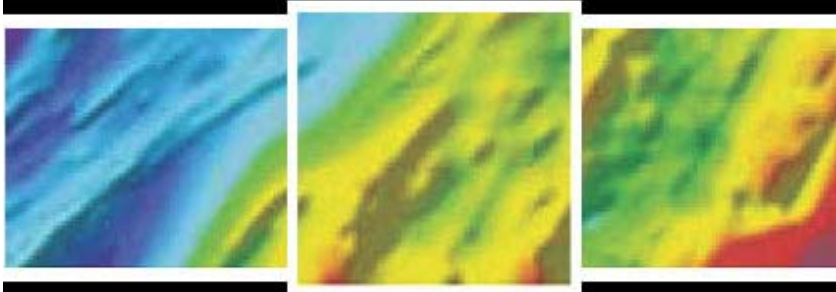


**producing for value**  
exploring for growth

## **Western Areas NL**

**Building the mid tier, global nickel company**



**July 2007**  
**ASX 200 Index**





# Presentation outline

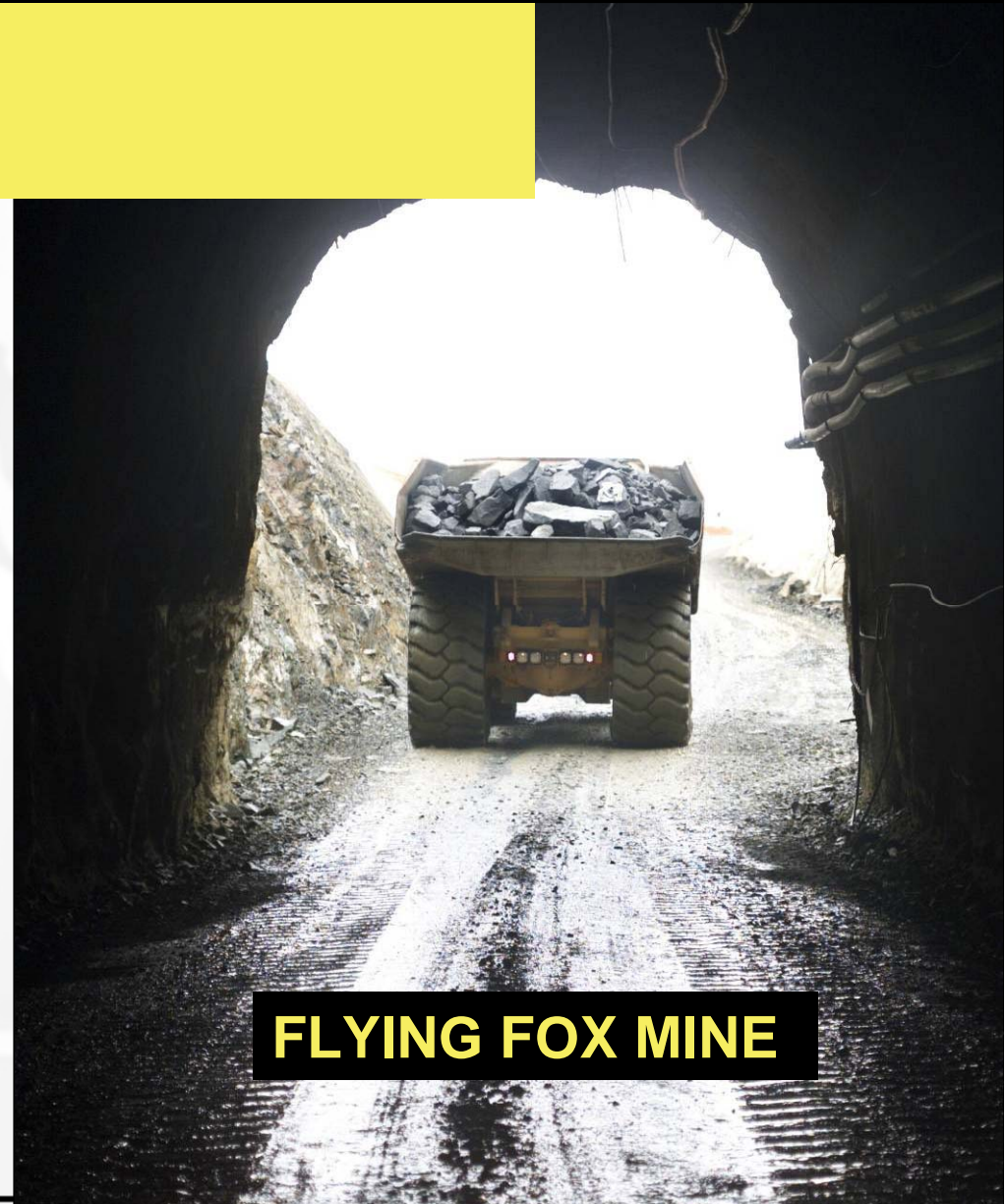
- 1 A\$225M Convertible Bond
- 2 Flying Fox mine
- 3 Diggers South upgrade
- 4 Growth Strategy
- 5 Expected News Flow – Sept Q.



1

## Convertible Bond

- **A\$225M raised at end June**
- **>A\$2 billion in subscriptions**
- **issued record 45% premium**
- **8%, 130% call, cash settled**
- **Many global funds involved**
- **Agents: Macquarie & UBS**



**FLYING FOX MINE**



## Proposed Use of Funds – indicative only

### Mine Feasibility and Development

- **Diggers South Feasibility and development** **\$45-50M**
- **New Morning/Daybreak feasibility and development** **\$30-35M**
- **Construct Cosmic Boy nickel concentrator** **\$45-50M**

### Exploration and Project Acquisition

- **Increase exploration at Forrestania Project** **\$30M**
- **Increase exploration at Canadian Projects** **\$5-10M**
- **New Projects – Australia and Canada** **\$10M**

### Corporate and Working Capital

- **Potential restructure part of hedge book** **\$10-15M**
- **Working Capital and corporate opportunities** **\$50M**

Note: Proposed use of funds is indicative only. Actual use of funds may vary significantly from above.



# Forrestania Nickel Province — 100% WSA

## Flying Fox (100%)

- One of the world's highest grade nickel mines
- Long mine life (+10 years), low cost (~US\$2.20/lb Ni) mine
- Target 10,000–12,000 tonnes Ni p.a. Production commenced end 2006
- Offtake agreement with LionOre for first 75,000t nickel. 2,100t Ni hedged
- Development fully funded to T5 - project funding and cash flow

## Diggers South (100%) – 40km south of Flying Fox

- Pre feasibility study for second nickel mine
- Potential to increase resource >80,300 t Nickel. High Ni grades at depth
- Target production 5,000 – 7,000 tonnes Ni p.a. starting early 2009

## New Morning/Daybreak (100%) – 3km south of Flying Fox

- Scoping study for third nickel mine
- Current mineral resource >30,000 t Nickel
- Significant potential to increase resource, test potential for Flying Fox “T5”



# Nickel & Zinc Projects — Manitoba, Canada

## Lynn Lake (Option for 100%)

- One of Canada's premier nickel camps
- Production to 1976: 166,100t Nickel, 94,800t Copper, 1,700t Cobalt
- Priority drilling targets include extensions to high grade EL Mine
- First drilling program intersected significant sulphides at three targets

## McBride Lake (Option for 100%)

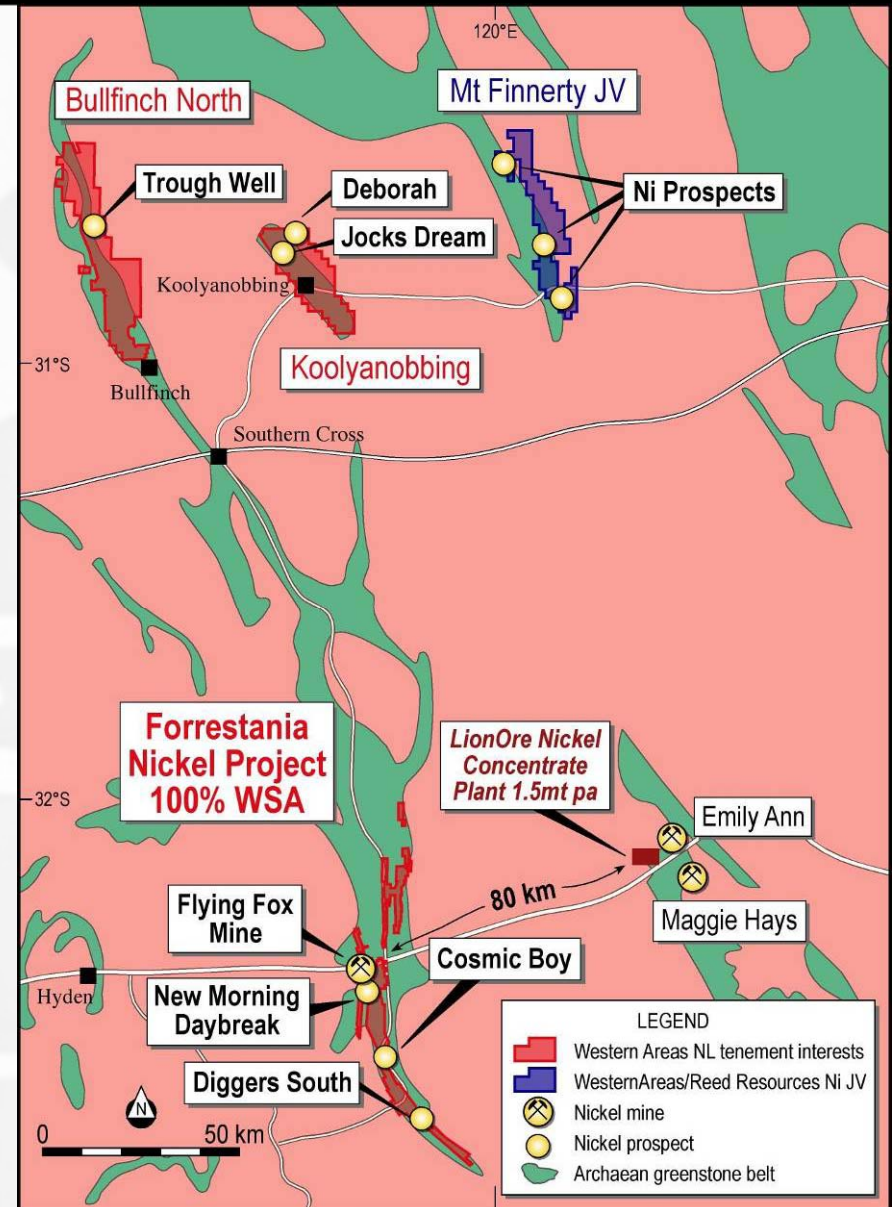
- High grade VMS type Zinc deposit (2Mt @ 8% Zn)
- VTEM survey and drilling planned December Q 2007

## Maskwa deposit (Rights to 19.9% Mustang)

- Pre feasibility study for nickel mine
- Open pit — Indicated Mineral Resource 9.0Mt @ 0.64% Nickel
- Pre feasibility study in progress for 9 year, 5,000tpa Nickel mine
- Capex C\$64.5 million, NPV C\$90 million (10%), Assumes US\$7/lb Ni

# Forrestania Nickel Province

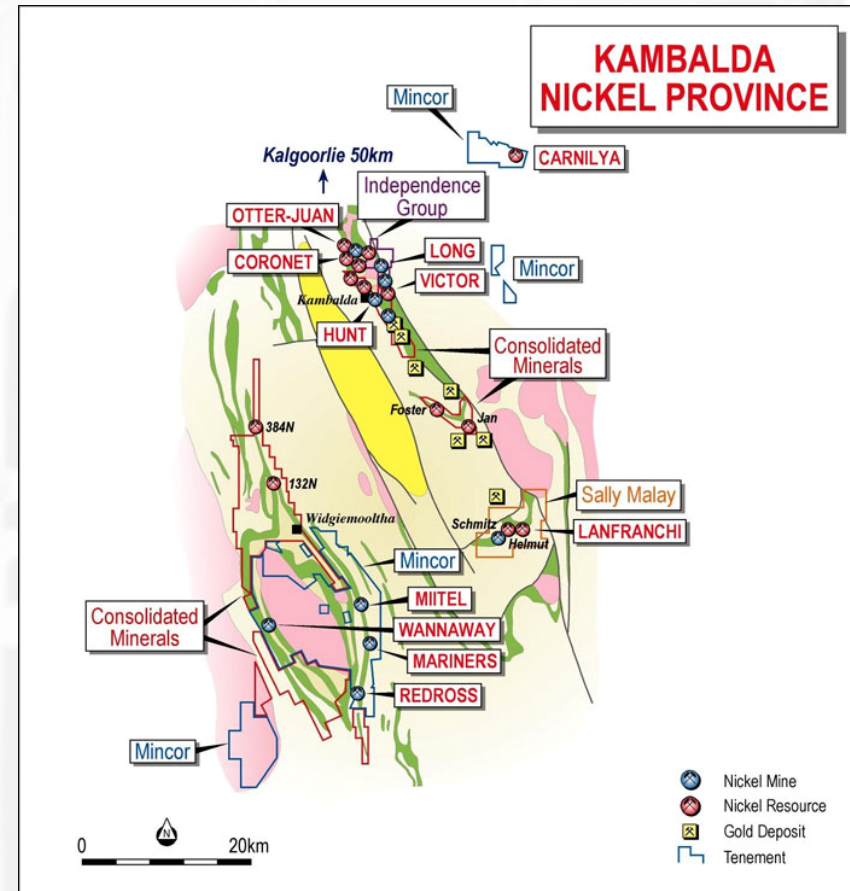
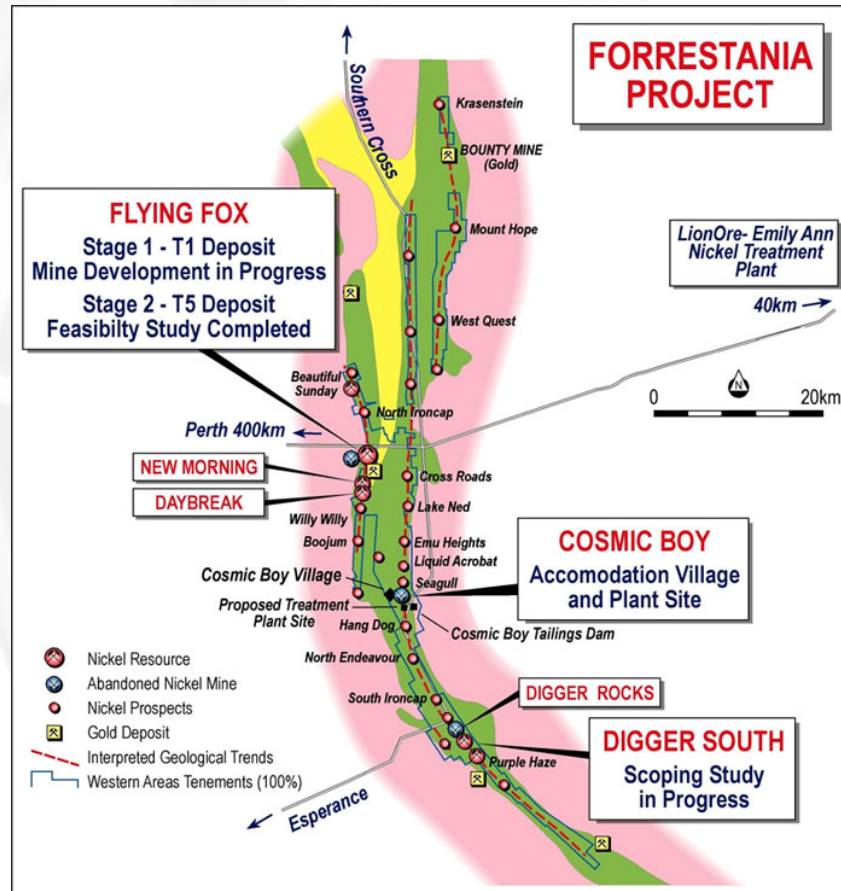
WESTERN AREAS NL





# Forrestania and Kambalda Nickel Provinces

Forrestania (100% WSA) has similar potential to world class Kambalda Nickel Province.



Nickel discovered 1969. >208,000t Ni defined in high quality mineral resources. 90km long nickel province - under-explored, many targets remain.

Nickel discovered 1966 35 years continuous exploration and production. 1.2Mt Ni produced. Four ASX listed companies in production here.

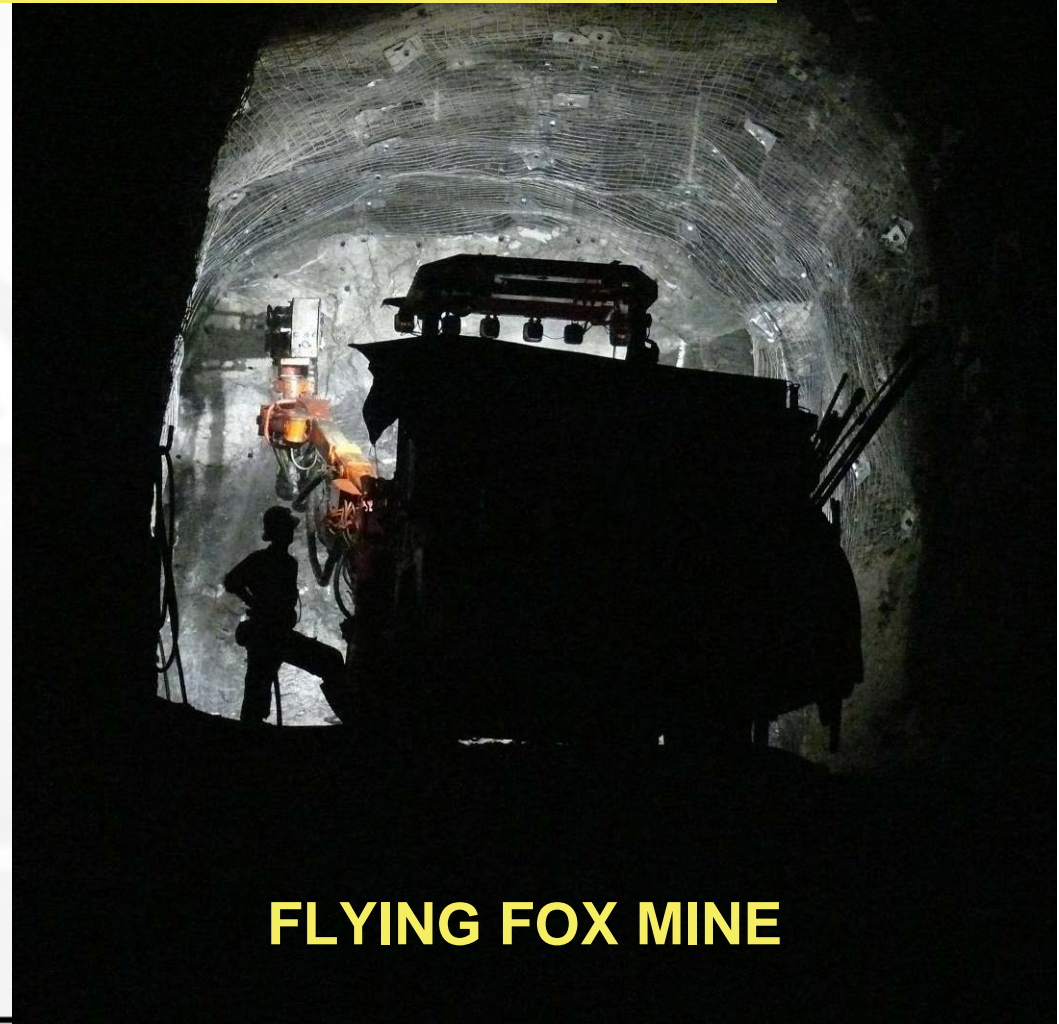


2

Flying Fox mine — rapidly rising production with significant upside

## FORRESTANIA NICKEL PROJECT:

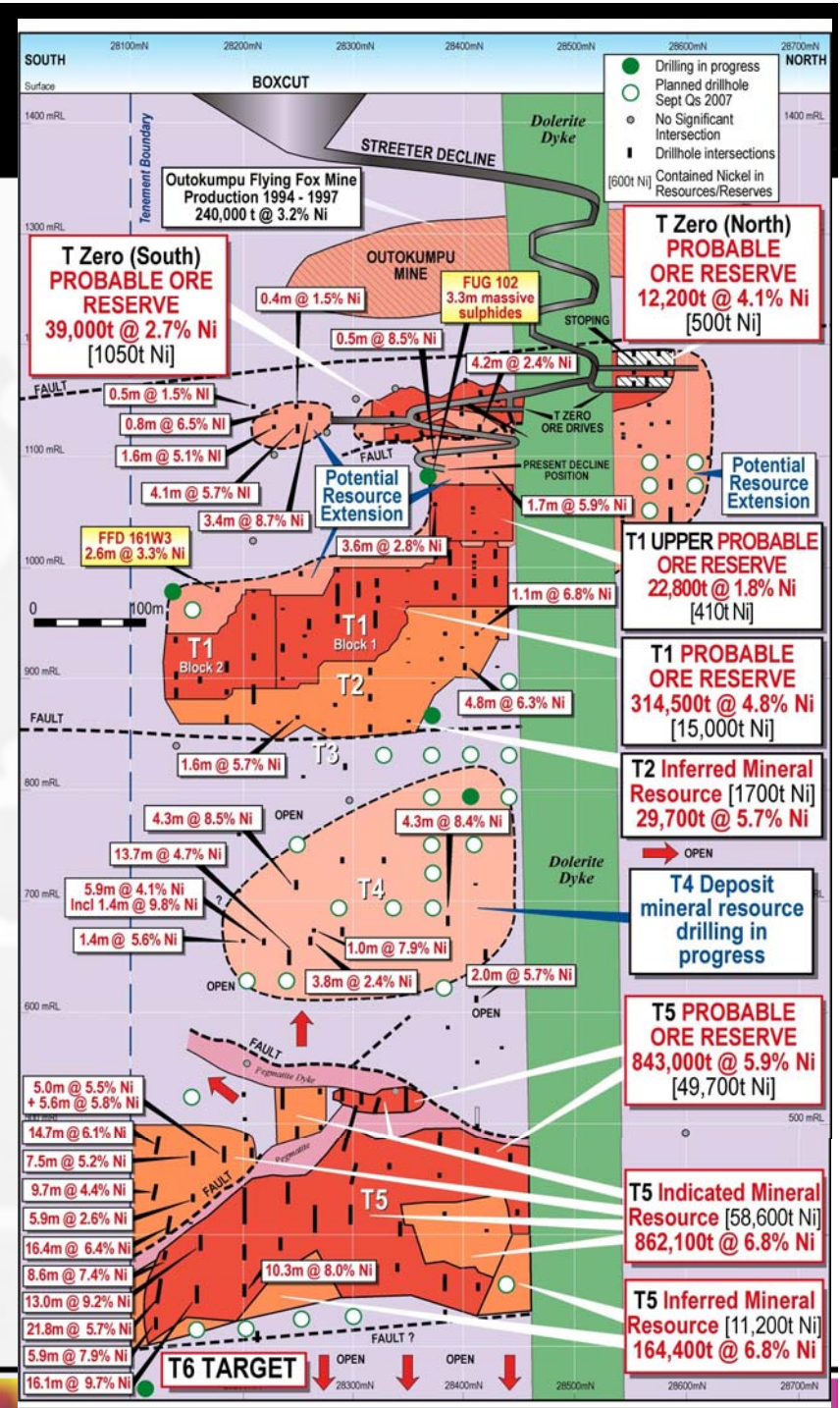
208,600 tonnes (460M lbs) of contained nickel in high quality mineral resources with current in ground value of A\$10.9bn



**FLYING FOX MINE**

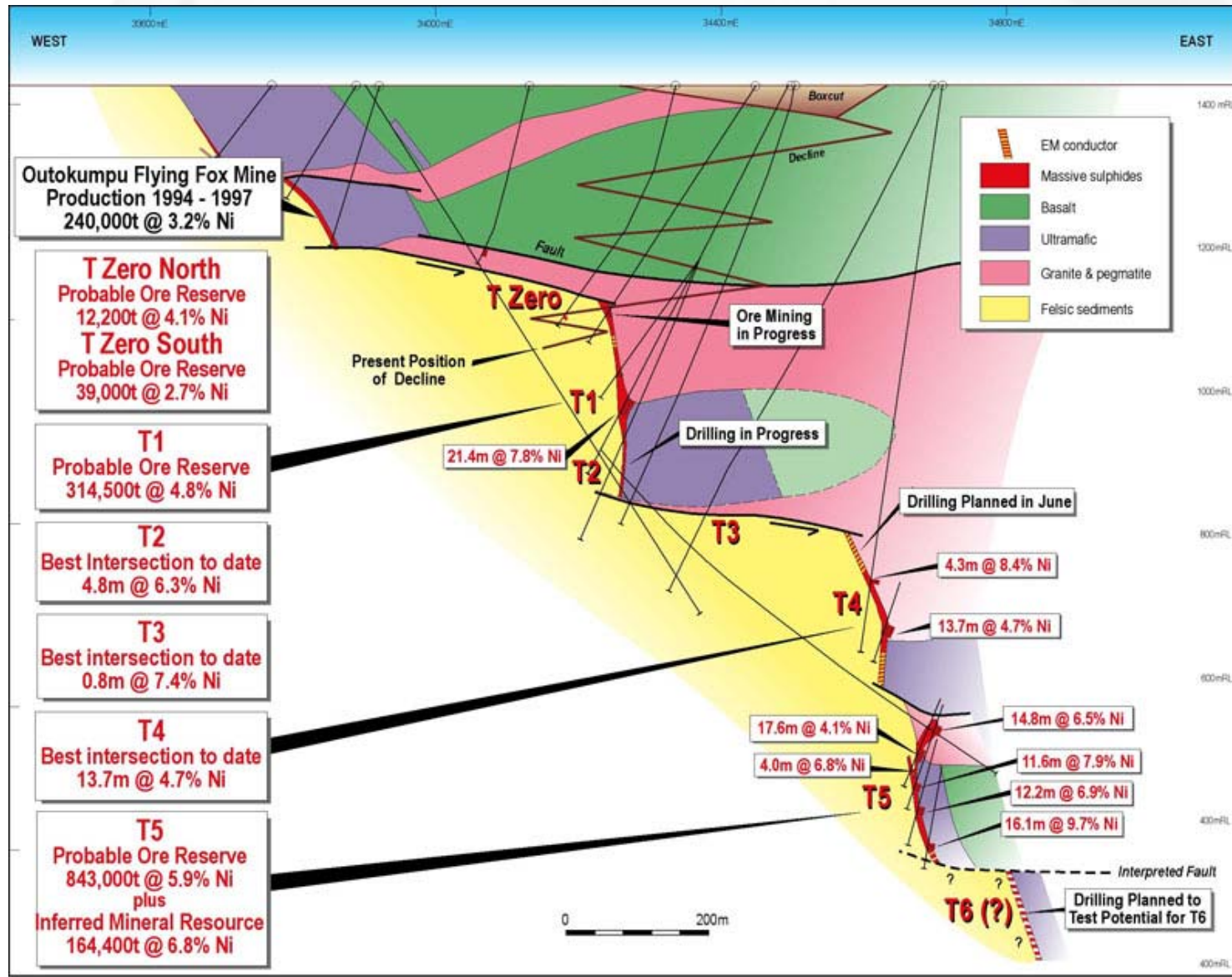
# Flying Fox Nickel Mine

- Current Mineral Resource: 1.4Mt @ 6.5% Ni
  - containing: 90,500 tonnes Ni (200 million pounds nickel)
  - Excludes T4 – drilling in progress
- 
- Current Ore Reserves: 1.16Mt @ 5.6% Ni
  - containing: 65,000 tonnes Ni (143 million pounds nickel)
  - Assumes US\$5.50/lb nickel price





# Flying Fox Cross Section — Unique geology

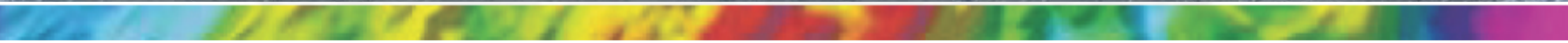


900m high nickel deposit

“T6” Drilling underway



# Record breaking mine crew, 30 June 07





3

## Diggers South upgrade Expanded pre-feasibility study

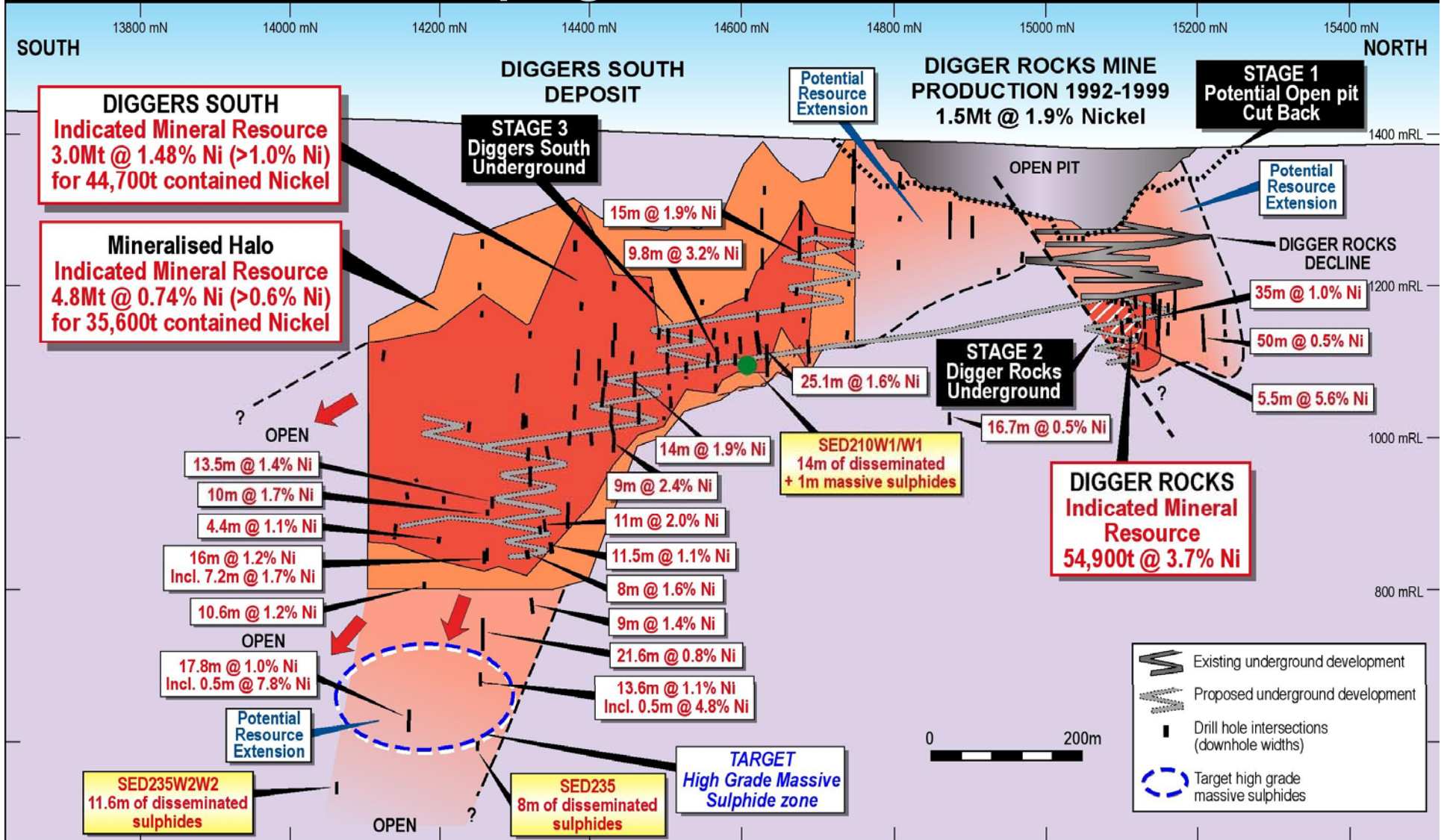


Stage 1: Open Pit cutback

Stage 2: Digger Rocks underground

Stage 3: Diggers South underground

# Diggers South deposit – pre feasibility study for a second mine in progress - 80,300 t Ni

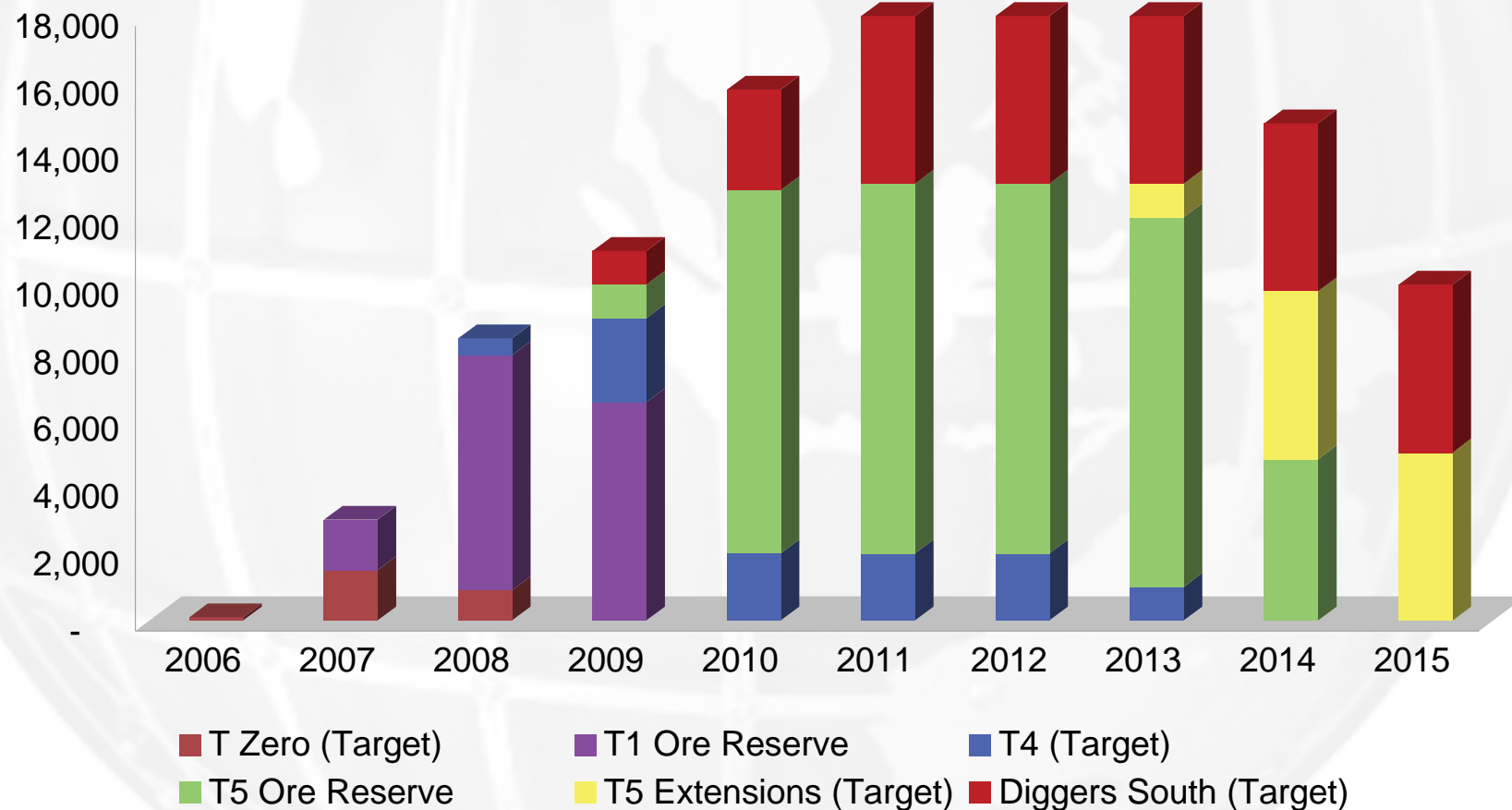


Drilling in progress testing for high grade nickel below deposit

# Target Production: Flying Fox + Diggers South



- Target production as tonnes nickel in concentrate
- Assumes Flying Fox Ore Reserves at US\$5.50/lb Nickel price
- Does not include Diggers South upgrade to 80,300 tonnes nickel
- 2,100 tonnes hedged – less than 1% of current mineral resources





# Nickel Offtake Agreement with LionOre

## AGREEMENT

- First 75,000 tonnes nickel
- Either as ore or concentrate
- Favourable payment terms
- Take or Pay contract

## PROVIDES FLEXIBILITY

- Deliver ore for toll treatment, or
- Sell nickel concentrate
- Build concentrator at Cosmic Boy

## PREMIUM PRODUCT

- Flying Fox: nil Arsenic or MgO





## Growth strategies

### EXPLORATION DRILLING

- Increase budget >\$2.5M/mth
- Drill only advanced Ni targets
- Forrestania main priority

### PROJECT ACQUISITION

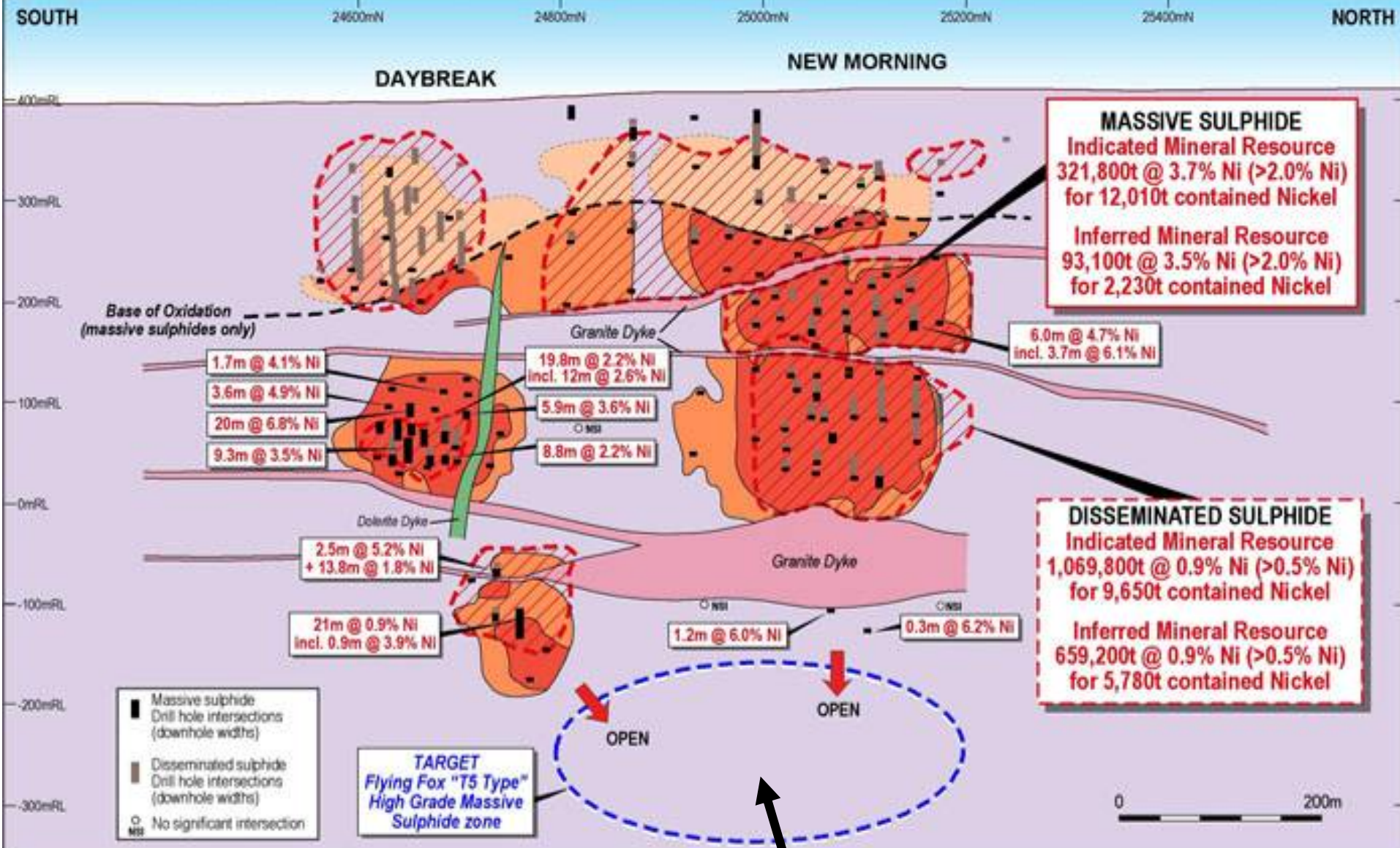
- Advanced Nickel projects only
- Must have good infrastructure
- >5,000 tpa Ni potential

### COMPANY ACQUISITION

- Australia or Canada
- Current or near term production

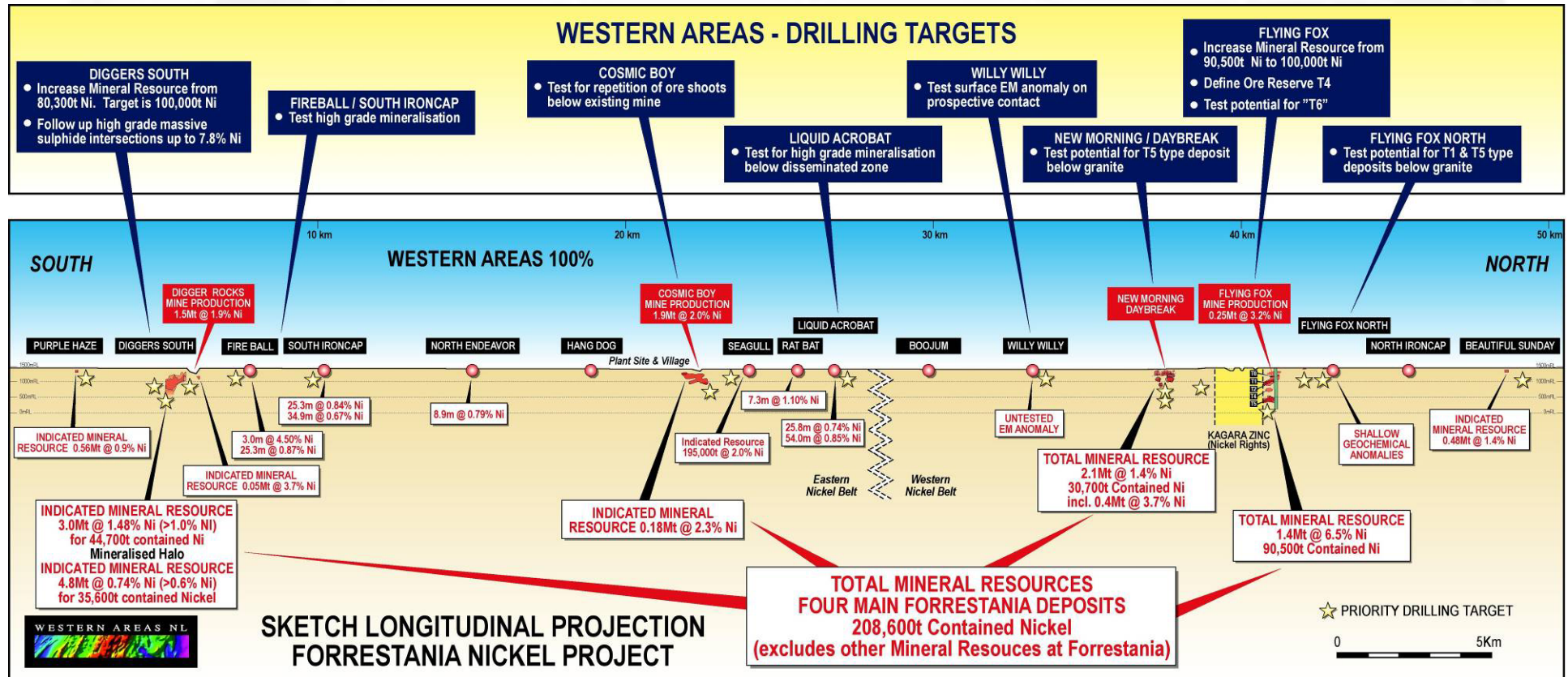


# New Morning/Daybreak deposit – scoping study for a third mine in progress



Drilling planned to test for high grade extensions below deposit

# Forrestania – Nickel mines and drilling targets



50km long nickel zone with many targets



# Canadian Strategy and Projects

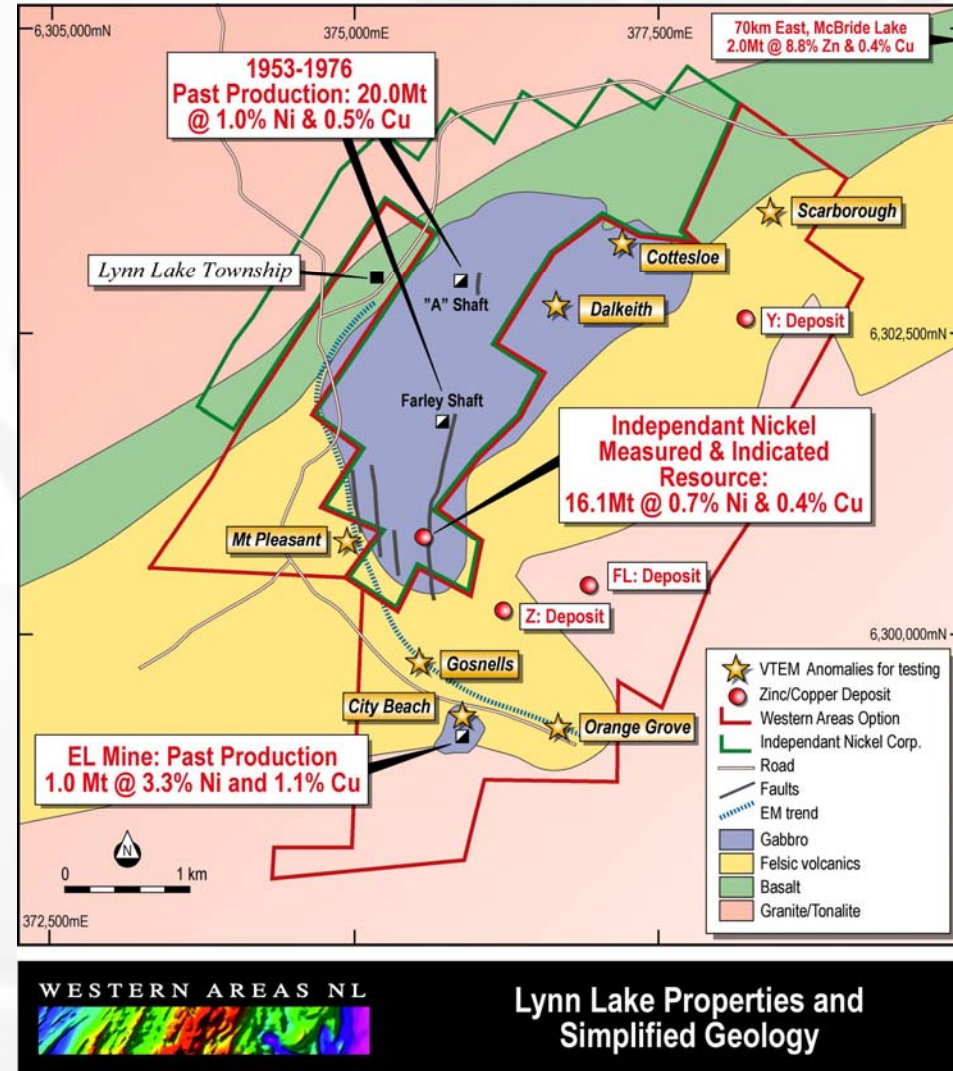
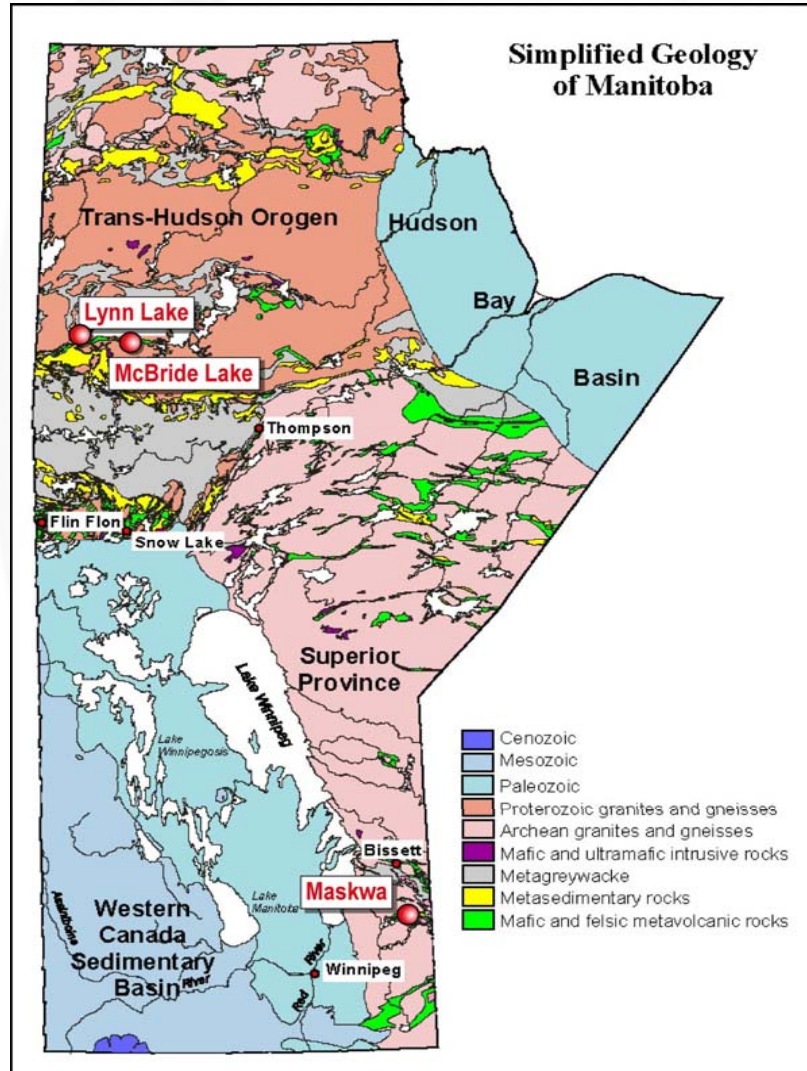
**EL MINE**

**LYNN LAKE - MANITOBA**

1. Projects must be at the Scoping Study or Pre-feasibility stage, or
2. Have high chance for economic mineralisation in first drill hole, and
3. Have potential to be brought into production within two–three years
4. Production potential must exceed 5,000 tpa nickel in concentrate



# Lynn Lake Nickel Project - Manitoba

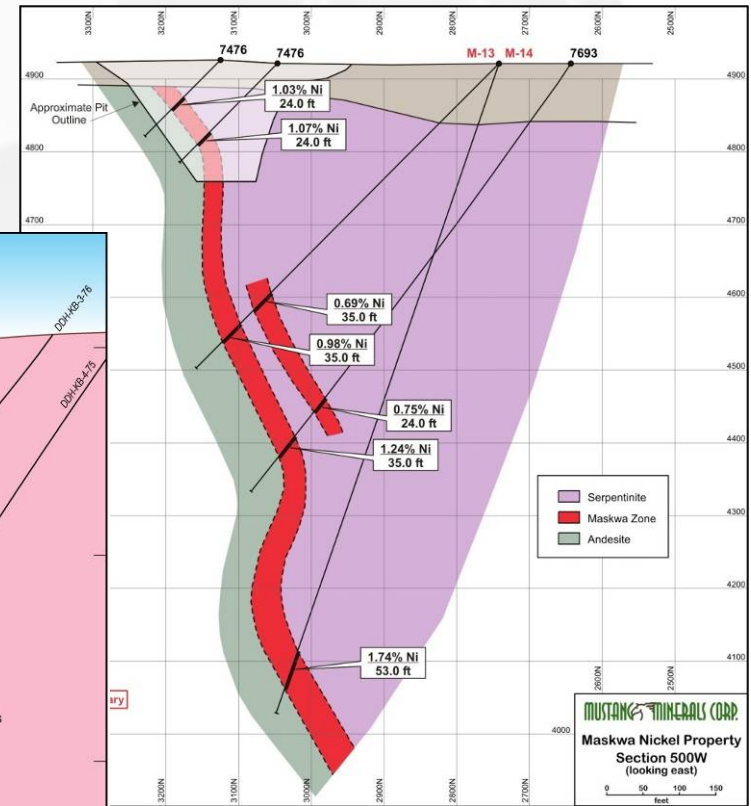
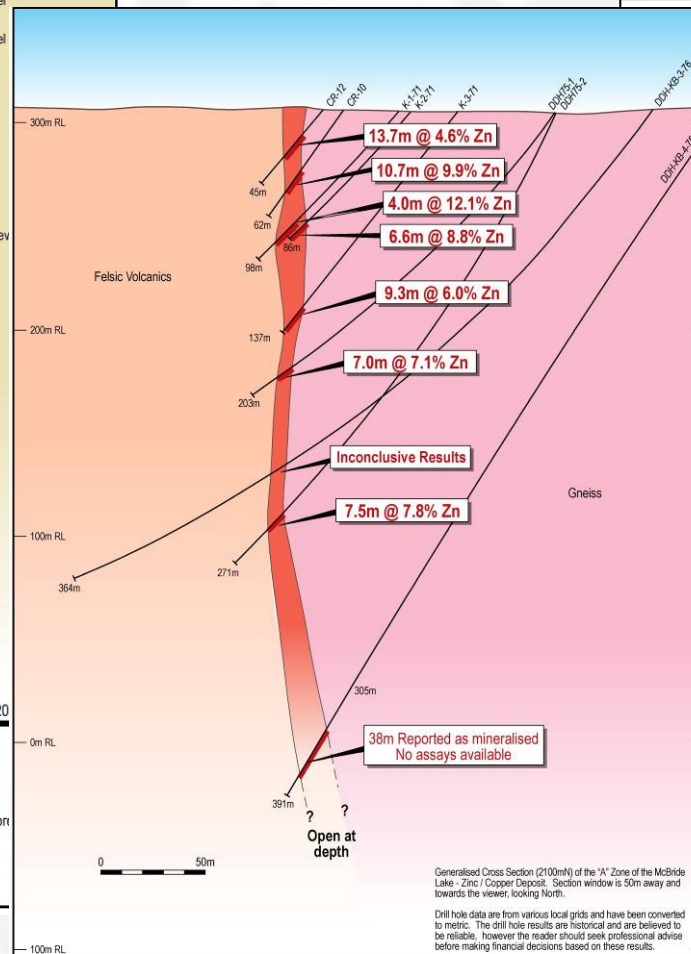
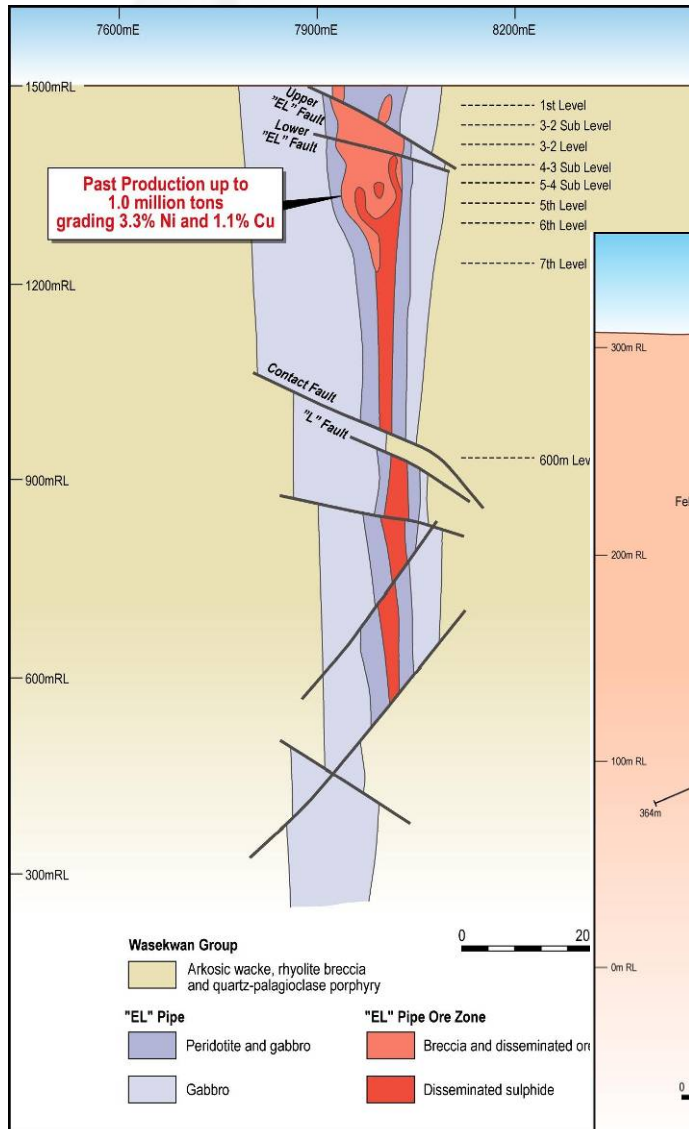


# Canadian Projects

EL Ni/Cu/Co Mine (100%)

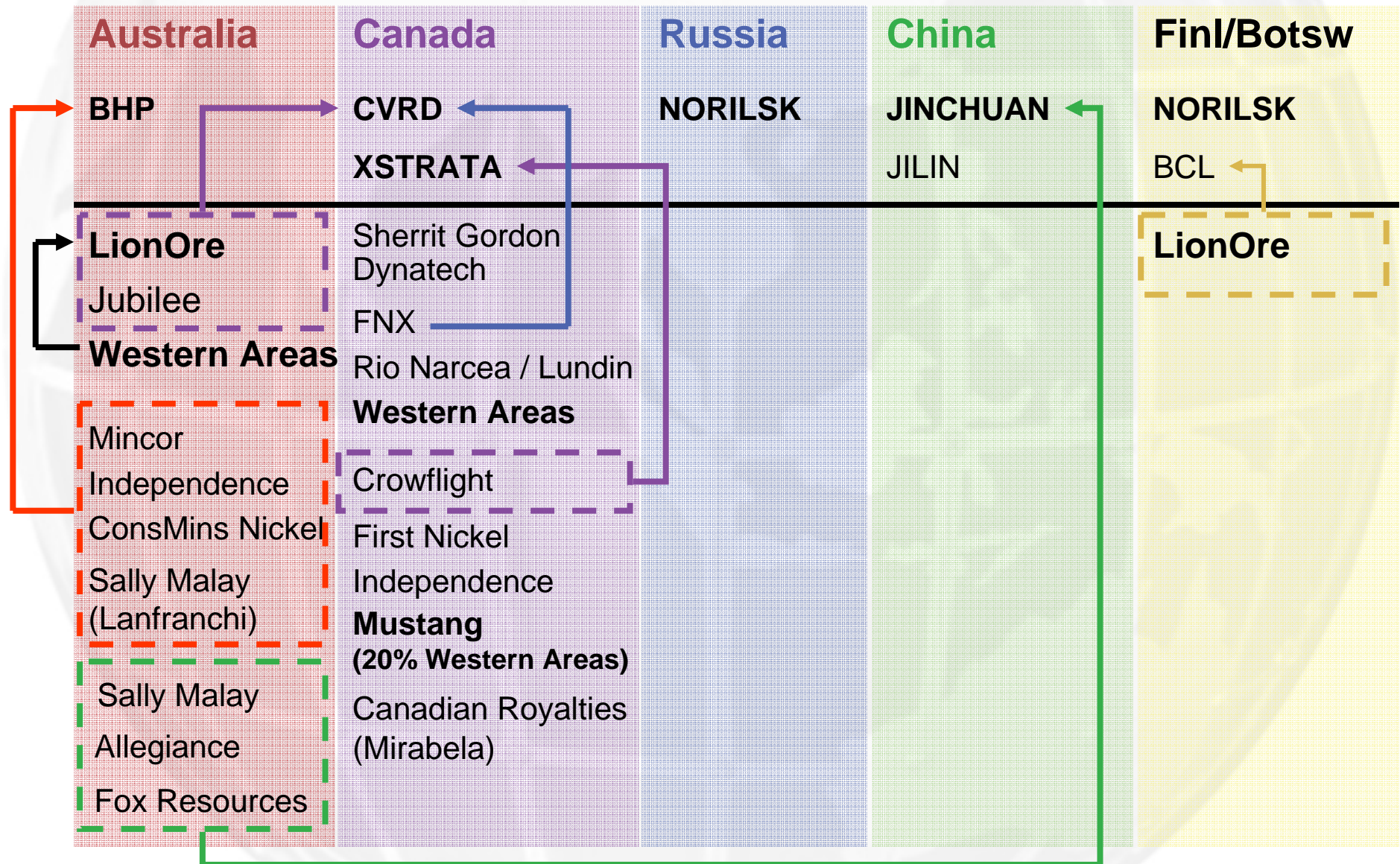
McBride Lake Zn deposit (100%)

Maskwa Ni deposit (20%)





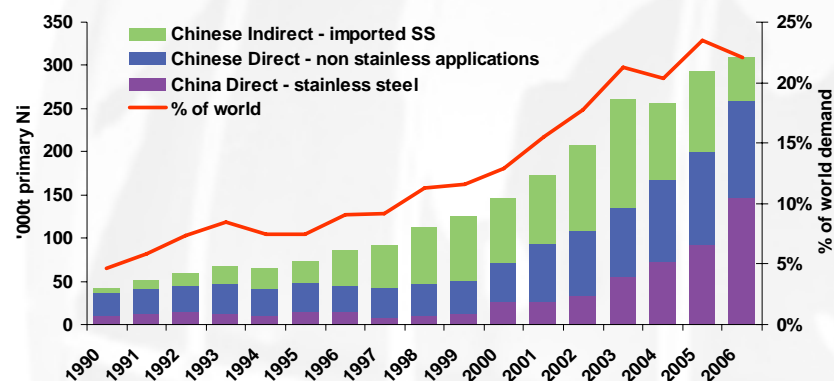
# Global Nickel Sulphide Industry





# Long term nickel price outlook strong

Huge growth in demand driven by China's rapid industrialisation...



Source: Macquarie

...Coupled with a constrained supply response...

- New nickel projects have been delayed by limited capital equipment and labour cost pressures
- Larger new mines Ravensthorpe (Australia) and Goro (New Caledonia) both delayed to 2008/09

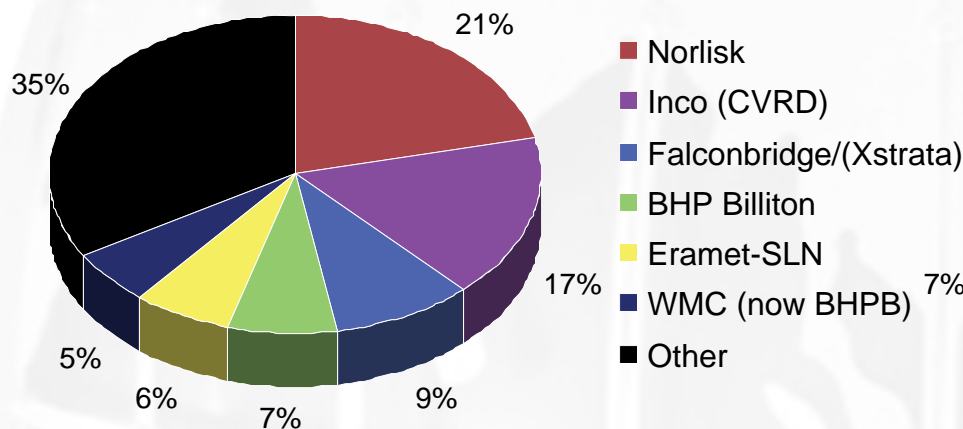
...Has lead to several recent upgrades to long term forecasts

Broker	Previous Long Term price (US\$/lb)	Date of change	Current Long Term price (US\$/lb)	Change %
UBS	US\$4.50/lb	May 2007	US\$7.00/lb	56%
Citigroup	US\$4.00/lb	June 2007	US\$6.00/lb	50%
Macquarie	US\$4.75/lb	March 2007	US\$5.50/lb	16%

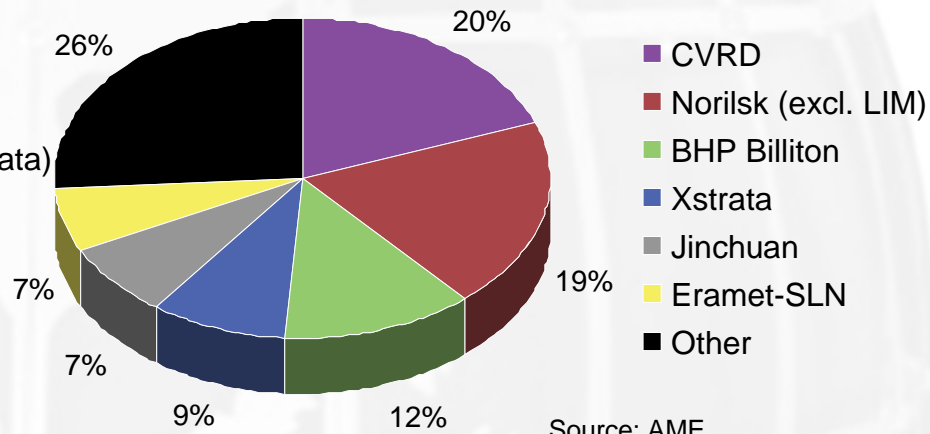


# A consolidating industry

Nickel market share (2003)



Nickel market share (2007)



Source: AME

## Evidence of Nickel industry of consolidation (past 2 years)

Date announced	Acquiror	Target	Home exchange	Target market value (US\$bn)
May-07	Norilsk/Xstrata	LionOre		5.7
Apr-07	Sherritt	Dynatec		1.6
Apr-07	Lundin	Rio Narcea		0.7
Nov-06	Norilsk	OM Group (Nickel Assets)		0.4
Aug-06	CVRD	Inco		18.5
Jul-06	Xstrata	Falconbridge		23.1
Mar-05	Falconbridge	Noranda		7.1
Mar-05	BHP Billiton	WMC Resources		7.6




LionOre's current market value is at an 87%\* premium to the 1 month pre-bid, VWAP market cap of US\$3.0bn

Note: \* as at 6 June 2007  
Source: UBS / Macquarie



# ASX listed nickel peer group

One of the largest reserve/resource inventories at very attractive grades

Company	Equity market value (US\$m)	Reserve grade (%)	Reserves (000 tonnes)	Resources (000 tonnes)	EV/Reserves (US\$/t)	EV/Resources (US\$/t)
 TOLL FREE MINES NL	2,083	5.0	56.4	470.2	32,373	3,885
 INDEPENDENCE GROUP NL	841	4.2	46.8	76.7	15,277	9,322
 WESTERN AREAS NL	<b>839</b>	<b>5.5</b>	<b>66.3</b>	<b>208.6</b>	<b>12,854</b>	<b>4,082</b>
 MINCOR RESOURCES NL	834	2.7	44.7	105.0	16,520	7,033
 SALLY MALAY MINING LIMITED	695	1.6	47.9	160.5	12,942	3,865
 Allegiance Mining	563	0.9	64.0	158.0	8,229	3,333

Source: Equity market values as at 6 June 2007 converted at US\$/A\$ of 0.84. Reserve and resource information from company reports. Multiples calculated using contained nickel only.



## Expected News flow – Sept Q

- **Flying Fox - T1/T2 reserve upgrade**
- **Flying Fox T1 – approaching production**
- **Flying Fox - T4 drilling results**
- **Flying Fox - T6 drilling results**
- **Diggers South - pre feasibility results**
- **Diggers South - test EM anomaly**
- **New Morning/Daybreak – extension**
- **Lynn Lake – sulphide assay results**





## Conclusions

### Who else has :

- these nickel grades →
- long mine life (>10 years)
- outstanding expl. upside
- major cash reserves
- strategic industry position
- dual listing ASX + TSX

6.5% Ni

6.8% Ni

6.2% Ni

6.2% Ni

7.3% Ni

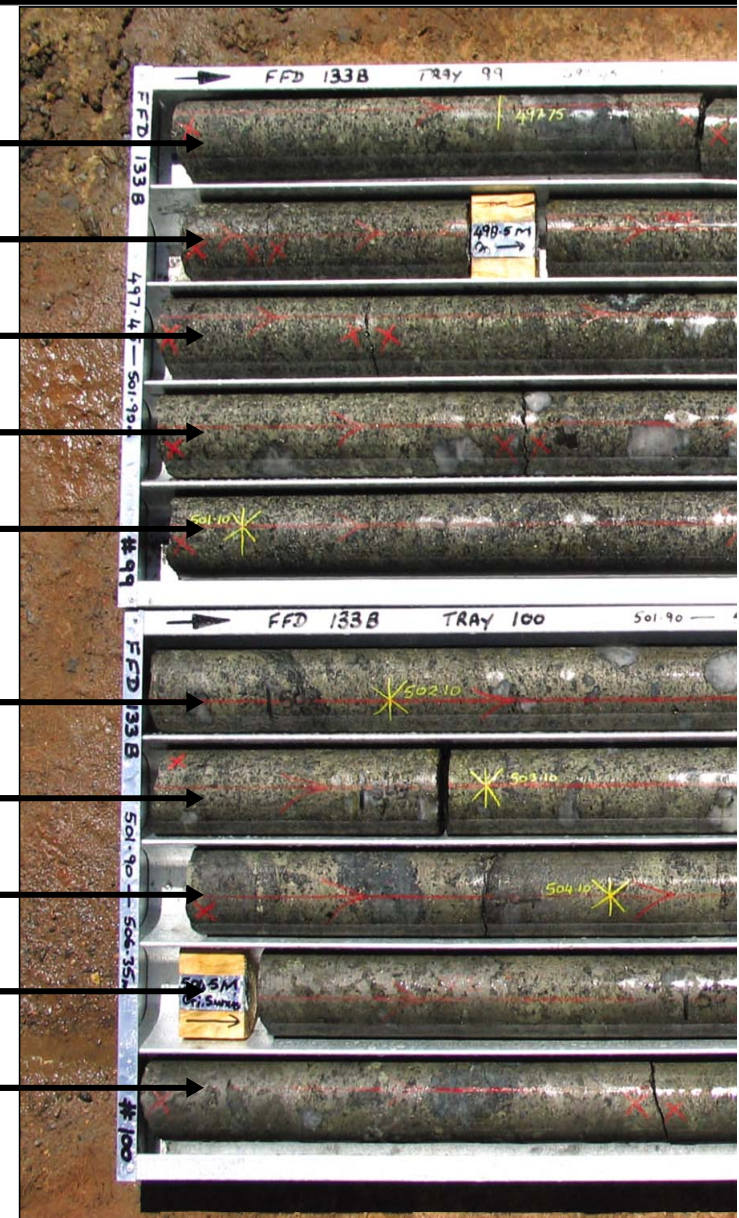
8.2% Ni

7.4% Ni

8.8% Ni

9.2% Ni

7.9% Ni





# Western Areas — Corporate

## Corporate

- ASX & TSX listed: 'WSA'
- **ASX 200 INDEX company**
- Issued capital: **166m shares, 6m options, A\$225M CB**
- Market capital: **A\$830 million @ \$5.00 undiluted**

## Financial

- Cash (30 June): **A\$230M**
- Finance facilities: **A\$92M (drawn to A\$45m)**
- Exploration expenditure: **>A\$2.5m month**

## Board

- Julian Hanna Managing Director and CEO
- David Cooper Chairman
- Terry Streeter Director and major shareholder (20%)
- Craig Oliver Finance Director and Company Secretary
- Robin Dunbar Director, Toronto based



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