13,563,000	0.8	105,791	0.4 – 1.5 % Ni
	Indicated	38,918,482	1.1	421,056	
	Inferred	14,529,758	0.9	129,158	
	Total	67,011,240	1.0	656,005	

Sources: ASX:WSA 27 January 2022

Notes: SRK considers reporting to six or seven significant figures implies a level of precision that is unobtainable from an estimate and should be rounded to reflect the fact that it is an approximation.

¹ Competent Person for Mineral Resources is Mr Andre Wulfse, FAusIMM, full time employee of WSA.

Odysseus, AM5 and AM6

The five nickel sulfide occurrences, namely OSD, OND, OMS, AM5 and AM6 have been estimated using a consistent methodology and share similar host rocks and apparent paragenesis. The mineralogy consists of pentlandite ((Fe,Ni)₉S₈), as the main economic mineral, with pyrrhotite, pyrite and accessory chalcopyrite forming the gangue minerals.

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For the Odysseus, AM5 and AM6 deposits, sampling has been in the form of diamond drill cores. The core diameters are typically HQ2 or NQ2 (63.5 to 47.6 mm diameter). The amount of drilling located within the domains and informing the estimates are:

- OSD, 34 drill holes consisting of 2,161 m of drilling with 2,170 composites
- OND, 44 drill holes consisting of 2,261 m of drilling with 2,720 composites
- OMS, 41 drill holes consisting of 148 m of drilling with 193 composites
- AM5, 41 drill holes consisting of 148 m of drilling with 193 composites
- AM6, 41 drill holes consisting of 148 m of drilling with 193 composites

Samples were cut into quarters using a diamond drill saw at lengths between 0.2 to 1.5 m long to achieve a nominal sample weight of 2 kg. Sample intervals are selected based on the geology such that samples do not cross grade or domain boundaries. A handheld x-ray fluorescence spectroscopy (hhXRF) instrument was used to assist in determining approximate nickel grades before sample markup. The hhXRF results are not used in the estimate and are only to assist in sample markup. Cut samples were crushed, dried and pulverised before analysis by 4-acid digest, inductively coupled plasma atomic emission spectroscopy for a range of elements (approximately 12). Elements analysed include the economic element nickel and the metallurgically important elements iron, magnesium and arsenic. Precious metals are analysed by fire assay for gold, platinum and palladium. SRK considers the nature and quality of the sampling to be appropriate for the deposit style.

Drill core is oriented using the TruCore orientation system although it is unclear how many diamond drill holes are oriented. The use of oriented core for this structurally complex deposit is good practice. Sample recoveries are reportedly overall >95%. Logging is performed in full using defined lithological codes. There have been no twinned drill holes for independent verification. Quality assurance/ quality control (QAQC) samples are routinely included with 12 certified reference materials used along with blank samples at an insertion rate of 1 QAQC sample per 20/25 regular samples, or one sample per short drill hole. The use of independent QAQC and oriented core is considered to be good practice and represents a low risk.

Collar surveys are performed by qualified surveyors. Downhole surveys are performed using a gyroscopic instrument to alleviate issues with magnetic minerals (pyrrhotite) affecting downhole surveys that rely on the earth's magnetic field. Drillholes are reportedly oriented to intersect the sulphides at close to the optimal perpendicular orientation. The geological database is commercial grade (Datashed) that includes look-up tables and validation scripts to ensure data is verified. The Competent Person, Mr Andre Wulfse, has undertaken regular site inspections.

The dry bulk density sampling are performed by the assay laboratory using the weight in air, weight in water method for Odysseus and subsequently interpolated into the block model by inverse distance weighting. Density is determined by air pycnometer for the AM5 and AM6 deposits (4,086 and 3,679 tests respectively) and estimated by the same method. There are no material void spaces noted in the deposits. SRK considers air pycnometer tests to be a specific gravity method, which does not consider void spaces in the rock mass which otherwise reduces the bulk density. However, between the bulk density testing at Odysseus, previous mining at AM5 and knowledge that metamorphosed intrusive rocks typically have very few void spaces, SRK considers the bulk density estimate to represent a low risk.

The geological modelling was performed using Leapfrog and Datamine software. The modelling included the nickel grade shells and nine lithologies along with two northeast faults (Fault 1 and 2) and two major north-south faults (NS1 and 2) with minimal offset. Pegmatite intrusions were noted to be associated with faulting and sheared ground which likely provided a pathway for the intrusions to follow. SRK notes that the pegmatites are an important aspect to the geological modelling as they are barren and replace the nickel sulphides. WSA notes that the locations, orientations and thicknesses of the pegmatites are relatively well understood. The structural, lithological (which includes pegmatites, nine lithologies in total) and grade modelling was performed by WSA geologists with assistance from SRK. The grade shells were modelled at > 0.4, > 1.0, > 1.5 and > 3.5 % Ni grades and aligned with the orientation of the ultramafic units. The grade shells were limited to the maximum limit of the permissive ultramafic lithology. Drill hole intercepts were snapped to intercepts and the final models were produced using a combination of explicit (digitised) methods and implicit modelling. The number of estimation domains at each deposit are:

- OSD, 4 domains, at > 0.4, > 1.0, > 1.5 and > 3.5 % Ni grades
- OND, 4 domains, at > 0.4, > 1.0, > 1.5 and > 3.5 % Ni grades
- OMS, 4 domains, based on presence of massive sulphides
- AM5, 10 domains. Development mapping from previous mining has provided additional geological information to aid the modelling
- AM6, 19 domains

SRK considers the geological models to be of a reasonable standard and represent a low technical risk to the project.

The estimate was performed using Ordinary Kriging without top capping of the 1 m long composites. Low- and high-grade nickel grade shells were used as domains with hard boundaries which limit grade smearing. Nickel is the only economic element however the magnesium and iron are important for predicting the recovery for standard froth flotation along with concentrate quality. The Fe, Mg and MgO are estimated using inverse distance. The MgO has also been separately domained and estimated by Ordinary Kriging. SRK notes that there are no reported significant correlations observed between the elements and estimating the MgO in separate domains is good practice. Treating the Fe and Mg estimates in similar, separately domained estimates could potentially be an improvement. Additional elements estimated are arsenic, cobalt, chromium, copper, sulfur, magnesium oxide and iron oxide. High concentrations of deleterious elements are not noted in the documentation.

The block dimensions are 10 m N by 15 m E by 5 m RL with sub blocking down to 1.25 m by 2.5 m by 1.25 m to retain resolution along domain boundaries. Drill hole spacing ranges from 22 to 76 m with an average spacing of 50 m. SRK has observed the variography performed and found the examples presented in the reports to be acceptable. Three search passes are used based on the nickel variography with orientations adjusted for each estimation domain. A maximum of 30 to 36 samples were used. Overall SRK did not identify any significant risks in the description of the estimate and considers this to be a low risk.

The Mineral Resource classification is based on confidence in the geological model along with more qualitative parameters of estimate pass, estimate quality parameters (kriging efficiency and slope of regression) and number of samples used in the estimate. Various values are used to assign 'quality points' to the block estimate, which are then weighted into a 'confidence value'. The

confidence value is then adjusted based on geological complexity, in particular the presence of late-stage barren pegmatites. The final classification is then assigned to the block model. WSA has also undertaken an advanced probabilistic assessment of classification confidence using a geostatistical conditional simulation, with the results indicating that the Ordinary Kriged estimate is acceptably similar to the mean simulated estimate.

At the date of this report, the development at the CNO has nearly reached the outer limit of the modelled OSD mineralisation. According to the WSA Competent Person, the gradational contact of nickel sulfide mineralisation can be observed in the development headings. In SRK's opinion, this is confirmation that the geological interpretation and modelling is of sufficient quality to support the Mineral Resource.

Mount Goode

The Mount Goode deposit is located closer to the surface than the Odysseus, AM5 and AM6 deposits and may be extracted by open cut, or a combination of open cut and underground. The main economic mineral is pentlandite or altered forms such as heazlewoodite, which is associated with magnetite.

The majority of drilling was diamond drill core (97%) with HQ2 or HQ2 diameters (63.5 to 47.6 mm) with the remaining drilling being reverse circulation (typically 138 mm diameter). The deposit has been estimated using 130 drillholes consisting of 14,709 m drilling with 10,307 composites. The diamond core has been subsampled by half core or quarter core over 1 m lengths. The samples are crushed, dried and pulverised before analysis by 4-acid digest, inductively coupled plasma atomic emission spectroscopy for a range of elements (13 to 15 element, depending on owners at the time). Elements analysed include the economic element nickel and the metallurgically important elements sulfur, iron, magnesium and arsenic.

Drill core is not oriented as detailed structural analysis is not as relevant to a geologically continuous deposit. Sample recoveries are reportedly high. Logging is performed in full using defined lithological codes. There have been no twinned drill holes for independent verification. QAQC samples were routinely included at an insertion rate of 1 QAQC sample per 25 regular samples, however the breakdown of certified reference materials, blanks and duplicates are not reported. The results of the QAQC are also not clearly reported, other than the QAQC has been reviewed. The use of independent QAQC is considered to be good practice however further reporting on any issues identified by the QAQC would be an improvement to the reporting. SRK considers the QAQC process to be good practice however the results from the QAQC should be discussed in the reporting.

Collar surveys are mostly performed by qualified surveyors with 9 out of 130 collars surveyed by the less accurate handheld GPS. Downhole surveys are performed by a variety of methods with the majority of records being gyroscopic (97 %). The number of records of gyroscopic surveys is not an ideal number to assess the quality of downhole surveys by; instead, SRK considers the number of drillholes surveyed by each method to be a more transparent reporting method. The gyroscopic surveys alleviated issues with magnetic minerals (magnetite and pyrrhotite) affecting downhole surveys that rely on the earth's magnetic field. The Competent Person, Mr Andre Wulfse, has undertaken regular site inspections. SRK considers the use of qualified surveyors, gyroscopic downhole surveys to be best practice.

The dry bulk density sampling was performed by the assay laboratory mostly using air pycnometer (98 %, unclear how many samples) with the remainder using the weight in air, weight in water method. Dry bulk density is assigned in the block model using an equation based on nickel grade. SRK considers air pycnometer tests to be a specific gravity method, which does not consider void spaces in the rock mass which otherwise reduces the bulk density. However, knowledge that metamorphosed intrusive rocks typically have very few void spaces, SRK considers the bulk density estimate to represent a low risk.

The geological modelling was performed using section interpretation using GEMCOM and Micromine software and included the creation of oxidation surfaces for total oxide and transitional material. The modelling considered the nickel grade at 0.45% and 0.75% Ni, the sulfur grades (for oxidation surface modelling) and the lithology. Barren pegmatites were modelling using the lithology codes. The largest and most continuous pegmatite intrusion shallowly dipping to the southeast and crosses the Mount Goode deposit between 400 to 500 m below surface. Faults are interpreted to truncate the deposit at the north and south end, however there is no description of the fault modelling. A total of 12 lithological and grade-based domains have been modelled with 6 of the domains being mineralised. SRK considers the geological models to be of a reasonable standard and represents a low risk to the project.

The estimate was performed using Ordinary Kriging for nickel and total sulphur without top capping of the 1 m long composites. The domains were estimated with hard boundaries which limit grade smearing. The magnesium and iron are important for predicting concentrate quality for standard froth flotation and have not been estimated. SRK would consider the estimation of these elements, along with arsenic, to be an improvement that would assist with metallurgical and marketing considerations. High concentrations of deleterious elements are not noted in the documentation.

The block model is unrotated in a local mine grid with block dimensions of 10 m N by 20 m E by 10 m RL. Drill hole spacing averages 40 m by 40 m. SRK has not observed the variogram plots, however the models presented in a table appear to have reasonable distances. Three search passes are used with distances expanding by one third for each subsequent pass. The search distances are based on the nickel variography, and orientations are adjusted for each estimation domain. A maximum of 32 to 75 samples were considered for estimation, with 75 samples appearing to be an excessive number. Block model validation included swath plots and statistical checks, with the statistical checks noting minimal differences between the mean composite and mean block grades per domain. Overall, SRK did not identify any significant risks in the description of the estimate and considers this to be a low risk.

Mineral Resource classification is based on confidence in the geological model along with estimate quality parameters (kriging variance, kriging efficiency and slope of regression) and number of samples and drillholes used in the estimate. The inputs for classification have been used to create classification wireframes, which SRK considers to be good practice. SRK did not identify any significant risks in the description of the classification and considers this to be a low risk.

SRK notes that as of Q4 2021, a three hole drilling program was completed at Mount Goode. The holes were designed to intersect the high-grade core of the deposit and will be used for resource modelling and metallurgical testwork. Composite samples have been sent for assay and mineralogical assessment.

4.3.2 SRK Opinion

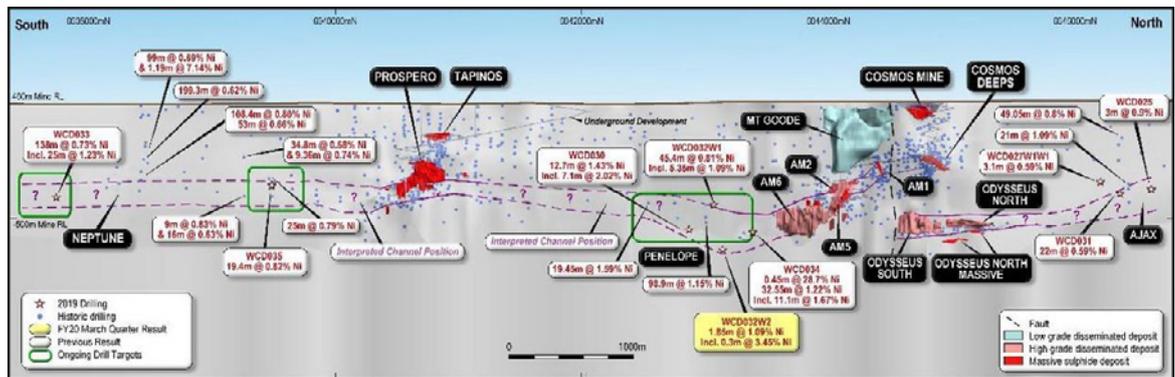
In SRK’s opinion, the 2021 Mineral Resource estimates for CNO have been prepared to a sufficient quality standard and reported under the guidelines of the JORC Code (2012) and are reasonable estimates. SRK recommends using the reported Mineral Resources as a base case for valuation purposes.

The Mount Goode Mineral Resource has been reported with 25% of the tonnes and 32% of the nickel metal classified as Measured. SRK was initially concerned that the Mount Goode Mineral Resource reports did not adequately justify the ‘reasonable prospects for eventual economic extraction’ to a level that supports a Measured classification. SRK understands that Mount Goode has been subjected to multiple mining scoping studies by previous owners (e.g. Xstrata), which SRK considers to be information that should be summarised and discussed in the report. Based on further discussion with cross disciplines, it appears to SRK that there are uncertainties in an effective method to extract the Mount Goode Mineral Resource. Given such uncertainty and how it relates to ‘reasonable prospects for eventual economic extraction’ SRK recommends that for valuation purposes the Measured Mineral Resource component at Mount Goode is treated as Indicated as a downside case.

4.4 Additional Prospectivity

WSA has identified multiple targets in the permissive ultramafic complex at CNO and continues for approximately 9 km south from CNO (Figure 4.3). The prospects include Neptune, Penelope, AM1, AM2, and Cosmos North, as well as continued exploration around the OMS to expand the current Mineral Resource.

Figure 4.3: Western Areas exploration targets proximal to CNO



Sources: Internal WSA presentation 6.210825 Universe Exploration Overview - September 2021_Final.pdf (2021)

The Neptune target consists of disseminated low grade (0.5 – 0.8%Ni), high tenor nickel mineralisation extending over an approximately 1km strike length. The size of the target is larger than the Mount Goode footprint. WSA intends to infill the current drilling to provide a data density necessary to define a Mineral Resource. WSA also notes that the mineralisation extends under Lake Miranda, a sensitive heritage site, and that mineralisation extends to a greater depth from surface than Mount Goode, which would make open cut mining challenging.

The Penelope target was drilled in 2021 from underground with the aim of understanding the link between AM6 and Penelope. WSA notes there is potential for future Mineral Resource additions at Penelope, however access to suitable underground drilling locations is currently limited.

WSA considers there is additional upside at the OMS to discover more accumulations of high-tenor, high-grade nickel sulfide mineralisation in areas immediately below the OSD and OND that are currently not drill tested. Potential additions likely to be relatively small with short strike lengths owing to the nature of this style of mineralisation. SRK notes that while the tonnages are likely to be low, the potential value of including high-grade massive nickel sulphides into the mine plan would be high.

The AM1 and AM2 targets share affinity with the reported AM5 and AM6 deposits, but require further infill drilling before being reported as Mineral Resources. WSA also notes that the area north of OND is prospective, with drilling and downhole electromagnetic geophysics completed. The prospective area extends up to the Ajax target.

The Prospero and Tapinos deposits have been previously mined prior to WSA acquisition in 2015 and no further exploration has been undertaken.

4.4.1 SRK Opinion

The CNO area hosts a number of high-quality targets namely those at Neptune, Penelope, AM1, AM2, Cosmos North and continued exploration to expand the OMS. SRK considers the area to offer good exploration potential for the discovery and definition of additional nickel sulphide mineralisation.

4.5 Metallurgy and Processing

4.5.1 Metallurgical testwork

CNO was purchased by WSA in 2015. Historically, the Cosmos open pit deposit and then the Cosmos Deeps and AM5 underground ores were mined from 2000 to 2012. The CNO has remained under care and maintenance (C&M) since that time. As such, there is extensive operating history, previous metallurgical testwork and a good understanding of the general metallurgical behaviours of the CNO ores.

WSA has proposed that a refurbished, modified and upgraded CNO plant would be used to process the deeper Odysseus (north and south) underground deposits and, later in the LOM, the AM6 followed by the AM5 underground deposits. These are considered to be similar ore types to those previously processed, namely largely disseminated sulfide deposits with minor amounts of massive sulfide material.

The plant was originally designed to treat a komatiite hosted high grade nickel sulfide ore, with the sulphides predominantly being pentlandite and pyrrhotite, with lesser amounts of pyrite and chalcopyrite. The major gangue minerals were olivine and serpentine. The ores contain very little talc, typically less than 1% w/w.

The Odysseus deposit accounts for the majority of the forecast LOM production schedule, namely 7.9 Mt at 2.15% Ni for 169.7 kt of contained nickel. In the LOM Model, this material is processed exclusively between the final quarter of 2023FY and 2025FY. The AM6 lode containing 2.15 Mt at 2.19% Ni for 47,031 kt of contained nickel commences processing in 2026FY. The AM5 lode containing 2.16 Mt at 1.97% Ni for 42,479 kt of contained nickel commences processing in 2031FY. The current LOM feed is exhausted in 2035FY.

The new ores will have some differences in the behaviour and testing has focused on verification of the flotation performance. A significant part of the process design criteria has been taken from the original study, but additional flotation testing has recently been completed on the AM6 deposit, using the Odysseus flowsheet to verify the behaviour of this feed. This work was undertaken at accredited metallurgical laboratories, with the laboratory supervision provided by specialist nickel flotation metallurgists, with further overview provided by WSA and their metallurgical consultants.

The CNO nickel deposits are largely disseminated sulphide ores but with associated, smaller, massive sulphide lodes. They are considered to be similar in metallurgical behaviour to the disseminated ore from the adjacent AM5 underground deposit, historically treated by Xstrata. Xstrata also undertook testing of the Odysseus deposit in 2010 to 2012. Further testing was undertaken by WSA in 2016 to 2018, and again in 2020.

The 2020 metallurgical testwork was undertaken on a number of samples collected from the Odysseus deposit. The testwork program was completed on a number of disseminated nickel sulfide variability samples, three massive sulfide composite samples including samples incorporating a component of hanging and footwall dilution. A further five older variability composite samples were used for cleaner flotation tests to further confirm the expected metallurgical behaviours.

The AM6 deposit is a predominantly disseminated lode, with some massive sulphides and is expected to have similar metallurgical behaviour to the AM5 ores processed historically, as well as the Odysseus ores tested. Previous understanding of the metallurgical behaviours of the AM6 ores was reliant on historical Xstrata testing. This work showed the feed mineralogy to have pentlandite hosted nickel with serpentine, chlorite and iron oxides making up the bulk of the gangue. However, there is a zone with elevated millerite at the top of the deposit, which can reduce nickel recovery and the Fe:MgO ratio. It also showed areas of pyrrhotite, talc and clays in different areas of the orebody. That testwork showed competent AM6 ores, but not dissimilar to that of the Odysseus feed, and so the AM6 ores are not expected to be deleterious to the comminution circuit capacity.

That historical Xstrata flotation testwork used different conditions to that now proposed under the current flowsheet, for example targeting very high nickel grades, with short cleaner residence times, different collector addition regimes and excluding the addition of copper sulfate as an activator. This makes it difficult to apply the resultant recoveries to the proposed flowsheet. It did however, show moderate, but acceptable nickel recoveries could be achieved even at high concentrate nickel grades, but iron recovery is low and talc grades can be elevated and flotation of some AM6 domains could be challenging. A recovery algorithm has been developed by WSA from this work but was considered not to be optimised and therefore conservative. This has been used by WSA for its LOM financial modelling purposes.

Based on initial WSA assessment of the historical AM6 testing, further drilling, sampling and testing was undertaken in 2021. This testing used the Odysseus flowsheet and flotation conditions as the basis of work. Some of this testing was on lower grade samples and the relatively low associated recoveries reflect this. Samples at grades in line with the LOM plan support the recovery algorithm used in the financial model and offers potential of some improvement through further optimisation.

The AM5 ores have not had the same level of recent testing but have been processed historically. These ores are not processed until much later in the LOM. This provides adequate time to undertake verification testing and optimise the plant configuration to maximise the recoveries from this feed.

The WSA testwork programmes have been undertaken at an accredited Western Australian metallurgical laboratory under the supervision of WSA's metallurgists. The testwork regime included comprehensive head grade analysis, mineralogy and mineral liberation assessment and flotation testwork. It did not include comminution testing, instead, relying on the original design values. The flotation program demonstrated similar behaviours to ores previously processed, but these have not yet been incorporated into the feed grade versus recovery relationships.

The Odysseus and AM6 testing did not identify critical risks with respect to the forecast metallurgical performance. The ores are typically able to generate a saleable concentrate with low levels of impurities, other than some domains with lower iron grades and moderately elevated MgO levels, at acceptable nickel grades and recoveries. Significant improvements have been made to the recoveries obtained in earlier prefeasibility study testing on AM6 samples, which targeted an unreasonably high concentrate grade to suit Xstrata smelter requirements. A nickel recovery algorithm has been developed from this work. Further discussion on the algorithm is provided in Section 4.5.4 of this Report.

In SRK's opinion, the sample representivity and metallurgical testwork undertaken at Odysseus reasonably supports the LOM forecast for the purpose of this Report. SRK recommends further variability testing be undertaken on the new ores, and in the future, the AM5 deposit, particularly to verify the likely comminution characteristics of the ores, and to provide further confidence in the recovery relationships and product specification.

4.5.2 Process description - CNO

Although the processing facilities were commissioned to produce the first CNO concentrate in April 2000, they only operated for 12 years and are considered to be relatively new. During the operating period, upgrades and debottlenecking allowed production creep to a capacity of nominally between 400 and 450 ktpa, prior to closure. While it is a reasonable quality build, it has not operated for over 10 years and saline water was used to process ore. Therefore, some of the equipment has been scavenged and previous asset inspections in 2012 and 2017 as well as a corrosion inspection in 2016 suggest there is significant rectification work to be completed as part of the refurbishment.

The existing CNO processing flowsheet in its current form is a conventional, small scale flotation style concentrator. A definitive feasibility study completed in September 2018 proposed that the existing CNO be refurbished and upgraded to a 900 ktpa processing facility, adopting a similar flowsheet to the original with some reconfiguration. This is required to align with underground crushing and enable the reuse of as much of the existing plant as possible.

In the new configuration designed to process 900 ktpa at a feed grade of 2.1% Ni, it is proposed that primary crushing is undertaken underground through a grizzly and mineral sizer arrangement. Oversized grizzly material is broken down using a rock breaker. Crushed ore is hoisted to surface in two skip bins, where it feeds the plant via overland conveyor.

On surface, the primary crushed ore is fed through a secondary cone crusher, screened and the crushed product stored in a fine ore bin providing approximately 1 hour of surge capacity when full. An emergency stockpile provides additional storage to further decouple mining and the crushing circuits from milling and flotation. Crushed ore is reclaimed via apron feeder and is processed through a two-stage ball milling circuit (existing 515 kW and 1,800 kW mills) in series with both operating in closed circuit with classification hydrocyclones targeting a grind size P_{80} of nominally 120 μm .

The flotation circuit, which requires upgrading through the addition of a number of extra cells, incorporates the existing flash flotation of a portion of the primary cyclone underflow. The roughing and scavenging flotation circuits are fed by the secondary milled product. The flash flotation, rougher and scavenger concentrate products are all combined and undergo a regrind stage. A new horizontal ball mill will be used in this application in place of the existing IsaMill, targeting a product size of 38 μm . The regrind product undergoes two stages of cleaner flotation (final concentrate) and a cleaner scavenger which returns to the cleaner conditioning tank.

The final product is dewatered through the concentrate thickener (the original tailings thickener), and through a new horizontal plate and frame concentrate pressure filter. It will be stored in the existing concentrate shed which will be extended prior to dispatch via trucking to port for international customers. The concentrate nickel grade is approximately 15% Ni.

The scavenger and cleaner flotation tails are used as paste plant feed for use as underground backfill, the remainder is thickened in a new tailings thickener prior to being pumped to the paddock style TSF.

The proposed plant upgrades result in a significant increase in capacity and there are a number of other bottlenecks that require modifications and new mechanical equipment, including chutes, screens, conveyors, pumps, piping, as well as reagent systems and low-pressure air blowers. New reagent storage, mixing and dosage systems will also be installed, and other miscellaneous works are required to address these capacity limitations.

The 900 ktpa upgrade project is scheduled for commissioning in December 2022 quarter. This reflects the LOM production profile. The plant is upgraded again to 1.1 Mtpa in the 2027FY as the AM6 underground feed comes online. It requires a tertiary stage of grinding, additional milling and regrinding capacity, flotation cells and concentrate filtration. The current LOM exceeds 12 years under the expanded 1.1 Mtpa throughput scenario.

The plant is supported by other utilities systems standard for these plants, as well as general infrastructure including access and internal roads, airstrip, accommodation village, warehouse, workshops and administration buildings, an independent power provider (IPP) operated gas and diesel fired power station (to be upgraded to include a permanent station incorporating natural gas, BHP sourced and renewable power), and underground dewatering and open pit harvesting of ultra-saline water for the process water supply and reverse osmosis (RO) systems.

The plant flowsheet has demonstrated that historically, it is amenable to processing massive and disseminated underground nickel ores. In SRK's opinion, with the proposed concentrator upgrades, it will continue to be suited to the treatment of the forecast LOM feed once operations are resumed.

In SRK's opinion, the existing infrastructure does not present a significant operating risk to CNO. The infrastructure is typical of comparable Australian mineral processing plants. Upgrades will be required for the expanded plant to meet the demands of the operation. These have been considered, and most completed.

Figure 4.4: Cosmos nickel concentrator - existing mill and roughers



Source: SRK site inspection photographs

4.5.3 LOM Throughput

The proposed upgrade to the CNO plant expands the capacity from 400 ktpa to 900 ktpa in the 2023FY and then to 1.1 Mtpa in the 2027FY. Feasibility study level design has been undertaken and detailed engineering and procurement is underway, and other demolition and site preparation works have commenced. WSA's engineer, GR Engineering Services Ltd (GRES), is an appropriate selection for this work and well experienced, having undertaken a previous expansion of this plant and having constructed and upgraded a number of other nickel and other base metal concentrators in WA and further afield.

The throughput assumptions used in the LOM model are presented in Table 4.5 and reflect the upgrade approach and timing. The schedule also allows for a comfortable ramp up in the 2023 and 2024 financial years. This is a function of the mining production schedule but nonetheless, allows a conservative production schedule. Throughput tapers down in the final year of production with the exhaustion of the current LOM feed.

In SRK's opinion, the throughput inputs used in the LOM model are reasonable for the purpose of this Report. While there are several throughput risks relating to the scope of work required for this major upgrade of the circuit, minor bottlenecks in the existing piping and pumping, early unplanned failure of existing equipment, different behaviours of the ores and other variables, there is sufficient lead time to resolve them. SRK notes that the internal budget targets a modestly higher maximum throughput of 1.16 Mtpa between 2027FY and 2031FY.

Table 4.5: Forecast CNO Processing Estimates

Financial year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	LOM
Ore milled (dry kt)	254	640	900	920	1100	1100	1100	1100	1100	1100	1100	1100	718	12232
Feed Grade (Ni %)	1.83	1.98	1.94	2.05	2.08	2.17	2.17	2.35	2.21	2.38	2.09	2.00	1.97	2.12
Feed Grade (Co %)	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.04
Recovery (Ni %)	79.7	80.9	80.6	81.4	80.9	81.5	81.5	82.6	80.8	80.6	78.4	75.2	74.8	80.1
Recovery (Co %)	80.6	81.9	81.5	82.4	81.8	82.5	82.4	83.5	81.8	81.6	79.2	76.0	75.5	80.9
Conc Ni Grade (%)	14.9	15.1	15.5	15.6	15.3	15.9	15.7	16.4	15.0	14.7	15.5	15.0	15.0	15.4
Nickel in Conc. (kt)	3.7	10.3	14.0	15.3	18.5	19.4	19.4	21.3	19.7	21.3	18.1	16.6	10.6	208.2
Cobalt in Conc. (t)	73	185	261	286	346	347	323	333	328	317	302	263	164	3,529
Processing Cost (A\$/t)	48.05	35.30	31.32	31.08	29.32	29.32	29.32	29.34	29.36	29.37	29.37	29.37	30.29	30.38
Plant Sustaining Capex (A\$M)	2.2	3.1	4.0	2.1	4.9	5.0	5.0	5.1	5.1	4.5	4.5	4.5	3.0	53.0

Source: '210924 WSA Corporate Model vF, Western Areas Ltd, 2021.

4.5.4 LOM Recoveries

A simple nickel feed grade versus metallurgical recovery relationship has been developed for the Odysseus ores based on the latest testwork. These rougher and cleaner nickel recovery algorithms are related to the head grade at a nominal concentrate grade of 16.5% Ni. Recoveries are adjusted by 2% (absolute) for each percentage of nickel in concentrate grade above and below this. The Odysseus nickel recovery averages 82.1% at a feed grade of 2.15% Ni.

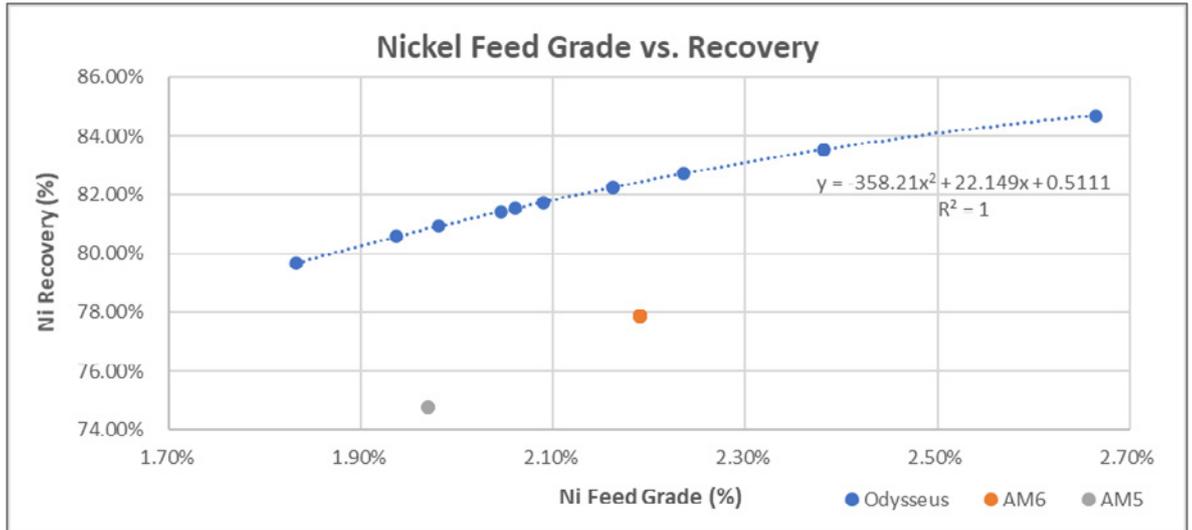
The AM6 testing has been used to establish a relationship, however the LOM feed grade is fixed at 2.19% Ni, resulting in a fixed forecast annual recovery of 77.9%. The testing of the AM5 deposit is not sufficiently progressed, as this feed is mined later in the mine life. The AM5 recovery is assumed to be the same as AM6 and utilises the same algorithm. The feed grade is once again fixed at 1.97% with a subsequent annual recovery of 74.8%.

The LOM model forecast nickel recoveries are typically between 80% and 84%, with some monthly outliers, which are head grade dependent. The LOM average nickel recovery across all three deposits is 80.1% at a feed grade of 2.12% Ni at an average concentrate nickel grade of 15.4%.

The ores are considered by WSA to be similar to those historically processed through the facility. In SRK's opinion, the model is simplistic, particularly for the AM6 and AM5 deposits, but for the purpose of the Report, the recovery assumptions are reasonable. It is expected these algorithms will continue to be updated as more testwork is completed, and again when production commences, and operating data becomes available.

A metallurgical recovery ramp-up period has not been incorporated into the LOM model by WSA. SRK typically consider it appropriate to apply a ramp-up period for forecasting, typically between 6 and 12 months for a relatively simple flotation style concentrator processing a familiar ore source.

Figure 4.5: Cosmos Nickel Operation Feed Grade vs. Recovery relationship



Source: WSA Management Information

4.5.5 Processing Capital Costs

The cost estimate for the refurbishment and upgrade of the processing facilities to 900 ktpa was undertaken by GRES. The CNO upgrade work was first estimated to an accuracy of $\pm 15\%$ as part of a feasibility study, with a cost base date of Q3 2018. The GRES processing capital costs were A\$38.0m including A\$3.4m of contingency. There were a number of exclusions including significant first fills and critical spares, flights and accommodation. The costs were based on budget pricing and rates from other projects at the time.

This capital estimate was recently updated by GRES to A\$47.7m excluding contingency, in August 2021. The proposed contracting approach is an EPC style, turnkey execution strategy. WSA has allowed A\$54m in the LOM to incorporate additional commissioning costs of A\$3.5m, A\$2m of contingency, owner's costs and capitalised operating costs.

Additional capital was allowed for infrastructure including the refurbishment of the Cosmos accommodation village, high-voltage (HV) power systems, reverse osmosis and wastewater treatment system, airstrip, communications and IT systems, roads, buildings, workshops and administration areas. Much of this work has been completed.

In SRK's opinion, these costs have been built up using conventional engineering practices, are current, and costs, which were excluded in the GRES study, have been allowed for. The refurbishment costs are reliant on earlier site inspections and asset reviews. Some provisional allowances have been made as is normal practice and a contingency of A\$2m has been included, but SRK considers this to be relatively lean given the confidence level of the costings.

While estimation of refurbishment and rectification costs for a plant in C&M can be challenging and in SRK's experience, typically increase as the level of engineering and construction progresses, the allowances are reasonable for the purpose of this Report. In SRK's experience, there is a moderate risk of an increase in the 900 ktpa plant refurbishment and upgrade capital cost. SRK considers the WSA forecast to be reasonable but considers it prudent to incorporate an additional level of contingency for any downside case.

GRES provided WSA with a capital cost for the concentrator expansion to 1.1 Mtpa in 2020 with some exclusions. It requires tertiary crushing, additional primary grinding, regrinding, flotation cells and various other upgrades. This is required in 2026FY to allow throughput to be increased in 2027FY as the AM6 underground mine comes online. The LOM model incorporates a capital cost allowance of A\$44.7m for this further upgrade. This is higher than the A\$36.1m allowance made in the WSA 2022FY Budget based on a GRES estimate made in 2020. The increase allows for a 25% increase in the GRES estimate to allow for contingency and escalation since the 2020 estimate. Given the current inflationary pressures being experienced in the construction and resources sector, SRK considers this to be a reasonable assumption, however, this is a significant additional cost for a 200 ktpa upgrade and in SRK's opinion, could be a conservative estimate.

4.5.6 Processing Costs

Process operating costs for the restarted operation were originally estimated as part of the definitive feasibility study, with a cost base of Q3 2018. The accuracy was estimated to $\pm 15\%$, which is commensurate with a feasibility level of study. The costs were A\$29.11/t at a throughput of 900 ktpa. Additionally, a cost of between A\$1/t and A\$1.41/t was incurred for underground primary crushing and overland conveying. The major costs, typical of all mineral processing plants, is labour, power, reagents and maintenance. They have been built up from first principles using conventional engineering practices. The basis of costing and calculations are provided in the DFS and in the updated estimate spreadsheet. In SRK's opinion, they are reasonably supported.

These costs have since been updated by WSA incorporating actual wages and salaries, reagent, grinding media and other costs by using values from the Cosmic Boy Concentrator at the FNO. The revised estimate, and that provided in the LOM model is A\$30.38/t feed. It comprises a fixed cost component of A\$15.5m at maximum throughput, and a variable cost of A\$12.18/t feed. This update also allows for the likely escalation in costs since the DFS was issued in September 2021, although these increases are offset by the increase in tonnage from 900 ktpa to 1.1 Mtpa for the majority of the mine life. The AM5 and AM6 processing and G&A costs are assumed to be the same as that for processing the Odysseus ores. SRK consider this to be a reasonable assumption.

It is not reasonable to compare the forecast processing costs against historical CNO values as costs have escalated since it was placed into C&M in 2012 and the throughput was less than half of the LOM forecast. The forecast CNO costs have been benchmarked against peer projects and operations. Furthermore, they have been compared against the actual FNO operating costs of A\$44/t feed (concentrator only) adjusted from a throughput of 567 ktpa. The FNO budget costs were also used as a benchmark comparison in the DFS. In both cases, the LOM model estimated operating cost compares relatively well to both internal and external benchmarks. In SRK's opinion, these costs are reasonable for the purpose of this Report.

The processing costs include a concentrate haulage cost of A\$118/t concentrate for road haulage and ocean freight to international customers. This is materially lower than the actual costs incurred at the FNO. This is partly explained by the CNO proposing to haul larger payloads to Geraldton compared to the FNO to Esperance, (i.e., in quad or super quad trailer configurations versus triples at FNO). The higher shipping costs are also being driven by COVID related issues and increases in worldwide shipping costs. WSA has assumed that there will be a mean reversion in shipping rates, based on a real term basis during the LOM.

4.5.7 Process Sustaining Capital Costs

The LOM includes an allowance for the mill, TSF and non-mining infrastructure sustaining capital. A total of A\$53m is forecast over the LOM, peaking at A\$5m/year at the steady state production of 1.1 Mtpa. WSA has estimated these costs using the FNO requirements as a basis.

SRK finds the incorporation this annual sustaining capital allowance to meet the ongoing needs of the plant to be reasonable when benchmarked against comparable operations.

4.5.8 Refurbishment and Expansion Schedule

The CNO concentrator rectification, refurbishment and upgrade programme has commenced. The plant is forecast to come online in the fourth (December) quarter of the 2022 calendar year.

In SRK's opinion, the construction schedule is achievable, but will likely be subject to other drivers. A modest delay in construction completion and commissioning could be incurred, however any modest drift in schedule is unlikely to result in it being unable to meet the first 2023FY's production requirement.

4.5.9 SRK Opinion

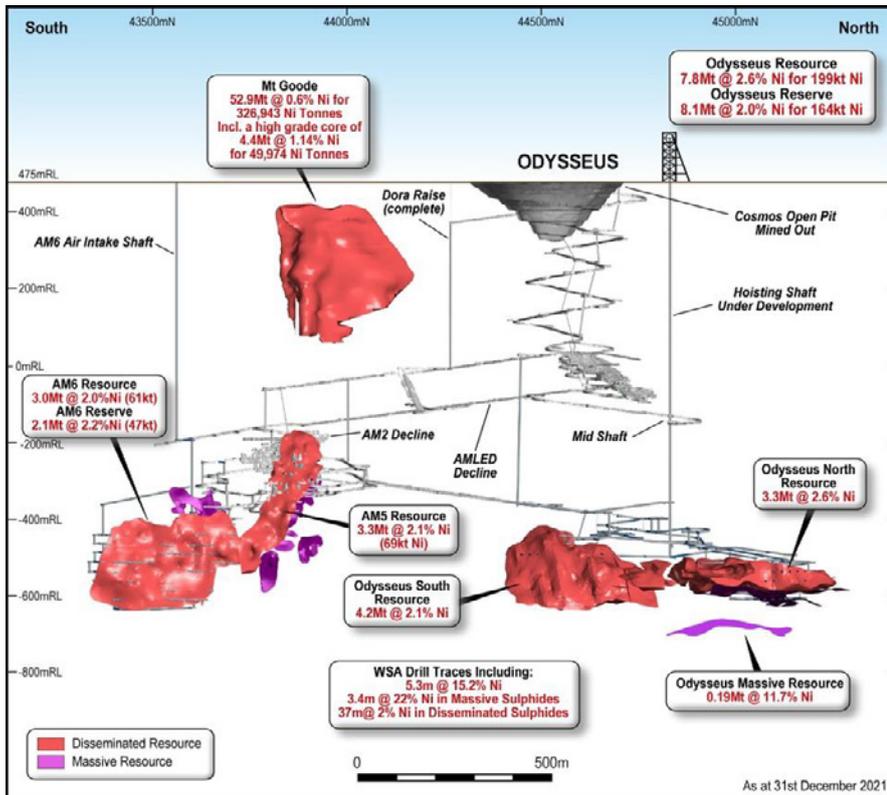
In SRK's opinion, the FNO and proposed CNO processing flowsheets are amenable to processing the respective LOM ores. Minor recommendations have been made to the LOM metallurgical inputs for the purpose of the Report.

4.6 Mining

Further to its purchase of the CNO and its assessment of the results of the DFS, which was completed in September 2018, WSA commenced dewatering of the existing mine workings. Rehabilitation of the decline commenced in early 2019.

The Odysseus North, Odysseus South, Odysseus Massive, AM6 and AM5 zones are located approximately 700 m to 1,250 m below the surface and extend over a horizontal distance of 1,800 m beneath the historical open pit. A long section of the CNO is presented in Figure 4.6.

Figure 4.6: CNO long section



Source: Western Areas' Management Presentation, 'Cosmos Nickel Operations', September 2021

4.6.1 Odysseus

The DFS considers decline development from the existing AM5 decline, and the construction of a new 1,000 m deep hoisting and intake ventilation shaft to access the Odysseus orebody.

The Odysseus orebody is located at a depth of 1,000 m to 1,250 m below surface and comprises the Odysseus North, Odysseus South and Odysseus Massive ore zones. The orebody is located in a rock mass with relatively high principal stress levels and areas of weak and deformable rock. The mining environment at such depths in the known rock mass offers substantial technical risk and requires a thorough and well thought out mine plan to be successful. A long section view of the Odysseus LOM design is presented in Figure 4.7

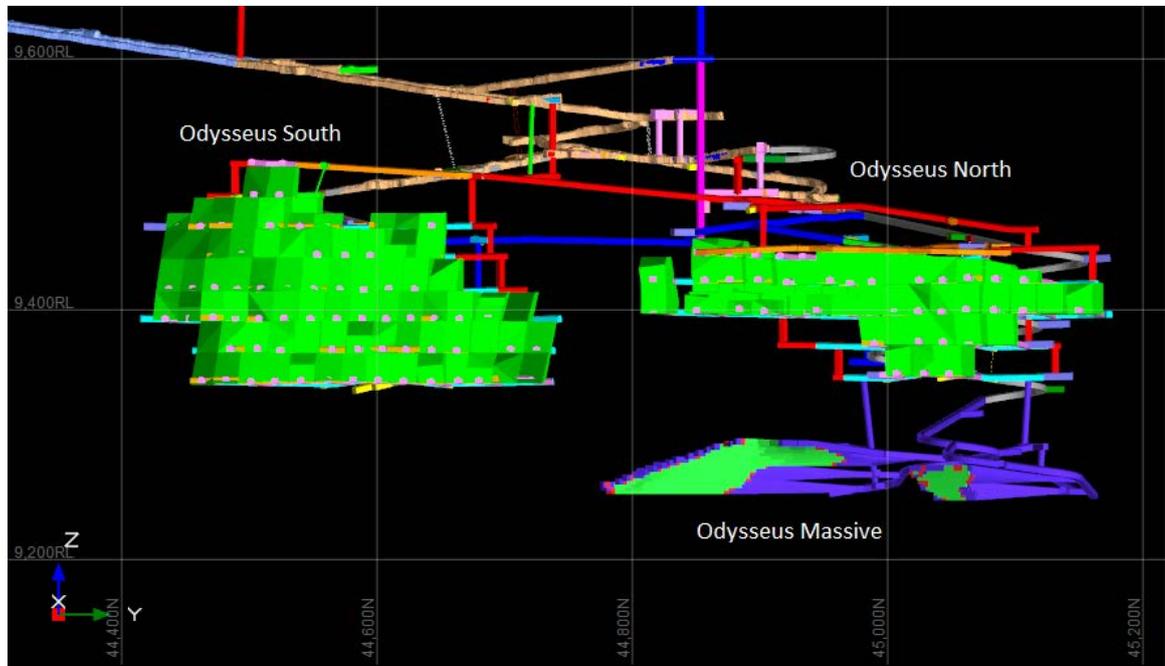
The Odysseus North and South orebodies are planned to be mined using a longhole stoping mining method with paste backfill. The mining sequence is a top down and centre out continuous mining sequence with mining progressing from the hanging wall to the footwall. The continuous mining sequence has been used to manage rock mass stresses and avoid the generation of pillars, which can become highly stressed and difficult to recover.

Planned stopes are typically 25 m in height, 20 m along strike and 15 m wide with a typical stope containing approximately 21,000 tonnes.

The mine plan incorporates a continuous mining front where each stope is mined only after the previous adjacent stope has been mined and filled. This method, by its nature, will limit flexibility in the mine as it limits the available work areas and does not allow stopes to be taken out of

sequence if delays in the primary sequence occur. The continuous mining front will result in a relatively slow ramp-up to the planned production rate of 900 ktpa, as there are relatively few stoping areas early in the establishment of the mining front.

Figure 4.7: Odysseus mine design - long section view looking to the west



The Odysseus ore body has been accessed via an extension of the exiting AM5 decline.

WSA intend to hoist Odysseus ore out of the mine via a 5.7 m diameter shaft that will extend from surface to a depth of 1,033 m below surface. Once the ore has been hoisted to the surface it will be conveyed to the processing plant ROM pad. An underground mineral sizer, loading station and ore storage bins are planned to be constructed near the base of the shaft to facilitate the loading of the hoisting shaft skips.

Feasibility studies have been completed for the Odysseus North and South ore zones, with the majority of the planned production from Odysseus North and South being reported as an Ore Reserve in accordance with JORC Code (2012) guidelines.

At the Effective Date, the dewatering of the mine had been completed and rehabilitation of the existing decline workings had also been completed. Development of the access decline and associated ventilation development towards the Odysseus deposits is well underway and initial access development now contacting the orebody. The first stage of the hoisting shaft has been completed and raise drilling in underway on the second stage of the hoisting shaft.

SRK considers the proposed top down longhole stoping method with paste backfill and a continuous mining front to be a reasonable method for this mining environment and amenable to relatively high recovery rates of the ore. The top-down continuous mining sequence will minimise the generation of high levels of stress in the hanging wall and crowns of the stopes compared to primary and secondary bottom-up mining methods.

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The Odysseus Massive zone is located 60 m below the Odysseus North zone and consists of a relatively flat dipping vein approximately 3 m in thickness. The Odysseus Massive zone has been included in the mine plan based on a bottom-up cut and fill mining method incorporating waste rock fill. Ore drives with dimensions of 5 m by 5 m are planned to be mined along the strike extents of the orebody and then filled with waste rock before another ore drive is mined up dip of the filled drive. The ore zone is planned to be accessed via an extension of the decline from Odysseus North.

Limited technical studies and work have been completed on the Odysseus Massive zone. A preliminary scoping level study was completed to develop the current mine plan for this area. No material from the Odysseus Massive mine plan has been reported as an Ore Reserve in accordance with JORC Code (2012) guidelines.

The mine plan for Odysseus Massive is at a preliminary stage of planning and the current plan does not address the requirement to provide support to the hanging wall as the mining progresses. The plan also does not include an allowance for the likely dilution from the waste rock fill that is likely to be incurred during mining. As the plan is at an early stage of assessment, with limited technical work completed, there is the potential for the currently planned ore physicals to change significantly as further technical study work is completed.

4.6.2 AM6

The AM6 orebody is located approximately 800 m south of the Odysseus orebody and sits between 900 m and 1,150 m below surface. The ore zone is steeply dipping with a dip of approximately 80 degrees to the east. The orebody is a similar orientation to Odysseus North and South, however the thickness is narrower with typical width of 12 to 25 m.

AM6 is planned to be mined via a longhole open stoping mining method incorporating paste backfill. As with Odysseus North and South, stopes are planned to be mined in a top-down centre out mining continuous mining sequence to avoid the generation of remnant pillars. In contrast to Odysseus North and South, the stopes are typically planned to be accessed by longitudinal, rather than transverse, ore drives. In areas where the orebody width exceeds 15 to 20 m in thickness, stopes will be mined transversely across the orebody with additional access drives mined.

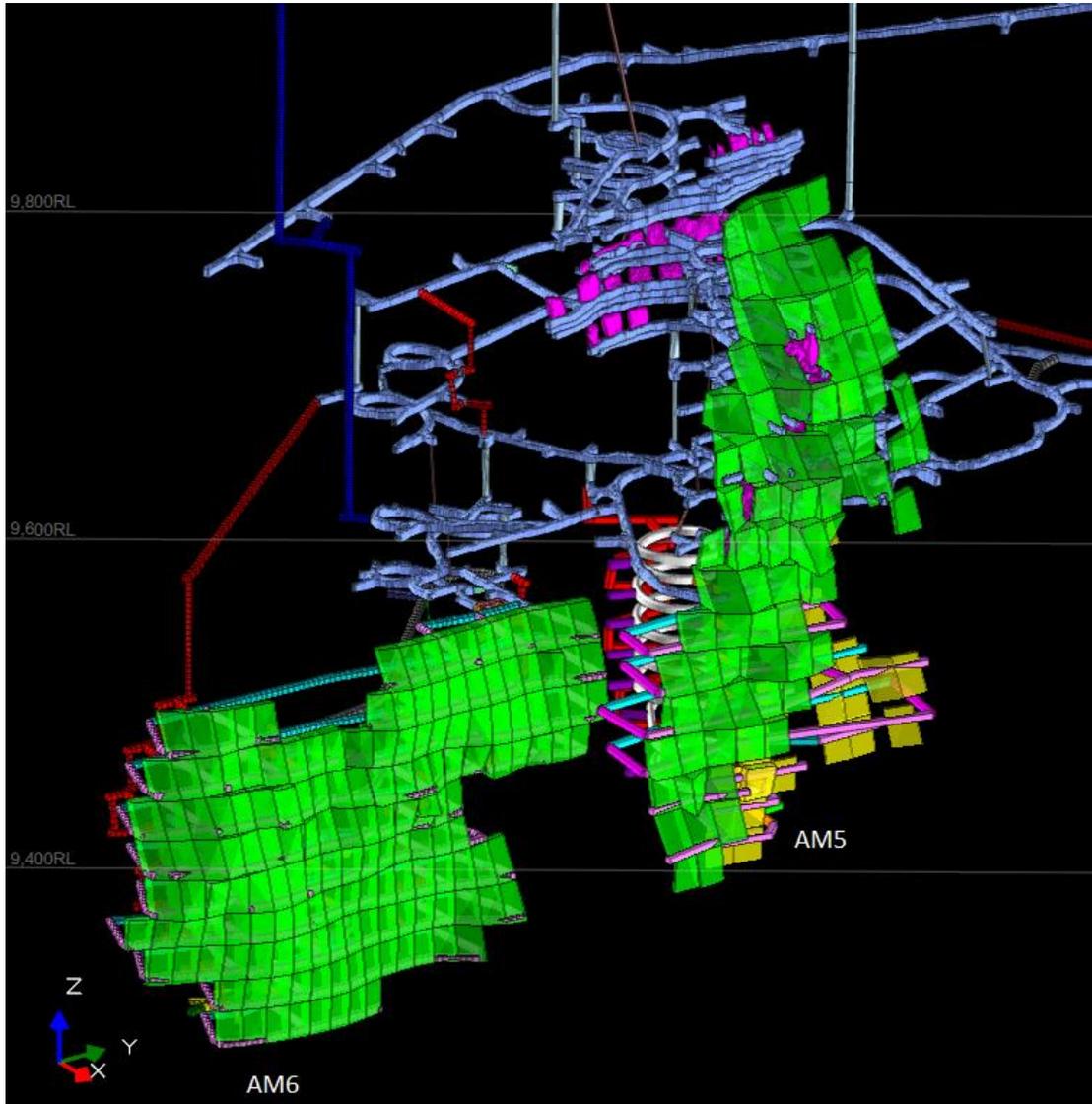
Typical planned stope dimensions are 25 m in height, 15 m along strike and 16 m wide with a typical stope containing approximately 16,000 tonnes.

The AM6 orebody is planned to be accessed via an extension of the existing AM5 decline. The LOM involves the extension of the decline by approximately 200 m vertically. In addition to the decline extension and level access drives, two large diameter ventilation rises to the surface with lengths of 700 m and 575 m are planned to provide sufficient ventilation to allow AM6 to be mined in parallel with Odysseus.

As with Odysseus, the ore from AM6 is planned to be hoisted from the mine using the hoisting shaft that is currently under construction.

An inclined view of the AM5 and AM6 mine designs is presented in Figure 4.8.

Figure 4.8: AM5 and AM6 mine design - Inclined view looking to the northwest



A prefeasibility study has been completed for the AM6 orebody and a feasibility study is currently underway with an anticipated completion in 2022. A maiden Ore Reserve for the AM6 orebody was reported to the ASX in September 2020.

SRK considers the mine plan for AM6 based on longhole open stoping and paste backfill to be a reasonable method for extraction of the orebody and anticipated rock mass conditions. The plan to access the orebody via the existing AM5 decline and the proposed ventilation plan are also considered to be reasonable and technically feasible.

4.6.3 AM5

The AM5 orebody is located approximately 600 m south of the Odysseus orebody and sits between 680 m and 1,080 m below surface.

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The orebody was historically mined by Xstrata between approximately 2009 and 2012 using a primary and secondary open stoping mining method with cemented rockfill. The historical production data from AM5

The currently proposed mining plan for AM5 is similar to the plan proposed for AM6 with longhole open stoping with paste backfill in a continuous sequence and longitude ore drives to access the stopes. The top half of the orebody is already accessed by the existing AM5 decline, while an extension of this decline is required to access the lower part of the orebody that is planned to be mined.

The ore handling plan for AM5 is the same as that proposed for AM6 with the hoisting shaft planned to transport the ore to the surface.

No scoping, prefeasibility or feasibility studies have been completed for the AM5 orebody and no Ore Reserves are currently reported in accordance with the JORC Code (2012) guidelines.

The level of planning completed for AM5 is limited and the mine plan is preliminary in nature with a relatively low level of detail. The presence of the historical mining voids in the upper portion of AM5 is likely to strongly influence the mining of the remaining ore in the area around them.

4.6.4 Mine Plan Ore Physicals

A summary of the LOM planned ore production by orebody is shown Table 4.6. The mine plan includes material that has been classified as an Ore Reserve under the JORC Code (2012) and also a component of material that has not been classified as an Ore Reserve.

Table 4.6: CNO Mine Plan

Orebody	CNO Mine Plan - Total			Ore Reserve Material in Plan			Non-Ore Reserve material in Plan		
	Ore (kt)	Ni (%)	Ni (t)	Ore (kt)	Ni (%)	Ni (t)	Ore (kt)	Ni (%)	Ni (t)
Odysseus	7,901	2.2	169,700	7,705	2.1	160,860	196	4.5	8,830
AM5	2,156	2.0	42,480	0	0	0	2,156	2.0	42,480
AM6	2,148	2.2	47,030	2,099	2.2	47,030	49	0	0
Total	12,205	2.1	259,210	9,803	2.1	207,890	2,402	2.1	51,310

Source: WSA Management Information

Notes: Minor differences in totals are due to rounding.

4.6.5 Ore Reserve Estimates

The current CNO Ore Reserve estimates are summarised in Table 4.7.

Table 4.7: CNO Ore Reserve Estimates as at 31 December 2021 on a 100% equity basis

Deposit	Ore Tonnes	Nickel (%)	Ni Tonnes	Classification
Odysseus South ¹	4,483,700	1.9	85,620	Probable Ore Reserve
Odysseus North ¹	3,651,900	2.2	78,900	Probable Ore Reserve
AM6	2,098,500	2.2	47,100	Probable Ore Reserve
Total Ore Reserve	10,234,100	2.1	211,620	

Source:1 Western Areas' December 2021 Quarterly Activities Report released on 27 July 2021

Notes: Minor differences in totals are due to rounding.

4.6.6 SRK Opinion

SRK considers that the proposed mining method and broad mining plan including the mine access, ore handling, and ventilation plans for the Odysseus North and South and AM6 orebodies are reasonable and that the Ore Reserve estimates have been prepared to a sufficient quality standard in accordance with the guidelines of the JORC Code (2012). The planned mining method incorporates considerations for the ground conditions and mining environment with appropriate stope dimensions and planned mining sequence.

The modifying factors applied to the Odysseus North and South and AM6 stopes may potentially be underestimating the likely dilution and overstating the mining recovery, however they are reasonable for the purpose of the Report given that the metal balance will not change with minor adjustments to these factors, which may be addressed at the operational level.

SRK considers the mine plan for Odysseus Massive to be at a preliminary stage of mine planning and there is potential for the currently planned ore physicals to change significantly as further technical study is completed. The current plan does not address the requirement to provide support to the hanging wall and SRK considers this has the potential to create geotechnical issues as the mining of Odysseus Massive progresses. In addition, there is no consideration in the mine plan for the likely dilution from the waste rock backfill that will be incurred during mining. SRK recommends that a dilution value of 10% and a mining recovery value of 90% be applied to the current plan physicals for Odysseus Massive to appropriately consider the likely dilution and mining recovery.

The mine plan for the AM5 orebody is also at a preliminary stage of planning, with a relatively low level of detail in the mine plan. As with Odysseus Massive, there is potential for the planned ore physicals to change significantly as further technical study is completed.

The presence of the historical mining voids in the upper portion of AM5 is likely to strongly influence the mining of the remaining ore in the surrounding area. SRK considers that the influence of these voids has not been appropriately considered in the current mine plan and they are likely to result in the sterilisation of a portion of the planned mining shapes in AM5.

The mining inventory included in the CNO mine plan for Odysseus North and South and AM6 has undergone a significantly more rigorous technical study and mine design process than the material included for Odysseus Massive and AM5. As a result, the level of confidence in the ore production physicals for Odysseus North and South and AM6 is significantly higher than that for Odysseus Massive and AM5. This is reflected in the fact the Odysseus North and South and AM6 have been

reported as an Ore Reserve under the JORC Code (2012) guidelines, while no Ore Reserves have been estimated or reported for AM5 and Odysseus Massive.

Given the lower levels of confidence associated with the Odysseus Massive and AM5 planned ore physicals, SRK considers they should not be included in a base case mine plan and financial model.

4.6.7 Modifying Factors

Study Status

A varying level of technical study work has been completed for the various ore sources that comprise the CNO mine plan.

- The Odysseus North and South ore zones have undergone a prefeasibility study and then a comprehensive feasibility study, which was completed in 2018. The Odysseus North and South ore zones are currently being developed with mined ore production forecast to commence in CY2022.
- A preliminary scoping study was completed on the Odysseus Massive ore zone in CY2021.
- The AM6 orebody has undergone a prefeasibility study which was completed in 2020. A feasibility study is currently in progress for the AM6 orebody and this is anticipated to be completed in CY 2022.
- A preliminary scoping study was completed on the AM5 orebody in CY2021.

Production Reconciliation and Cut-Off Parameters

As material ore production is yet to commence at the CNO, there is no production data to reconcile with the mine plan. Reliable production data from the historical mining in AM5 is not available to inform SRK's opinion for the purpose of this Report.

For the AM6 orebody, a cut-off grade of 1.6% Ni has been used to develop the mine plan based on the parameters presented in Table 4.8.

Table 4.8: AM6 cut-off grade parameters

Parameter	Value	Unit
Nickel Price	7.50	US\$/ lb
AUD:USD Exchange rate	0.70	
Target concentrate grade	14.5	%
WA State Royalties	2.5	%
Total operating cost per tonne ore	131.62	A\$/ tonne ore
Logistics cost per tonne ore	12.50	A\$/ tonne ore
Cut-off grade	1.6	% Ni

For the Odysseus North and South, the cut-off grade was developed using a net smelter return (NSR) approach, as many of the cut-off parameters are variable and dependent on several elements in the ore. The selected NSR cut-off value for the mine plan is A\$129.00/t ore.

The parameters used to develop the Odysseus cut-off values are shown in Table 4.9.

Table 4.9: Odysseus North and South cut-off parameters

Parameter	Value	Unit
Nickel Price	7.00	US\$/ lb
AUD:USD Exchange rate	0.75	
Target concentrate grade	16.5	%
WA State Royalties	2.5	%
Total operating cost per tonne ore	128.50	A\$/ tonne ore
Logistics cost per tonne concentrate	85.20	A\$/ tonne con
NSR Cut-off value	129	\$ NSR

The cut-off grades for the Odysseus Massive and AM5 ore bodies have not been developed in detail as these projects are still at an early stage of technical study.

SRK consider the cut-off grades that have been developed and applied for the Odysseus North and South and AM6 deposits to be reasonable and consistent with industry practice.

Dilution and mining recovery

The dilution and mining recovery parameters applied in the CNO mine plan are shown in Table 4.10.

Table 4.10: Dilution and mining recovery values applied in the mine plan

Parameter	Value	Unit
Odysseus North and South and AM6		
External dilution factors applied to stopes	3.5	%
Mining recovery factor applied to stopes	98	%
Odysseus Massive		
External dilution factors applied to cut and fill stopes	0	%
Mining recovery factor applied to cut and fill stopes	0	%
AM5		
External dilution factors applied to stopes	10	%
Mining recovery factor applied to stopes	85	%

SRK considers the dilution factors applied to the planned Odysseus North and South and AM6 stopes to be reasonable but low and the mining recovery rate to be reasonable but high based on the relatively poor quality of the rock mass at Odysseus and AM6, the widths of the mineralisation at Odysseus and also the typical dilution and mining recovery parameters achieved at similar underground operations in Western Australia. However, the metal balance is not likely to change with likely operational modifications to these input parameters.

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Metallurgical Factors and assumptions

The mine plan assumes the existing processing plant at Cosmos is upgraded to process the mine ore at a processing rate of 1.1 Mtpa. Additional commentary on the metallurgical factors and recovery assumptions is provided in Section 4.5 of the Report.

Infrastructure

The CNO is currently in a construction phase with several large infrastructure projects underway.

The hoisting shaft is key piece of infrastructure for the underground mine and when completed is planned to allow the hoisting of 1.1 Mtpa of ore from a depth of 1,000 metres below surface. The hoisting shaft consists of two legs each with a diameter of 5.7 m. The legs are mined using a large diameter raise bore machine with ground support installed from a suspended working platform at the completion of the raise boring. The hoisting shaft is planned to operate with rope guides hoisting ore and waste in skips with no personal or materials hoisting.

At the Effective Date of the Report, the first leg of the hoisting shaft had been successfully completed and raise boring of the second leg was underway. The construction of the winder house is largely completed and ground support of the first leg of the shaft is planned to commence shortly. Construction of the base of shaft loading station and mineral sizer installation is yet to commence.

In addition to the hoisting shaft, a paste fill backfill plant and ventilation refrigeration plant are planned to be constructed before stoping production commences. Significant upgrades to the processing plant to increase the throughput to 900,000 tpa have also recently commenced.

Existing infrastructure that is operating on the site includes the accommodation camp, underground pump stations and primary ventilation fans.

Figure 4.9: Raise boring of the second leg of the hoisting shaft



Sources: WSA Management Information

4.6.8 Production

Table 3.7 summarises the WSA LOM production and mining cost schedule for CNO.

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Table 4.11: WSA LOM production and mining cost schedule for CNO

Mine	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Odyssseus														
Ore mined (t)	13,465	213,656	643,811	915,919	908,917	907,861	914,476	915,431	915,940	682,464	525,522	343,489	-	-
Grade (%)	1.80	1.97	1.99	1.93	2.08	2.09	2.16	2.15	2.29	2.24	2.67	2.11	-	-
Mining Costs (A\$/t ore)	-	128.3	93.1	82.9	82.7	79.2	73.9	73.0	70.0	88.3	113.6	81.3	-	-
Capex – development (A\$/mill)	129.3	70.3	21.3	0.3	0.3	0.5	0.3	0.3	12.4	0.3	1.2	0.4	0.4	-
Capex – sustaining (A\$/mill)	-	60.9	5.0	0.5	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.1	-	-
AM6														
Ore mined (t)	-	-	-	-	10,667	197,491	190,874	191,794	191,610	400,000	400,000	400,000	165,098	-
Grade (%)	-	-	-	-	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	2.19	-
Mining Costs (A\$/t ore)	-	-	-	-	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	88.8	-
Capex – development (A\$/mill)	-	-	-	16.7	10.0	-	-	-	-	-	-	-	-	-
Capex – sustaining (A\$/mill)	-	-	-	-	19.6	19.2	22.4	18.4	3.5	0.1	-	-	-	-
AM5														
Ore mined (t)	-	-	-	-	-	-	-	-	-	17,536	174,478	311,311	934,902	718,048
Grade (%)	-	-	-	-	-	-	-	-	-	1.97	1.97	1.97	1.97	1.97
Mining Costs (A\$/t ore)	-	-	-	-	-	-	-	-	-	88.8	88.8	88.8	88.8	88.8
Capex – development (A\$/mill)	-	-	-	-	-	-	-	11.7	8.5	14.3	13.2	13.2	-	-
Capex – sustaining (A\$/mill)	-	-	-	-	-	-	-	-	0.1	0.9	1.6	4.7	3.6	-

Source: Western Areas' 210924 WSA Corporate Model vF.xlsm

Notes: Minor differences in totals are due to rounding. Mining costs include: development, stope production, paste fill, mining/technical support, geology, contractor costs, dewatering, ventilation and hoisting.

4.6.9 SRK Opinion

The production schedule for the Odysseus North and South and AM6 orebodies has been developed using a detailed mine design and schedule process using Deswik software. The schedule has been developed by generating a unique task for each planned development and stope activity in the mine and then applying a task rate and appropriate delays between the activities. The overall production physicals in each calendar period are then smoothed based on the various constraints in the mine and the available resource such as haul trucks, drill jumbos and loaders.

Some of the key activity specific production rates used in the schedule are shown in Table 4.12.

Table 4.12: Activity rates in the schedule

Activity	Schedule Rate	Units
Decline development	100	m/month
Ore drive development	25-50	m/month
Slot drive development	50	m/month
Stope production drilling	280	m/day
Stope bogging	1,000	tonne/day
Paste backfilling	1,100	m ³ /day

Sources: WSA Management Information

The schedule rates used in the schedule are in line with typical industry practice and SRK considers the rates to be reasonable.

The overall maximum ore production rates in the schedule of 900,000 tpa from Odysseus North and South and 400,000 tpa from AM6. SRK consider these to be reasonable.

The mining costs proposed for CNO have been developed assuming contractor mining with owner management and technical support costs. The contractor mining costs have been informed by current contractor mining cost with a first principles approach used to develop the owner's costs.

The Odysseus mining operating cost over the mine plan are A\$83.11/t or while the operating costs AM6 and AM5 are A\$88.77/t ore. SRK considers the costs used in the provided financial model to be reasonable. The costs benchmark in line with similar underground mines operating at a production rate above 1.0 Mtpa and using paste backfill.

4.6.10 Mount Goode

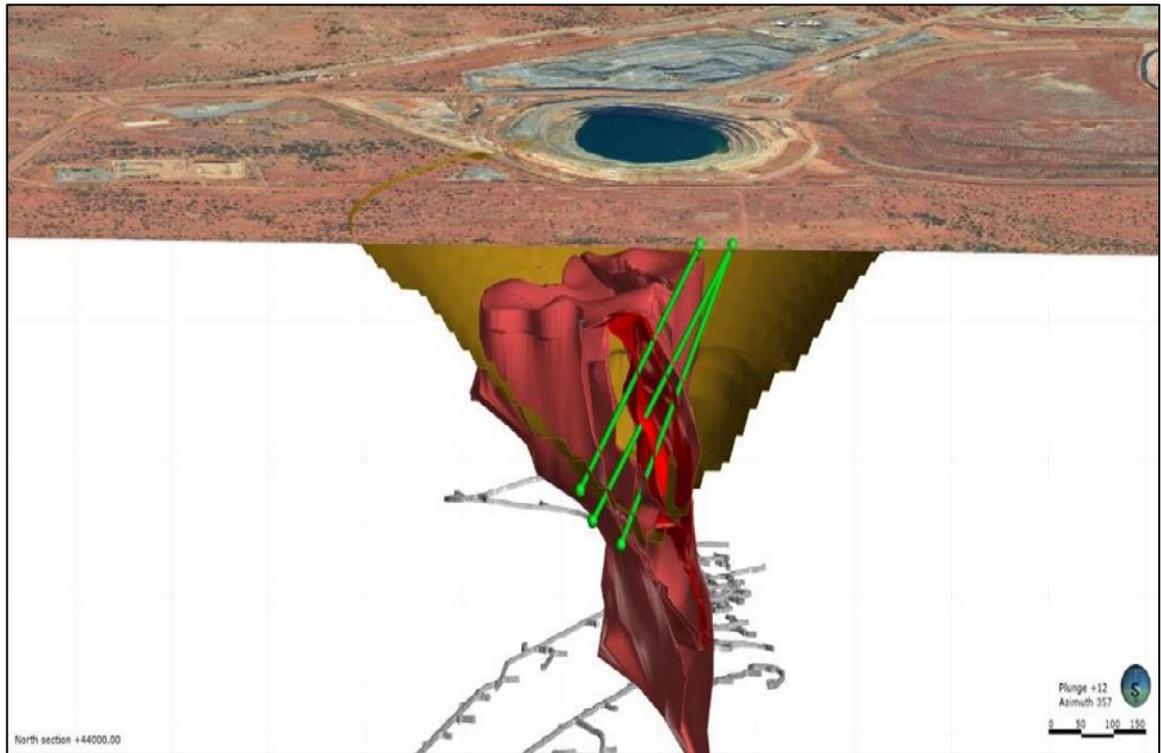
The Mount Goode Project (Mt Goode) is located above the Cosmos (Odysseus, AM5 and AM6) ore bodies with the top of the deposit approximately 25 m below surface, extending to approximately 415 m below surface (Figure 4.10).

A number of studies have been undertaken of Mount Goode by the different owners since 1997. WSA is currently finalising an integrated Scoping Study, with various aspects still outstanding, including mining scenario analysis, processing studies and layout work.

SRK understands that WSA is contemplating a 4 Mtpa open pit scenario where material is either processed at a new stand-alone facility at CNO, or by toll treating at a third-party processing facility. A downstream processing option such as pressure oxidation (POX) or glycine leach is also being assessed.

Further technical work is required to develop a feasibility study to support the reporting of an Ore Reserve estimate in accordance with JORC Code (2012) reporting guidelines.

Figure 4.10: Mount Goode Project long section



Source: Western Areas Management Information

Mining

As noted above the proposed production schedule contemplates 4 Mtpa (See Table 4.15) processing and a mining rate limited to 30 Mtpa, via an open pit mining method. It is expected there would be a one-year pre-strip required before the ore is exposed (transitional and then fresh). It is understood that there is no economic ore (i.e., low metallurgical recovery) in the oxidised zone.

The LOM ore is 30.9 Mt and 156.4 Mt waste, with a strip ratio (waste: ore) of 5.1 (see Table 4.13).

Mining is to be undertaken with conventional open pit techniques; drill, blast, load and haul; utilising mid-sized excavators and trucks typical of Western Australia. The fleet size is expected to be three excavators (100 t – 150 t class) and up to 15 trucks (100 t – 135 t capacity), plus suitable ancillary/support fleet of graders, dozers, mobile shovels, etc.

A three-stage open pit was considered, the final design as per the optimisation results and two smaller stages targeting early ore exposures and allowing the deferral of waste stripping. All three open pits utilise a single spiral ramp to access the open pit, with the ramp exits generally facing

toward a waste dump allowing for more efficient haulage options. The production plan can achieve the 4.0 Mtpa rate, within a mining rate that requires a vertical advance rate of less than 80 m per year, which is reasonable.

Based on the proposed final open pit outline, the direct impact on CNO infrastructure would be limited to the paste plant and AM6 ventilation infrastructure (exhaust). The paste plant would need to be moved at some time in the future and the final open pit design modified in order to accommodate the AM6 exhaust (note that the final location of the exhaust has not been finalised yet, however is currently planned along the western edge of the current Mount Goode open pit design). In terms of cost, it is not likely to be material and within the current cost estimate for Mount Goode capital expenditure. In terms of how any impacts would be managed/ mitigated this has not been reviewed in any detail and would form part of the next stage of study, the Prefeasibility Study.

The waste dumps are located adjacent to the open pits but allowing access to the southern areas to remain open. The initial dump is likely to be an extension to the previous Cosmos dump, before further dumps extend this to the south and west. Dump heights were restricted to similar levels to the pre-existing dumps, the capacity was designed to include a 30% swell factor, and the batter/ berm arrangement was selected to produce an overall slope of 18°, which should allow simple re-profiling for rehabilitation.

The Mount Goode site layout would have to be cognisant of the Odysseus site layout. The Scoping Study includes the potential haul roads and a location for the ore stockpile, but it is expected this will change as the project develops, as will the location of any open pit facilities such as workshops, offices and explosives compounds.

Overall, the study has shown that a stand-alone open pit operation will produce a viable project, however this should be taken into comparison with both stand-alone underground mining and a combined open pit/ underground operation. This work is proposed to be undertaken as part of the Integrated Scoping Study to be undertaken by WSA.

The WSA mining inventory (Table 4.13) was developed using the Mineral Resource estimates (Table 4.14) which have been reported to a sufficient quality standard and are reasonable estimates in accordance with JORC Code (2012) reporting guidelines.

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Table 4.13: Mount Goode – mining inventory

Description	Units	Total	Stage 1	Stage 2	Stage 3
Mill Feed					
Measured	Mt	9.26	2.65	3.85	2.76
	%Ni	0.85	0.85	0.87	0.82
Indicated	Mt	19.25	3.48	7.70	8.07
	%Ni	0.56	0.53	0.56	0.57
Inferred	Mt	2.39	0.28	0.96	1.15
	%Ni	0.51	0.49	0.51	0.51
Ore	Mt	30.90	6.42	12.50	11.98
	%Ni	0.64	0.66	0.65	0.62
Waste	Mt	156.43	47.61	46.74	62.08
Total Tonnage	Mt	187.33	54.02	59.24	74.07
W:O		5.1	6.4	3.7	5.2

Source: Western Areas' Internal Memorandum, 'Mt Goode', October 2021

Table 4.14: Mt Goode – Mineral Resources

Category	Ore Tonnes	Nickel (%)	Ni Tonnes
Measured Mineral Resource	13,563,000	0.8	105,791
Indicated Mineral Resource	27,363,000	0.6	158,705
Measured and Indicated Mineral Resource	40,926,000	0.7	264,496
Inferred Mineral Resource	12,009,000	0.5	62,447
Total Mineral Resources	52,935,000	0.6	326,943

Source: Western Areas Ltd. Annual Report 2021.

Notes:

Mineral Resource Statement - Effective date 30 June 2021

The cut-off used was 0.4 %Ni

Minor differences in totals are due to rounding.

SRK Opinion

In SRK's opinion, a Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes assessments of realistically assumed modifying factors together with other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Prefeasibility Study can be reasonably justified. A Scoping Study must not be used as the basis for estimation of Ore Reserves.

Modifying Factors

Study Status

To date, a number of studies have been undertaken for Mount Goode by the various owners. WSA is currently finalising an Integrated Scoping Study. Further technical work is required in order to develop a Prefeasibility Study and hence report Ore Reserves, in accordance with the JORC Code (2012) reporting guidelines.

Production Reconciliation and Cut-Off Parameters

A range of cut-off grades (CoG) were considered for ore production rates of; 1.0 Mtpa, 2.0 Mtpa, 3.0 Mtpa and 4.0 Mtpa and the calculated CoG varied from 0.23 %Ni to 0.19 %Ni respectively.

For the 4.0 Mtpa ore production rate, the CoG input parameters were:

- Processing and G&A Cost: A\$22.25/ t ore
- Recovery: 65.0%
- Revenue: US\$ 7.50/ lb and US\$8.50/ lb.

The mining costs are not considered because, once a block has been identified as part of the final open pit, the mining cost must be incurred and its destination can only be either the mill or the waste dump.

The Ni CoG for the 4 Mtpa scenario were calculated to be 0.22 %Ni (US\$ 7.50/ lb) and 0.19 %Ni (US\$8.50/ lb).

In addition to the calculated Cut Off Grades (COG's), WSA requested that a COG of 0.35% Ni was also used as an optimisation scenario.

Optimisation

The modifying factors applied during the optimisations were based on studies commissioned by WSA. The mining costs were updated based on recent project work undertaken by Mining Plus for similar sized projects.

The optimisations undertaken for the study utilised:

- Measured, Indicated and Inferred Mineralisation within the diluted Resource Model
- A discounting rate of 7%
- Limited the total mining rate to 30 Mtpa
- Strategic scheduling and DCF calculations including open pit staging and pre-strips
- Cash flows and DCF reported before capital expenditure, financing or taxes.

The open pit slope parameters used in the optimisations were based on previous studies completed in 2004 and 2009.

These initial parameters for the Eastern and Western Walls are summarised as:

- Face heights: 10 m to 30 m
- Batter angles: 50° to 70°
- Berm Widths Heights: 5 m to 20 m.

All haul roads and ramps were specified as suitable for the proposed rigid dump trucks.

The results of the optimisation study show that there is only a small difference in the open pit tonnages for either ore or waste between the scenarios, which carries through for both the different revenue rates and cut off grades.

When the strategic schedule is evaluated for each option, however the results for DCF range greatly. This is due to the large pre-strip required to access the initial ore and then if insufficient ore is processed each year, then the revenue generated cannot pay back the initial expenditure fast enough.

The strategic schedule shows that processing rates less than 2.0 Mtpa are unlikely to generate sufficient cash flow to pay back the project, when the capital costs and taxes are included.

Metallurgical Factors and assumptions

The mill recovery utilised was 65.0 % and a concentrate grade of 12.0 %. Only Transitional and Fresh material are processed through the existing processing plant.

Infrastructure

WSA is currently finalising an Integrated Scoping Study, with various aspects still outstanding, including the infrastructure. This includes whether to build a new processing facility, or to toll treat the ore at a nearby third-party facility.

The Mining capital expenditure was derived by Mining Plus, based on their experience of similar open pit operations in Western Australia. The total Capex is estimated at A\$87.1 m, comprising:

- Owners' costs - A\$3.63 m
- Contractor costs (Mobilisation, site establishment, grubbing & clearing, Year 1 pre-strip) - A\$83.47 m.

Production

Table 4.15 summarise the LOM production, tonnes and grade, and costs.

Table 4.15: MT Goode – LOM production and mining cost schedule

Mine	2027	2028	2029	2030	2031	2032	2033	2034
Ore mined (kt)	4,002.95	3,954.25	3,765.15	4,089.88	3,731.19	4,515.75	3,474.26	3,366.69
Grade (%)	0.66	0.65	0.55	0.66	0.68	0.61	0.65	0.69
Mining Costs (A\$/t)	24.7	26.8	27.2	24.8	26.2	17.5	13.2	10.7

Source: Western Areas' 210924 WSA Corporate Model vF.xlsm

Notes:

A Capex allowance of A\$87.1 million is included in 2026

Minor differences in totals are due to rounding.

SRK Opinion

The work undertaken to date would be classified as a Scoping Level of study only, and hence Ore Reserves could not be reported. Further technical work is required in order develop a Prefeasibility Study and hence report Ore Reserves, in accordance with JORC Code (2012) reporting guidelines. The work does not provide reasonable grounds to include Mount Goode in a cashflow analysis for valuation purposes under the VALMN Code (2015) reporting guidelines.

Overall, the study has shown that a stand-alone open pit operation will produce a viable project, however this should be taken into comparison with both a stand-alone underground mining operation and a combined open pit/ underground operation.

Consultation would be required to coordinate surface infrastructure of the Odysseus project with that of Mount Goode, particularly the open pit and operational limitations close to the open pit, i.e. blasting. This has been recognised by WSA and is planned to be addressed in feasibility studies.

The mining costs, while recent, are not directly related to Mount Goode. These should be updated using a mining contractor to provide a schedule of rates.

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5 The Regional Exploration Portfolio

The Regional Exploration Portfolio (REX) encompasses projects from three Joint Venture Agreements (JV's):

1. Mount Alexander JV
2. Metal Hawk JV
3. Western Gawler

5.1 Mount Alexander

WSA holds a 25% joint venture interest in a single granted exploration licence, E29/638, which forms part of St George Mining Limited's (SGM) Mount Alexander nickel project, located approximately 100km east of Leonora in the eastern Goldfields of Western Australia. Under the terms of the JV agreement WSA retains a 25% non-contributing interest in the EL until there is a decision to mine.

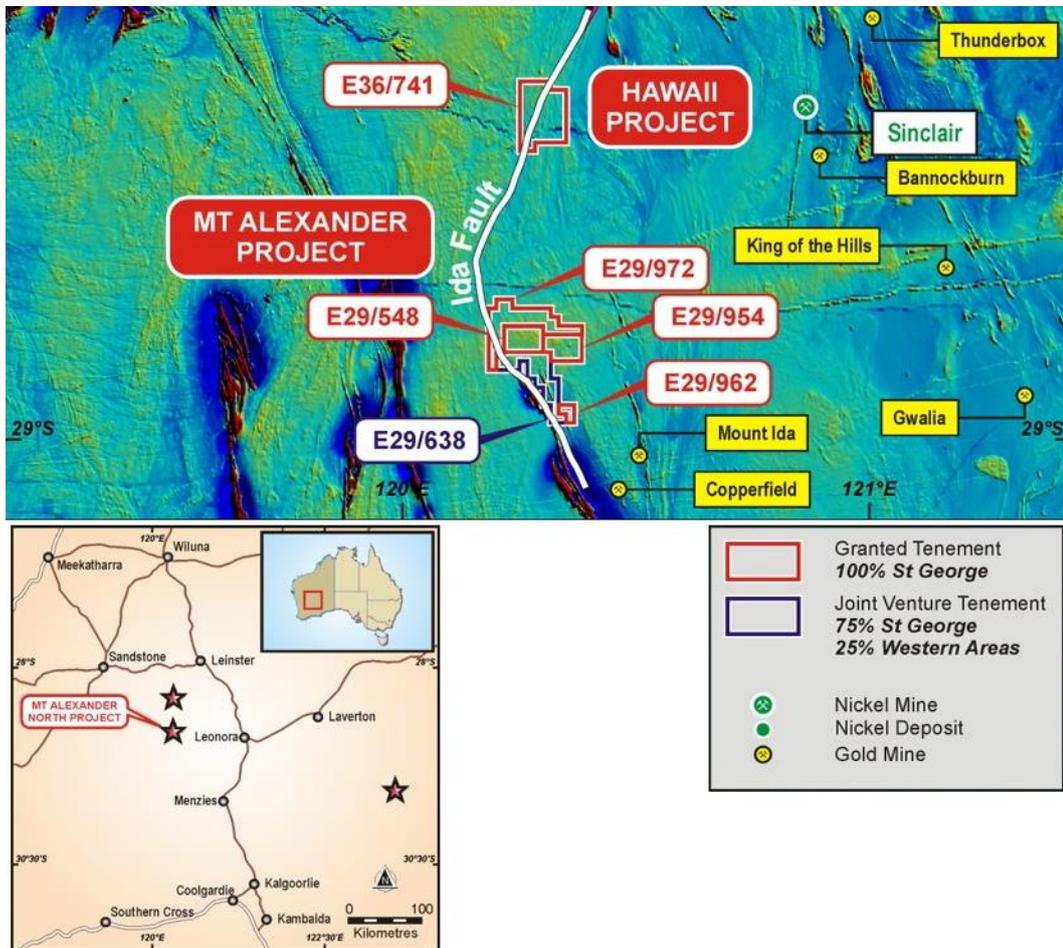
E29/638 is also subject to a third-party royalty as outlined in SGM's ASX release dated 17 December 2015.

Exploration to date on E29/638 has been largely focussed on the potential for komatiite hosted nickel sulfide mineralisation within the Mount Alexander Greenstone Belt. Exploration in the northern section of E29/638 (Cathedrals Belt) has been for mafic/ultramafic intrusion related nickel-copper-PGE sulfides located along the regional scale Mount Ida Fault, where mineralisation was discovered in 2008 at the Cathedrals Prospect. Since that time further targets have been delineated at the Stricklands, Investigators and Radar nickel-copper-cobalt-PGE targets within E29/638.

Recent exploration by SGM within the EL includes three diamond holes completed in late 2021 to test downhole electromagnetic geophysical targets (no massive sulfides or significant results reported) and seismic geophysical surveying at the Cathedrals Belt to delineate new targets associated with a network of deep structures which may have controlled the distribution of the known nickel-copper sulfide mineralisation at the project. Interpretation of the seismic data has outlined 5 prospective targets associated with intrusive structures in the Cathedrals Belt. Initial drill testing of these targets has commenced with two diamond holes completed to test the S1 target. Results remained pending at the time of writing.

In addition, metallurgical testwork on the Stricklands deposit is being finalised with initial results due near term.

Figure 5.1: Mount Alexander project location and regional electromagnetic surveys



Sources: St George Mining corporate website

Notes: WSA JV interests in Mt Alexander extend to exploration license E29/638.

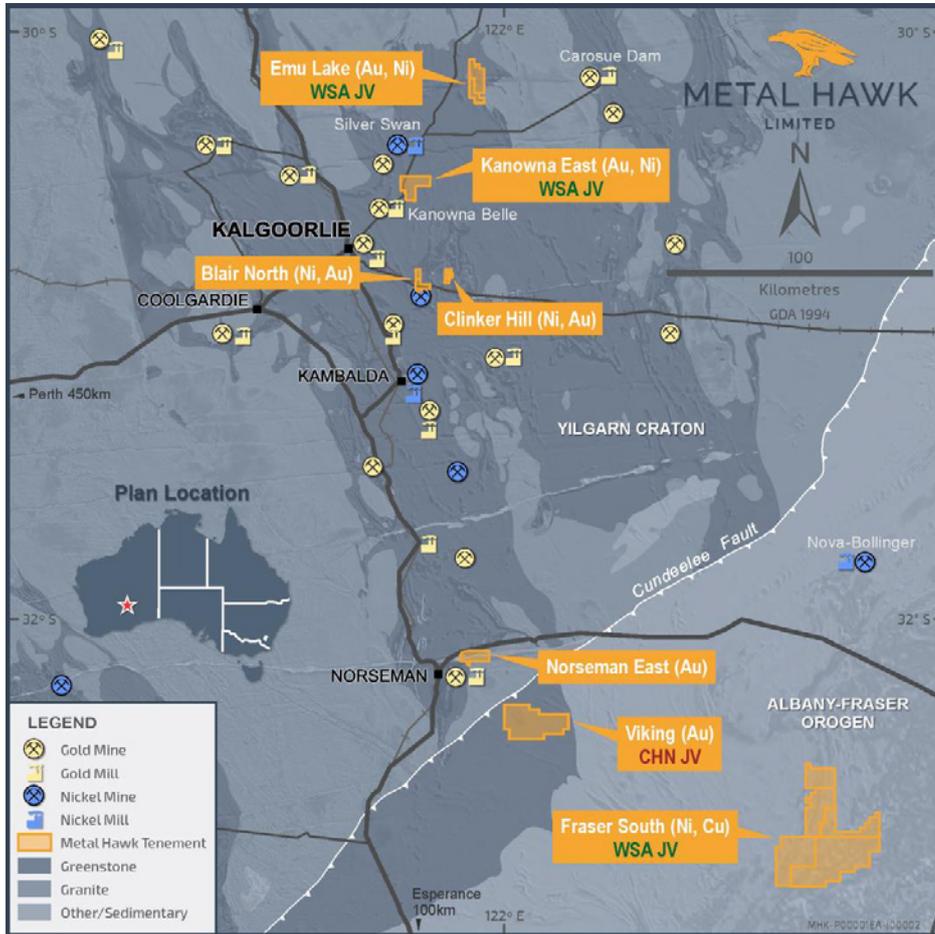
5.2 Metal Hawk JV

In September 2020, the Company executed a Farm-in and Joint Venture agreement with Metal Hawk Limited (Metal Hawk), incorporating three key projects located to the northeast and southeast of Kalgoorlie in the Eastern Gold Fields of Western Australia. These projects are well described in Metal Hawk Limited’s (Metal Hawk) Prospectus dated November 2020, with excerpts informing the discussion below:

Under the terms of the WSA Earn in and Joint Venture Agreement, WSA is earning in to all non-gold interests at Kanowna East, all-non-gold commodities at Emu Lake and all commodities at Fraser South.

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Figure 5.2: Metal Hawk JV project locations



Sources: Metal Hawk Corporate Website

Notes: Add notes that apply to the whole figure and its parts (if applicable) or delete

5.2.1 Emu Lake

The Emu Lake Project consists of two granted ELs covering 65km², extending over 16.5 km and located approximately 80 km northeast of Kalgoorlie in a region which has been historically explored for nickel since the 1970s.

Exploration completed to date has identified two prominent, north-south trending, linear magnetic high geophysical corridors (known as the Western and Eastern Corridor) which are known to host high grade nickel sulfide mineralisation at the Binti prospect, located approximately 10 km south-southeast along strike and outside of the project tenures. Drilling completed to date at Emu Lake has intersected wide zones of nickel mineralisation with only limited follow-up drilling.

Drilling by WSA in the June quarter 2021 comprised a 113-hole aircore program through the entire length of the project tenure to define and delineate mineralisation to allow subsequent ground electromagnetic surveying to be placed in geological context. Promising high magnesian ultramafic rocks (ortho to mesocumulate) were identified, predominantly along the Western Corridor. In its Quarterly report dated 27 January 2022, WSA reported the results of this programme which

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included several broad zones (+10 m) of anomalous to low grade (<1.4% Ni) at shallow depths. Additional geophysical surveying is now planned.

5.2.2 Kanowna East

The Kanowna East Project lies approximately 30 km northeast of Kalgoorlie in relative proximity (8 km northeast) to the +5 Moz Kanowna Belle gold mine and approximately 12 km south of the Silver Swan / Black Swan nickel mine. The project comprises two tenements, a granted EL and a granted PL, covering a combined area of 61.1 km². The area is poorly tested by drilling with only shallow wide spaced aircore and RAB programs completed.

Initial exploration activities carried out by Metal Hawk at Kanowna East have focussed on the areas gold potential which are of limited interest to WSA. However, WSA RC drilling (24 holes for 3,293 m) was completed in late 2021 to follow up historical aircore drilling intercepts at shallow depths. The results from this drilling had not been publicly reported at the time of writing.

5.2.3 Fraser South

Under the terms of the WSA JV Agreement, WSA has the right but not the obligation to fund up to A\$7 M in exploration expenditure over 5 years to earn up to a 75% interest in the Project.

The Fraser South project is located approximately 120 km east of the regional town of Norseman within the high-grade metamorphic Albany-Fraser Province. The project is a greenfields exploration project comprising a single granted EL and 4 EL applications covering a combined area of 780 km². These tenures are interpreted to be positioned over the southern structural extension of the Fraser Zone component of the broader Albany-Fraser Orogen.

To date, little effective exploration has been completed on the tenement package as the widespread presence of transported sand cover has hampered the use of surface geochemical methods. Based on a regional geophysical driven program, Metal Hawk has outlined a 40 km north-south trending zone interpreted as high grade metamorphic rocks with multiple targets which are considered prospective for Nova Bollinger style nickel-copper massive sulfide mineralisation under cover.

5.3 Western Gawler

In the September quarter of 2020, WSA announced that it has successfully completed the Stage 2 earn-in under its Farm-in and Joint Venture with Iluka Limited (Iluka), resulting in the Company earning a 75% interest in the 8 joint venture ELs in Western Gawler Project.

The Western Gawler project comprises 14 granted ELs covering a combined area of 11,601 km², 6 are 100% owned by WSA (4,451 km²) and 8 are held in joint venture with Iluka (7,150 km²). The project is located near the Aboriginal community of Yalata, 200 km west of Ceduna, on the fringe of the Nullarbor Plains in South Australia. The current Project is targeting porphyry copper-gold and ultramafic associated nickel-copper with auxiliary cobalt and platinum group elements (PGE).

Historical exploration between 1972 and 2015, prior to WSA holding the tenements, focussed on a variety of different commodities including uranium, coal, lignite, iron, base metals, mineral sands, nickel, copper. The discovery of Olympic Dam stimulated interest in the region and the tenements

were explored for iron oxide copper-gold (IOCG) mineralisation. Drill targeting was guided with geophysical surveys including initial airborne surveys, followed by detailed, ground-based gravity and moving loop electromagnetic surveys. This approach, combined with historical knowledge, defined some 69 prospect-level targets, including Mystic, Citadel, Sahara, Firefly, Slendour, Meridith, F1-5, F1_7 (North and South), F1_VA43, VA56 and VA57, and LP-1.

Exploration throughout 2021 was predominantly focussed on an extensive diamond drilling campaign at the Sahara prospect, with a 111 hole (for 5,434 m) aircore drilling campaign also completed in the December quarter of 2021 centred on the greater Sahara to Firefly district (including a 1.3 km corridor of the interpreted Sahara trend and a 1.8 km strike length of the central magnetic geophysical anomaly at Firefly). In addition, 11 downhole electromagnetic geophysical surveys were completed across numerous prospects. Further drilling and geophysical modelling is proposed.

In SRK's opinion, the Western Gawler project has been systematically explored for a range of commodities over the last 50 years, including coal, gold, copper, nickel and PGE. Geologically, the area is compelling, with favourable lithologies and structures suited to hosting mineral deposits. The wider Gawler Craton also possesses considerable pedigree as an internationally renowned mineral province.

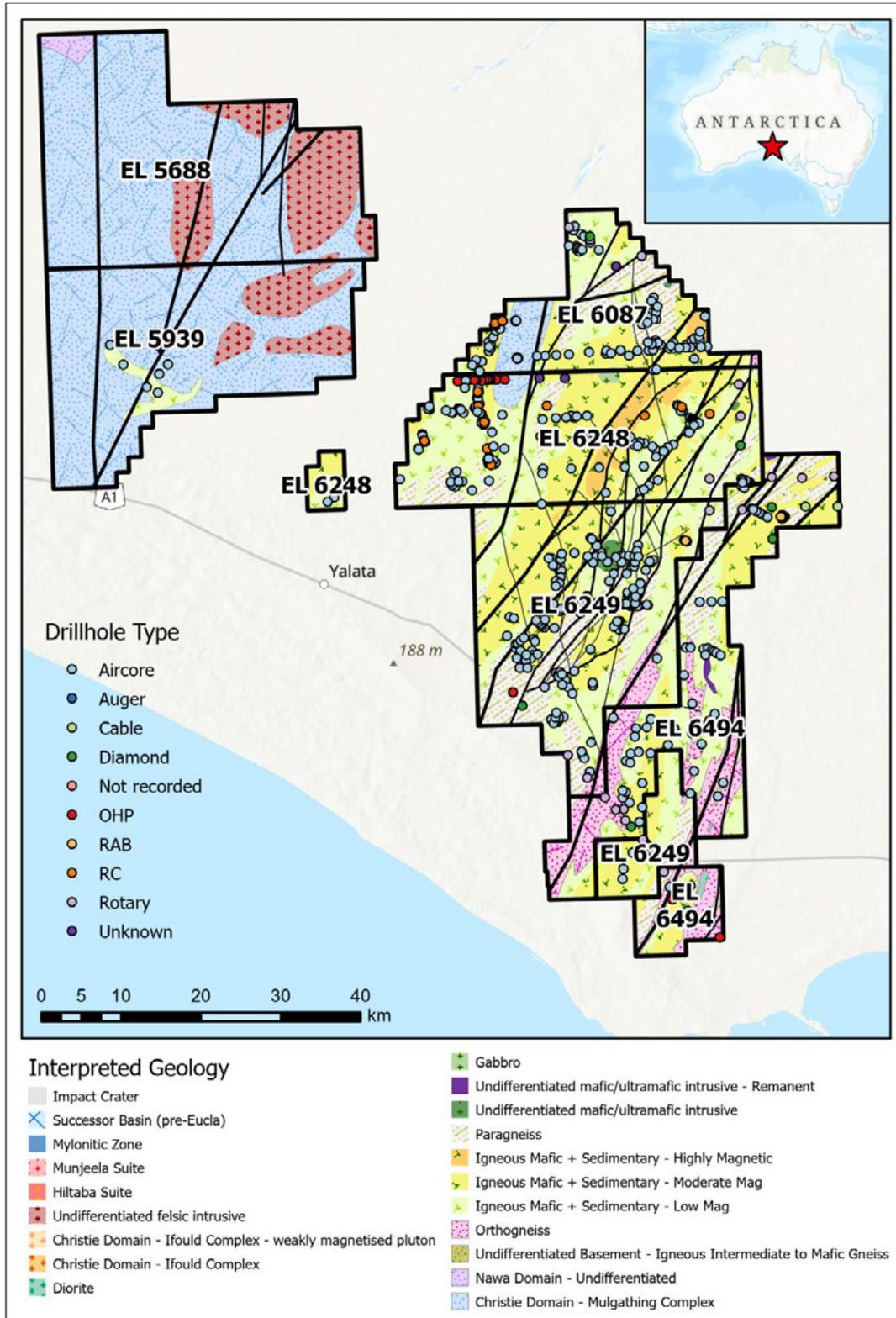
Modern exploration techniques, including geophysical surveying, geological modelling and both reconnaissance and targeted drilling have been employed at the Western Gawler prospects. The exploration dataset for the eastern tenements is comprehensive for target generation purposes.

WSA has demonstrated sufficient understanding of the regional geology and major local structures to generate exploration targets with solid reasoning and data support. Over 60 targets have been generated and tested at several core prospects, with confirmation of anomalous nickel-copper mineralisation at Mystic and Citadel.

The eastern tenements cover a large area and remain prospective; however, the current exploration strategy may require additional time to deliver results. Despite reporting several significant intersections of moderate intensity nickel mineralisation (>1%), intercepts to date have been inconsistent and have not confirmed existence of significant mineralisation suitable for progression towards resource definition.

The western tenements appear underexplored at this stage, with minimal drilling in EL5939 and no drilling EL5688. Surface geology indicates major faults and felsic intrusive bodies in the region that may offer prospective targets; however, the tenements have not been prioritised for exploration as yet.

Figure 5.3: Western Gawler historical drilling by type, with surface geology



Sources: WSA Management Information

Geological observations coupled with assay results from a 2020 drilling campaign identified a localised elevated (greater than 2% Ni-Cu sulphides) within the host gabbroic unit at the Sahara sub-project. During 2021, WSA undertook diamond drilling to further assessing the geological prospectivity of Ni-Cu sulphide mineralisation at the Sahara prospect

Significant intersections from this drilling (reported in the WSA Q3 2021 quarterly report) included:

- 3.08 m at 0.11%Ni, 989 ppm Cu (from 96.48 m) in WGDD0018
- several discrete mineralised zones over 128 m downhole (from 205-333 m), including 0.4 m at 0.83% Ni and 656 ppm Cu from 269.6 m in WGDD0022
- 3.22 m at 0.07% Ni, 191 ppm Cu (from 322 m) in WGDD0023

No Mineral Resource estimates or Exploration Targets have been prepared or reported under the JORC Code (2012) reporting guidelines for Western Gawler.

5.4 Other considerations

5.4.1 Macroeconomic outlook

According to the Australian Government's Resources and Energy Quarterly December 2021 Edition, (the latest available), a global financial recovery continues, sustained by the ongoing rollout of COVID-19 vaccines and continued fiscal and monetary support across major economies. However, the pace of recovery has slowed in recent months. While this follows a moderation of growth rates toward long-run trend levels as the recovery progresses, it also reflects near-term impacts from the pandemic. This includes renewed outbreaks of COVID-19 and energy shortages across many regions, and ongoing supply chain disruptions. The outlook for Australia's major trading partners remains positive, with growth forecast to 5.0% in 2022.

5.4.2 Nickel Market

The following commentary on nickel markets is taken from the Resources and Energy March 2022 Quarterly, (being the most recent version available at the time of writing) by the Office of the Chief Economist of the Australian Government's Department of Industry, Science, Energy and Resources. Other than providing this summary, SRK makes no further representations on the respective metal markets, as this is not part of our current mandate nor our area of expertise.

Consumption

Global nickel demand rebounded in 2021, as the world economy recovered from the impact of the COVID-19 pandemic. Stainless steel production rose 13% year-on-year, led by China (up 7.5% to 33.8 Mt) and Indonesia (up 86% to 5.0 Mt). Indonesia overtook India to become the second largest producer of stainless steel.

However, stainless steel production saw some challenges in 2021. Global energy shortages during the second half of 2021 impacted output, especially in China. Production in China was expected to be further subdued in March quarter 2022 in the provinces surrounding the 2022 Winter Olympics in Beijing but are expected to recover in the latter half of 2022.

Total nickel demand rose by 16% year-on-year in 2021 to reach 2.8 Mt. Nickel demand growth is expected to temper in 2022, as global growth rates normalise following the COVID-19 rebound. Total nickel demand is forecast to reach 2.9 Mt in 2022, growing to almost 3.1 Mt in 2023. Nickel consumption is expected to grow at an average rate of 3.7% a year to reach 3.4 Mt in 2027.

Despite the global automotive chip shortage, electric vehicle (EV) demand exceeded expectations in 2021. At 6.5 million total sales in 2021, EV sales doubled year-on-year. By 2027, annual EV sales are expected to hit 24 million.

Production Global nickel mined production grew by 8.8% year-on-year in 2021, as production returned to normal, and mines started to operate at their regular capacity following COVID-19 containment measures. Mined production is forecast to grow by 11% to almost 3.0 Mt in 2022, largely driven by increased mine production in Indonesia to feed domestic nickel pig iron (NPI) production. Mine production is projected to grow an average 4.2% a year to reach 3.4 Mt in 2027.

Prices

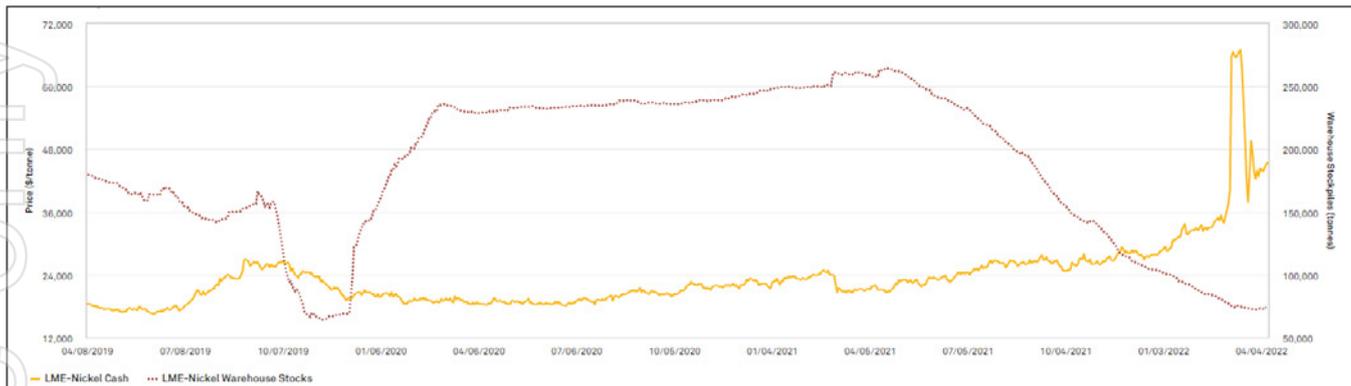
Nickel's strong price growth in 2021 continued into March quarter 2022, off the back of positive sentiment surrounding EV demand, low exchange inventories and the Russian invasion of Ukraine. Inventories at London Metals Exchange (LME) warehouses have fallen steadily over the past 12 months, from a high of 265,000 t in April 2021, to just 81,000 t on 23 February 2022. Over the same time period, the LME nickel price has risen from US\$16,151 to \$24,887 — an increase of 54%.

This rundown in stocks and upward price pressure continued following the Russian invasion of Ukraine, with the price rising to A\$29,609 (4 March) and A\$48,201 (7 March) soon after the invasion and stocks dwindling to just 77,000 t.

On 8 March 2022, the price of nickel doubled to over US\$100,000 due to a reported short squeeze. As a result, the LME halted all trading and cancelled the trades made on the day to avoid further volatility. The LME reopened to trading on 16 March, and as at 17 March the nickel price has fallen to US\$42,150. The LME instituted daily price change limits of 8% on both the upside and downside in order to ensure stability and avoid another short squeeze event.

Nickel prices are expected to moderate in the second half of 2022, however prices are still expected to average US\$24,875/t for the year. The nickel market is expected to be balanced in 2023, with prices to fall to around US\$21,250/t. The market balance is then forecast to trend into deficit looking forward to 2027, given the large increase in nickel needed for batteries, with prices forecast to reach US\$21,100/t (in real terms).

Figure 5.4: Historical Nickel Price (A\$/t) from August 2019 to April 2022.



Source: S&P Capital IQ Pro, accessed 12 April 2022.

Australian Nickel Outlook

Australia's nickel production is expected to rise from 2021–22, driven by strong prospects for consumption growth in EV battery manufacturing and higher prices. Mine production is forecast to lift from 162,000 t in 2020–21 to 182,000 t in 2021–22, up by 16%. Mine production is expected to increase at an average rate of 6.2% per year to 226,000 t to 2026–27. Australia's refinery output is forecast to rise from 105,000 t in 2020–21 to 129,000 t in 2022–23.

Australia's refinery production is projected to rise to 139,000 tonnes in 2026–27, growing at an average 4.9% a year from 2020–21 figures. However, stronger increases in refined nickel production are likely, should nickel prices remain strong through the mid-2020s.

In the December quarter 2021, nickel and cobalt exploration expenditure increased to A\$69 million — up 15% quarter-on-quarter and 28% year-on-year. This increase is likely due to speculation of a sharp rise in demand for nickel used in EV batteries, with miners seeking new deposits of minerals that will drive the world's low emissions transition.

The forecast for Australia's nickel export earnings have been revised higher since the *December 2021 Resources and Energy Quarterly*. Export earnings are up by A\$1.8 billion (to A\$7.0 billion) for 2021–22, and up by A6 billion (to A\$7.4 billion) for 2022–23, due to increases in the nickel price (due to concerns around supply and the Russian invasion of Ukraine).

SRK Comment on Nickel price normalisation considering the recent Nickel price history

Traditionally, SRK has adopted a comparison of prevailing metal spot prices evident as at the transaction date relative to those evident at the valuation date for normalisation purposes pertaining to defined Mineral Resources outside of the life-of-mine schedule. This is in line with most industry valuation practitioners and recent Independent Specialist Reports pertaining to precious and base metal transactions. The philosophy behind this approach is that price is a readily observable proxy for market sentiment. This approach takes into account the following:

- Stronger metal demand leads to higher prices.
- Higher prices leads to greater media attention/stronger newsflow and greater investor attention in a commodity.

- Higher prices also allow producers to allocate greater funds towards boosting production or replacing lost production, possibly through exploration or technological enhancements.
- Strong and sustained price growth may affect investment behaviour. With higher prices, investors and companies become more willing to invest in higher-risk endeavours such as mineral exploration, as well as enabling new companies enter the field.
- Resource exploration is relatively cyclical, increasing when commodity prices are high and declining when they are low. This occurs because higher prices make any potential discovery worth more and tend to make exploration in marginal areas more attractive.
- Resource delineation and exploration play a vital role in sustaining a company's operations (by finding additional resources and reserves at existing operations), in addition to finding valuable new deposits and identifying potential new acquisitions.
- Higher prices make it economic to mine lower grade, deeper or more technically challenging deposits. The resulting lower cut-off grades effectively increase the reported size of the resource, which is also of near-term appeal to potential investors.
- It enables geologists to revisit (and potentially drill-out) prospects that may have previously discarded as being sub-economic. The reverse applied is a period of low prices.
- During extended periods of low and/or declining prices, companies may not have the funds (or the will) to regularly update the published resource in light of material metal price movements, with the deposit becoming a zombie, whereby the reported resource figures bear little to no relation to its real size of value.
- During periods of higher prices, junior miners and explorers are able to attract greater investor interest and find it easier to obtain funding or to execute an initial public offering (IPO) during higher prices. The converse is true in periods of lower prices. This is important in the Australian mineral industry where mining majors have largely stayed away from exploring for greenfield opportunities focussing on older, known deposits (brownfield projects) and / or relied on junior miners or explorers to search for greenfield deposits.
- Price may also impact on the preferred deposit style being targeted as there is an economic trade-off between tonnes and grade. During times of higher prices, the optimum point lies at the right end of the tonnage-grade curve² (i.e. large tonnes/low grade) whereas the opposite situation applies during times of low prices.
- Driven by changes in input costs, the mining industry is typically at its least efficient at the top of the exploration boom and most efficient at the bottom of a bust.
- The quality of the exploration portfolio may change throughout the boom and bust cycle with companies tending to take on marginal/higher risk/lower quality projects in boom times, whereas in bust times, when funds are scarce, they tend to focus on advancing their highest quality projects.

² The general shape of the tonnage-grade curve varies by deposit style and the preferred target type depends on the price adopted, with laterite nickel deposits generally having a flatter tonnage-grade curve than other nickel deposit styles. There is also a practical limit to how much upgrading a laterite nickel deposit can handle as they generally do not have a coherent high-grade core.

The counterview is that long term consensus prices³ should be adopted for normalisation purposes as it is these longer term views regarding price that feed into income based valuation models, which many companies use to support capital investment and/or merger & acquisition (M&A) decisions.

In regard to recent nickel price movements, SRK considers the price spike is probably temporary and is not sustainable. Certainly, nickel prices were rising well before Russia's 24 February 2022 invasion of Ukraine and the resulting sanctions, with prices in early 2022 significantly higher year-on-year. This increase was being driven by the nickel market's tight fundamentals reflected in low warehouse inventories and strong demand for nickel (particularly sulfide nickel) as stainless steel recovers and demand for electric vehicle (EV) battery cathode material continues to grow, as the COVID pandemic recedes. In the wake of the unprecedented move by the London Metals Exchange (LME) to cancel trades (and defer deliveries of all physically settled contracts) made between 8 to 18 March 2022 (with no closing prices published for this period) and upon recommencement of trade to implement price movement limits. The market has remained volatile since reopening.

While the market appears to have over reacted, at this stage it is difficult to be definitive around what level prices may stabilise given outstanding questions regarding the future of Russia nickel supplies, which reportedly account for 15.2% of Class 1 material preferred by battery makers (S&P Capital IQ Pro, Commodity Briefing Services, Nickel March 2022), Over the longer-term prices are likely to remain elevated due to a number of factors including rising demand, supply shortages and deglobalisation forces (as evident by the war in Ukraine and strained US-China relations). From an investment perspective, this has implications for the nickel sector, which has been a neglected part of the market with very little investment in Western-world projects (outside of Indonesia) since the last major price spike during the 2008 Global Financial Crisis and is currently supported by a global push for sustainable energy sources.

To this end, SRK has undertaken an evaluation of various pricing structures in order to determine the most appropriate basis for normalisation purposes. The following section summarises the results of SRK's analysis.

³ In SRK, this basis suffers from several issues including commodity prices not being readily observable at a specific date, as well as requiring two assumptions, the price forecast and the foreign exchange rate forecast.

Spot prices comparison

Date	Nickel Spot Price (US\$/t)	Change (%)	US\$:A\$ FX	Nickel Spot Price (A\$/t)	Change (%)
16 December 2021	19,739.75	-	0.719045	27,438.2	
8 April 2022	33,867	71%	0.74610	45,432.5	66%

Notes: S&P Capital IQ Pro,

<https://www.ofx.com/en-au/forex-news/historical-exchange-rates>

Average 1 month Nickel Spot Price of the month preceding the effective date

Date	Preceding Month	Av Monthly Nickel Spot Price (US\$/t)	Change (%)	US\$:A\$ FX	Nickel Price (A\$/t)	Change (%)
16 December 2021	November 2021	19,932.86	-	0.730	27,316.96	
8 April 2022	March 2022	33,924.18	70.2%	0.738	45,967.72	68.3%

Notes: World Bank Pink Sheets (Monthly Price Data)

<https://www.ofx.com/en-au/forex-news/historical-exchange-rates/monthly-average-rates/>

3 month rolling average Nickel Spot Price preceding the effective date

Date	Preceding Months	Av Monthly Nickel Spot Price (US\$/t)	Change (%)	Average US\$:A\$ FX	Nickel Price (A\$/t)	Change (%)
16 December 2021	Sept-Nov 2021	19,557.38	-	0.734	26,643.98	
8 April 2022	Jan - Mar 2022	26,765.04	36.9%	0.724	36,881.55	38.4%

Based on its analysis, SRK consider the 3-month trailing average price (1 January to 31 March 2022) to be the most appropriate basis for normalisation purposes (A\$36,882 per tonne). In SRK's view, the 3-month trailing average price represents the best indicator currently available regarding where nickel prices may settle near term (and hence the best indicator of prevailing market sentiment without weighting the recent price spike too heavily), which is less than currently available spot prices, but more than the longer term (for the remainder of 2022 and for the period 2026 onwards) forecasts.

5.4.3 Previous valuations

SRK is not aware of any publicly available valuation reports which consider the mineral assets which are the subject of the Report.

6 Valuation

The objective of this section is to provide KPMG and the shareholders of WSA with SRK's opinion regarding the valuation of the Mineral Assets. SRK has not valued WSA or WSA, these being the corporate entities that are the beneficial owner of the Mineral Assets.

SRK has relied on information provided by WSA and WSA, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code 2015). Valuation methods that follow this approach include DCF modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

6.1 SRK Technical Modelling

SRK has developed the SRK Models and has provided these models to KPMG. SRK has considered its findings presented in its technical assessment and has developed the SRK Models based on these findings. The SRK Models consider the mining and processing of material which has reasonable grounds to use an income method of valuation.

KPMG worked with SRK to ensure that SRK's findings presented in its technical assessment were reflected in the SRK Models via an iterative review process.

6.2 Resources not included in the SRK Models

SRK has calculated the residual resource estimate (resources not included in the SRK Models) as presented in Table 6.1. SRK has valued this residual resource estimate using a combination of market and cost-based methods. The residual resource calculations were made using the resource to reserve conversions unique to each deposit within the resource areas and depleting these resource estimates by the nickel metal tonnes considered in the SRK Models.

Table 6.1: SRK residual Resource calculation

	Mineral Resources Not Considered in SRK Models (contained Nickel tonnes)		
	Measured	Indicated	Inferred
Cosmos Nickel Operation	0	37,031	66,711
Mount Goode	105,791	158,705	62,447
Flying Fox	0	101,101	42,754
Spotted Quoll	0	0	0
Beautiful Sunday (JORC 2004)	0	6,720	0
Cosmic Boy Area (JORC 2004)	0	8,950	0
Diggers Area (JORC 2004)	0	47,400	5,200
TOTAL RESIDUAL MEASURED (Nickel Metal Tonnes)			105,791
TOTAL RESIDUAL INDICATED (Nickel Metal Tonnes)			359,907
TOTAL RESIDUAL INFERRED (Nickel Metal Tonnes)			177,112

6.2.1 Comparable Market Transactions

In valuing these resources which reside outside of the current LOM plans for each deposit, SRK has reviewed and assessed transactions involving Australian nickel projects that were completed in recent years and which are considered broadly comparable to those mineral assets held by WSA. SRK identified the transactions for which sufficient information was available to calculate implied resource multiples for the residual resources presented in Table 6.2. The implied transaction multiple for resources is expressed in as A\$/tonne of contained metal; it is calculated from the transaction value (at the implied 100% acquisition cost) and the total nickel considered in the transaction. SRK's implied value calculations are for the purpose of the Report and do not attempt to estimate or reflect the metal likely to be recovered as required under the JORC Code (2012) reporting guidelines.

The transaction multiples have been adjusted by normalising the multiples using the difference between the nickel spot price at the time of the transaction and the 3-month trailing average⁴ nickel price (A\$36,882/t) as at the Valuation Date of 8 April 2022. SRK has also calculated the Metal Transaction Ratio (MTR) for this dataset given that some of the projects contain polymetallic mineralisation. The MTR is the ratio of the transaction value to the gross dollar metal content, expressed as a percentage, which is analogous with the ratio of unit metal value to metal price (Table 6.3).

⁴ Given the recent nickel price history, SRK has elected to adopt a 3 month trailing average nickel price (see additional commentary in Section 5.4.2, trailing price adopted is for the period 1 January 2022 to 31 March 2022)

Table 6.2: Resource-based transaction multiple analysis

	Resource Multiple – Raw (A\$/ Ni t)	Resource Multiple – Normalised (A\$/ Ni t)	MTR %	Normalised MTR %
All data				
min	1.08	2.32	0.00%	0.01%
median	88.17	179.88	0.49%	0.99%
average	192.85	333.16	0.86%	1.52%
max	926.80	1,426.18	3.87%	5.95%
weighted average	235.90	408.30	0.94%	1.65%
Projects in Operation or under Construction				
Minimum	77.37	164.96	0.45%	0.95%
Median	165.95	352.27	0.96%	2.03%
Average	260.29	464.15	1.17%	2.14%
Maximum	537.56	875.21	2.12%	3.45%
Weighted average	515.66	843.24	2.05%	3.35%
Care and Maintenance and Feasibility Study / Scoping Study				
Minimum	52.54	142.99	0.19%	0.50%
Median	75.75	207.08	0.46%	1.26%
Average	75.75	207.08	0.46%	1.26%
Maximum	98.97	271.18	0.74%	2.01%
Weighted average	58.49	159.43	0.26%	0.70%
Advanced Exploration				
Minimum	1.08	2.32	0.00%	0.01%
Median	43.03	81.80	0.20%	0.38%
Average	195.75	320.37	0.84%	1.40%
Maximum	926.80	1,426.18	3.87%	5.95%
Weighted average	31.56	59.47	0.13%	0.24%
Advanced Exploration (Sulphide)				
Minimum	2.50	3.49	0.01%	0.01%
Median	109.59	247.37	0.60%	1.36%
Average	263.09	427.61	1.14%	1.88%
Maximum	926.80	1,426.18	3.87%	5.95%
Weighted average	59.69	96.60	0.25%	0.42%

	Resource Multiple – Raw (A\$/ Ni t)	Resource Multiple – Normalised (A\$/ Ni t)	MTR %	Normalised MTR %
Advanced Exploration (Laterite)				
min	1.08	2.32	0.00%	0.01%
median	22.32	47.38	0.08%	0.17%
average	16.17	34.38	0.06%	0.13%
max	25.12	53.45	0.10%	0.21%
weighted average	22.08	46.96	0.09%	0.18%

Source: SRK proprietary analysis

Note: Weighted average calculated using total contained nickel tonnes

SRK has considered the residual Mineral Resources by their confidence category and the reporting confidence (JORC (2004) and JORC (2012) reporting. Based on the transactions analysis in the context of development stage and resource size, mine type and the presence of historical workings and the current strong market sentiment for nickel projects in Australia, SRK has considered each residual resource area and allocated has developed the low and high range estimates on this basis. It has selected its preferred estimates using the 50% percentile of this range given that it has no preference for either end of the implied range.

Table 6.3: Residual Mineral Resource Multiples– comparable transaction method

	Mineral Resources Not Considered in SRK Models (A\$ per contained tonne Nickel range (low-preferred -high))		
	Measured	Indicated	Inferred
Cosmos Nickel Operation	NA	632-843-1054	348-464-580
Mount Goode³	632-843-1054	632-843-1054	348-464-580
Flying Fox	NA	348-464-580	264-352-440
Spotted Quoll	NA	NA	NA
Beautiful Sunday (JORC 2004)	NA	155-207-440	NA
Cosmic Boy Area (JORC 2004)	NA	155-207-440	NA
Diggers Area (JORC 2004)	NA	155-207-440	155-207-440

Table 6.4: Residual Mineral Resource Valuation– comparable transaction method

	Multiple Low	Multiple High	Contained Nickel Tonnes	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Measured	See Table 6.3		105,791	67	112	89
Indicated	See Table 6.3		359,907	169	293	225
Inferred	See Table 6.3		177,112	52	96	70
Total				288	500	384

Note: Any discrepancy between table values is due to rounding.

3. SRK elected to use these multiples given its technical assessment of the Mt Goode Project and its opinion on the market value of the asset given the current market sentiment for similar nickel projects

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6.2.1 Yardstick Cross-Check

As a cross-check to the values implied by market multiples, SRK has also considered standard industry yardsticks. Under the yardstick method of valuation, specified percentages of the spot price at the Valuation Date are used to assess the likely value. Given the nickel price commentary given in Section 5.4.2, SRK elected to use the 3-month trailing average price of A\$36,882/t to inform its yardstick calculations.

Commonly used yardstick factors are:

- Measured Resources 2.0% to 5.0% of the spot price
- Indicated Resources 1.0% to 2.0% of the spot price
- Inferred Resources 0.5% to 1.0% of the spot price

The implied values of the residual resource estimates on a Yardstick basis are provided in Table 6.5. These are subdivided by confidence category to facilitate comparison with the values implied by the comparable transaction method. SRK notes that it has not made a categorical distinction between those resources reported under JORC Code (2004) guidelines and those reported under JORC Code (2012) guidelines given its technical assessment and opinions given in earlier sections of the Report.

SRK has selected the 50% percentile of the valuation ranges as its preferred value given the wide range implied by the Yardstick cross-check method.

Table 6.5: Mineral Resource valuation – Yardstick method

	Yardstick Low	Yardstick High	Contained Nickel Tonnes	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Measured	738	1,844	105,791	78	195	137
Indicated	369	738	359,907	133	265	199
Inferred	184	369	177,112	33	65	49
Total			642,810	243	526	385

Note: Any discrepancy between table values is due to rounding.

6.2.2 Summary valuation of residual resources

SRK notes that the implied valuation range of the of the residual resources estimates using the comparable transactions method is supported by the yardstick method albeit. The lower end of the implied valuation range is 4% higher using the comparable transaction method whereas the upper end of the implied range is only 5% higher using the comparable transaction method SRK considers this to be reasonable given the current volatility in the nickel price.

SRK has elected to use adopted the values implied by the comparable transaction analysis (Market Method) to inform its valuation range given the technical study maturity level and the availability of market transaction data on comparable projects. SRK has selected the midpoint of the range implied by the comparable transaction range as its overall preferred value, as it has no reasonable grounds to make an alternative assessment (Table 6.6).

Table 6.6: Summary valuation of residual resources

	Value Low (A\$M)	Value High (A\$M)	Value Preferred (A\$M)
Comparable Transactions	288	500	384
Yardstick Method	243	526	385
SRK Selected	288	500	384

Notes:

- 1) Any discrepancy between table values is due to rounding.

No additional value has been ascribed to the prospectivity at FNO and CNO beyond that captured in the residual resource estimates. The existing geological modelling indicates that the prospectivity could not be reasonably represented by an area-based valuation assessment and SRK does not have reasonable grounds to assess the grade and tonnage range for this prospectivity.

6.3 Valuation of the Regional Exploration Portfolio

SRK was instructed by KPMG to provide its opinion on the market valuation of the material mineral assets within the Regional Exploration Portfolio. Given that SRK does not have reasonable grounds to consider an income method for this valuation it has considered market and cost methods only.

6.4 Basis of Value

Table 6.7 presents the basis of SRK's valuation relating to the regional exploration portfolio. This basis of value has been prepared in the context of materiality to the Scheme and on a 100% basis for base metals only. SRK has not assessed the JV agreements. The full tenement schedule is presented in Appendix A.

Table 6.7: SRK Valuation Basis – Regional Exploration Portfolio

Tenement	Project	Area (km ²)	Prospective Area (km ²)	WSA Rental Commitment	Expenditure
E29/0638	Mt Alexander JV	78.2	39.1	\$17,602	0
E27/0562	Metal Hawk JV	44.3	44.3	\$5,370	0
E27/0596	Metal Hawk JV	55.2	55.2	\$4,978	0
E27/0615	Metal Hawk JV	20.7	20.7	\$1,834	0
E63/1936	Metal Hawk JV	167.2	167.2	\$15,196	0
E69/3809	Metal Hawk JV	322.8	53.8	\$16,352	0
P27/2428	Metal Hawk JV	0.3	0.3	\$112.2	0
EL 5939	Western Gawler	766.7	191.7	\$14,042.00	\$157,500.00
EL 6087	Western Gawler	388.2	97.1	\$7,081.00	\$210,000.00
EL 6248	Western Gawler	754.0	188.5	\$13,596.00	\$105,000.00
EL 6249	Western Gawler	904.0	226.0	\$16,266.00	\$120,000.00
EL 6494	Western Gawler	700.5	175.1	\$12,635.00	\$200,000.00
EL 6617	Western Gawler	937.1	117.1	\$16,818.00	\$120,000.00

Tenement	Project	Area (km ²)	Prospective Area (km ²)	WSA Rental Commitment	Expenditure
ELA2020/0071	Western Gawler	423.0	105.8	\$0.00	\$0.00
EL 5878	Western Gawler	1,921.9	480.5	\$0.00	\$0.00
EL 5879	Western Gawler	903.4	451.7	\$0.00	\$0.00
EL 6251	Western Gawler	995.6	497.8	\$0.00	\$0.00
EL 6376	Western Gawler	306.9	153.5	\$0.00	\$0.00
EL 6543	Western Gawler	943.4	235.9	\$0.00	\$0.00
EL 6544	Western Gawler	932.4	233.1	\$0.00	\$0.00
EL 6545	Western Gawler	723.8	181.0	\$0.00	\$0.00

6.4.1 Comparable Market Transactions

SRK has reviewed recent market transactions involving early to advanced stage exploration projects with no Mineral Resource estimates or Exploration Targets reported under JORC Code (2012) guidelines on which there was reasonable information available to calculate an area-based valuation multiple (A/km²). SRK's analysis was based on the reported areal extent of mineral tenure and technical assessment described in the earlier sections of this Report. The implied multiples were calculated from the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. The implied transaction multiples were then normalised using the 3-month rolling average⁵ nickel price (A\$36,882/t) at the Valuation Date.

⁵ Given the recent spike in the nickel price, SRK has elected to adopt a 3-month trailing average over the short term, to negate its effect relative to the adoption of a spot price.

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Table 6.8: Area-based transaction multiple analysis

	Transaction Multiple (A\$/ km ²)	Transaction Multiple – Normalised (A\$/ km ²)
All Data		
Minimum	335	455
Median	7,872	13,587
Average	31,511	51,392
Maximum	216,216	306,525
Weighted average	20,747	38,081
EL only		
Minimum	335	455
Median	6,563	10,742
Average	25,696	45,018
Maximum	208,333	306,525
Weighted average	22,193	41,236
EL only (excluding high outliers)		
Minimum	335	455
Median	5,625	10,246
Average	18,391	34,558
Maximum	142,857	285,410
Weighted average	21,754	40,610
PL only		
Minimum	26,254	36,941
Median	31,492	44,066
Average	31,492	44,066
Maximum	36,729	51,190
Weighted average	35,918	50,087
ML Only		
Minimum	7,167	9,449
Median	66,810	90,203
Average	96,731	134,857
Maximum	216,216	304,918
Weighted average	38,200	52,036

Source: SRK proprietary analysis

Note: Weighted average calculated using total area

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SRK has selected its preferred estimates using the 50% percentile of this range given that it has no preference for either end of the implied range.

SRK has considered each tenement within the Regional Exploration Portfolio and allocated the low and high range estimates on this basis. It has selected its preferred estimates using the 50% percentile of this range given that it has no preference for either end of the implied range.

Table 6.9: Summary valuation using comparable market transactions

Tenement	Prospective Area (km ²)	Multiple Selected (Low-Preferred-High)	Lower (A\$M)	Upper (A\$M)	Preferred (ASM)
E29/0638	39.1	52036-90203-134857	2.0	5.3	3.5
E27/0562	44.3	10246-40610-34558	0.5	1.8	1.5
E27/0596	55.2	10246-40610-34558	0.6	2.2	1.9
E27/0615	20.7	10246-40610-34558	0.2	0.8	0.7
E63/1936	167.2	10246-40610-34558	1.7	6.8	5.8
E69/3809	53.8	10246-40610-34558	0.6	2.2	1.9
P27/2428	0.3	10246-40610-34558	0.0	0.0	0.0
EL 5939	191.7	10246-40610-34558	2.0	7.8	6.6
EL 6087	97.1	10246-40610-34558	1.0	3.9	3.4
EL 6248	188.5	10246-40610-34558	1.9	7.7	6.5
EL 6249	226.0	10246-40610-34558	2.3	9.2	7.8
EL 6494	175.1	10246-40610-34558	1.8	7.1	6.1
EL 6617	117.1	10246-40610-34558	1.2	4.8	4.0
ELA2020/0071	105.8	10246-40610-34558	1.1	4.3	3.7
EL 5878	480.5	52036-90203-134857	25.0	64.8	43.3
EL 5879	451.7	10246-40610-34558	4.6	18.3	15.6
EL 6251	497.8	10246-40610-34558	5.1	20.2	17.2
EL 6376	153.5	10246-40610-34558	1.6	6.2	5.3
EL 6543	235.9	10246-40610-34558	2.4	9.6	8.2
EL 6544	233.1	10246-40610-34558	2.4	9.5	8.1
EL 6544	181.0	10246-40610-34558	1.9	7.4	6.3
TOTAL			59.8	199.9	157.3

Source: SRK analysis (Total is rounded)

Using the comparable transactions method, SRK considers that the Regional Exploration Portfolio has an estimated Market Value (100% basis, base metals) of between A\$59.8 M and A\$199.9 M with a preferred value of A\$157.3M, which represents the mid-point of the range.

6.4.2 Regional Exploration Portfolio – Geoscientific Cross-check

As a cross-check to the values implied by the market multiples given using the comparable transactions method, SRK has also considered the Geoscientific Rating method, a cost-based method. The Geoscientific Rating of valuation attempts to quantify the relevant technical aspects of

a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the Base Acquisition Cost (BAC), which represents the 'average cost to identify, apply for and retain a base unit of area of title' for 1 year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value. A BAC has been assumed in this valuation, which incorporates annual rental, administration, and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification (Table 6.10) to be the following:

- A\$492/km² (A\$5/ha) for EL
- A\$12,569/km² (A\$126/ha) for PL
- A\$12,384/km² (A\$124/ha) for ML.

Table 6.10: Base acquisition cost

Base acquisition cost		
Metric	Unit	Value
Exploration Licence Base acquisition cost		
Average licence size	km ²	67.7
Average licence age	Years	4
Application fee	A\$ per licence	1,580
Annual rent Year 1-3	A\$ per km ²	45.82
Annual rent Year 4	A\$ per km ²	38.67
Minimal annual expenditure Year 1-3	A\$ per km ²	324.96
Minimal annual expenditure Year 4	A\$ per km ²	243.72
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per licence	35,132
Annual rates	A\$ per licence	2,000
BAC of average exploration licence	A\$ per km²	492
BAC of average exploration licence	A\$ per ha	4.92
Prospecting Licence Base acquisition cost		
Average licence size	ha	126
Average licence age	Years	3.3
Application fee	A\$ per licence	374
Annual rent Year	A\$ per ha	3.00
Minimal annual expenditure Year	A\$ per ha	40.00
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per licence	35,132
Annual rates	A\$ per licence	500
BAC of average prospecting licence	A\$ per km²	12,569
BAC of average prospecting licence	A\$ per ha	125.69

Base acquisition cost		
Metric	Unit	Value
Mining Lease Base acquisition cost		
Average lease size	ha	467
Average lease age	Years	21
Application fee	A\$ per lease	551
Annual rent Year	A\$ per ha	20.00
Minimal annual expenditure Year	A\$ per ha	100.00
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per lease	35,132
Annual rates	A\$ per lease	2,000
BAC of average mining lease	A\$ per km²	12,384
BAC of average mining lease	A\$ per ha	123.84

In converting its implied technical values to a market value, SRK considers that market participants would apply a Market Factor of 2 to the geoscientific valuation given the current market sentiment for nickel exploration projects.

The geoscientific rating criteria are presented in Table 6.11 and Table 6.13.

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Table 6.11: Modified property rating criteria

Rating	Off-property factor	On-property factor	Geological factor	Anomaly factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.9			Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified, initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	Significant grade intercepts evident but not linked on cross or long sections
2.5			Well-defined exploration model applied to new areas	
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in prospective host rock	Several economic grade intercepts on adjacent sections
3.5			Well-understood exploration model, with valid targets in structurally complex area, or under cover	
4.0	Along strike from a major deposit	Major mine with significant historical production	Well-understood exploration model, with valid targets in well understood stratigraphy	
5.0	Along strike for a world class deposit		Advanced exploration model constrained by known and well-understood mineralisation	
6.0				
10.0		World class mine		

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

Table 6.12: SRK assessment: geoscientific scorecard

Tenement	Prospective area (km ²)	BAC \$/km ²	Basis	Off property Low-High	On property Low-High	Geology Low-High	Anomaly Low-High	Lower (\$M)	Upper (\$M)	Preferred (\$M)				
E29/0638	39.1	\$12,569	100%	2	2.5	1	1.5	1.5	2	2	3	2.9	11.1	7.0
E27/0562	44.3	\$12,569	100%	0.9	1	0.9	1	0.9	1	0.9	1	0.4	0.6	0.5
E27/0596	55.2	\$12,569	100%	0.9	1	0.9	1	0.9	1	0.9	1	0.5	0.7	0.6
E27/0615	20.7	\$12,569	100%	0.9	1	0.9	1	0.9	1	0.9	1	0.2	0.3	0.2
E63/1936	167.2	\$12,569	100%	0.9	1	0.9	1	0.9	1	0.9	1	1.4	2.1	1.7
E69/3809	53.8	\$12,569	100%	2	2.5	0.9	1	0.9	1	0.9	1	1.0	1.7	1.3
P27/2428	0.3	\$492	100%	0.9	1	0.9	1	0.9	1	0.9	1	0.0	0.0	0.0
EL 5939	191.7	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	2.0	1.1
EL 6087	97.1	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.1	1.0	0.6
EL 6248	188.5	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	1.9	1.1
EL 6249	226.0	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	2.3	1.3
EL 6494	175.1	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.2	1.8	1.0
EL 6617	117.1	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.2	1.2	0.7
ELA2020/0071	105.8	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.1	1.1	0.6
EL 5878	480.5	\$12,569	100%	0.9	1	0.9	1	0.9	1.5	1	1.5	4.4	13.6	9.0
EL 5879	451.7	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.6	4.6	2.6
EL 6251	497.8	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.7	5.1	2.9
EL 6376	153.5	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.2	1.6	0.9
EL 6543	235.9	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	2.4	1.4
EL 6544	233.1	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	2.4	1.4
EL 6545	181.0	\$12,569	100%	0.9	1	0.5	1	0.5	0.9	0.5	0.9	0.3	1.8	1.0

Using the geoscientific rating method, SRK considers that the Regional Exploration Portfolio has an estimated Technical Value (100% basis, base metals) of between A\$14.7 M and A\$59.0 M with a preferred value of A\$36.9 M, which represents the mid-point of the range (Table 6.13).

Table 6.13: Summary valuation using the geoscientific (Kilburn) method (Technical Value)

Tenement	Project	Area (km ²)	Prospective Area (km ²)	Lower (A\$M)	Upper (A\$M)	Preferred (ASM)
E29/0638	Mt Alexander JV	78.2	39.1	2.9	11.1	7.0
E27/0562	Metal Hawk JV	44.3	44.3	0.4	0.6	0.5
E27/0596	Metal Hawk JV	55.2	55.2	0.5	0.7	0.6
E27/0615	Metal Hawk JV	20.7	20.7	0.2	0.3	0.2
E63/1936	Metal Hawk JV	167.2	167.2	1.4	2.1	1.7
E69/3809	Metal Hawk JV	322.8	53.8	1.0	1.7	1.3
P27/2428	Metal Hawk JV	0.3	0.3	0.0	0.0	0.0
EL 5939	Western Gawler	766.7	191.7	0.3	2.0	1.1
EL 6087	Western Gawler	388.2	97.1	0.1	1.0	0.6
EL 6248	Western Gawler	754.0	188.5	0.3	1.9	1.1
EL 6249	Western Gawler	904.0	226.0	0.3	2.3	1.3
EL 6494	Western Gawler	700.5	175.1	0.2	1.8	1.0
EL 6617	Western Gawler	937.1	117.1	0.2	1.2	0.7
ELA2020/0071	Western Gawler	423.0	105.8	0.1	1.1	0.6
EL 5878	Western Gawler	1,921.9	480.5	4.4	13.6	9.0
EL 5879	Western Gawler	903.4	451.7	0.6	4.6	2.6
EL 6251	Western Gawler	995.6	497.8	0.7	5.1	2.9
EL 6376	Western Gawler	306.9	153.5	0.2	1.6	0.9
EL 6543	Western Gawler	943.4	235.9	0.3	2.4	1.4
EL 6544	Western Gawler	932.4	233.1	0.3	2.4	1.4
EL 6545	Western Gawler	723.8	181.0	0.3	1.8	1.0
TOTAL				14.7	59.0	36.9

Source: SRK analysis (Total is rounded)

Using the geoscientific rating method, SRK considers that the Regional Exploration Portfolio has an estimated Market Value (100% basis, base metals) of between A\$29.4 M and A\$118.0 M with a preferred value of A\$73.8 M, which represents the mid-point of the range.

Summary - Exploration Potential Valuation

In estimating the value of the exploration potential of the Regional Exploration Portfolio, SRK has considered the values implied by comparable transaction and geoscientific rating valuation methods.

SRK notes that the implied valuation ranges provided by the comparable market transaction analysis are approximately 100% greater than that implied by the geoscientific rating method. On this basis, SRK has elected to adopt the midpoint of the range implied by the comparable transaction and geoscientific analysis to inform its valuation range for the Regional Exploration Portfolio given the technical uncertainty attributable to exploration stage projects and the accordingly relevant wide valuation range implied by SRK's analysis (Table 6.14).

Table 6.14: SRK Valuation summary – Regional Exploration Portfolio (100% basis, base metals only)

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Comparable transactions	59.8	199.9	157.3
Geoscientific Rating	29.4	118	73.8
Selected	44.6	159.0	115.6

Source: SRK analysis (Total is rounded)

Table 6.15: SRK Valuation summary – Regional Exploration Portfolio (WSA JV Interest Basis)

Method	Low (A\$M)	High (A\$M)	Preferred (A\$M)
Comparable transactions	46.7	158.8	124.8
Geoscientific Rating	14.8	76.6	45.8
Selected	30.8	117.7	85.3

Source: SRK analysis (Total is rounded)

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7 Valuation summary

Based on its technical assessment and valuation presented in the earlier sections of the Report, Table 7.1 presents SRK's summary valuation.

Table 7.1: SRK summary Valuation

Item	Value Low (A\$M)	Value High (A\$M)	Value Preferred (A\$M)
SRK Technical Models	Supplied by SRK to KPMG for valuation analysis		
Residual Resources	288	500	384
Regional Exploration Portfolio JV Interest basis	30.8	117.7	85.3

Note: Any discrepancies between values in the tables are due to rounding.

In defining its valuation ranges, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

Closure

This Independent Technical Assessment and Valuation Report, was prepared by

SRK Consulting - Certified Electronic Signature

 *K. Lloyd*
KPM003_Rev2/44662/Report1
4166-6712-7377-LLOY
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Dr Karen Lloyd
Associate Principal Consultant

and reviewed by

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Mr Jeames McKibben
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Regional Exploration Portfolio

Tenement Schedule at 31 December 2021

Tenement	Project	Area (ha)	Area (km ²)	Status	WSA Rental Commitment	Expenditure	Granted Date	Expiry Date	Registered Owner
E29/0638	Mt Alexander JV	7815.95	78.2	Granted	17602	0	05.09.2008	04.09.2022	Blue Thunder Resources Pty Ltd (75%), Western Areas Ltd (25%)
E27/0562	Metal Hawk JV	4431.85	44.3	Granted	5370	0	07.09.2016	06.09.2026	Metal Hawk Limited (Metal Hawk JV)
E27/0596	Metal Hawk JV	5524.04	55.2	Granted	4978	0	18.12.2018	17.12.2023	Metal Hawk Limited (Metal Hawk JV)
E27/0615	Metal Hawk JV	2074.2	20.7	Granted	1834	0	06.08.2019	05.08.2024	Metal Hawk Limited (Metal Hawk JV)
E63/1936	Metal Hawk JV	16718.42	167.2	Granted	15196	0	29.07.2019	28.07.2024	Metal Hawk Limited (Metal Hawk JV)
E69/3808	Metal Hawk JV	9811.62	98.1	Pending					
E69/3809	Metal Hawk JV	32280.87	322.8	Granted	16352	0	16.04.2021	15.04.2026	Metal Hawk Limited (Metal Hawk JV)
P27/2428	Metal Hawk JV	33,8824	0.3	Granted	112.2	0	27.03.2020	26.03.2024	Metal Hawk Limited (Metal Hawk JV)
E69/3584	Metal Hawk JV	7227.63	72.3	Pending					
E69/3593	Metal Hawk JV	11839.04	118.4	Pending					
EL 5939	Western Gawler	76,670.770	766.7	Granted	\$14,042.00	\$157,500.00	06.04.2015	05.04.2022	Western Areas Limited
EL 6087	Western Gawler	38,824.139	388.2	Granted	\$7,081.00	\$210,000.00	24.10.2012	23.10.2022	Western Areas Limited
EL 6248	Western Gawler	75,404.934	754.0	Granted	\$13,596.00	\$105,000.00	03.04.2013	02.04.2023	Western Areas Limited
EL 6249	Western Gawler	90,401.191	904.0	Granted	\$16,266.00	\$120,000.00	03.04.2013	02.04.2023	Western Areas Limited
EL 6494	Western Gawler	70,045.483	700.5	Granted	\$12,635.00	\$200,000.00	09.03.2015	08.03.2022	Western Areas Limited 100%, Strandline Resources 1% NSR
EL 6617	Western Gawler	93,712.480	937.1	Granted	\$16,818.00	\$120,000.00	06.11.2015	05.11.2022	Western Areas Limited
ELA2020/0071	Western Gawler	42,300.000	423.0	See Note 1	\$0.00	\$0.00	See Note 1	16.01.2028	Western Areas Limited
EL 5878 *	Western Gawler	192,188.280	1,921.9	Granted	\$0.00	\$0.00	19.10.2016	18.10.2021 *	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 5879 *	Western Gawler	90,335.972	903.4	Granted	\$0.00	\$0.00	19.10.2016	18.10.2021 *	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 6251	Western Gawler	99,556.260	995.6	Granted	\$0.00	\$0.00	19.04.2018	18.04.2023	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 6376	Western Gawler	30,688.413	306.9	Granted	\$0.00	\$0.00	27.07.2019	24.07.2024	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 6543	Western Gawler	94,340.667	943.4	Granted	\$0.00	\$0.00	01.09.2020	31.08.2022	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 6544	Western Gawler	93,239.240	932.4	Granted	\$0.00	\$0.00	01.12.2020	30.11.2022	Iluka (Eucua Basin) Pty Limited (Iluka JV)
EL 6545	Western Gawler	72,382.320	723.8	Granted	\$0.00	\$0.00	01.12.2020	30.11.2022	Iluka (Eucua Basin) Pty Limited (Iluka JV)

Note

1. ELA2020/0071 was granted on 07.01.2022 as EL 6702. Once grant conditions are met this tenement will transfer to Iluka (Eucua Basin) Pty Limited
 * EL 5878 and EL 5879 are awaiting renewal (managed by Iluka)

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Part Two – KPMG FAS Corporate Finance Financial Services Guide

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Financial Services Guide

Dated April 2022

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd (KPMG FAS) ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division). Jason Hughes is an authorised representative of KPMG FAS, authorised representative number 404183, and Bill Allen as an authorised representative of KPMG FAS, authorised representative number 405336 (**Authorised Representatives**).

This FSG includes information about:

- KPMG FAS and its Authorised Representatives and how they can be contacted;
- The services KPMG FAS and its Authorised Representatives are authorised to provide;
- How KPMG FAS and its Authorised Representatives are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representatives;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS have in place.

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- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and

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KPMG FAS and the Authorised Representatives' responsibility to you

KPMG FAS has been engaged by Western Areas Limited (**Western Areas** or **the Client**) to provide general financial product advice in the form of a Report to be included in Western Areas' scheme booklet (**Scheme Booklet**) to be sent to Western Areas securityholders pursuant to the scheme implementation deed announced by Western Areas on 16 December 2021 and amended on 10 April 2022 under which a wholly owned subsidiary of IGO will acquire 100% of the share capital of Western Areas (**Transaction**).

You have not engaged KPMG FAS or the Authorised Representatives directly but have received a copy of the Report because you have been provided with a copy of the Scheme Booklet. Neither KPMG FAS nor the Authorised Representatives are acting for any person other than the Client.

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As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking your personal objectives, financial situation or needs into account.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

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and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

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No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

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We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

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If KPMG FAS or the Authorised Representatives cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678

Email: info@afca.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS has professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

Contact details

You may contact KPMG FAS or the Authorised Representatives using the below contact details:

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CORPORATE DIRECTORY

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Daniel Lougher (Managing Director & Chief Executive Officer)
Richard Yeates (Non-Executive Director)
Timothy Netscher (Non-Executive Director)
Natalia Streltsova (Non-Executive Director)
Yasmin Broughton (Non-Executive Director)

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The Western Areas Shareholder Information Line is open on Business Days between 8.30am and 5.00pm (AEST).

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