



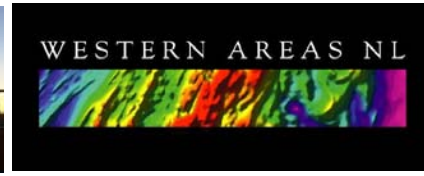
# Western Areas NL

## Corporate Presentation

*January 2012*



# Disclaimer and forward looking statements



This presentation is being furnished to you solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential. The information contained in this presentation does not constitute or form any part of any offer or invitation to purchase any securities and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

You must not take or transmit this presentation or a copy of this presentation into the United States or Japan or distribute it, directly or indirectly, in the United States or Japan or to any US persons. By your acceptance of this document, you acknowledge that you are not a "U.S. person" for the purposes of the US Securities Act. Neither this document, in whole or in part, nor any copy thereof may be taken or transmitted to any other person. The distribution of this document to other persons or in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the federal securities laws of the United States and the laws of other jurisdictions. The distribution of this presentation in other jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.

The information contained in this presentation has been prepared by Western Areas NL. No representation or warranty, express or implied, is or will be made in or in relation to, and no responsibility or liability is or will be accepted by Western Areas NL, employees or representatives as to the accuracy or completeness of this information or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. No party has any obligation to notify opinion changes or if it becomes aware of any inaccuracy in or omission from this presentation. All opinions and projections expressed in this presentation are given as of this date and are subject to change without notice.

This document contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause the performance or achievements of Western Areas NL to differ materially from the information set forth herein, although such information reflects forecasts and projections prepared in good faith based upon methods and data that are believed to be reasonable and accurate as at the dates thereof and although all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forward-looking statements, opinions and expectations contained herein are based on fair and reasonable assumptions. Western Areas NL undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. Individuals should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to the forecasted periods, which reflect Western Areas NL's view only as of the date hereof.

The information within this PowerPoint presentation was compiled by Mr. Julian Hanna and the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. John Haywood. Mr. Hanna, Mr. Lougher and Mr. Haywood are full time employees of Western Areas. Mr. Hanna, Mr. Lougher and Mr. Haywood are members of AusIMM and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Hanna, Mr. Lougher and Mr. Haywood consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

For Purposes of Clause 3.4 (e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

**THIS PRESENTATION IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE U.S.**

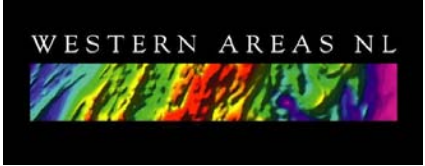
# Agenda



- Summary
- Operations
- Quarterly Results
- Exploration & Growth
- Finland and Canada
- Nickel Industry

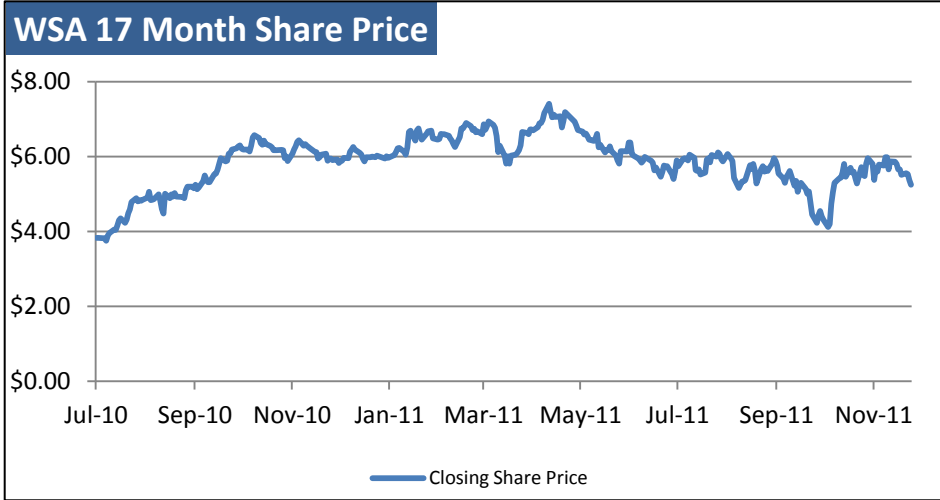


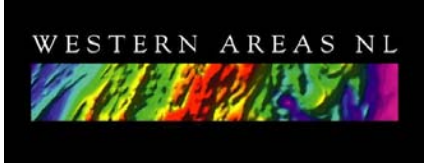
# Introduction - Corporate Summary



Listings:	ASX & TSX Member of S&P ASX 200
Shares on Issue:	179.7M
Options: (varying strike prices >\$7.00)	2.0M
Share Price:	~ A\$5.65 (January 2012)
Market Cap: (undiluted)	A\$1.05 billion
Cash & Receivables:	A\$177M at 31 December 2011

Top 15 Shareholders	%
1 T Streeter	14.36
2 Colonial Group	6.25
3 M & A Greenwell	5.45
4 Northward Capital	3.86
5 Giiivanni Santalucia	3.45
6 Ausbil Dexia	2.82
7 Aviva Investors Australia	2.66
8 Goldman Sachs Investment Management	2.32
9 AMP Group	2.04
10 Platypus Asset Management	2.00
11 Vanguard Group	1.87
12 Independent Asset Management	1.78
13 State Street Corporation	1.71
14 Mt Kellet	1.70
15 UBS Asset Management	1.57
<b>TOTAL</b>	<b>53.84</b>



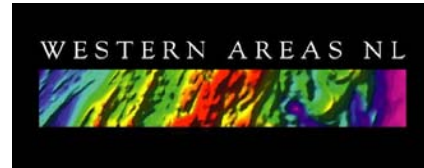


## Proven Depth & Experience

- Terry Streeter & Julian Hanna founded Western Areas 12 years ago
- Extensive experience in nickel exploration, mining and processing
- Global expertise in project sourcing, exploration & mine development
- Strong banking, financial, M&A & corporate governance backgrounds
- Involvement with other successful nickel companies (Jubilee Mines)
- Solid understanding of Chinese markets, project financing & offtakes

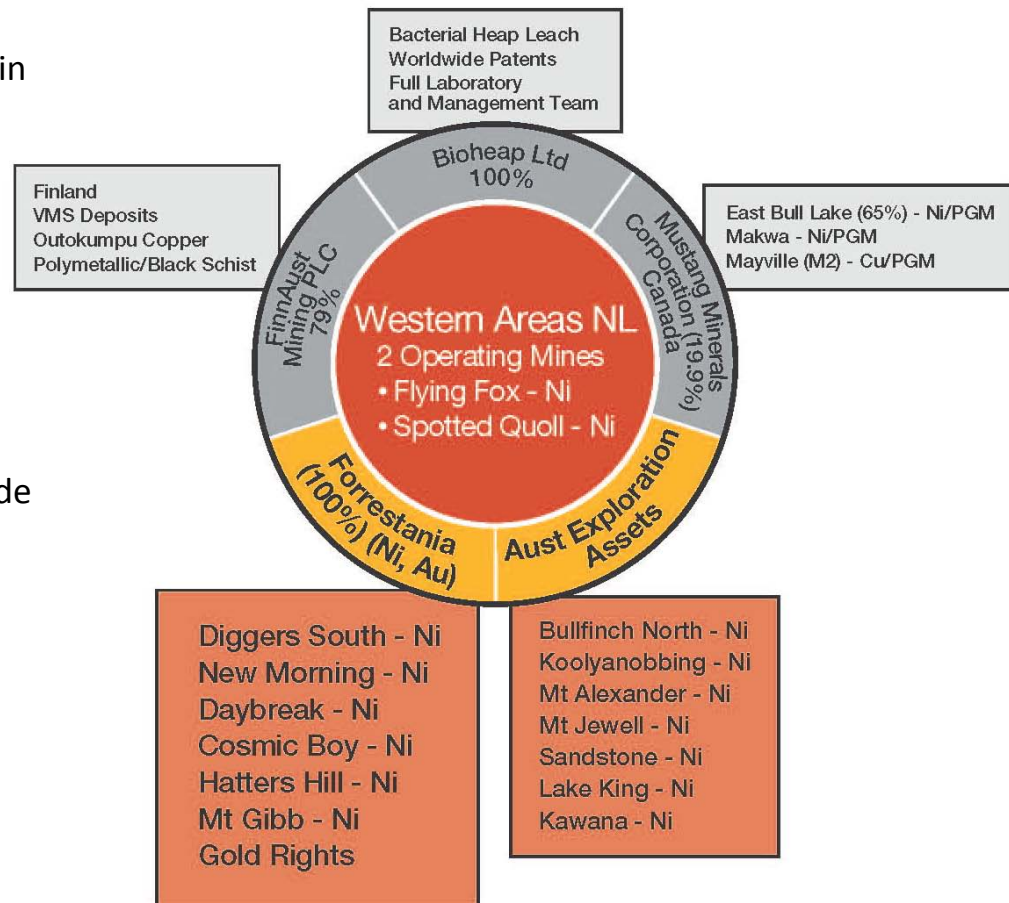


*Left to right: Joseph Belladonna (Company Secretary), Dan Lougher (Managing Director), David Southam (Exec Director – Finance), Julian Hanna Non-Exec Director), Rick Yeates (Non-Exec Director), Terry Streeter (Non-Exec Chairman), Robin Dunbar (Non-Exec Director) & Ian Macliver (Non-Exec Director)*



## Core Business

- Dominant position in 500km long nickel province in Western Australia
- 100% of two of the highest grade, lowest cost nickel mines in the world – tier 1 asset class
- Nickel concentrate plant plus all major surface infrastructure complete
- Independent producer with offtake contracts in Australia and China (4 customers)
- Unrivalled exploration potential for new, high grade nickel sulphide discoveries
- Strong balance sheet, dividend yield, cashflow generation and ready for further growth opportunities



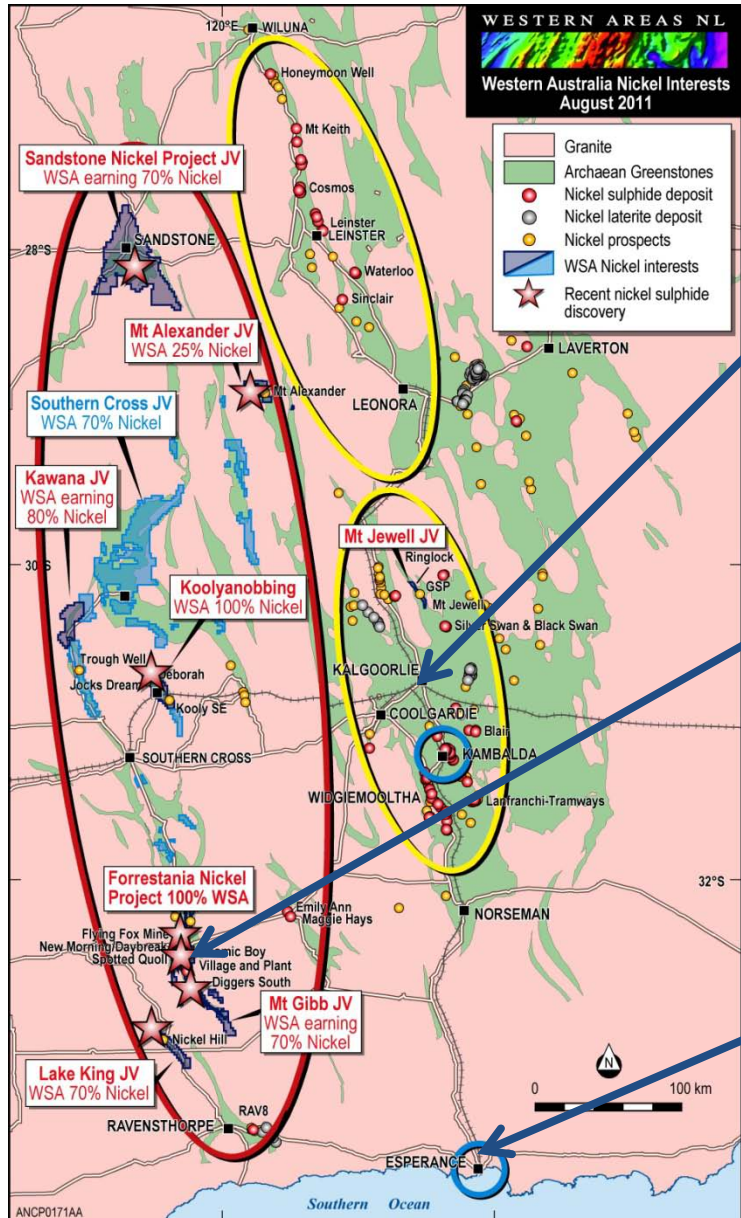
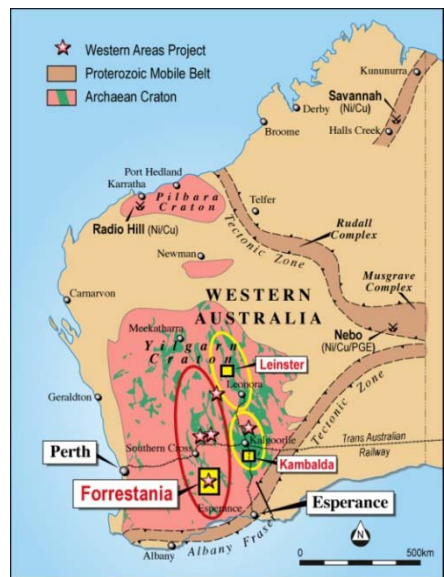
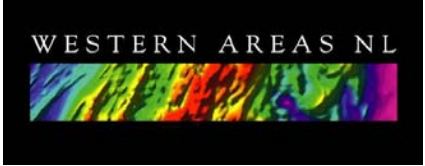
**WSA IS THE ONLY AUSTRALIAN NICKEL COMPANY WITH SIGNIFICANT UNCOMMITTED OFFTAKE AVAILABLE TO SMELTERS IN 2012**



# Operations



# Project Location



## WSA concentrate to BHP Billiton



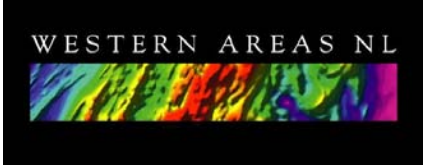
## WSA operations



## WSA concentrate exports



# Flying Fox Mine



## Summary

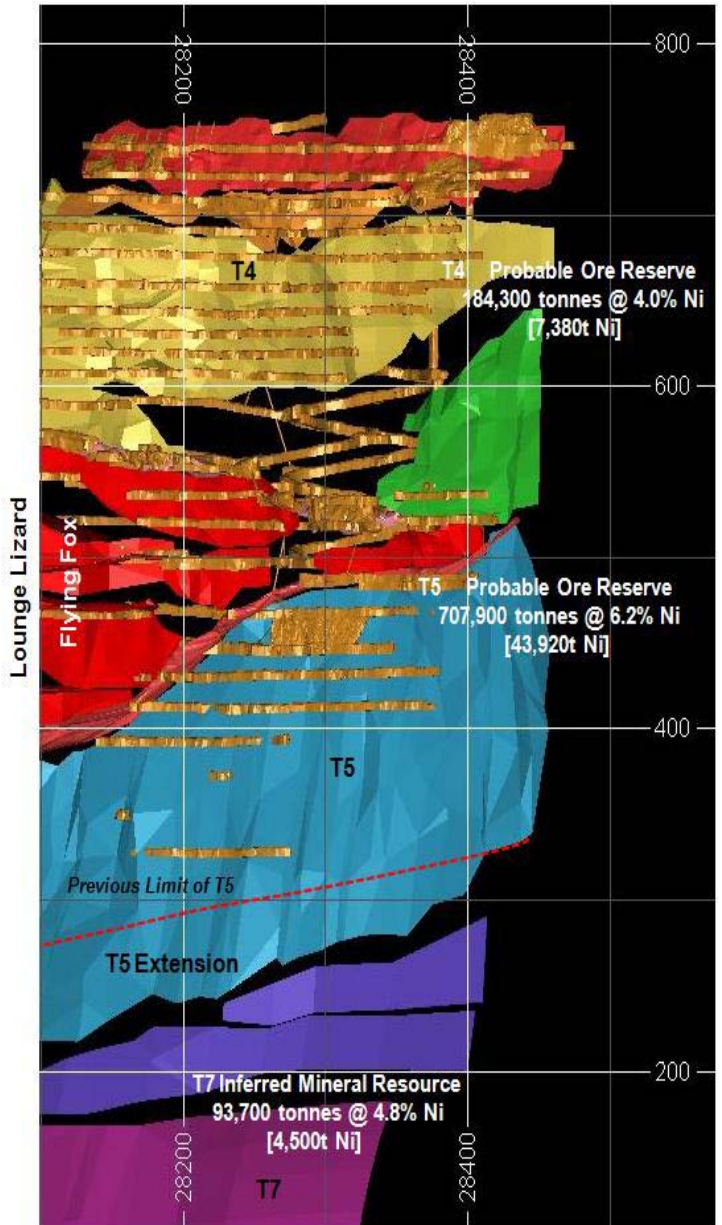
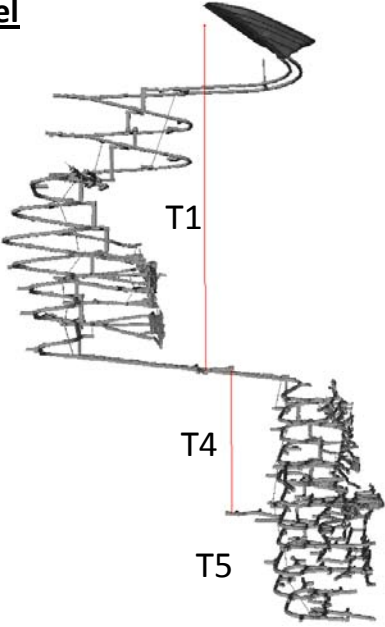
- Continuous high grade Nickel to 1300m. Open at depth
- Ore grades increase at depth from 3.9% to 6.2% Nickel

## Production

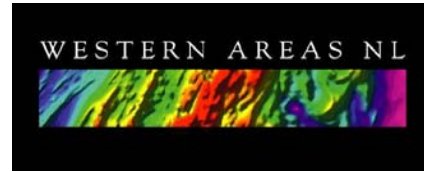
- FY 10/11 – 347,648t @ 4.7% nickel for 16,190t Nickel
- Best Intersection : **78m @ 9.3% Nickel** in ore reserve

## Resource Upside

- Resource extension potential north and below T5
- Announced intersection T6: **34.7m @ 8.9% Nickel**
- Best intersection T7 : **9.3m @ 5.1% Nickel**



# Spotted Quoll Mine



## Open Pit Production

- Pit production to finish in February 2012 in line with plan
- Cash cost : <US\$2.00/lb nickel
- Final production around 27kt Ni – 40% > initial reserve

## Stage 1 Underground Mine (8 Years mine life to 450m depth)

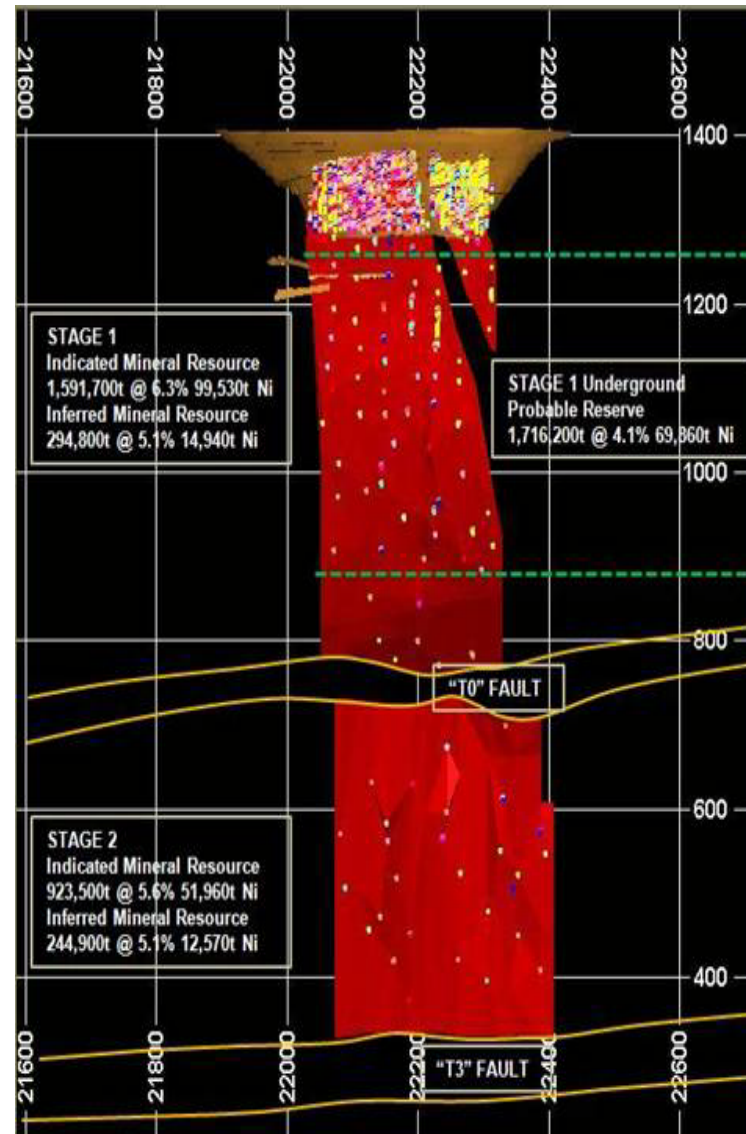
- Ore Reserve – 1.716mt @ 4.10% nickel containing 69,860t nickel

## Stage 2 Underground Mine

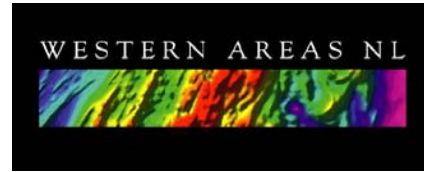
- Delivered a substantial resource upgrade in January 2012
- Indicated Resource – 0.924mt @ 5.6% Ni containing 99,530t Ni
- Inferred Resource – 0.245mt @ 5.1% Ni containing 12,570t Ni

## Look Forward Goals

- Stage 1 underground first ore delivered ahead of schedule (see next slide for details)
- Underground mine optimisation study underway – lift annual production up to 15ktpa nickel
- Mill expansion study ongoing

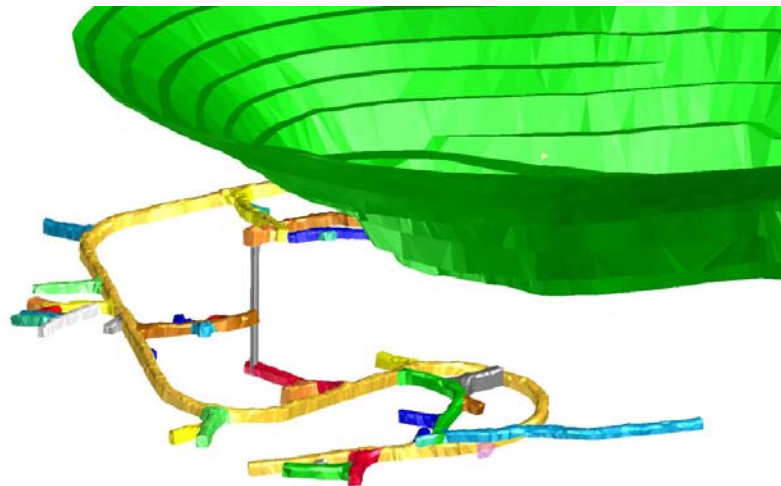


# Spotted Quoll - Stage 1 Underground



## Production

- First ore delivered months ahead of schedule in Nov 2011
- Long term average production of 10ktpa Ni
- Dec Q 11 production 213t Ni at 3.6%
- LOM unit cash cost < A\$3/lb



Ni Price US\$/lb	\$6.00	\$8.00	\$10.00	\$12.00
Exchange Rate US:AUD	0.80	0.90	0.95	1.00
NPV(BT)	A\$90M	A\$184M	A\$297M	A\$385
IRR(BT)	41%	67%	96%	116%
C1 Cost (US\$/lb Ni in Conc.)	\$2.29	\$2.57	\$2.71	\$2.86
TOTAL NET CASH A\$ M	\$162M	\$320M	\$500M	\$640M



# Forrestania Nickel Concentrator



## Concentrator Summary

- Current capacity of 550,000tpa of ore
- Nickel concentrate output >25,000tpa Ni
- Expansion configured for upgrade to 1mtpa of ore
- Concentrate grades of around 14.0% Ni
- 14,000t of concentrate storage capacity (\$43M value)



## Export Infrastructure and Logistics

- Access to >1400 sealed shipping containers
- Using 25 trucks for concentrate transportation
- Shipping contract in place, FOB Esperance Port

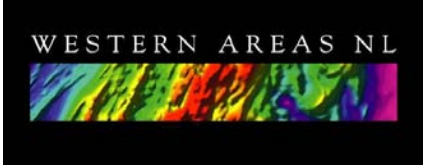


## Concentrator Expansion

- Built to be expandable
- Some items of infrastructure (crusher) already capable of 1mtpa
- Preliminary expansion study completed



# Concentrate Supply & Offtake Contracts

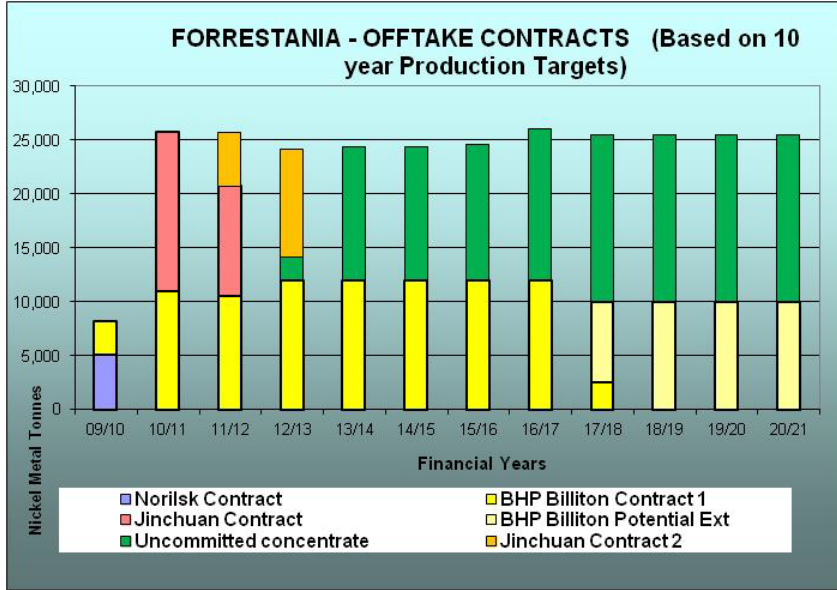
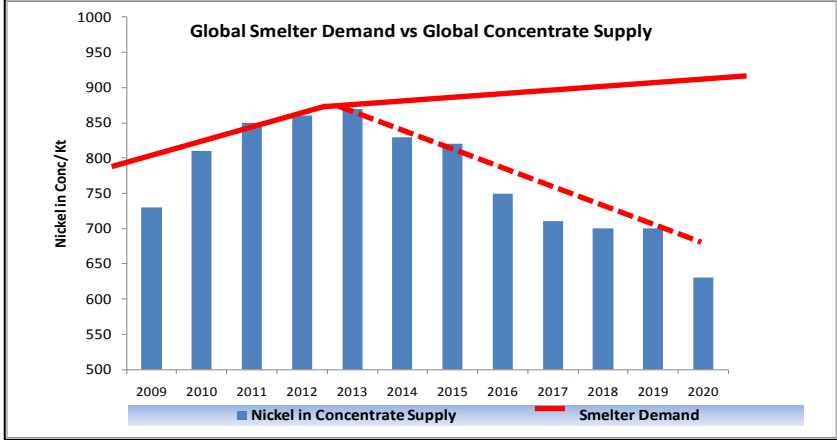


## Concentrate Supply

- Reliable nickel concentrate supply dwindling
- Quality nickel sulphide is difficult to find
- Global nickel grades in decline
- Tightness in smelter supply to be experienced from 2013
- Laterites & Nickel Pig Iron do not fill the void

## Offtake Contracts

- Long term offtake to BHP – 10ktpa lifting to 12ktpa nickel
- New Jinchuan contract signed:
  - 12 month contract extension
  - improved commercial terms
  - significant uncommitted offtake beyond 2013
- WSA in a unique position being an independent producer
- Ability to complete spot/ opportunistic sales



**NOTE:** The graph FORRESTANIA – OFFTAKE CONTRACTS is based on Western Areas’ 10 Year Production Targets. These Targets include estimates and assumptions on production rates of existing ore reserves, conversion of existing mineral resources to ore resources and assumptions on potential extensions to existing mineral resources, based on current information. These Production Targets may vary due to future drilling results, nickel prices, costs and market conditions. Refer to Disclaimer and Forward Looking Statement in Presentation

# Financial & Quarterly Performance



# Quarter 2 Performance FY12



WESTERN AREAS NL



## Mining

- Mine production 8,571t Ni – record quarter
- Increased Flying Fox tonnage and grade (4.9% Ni)
- Spotted Quoll pit complete in Feb 2012
- First mined ore from SQ underground

## Milling

- 2nd highest quarterly Ni in concentrate – 6,631t
- Continued excellent recovery at 92.4%

## Sales & Stockpiles

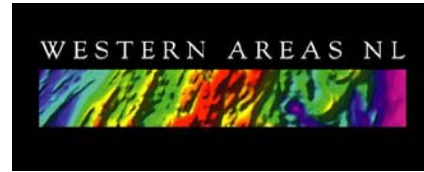
- Improved Q2 sales with additional shipments
- Concentrate stockpiles consistent with Q1
- Planned increase in ore stockpiles as Spotted Quoll pit completes Feb 12 and underground ramps up
- Extremely low cash cost A\$2.15/lb
  - Exceptional mined tonnages above budget
  - Strong cost culture throughout the organisation
  - SQ open pit will complete in Feb 2012

Tonnes Mined		2010/2011		2011/2012		FYTD Total
		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	
<b>Flying Fox</b>						
Ore Tonnes Mined	Tn's	77,205	88,873	95,647	100,647	196,294
Grade	Ni %	5.4%	4.8%	4.5%	4.9%	4.7%
Ni Tonnes Mined	Tn's	4,132	4,236	4,258	4,920	9,178
<b>Spotted Quoll - Tim King Pit</b>						
Ore Tonnes Mined	Tn's	53,819	69,133	59,955	71,406	131,361
Grade	Ni %	6.1%	6.3%	5.7%	4.8%	5.2%
Ni Tonnes Mined	Tn's	3,268	4,325	3,400	3,455	6,855
<b>Spotted Quoll - Underground</b>						
Ore Tonnes Mined	Tn's	-	-	-	5,996	5,996
Grade	Ni %	0.0%	0.0%	0.0%	3.3%	3.3%
Ni Tonnes Mined	Tn's	-	-	-	197	197
<b>Total - Ore Tonnes Mined</b>	Tn's	131,024	158,006	155,602	178,049	333,651
<b>Grade</b>	Ni %	5.6%	5.4%	4.9%	4.8%	4.9%
<b>Total Ni Tonnes Mined</b>	Tn's	<b>7,400</b>	<b>8,561</b>	<b>7,658</b>	<b>8,572</b>	<b>16,230</b>
Tonnes Milled and Sold		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
Ore Processed	Tns	126,383	138,513	134,413	138,360	272,773
Grade	%	5.4%	5.3%	5.1%	5.2%	5.1%
Ave. Recovery	%	92%	93%	93%	92%	93%
<b>Ni Tonnes in Concentrate</b>	<b>Tns</b>	<b>6,226</b>	<b>6,783</b>	<b>6,413</b>	<b>6,632</b>	<b>13,045</b>
Ni Tonnes in Concentrate Sold	Tns	6,813	6,497	4,751	6,479	11,230
Ni Tonnes in Ore Sold	Tns	119	830	357	-	357
<b>Total Nickel Sold</b>	<b>Tns</b>	<b>6,932</b>	<b>7,327</b>	<b>5,108</b>	<b>6,479</b>	<b>11,587</b>
Stockpiles				Sep Qtr	Dec Qtr	
Ore	Tns	91,599	97,334	109,969	140,113	
Grade	%	4.8%	5.1%	4.8%	4.5%	
Concentrate	Tns	7,047	8,653	19,903	19,375	
Grade	%	14.0%	14.1%	14.3%	14.1%	
<b>Contained Ni in Stockpiles</b>	<b>Tns</b>	<b>5,418</b>	<b>6,169</b>	<b>8,132</b>	<b>9,031</b>	
Financial Statistics		Mar Qtr	Jun Qtr	Sep Qtr	Dec Qtr	Total
<b>Group Production Cost/lb</b>						
Mining Cost (*)	A\$/lb	1.66	1.72	1.60	1.54	1.57
Haulage	A\$/lb	0.09	0.08	0.09	0.09	0.09
Milling	A\$/lb	0.33	0.39	0.35	0.35	0.35
Admin	A\$/lb	0.17	0.14	0.18	0.19	0.18
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
<b>Cash Cost Ni in Con (***)</b>	<b>A\$/lb</b>	<b>2.23</b>	<b>2.31</b>	<b>2.20</b>	<b>2.15</b>	<b>2.17</b>
<b>Cash Cost Ni in Con/lb (***)</b>	<b>US\$/lb (**)</b>	<b>2.24</b>	<b>2.45</b>	<b>2.29</b>	<b>2.18</b>	<b>2.23</b>
<b>Exchange Rate US\$ / A\$</b>		<b>1.00</b>	<b>1.06</b>	<b>1.05</b>	<b>1.01</b>	<b>1.03</b>



## Exploration & Growth





## Short Term < 12 Months

- Spotted Quoll > 10 years ✓
- Flying Fox > 10 years – 2012
- Diggers increase resource - 2012
- Mill Expansion feasibility ✓
- Cash costs <US\$2.50/lb ✓
- Strong cashflow ✓
- Dividends ✓
- New offtake contract – 15ktpa ✓
- List FinnAust Mining 1/2 ✓

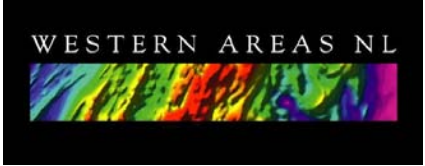
## Medium Term 2-5 years

- Spotted Quoll & Flying Fox – 30ktpa
- Diggers – developed & first stage prod – 5ktpa
- Mill expanded 1mtpa
- First quartile cash costs
- Sandstone resource
- FinnAust in feasibility
- Dividends
- Mustang prod – 5ktpa
- Forrestania discovery

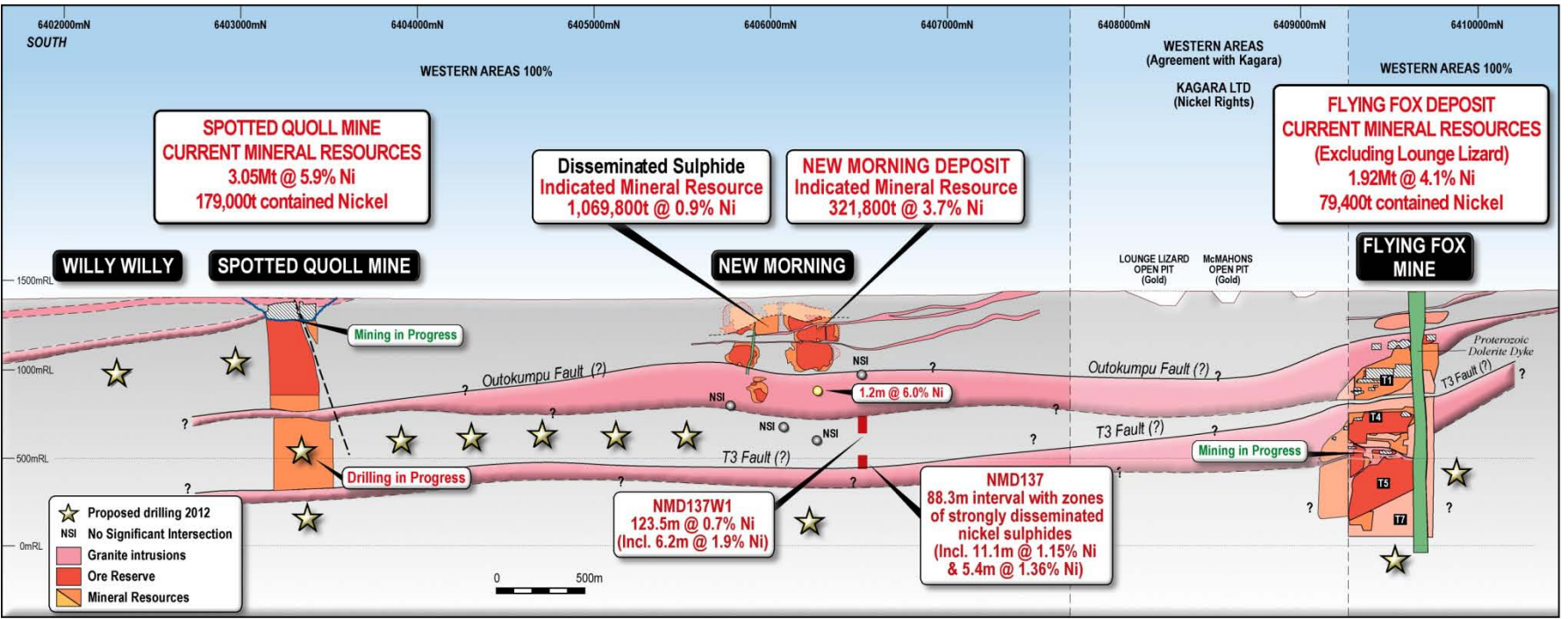
## Long Term >5 years

- Base Case production 35-40ktpa , plus new mines
- Sandstone producing
- FinnAust producing
- Base Metals exposed
- Dividends
- Continued exploration upside
- Independent producer

# Short Term - Near Mine Exploration



- Exploration Budget of A\$30M for FY12, majority to be spent on drilling at Forrestania
- 100km strike length of prospective Forrestania Nickel Project, within 500km long nickel province
- Drilling Priority within 8km long zone (below). New discovery would access existing mine infrastructure
- Drilling continues at Spotted Quoll Stage 2 and testing the T6, T7 and T8 deposits below Flying Fox

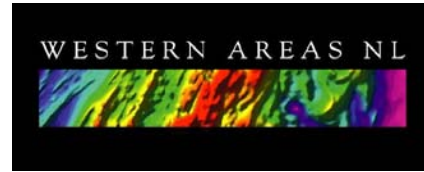


Interpreted Longitudinal Projection (8 Km Long) - January 2012  
FLYING FOX, NEW MORNING, SPOTTED QUOLL & WILLY WILLY



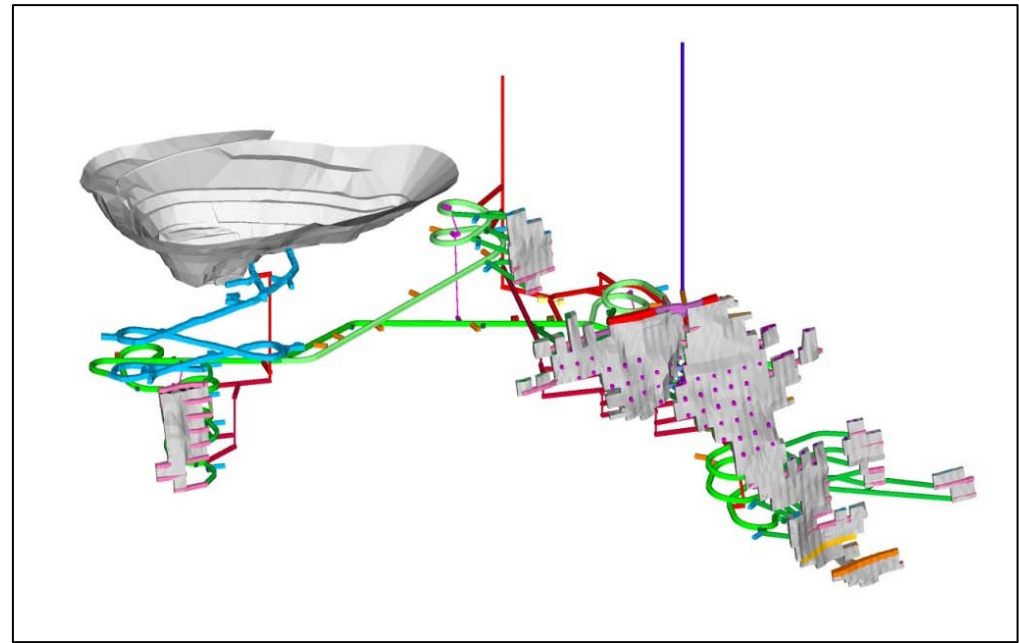
ANCP0131888D

# Diggers South – Planned underground mine



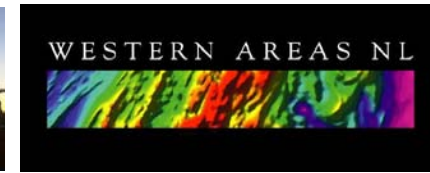
## Summary

- Feasibility Study and surface works complete
- Major dewatering infrastructure complete
- Existing mine development to access higher grade zone
- Approx \$100m capex required to develop mine and plant expansion to 1.0Mt



## 2012 Drilling & Development Program

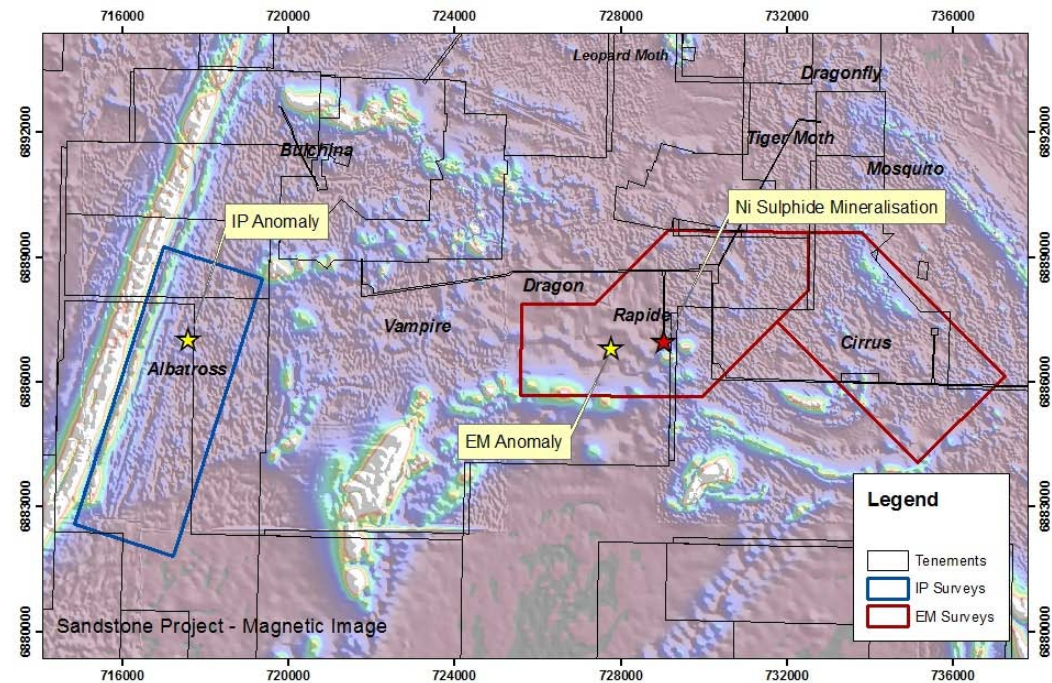
- Drilling in progress to increase ore reserves to target > 60,000t Ni
- Target production ~6,000tpa Ni for >10 years
- Potentially deal with a strategic partner with part ownership and offtake rights



## SANDSTONE JOINT VENTURE

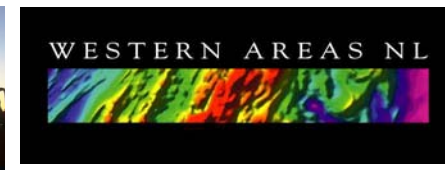
### Comments

- WSA earning 70% of nickel rights to the Sandstone JV with Troy Resources
- Targeting a major new nickel camp with potential for multiple mines
- One of largest areas of untested nickel prospective ground in Western Australia
- Encouraging early results with nickel sulphide intersected in 2010
- Major step up in drilling and geophysical program underway for 2011/12



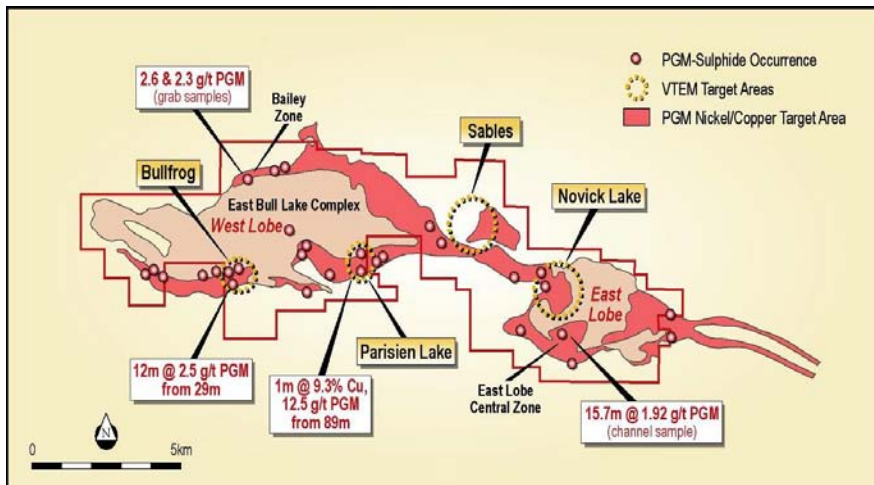
Sandstone magnetic image showing location of recently defined geophysical anomalies

# CANADA - Mustang Minerals



- WSA owns 19.9% of Mustang Minerals - a Canadian listed nickel and PGM company
  - WSA has two of 5 board seats, plus provides technical assistance
  - Makwa Nickel/Copper mine in Manitoba – feasibility in progress targeting 5ktpa Ni in concentrate
  - Potentially significant Palladium & Platinum discovery near Mayville Copper/Nickel deposit in Manitoba
- WSA is earning a 65% interest with Mustang at East Bull Lake
  - 80km west of Sudbury
  - Highly anomalous Nickel/Copper and Platinum/Palladium in Gabbro intrusion
  - Drill program to commence in 2012

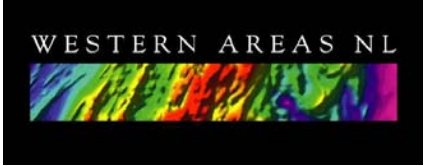
## East Bull Lake VTEM targeting



## Mayville drill core: 74.7m @ 0.75% Cu & 0.24% Ni



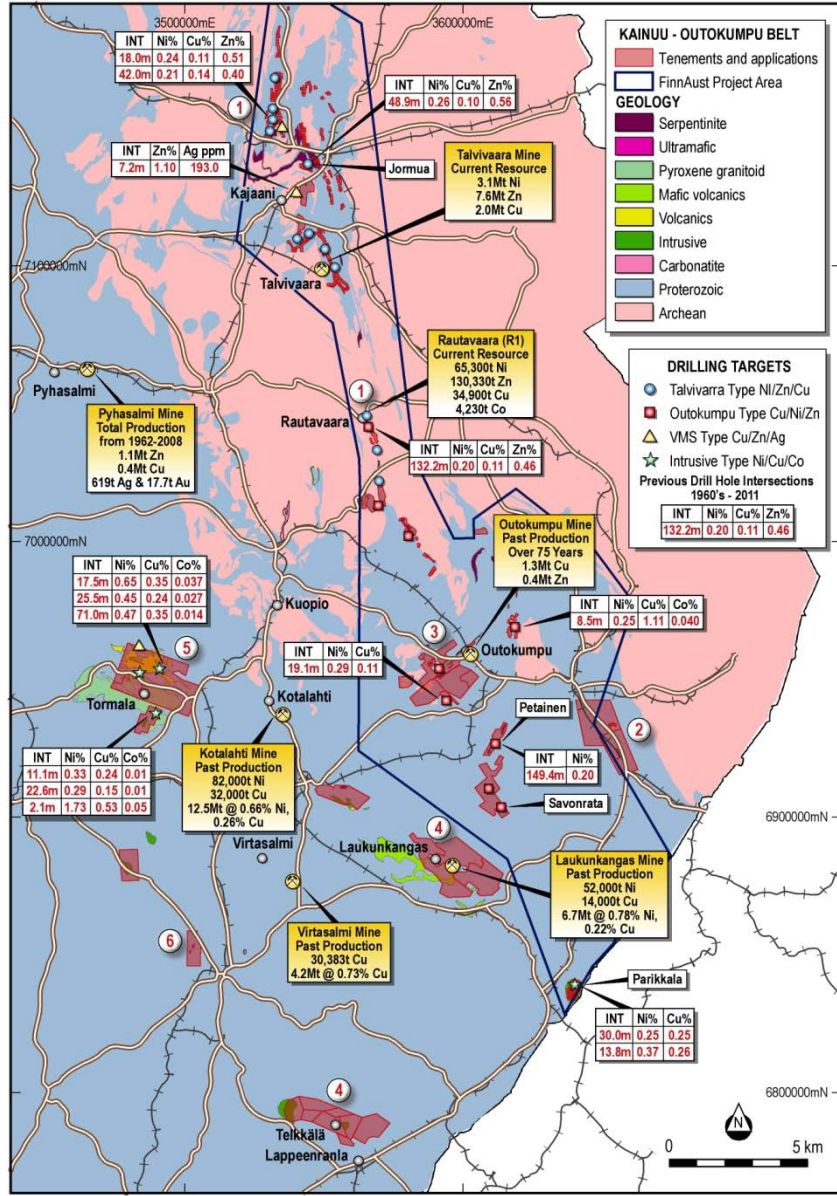
# FINLAND – FinnAust Mining PLC Projects



- 79% WSA, planned to list on AIM in 2012
- 300km long base metal province in Finland
- Numerous nickel/copper/zinc mines & occurrences
- 12 major project areas, many drilling targets
- Geophysics proving very effective in defining targets
- Significant results from historic and FinnAust drilling
- First mineral resource defined at Rautavaara
- Major ramp up of drilling starting early 2012



Talvivaara type sulphide mineralisation – widespread through northern region

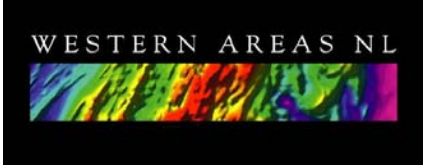




# Nickel Industry



# Global Nickel Sulphide

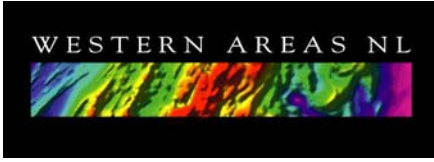


There are only 15 nickel sulphide smelters globally. Secure access to supply is critical for downstream players—the reason why Norilsk paid US\$6bn for LionOre and Xstrata paid US\$3bn for Jubilee

Location	No. of smelters	Smelter owner(s)	Producers
	<b>1 smelter:</b> <ul style="list-style-type: none"> <li>• Kalgoorlie</li> </ul>		   
	<b>4 smelters:</b> <ul style="list-style-type: none"> <li>• Sudbury – Vale</li> <li>• Sudbury - Xstrata</li> <li>• Thompson</li> <li>• Long Harbour (under construction)</li> </ul>	 	  
	<b>3 smelters:</b> <ul style="list-style-type: none"> <li>• Jilin Jien Smelter</li> <li>• Jinchuan Smelter/Refinery</li> <li>• Jinchuan Guangxi (under construction)</li> </ul>	 	
	<b>4 smelters:</b> <ul style="list-style-type: none"> <li>• Nadezhda Met Plant</li> <li>• Nickel Plant</li> <li>• Kola</li> <li>• Mechel OAO</li> </ul>	 	
	<b>1 smelter:</b> <ul style="list-style-type: none"> <li>• Harjavalta</li> </ul>		
	<b>1 smelter:</b> <ul style="list-style-type: none"> <li>• Tocantins</li> </ul>		
	<b>1 smelter:</b> <ul style="list-style-type: none"> <li>• Selebi Phikwe (BCL)</li> </ul>	Botswana RST Ltd	 

Source: AME, company filings

# Energy cost



## 1. Conventional Nickel Sulphide

Mature nickel camps contribute ~45% global production

**NO MAJOR NEW DISCOVERIES**

## 2. Low Grade disseminated sulphide

Increasing reliance on low grade and low quality nickel sulphide production.

**HIGH CAPEX, MODERATE ENERGY**

## 3. Nickel Laterite

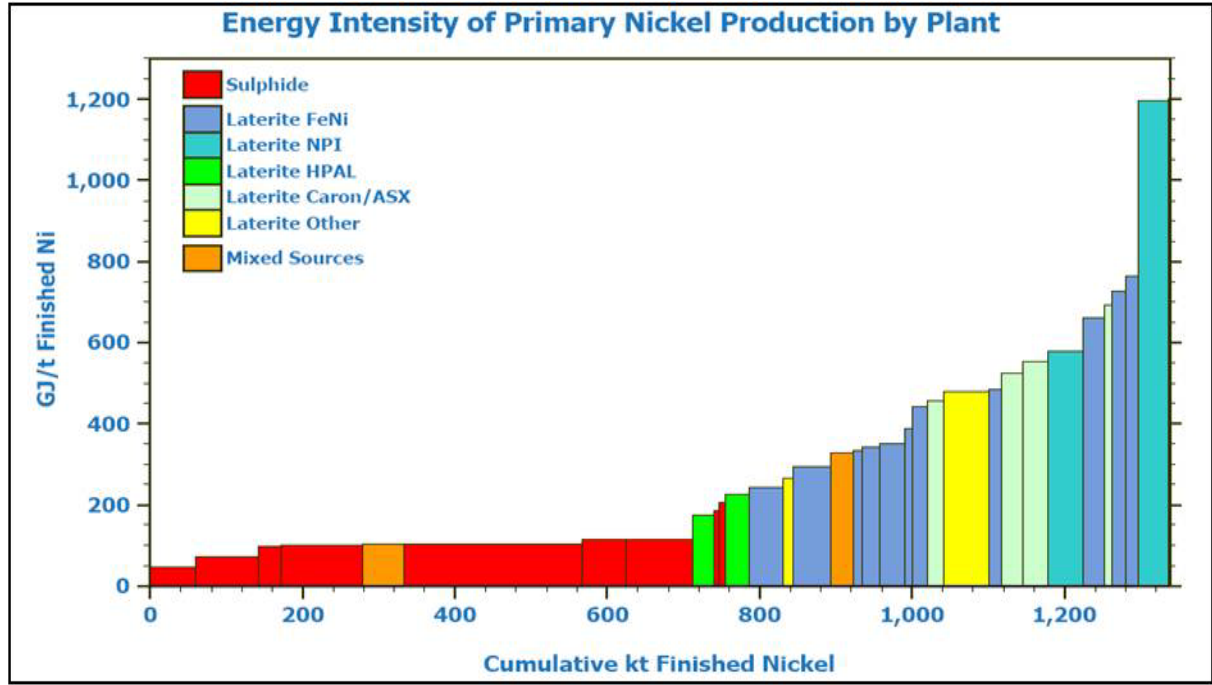
Laterite & Ferro Nickel contribute >40% global production

**HIGH CAPEX, HIGH ENERGY COST**

## 4. Chinese Nickel Pig Iron

Chinese nickel pig iron, 15% global production. Announced cut backs

**ENERGY INTENSIVE, INEFFICIENT**



**Increasing energy intensity and production cost**

**Increasing energy intensity and production cost**



# The End





## Financial Appendices



# Full Year 2011 Highlights



WESTERN AREAS NL

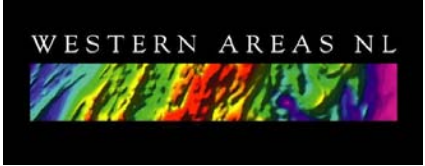


## Highlights

- Low cash cost producer <A\$2.50/lb
- NPAT of \$135m
- Cashflow from operations \$276m
  - capex profile decreasing
  - \$30m exploration budget
- Yield stock – circa 5%
- Flexible balance sheet, strong cash
- Undrawn debt facility \$125m
- 3 Convertible Bonds:
  - July 2012 @ 8.0% - A\$105.5m (converts \$7.73)
  - July 2014 @ 6.4% - A\$110.2m (converts \$7.53)
  - July 2015 @ 6.4% - A\$120.0m (converts \$6.46)

Highlights	FY 2010	FY 2011	FY Variance
Mine Production (tonnes Ni)	13,811	32,222	18,411
Mill Production (tonnes Ni)	9,576	25,663	16,087
Recovery	90%	91%	1%
Sales Volume (tonnes Ni)	10,866	27,498	16,632
Cash Costs (US\$/lb)	2.65	2.11	(0.54)
Cash Costs (A\$/lb)	3.00	2.12	(0.88)
Exchange Rate USD/ AUD	0.88	0.99	0.11
Nickel Price (U\$/tn)	19,416	24,000	4,584
EBITDA ('000)	95,544	312,018	216,474
EBIT ('000)	53,710	231,991	178,281
NPAT ('000)	14,212	134,973	120,761
Cashflow from Operations ('000)	87,207	276,235	189,028
Net Cashflow ('000)	(14,842)	143,580	158,422
Cash at Bank	65,368	208,948	143,580
Earnings Per Share (cents)	8.0	75.1	67.1
Dividend (cents)	6.0	25.0	19.0

# Profitability



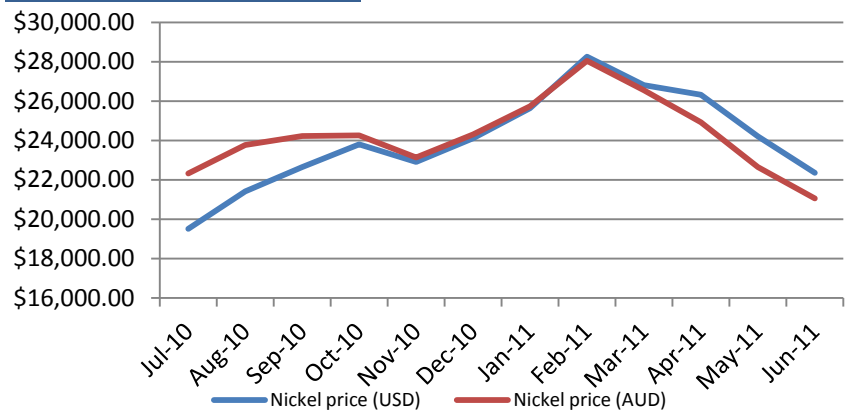
Earnings Data (A\$'000)	2H 2009/10	2H 2010/11
Exchange Rate USD/ AUD	0.88	1.03
Nickel Price (US\$/tn avg)	21,217	25,600
Revenue	84,834	237,786
<b>EBITDA</b>	<b>45,117</b>	<b>156,152</b>
Depreciation & Amortisation	23,131	41,318
<b>EBIT ('000)</b>	<b>21,986</b>	<b>114,834</b>
Interest Expense ('000)	16,015	18,605
Tax ('000)	2,434	28,420
<b>NPAT ('000)</b>	<b>3,537</b>	<b>67,809</b>
Dividend (cents)	3.0	15.0
Earnings per share (cents)	2.0	37.5

	FY 2010	FY 2011	FY Variance
Exchange Rate USD/ AUD	0.88	0.99	0.11
Nickel Price (US\$/tn avg)	19,416	24,000	4,584
Revenue	170,365	468,659	298,294
<b>EBITDA</b>	<b>95,544</b>	<b>312,018</b>	<b>216,474</b>
Depreciation & Amortisation	41,834	80,027	38,193
<b>EBIT ('000)</b>	<b>53,710</b>	<b>231,991</b>	<b>178,281</b>
Interest Expense ('000)	30,852	36,721	5,869
Tax ('000)	8,646	60,297	51,651
<b>NPAT ('000)</b>	<b>14,212</b>	<b>134,973</b>	<b>120,761</b>
Dividend (cents)	6.0	25.0	19.0
Earnings per share (cents)	8.0	75.1	67.1

## Commentary

- 2nd half NPAT A\$0.6m higher than 1st half NPAT (A\$67.2m) despite lower AUD nickel price.
- Full Year NPAT reflects 12 months of SQ production and the upgraded mill.
- Tax losses are near fully utilised.
- Quotation period adjustments in H2 were negative A\$16.4m versus a H1 positive adjustments of A\$24.8m. Reflected a reducing nickel price in Q4.
- All financial metrics & corresponding period improved upon.

## 12 Month Nickel Price



# Cashflow Summary



WESTERN AREAS NL

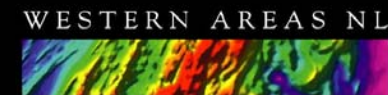


Cashflow Statement (A\$'000)	2H 2009/10	2H 2010/11	FY 2010	FY 2011	FY Variance
Operating Cashflow	36,850	160,495	87,207	276,235	189,028
Less:					
Exploration	(9,267)	(8,583)	(19,564)	(20,074)	(510)
Mine Development	(37,582)	(38,365)	(61,376)	(70,664)	(9,288)
Capital Expenditure	(24,126)	(9,653)	(33,476)	(13,417)	20,059
Investment activities	(64)		(64)	(1,999)	(1,935)
Income Tax Paid	-	-	-	-	-
Proceeds from Share Issues	-	-	3,717	380	(3,337)
Proceeds/(Costs) from Financing	14,281	(49)	14,105	(3,517)	(17,622)
Dividends Paid	(5,391)	(17,973)	(5,391)	(23,364)	(17,973)
<b>Net Cashflow</b>	<b>(25,299)</b>	<b>83,872</b>	<b>(14,842)</b>	<b>143,580</b>	<b>158,422</b>
<b>Cash at Bank</b>	<b>65,368</b>	<b>208,948</b>	<b>65,368</b>	<b>208,948</b>	<b>143,580</b>

## Commentary

- 2nd half Net Cashflow A\$24.2m higher than 1<sup>st</sup> half (A\$59.7m) despite stronger AUD & higher 2<sup>nd</sup> half dividend payment.
- FY net cashflow was A\$158m higher at A\$143.6m versus 2009/10
- Dividend payments increased \$18.0m from 2009/10, representing a strong yield
- Exploration budgeted to increase from A\$20.1m in 2010/11 to A\$30.0m in 2011/12.

# Balance Sheet



Balance Sheet (A\$'000)	FY 2010	FY 2011	Variance
Cash at Bank	65,368	208,948	143,580
Receivables	16,700	27,719	11,019
Stockpiles	25,228	30,942	5,714
PP&E	111,108	111,683	575
Exploration & Evaluation	94,895	91,875	(3,020)
Mine Development	180,403	209,454	29,051
Other	27,037	11,705	(15,332)
<b>TOTAL ASSETS</b>	<b>520,739</b>	<b>692,326</b>	<b>171,587</b>
Trade & Other Payables	48,401	59,852	11,451
Long Term Borrowings	300,256	344,016	43,760
<b>TOTAL LIABILITES</b>	<b>348,657</b>	<b>403,868</b>	<b>55,211</b>
<b>SHAREHOLDERS EQUITY</b>	<b>172,082</b>	<b>288,458</b>	<b>116,376</b>

## Commentary

- Well configured balance sheet with particularly strong cash A\$209.0m.
- Debtors higher in 2010/11 due to the doubling of operations.
- Long Term borrowings reflect 3 convertible bonds detailed below.
- A\$105.5m Bond planned to be repaid
- No foreign exchange hedging in place
- 25% of nickel production hedged for 1 year using zero cost collars. Typical floor price US\$10/lb and cap US\$12/lb
- A\$21m transferred from Exploration to Mine Development

## Convertible Bonds:

- ✓ A\$105.5m due in July 2012 @ 8.0% coupon (converts A\$7.73)
- ✓ A\$110.2m due in July 2014 @ 6.4% coupon (converts A\$7.53)
- ✓ A\$125.0m due in July 2015 @ 6.4% coupon (converts A\$6.46)