



Company	Western Areas Limited
Code	WSA
Meeting	AGM
Date	19 November 2020
Venue	Frasers Function Rm1, Kings Park, West Perth WA. Also online but shareholders could only submit questions. Voting needed to be done by proxy beforehand.
Monitor	Geoff Corrick assisted by Lynda Newland

Number attendees at meeting	35 shareholders plus 12 visitors in the room, 15 web viewers (number of shareholders unknown)
Number of holdings represented by ASA	22
Value of proxies	\$335,175
Number of shares represented by ASA	160,371 (0.06% of total shares, 0.11% of shares voted)
Market capitalisation	\$575m – on day of meeting
Were proxies voted?	Yes, poll on all items
Pre AGM Meeting?	Yes, with Ian Macliver (chairman) and Joe Belladonna (CFO/company secretary) on 27/10/20.

Exciting progress towards Odysseus mine restart

Chair Ian Macliver gave a short address summarising the financial year and acknowledging the workforce for their management of the COVID-19 pandemic. The latter allowed production at Forrestania and development at the Cosmos project to continue without major interruption. The company achieved the best NPAT in seven years and finished the year in a strong cash position with no debt once again. The volatility of the nickel price continues but some upward movement is apparent, attributed to the current demands of stainless steel production and reduced availability of nickel pig iron feedstock in China.

The focus remains on maximising cash flow from the Forrestania operations to help fund the Odysseus mine development at Cosmos. However, guidance for the current year was adjusted down in late October because of the lower grade ores being mined. The company made a strategic 19.9% investment in Panoramic Resources Limited at the end of the financial year and is looking forward to the restart of its Savannah Project. The chair was "incredibly pleased" to have Yasmin

Broughton, a lawyer, joining the board. She will maintain the legal skills of the board following the retirement of Craig Readhead at the end of the meeting.

The chair's address is available as a company announcement.

On the formal business the ASA representative was the only speaker on any of the items. We thanked the chair and company secretary for meeting us, and commended the company for its measures to cope with the pandemic. The Environment, Social and Governance report which gives details on the company's initiatives is available in an announcement (20 October 2020) or through the company website under the esg/corporate governance tab.

On resolution 1, election of Yasmin Broughton, the Chair asked Yasmin to talk about her experience. We supported her nomination given her qualifications, experience and skills. We congratulated the company in raising the female representation on the board above the ASA guideline of 30% and setting an example to many larger companies in the top 200.

We supported both resolutions 2 (re-election of Natalia Streltsova) and 3 (re-election of Tim Netscher) each for the same reasons. We mentioned strong support from the chair at the pre-AGM meeting particularly for their risk management advice and our observation that both had increased their shareholding in the company during the last year, albeit not yet to the level in ASA guidelines.

We did not speak to resolution 4, adoption of the remuneration report, but voted for it in the poll. Most of the remuneration practices are in keeping with ASA's guidelines, such as the proportion of remuneration given as fixed, STI and LTI, although the fixed remuneration is on the high side for companies of this size. LTIs are given as performance rights. Our main objection is the single hurdle for LTI vesting and the period over which performance is measured. LTIs measured early in FY20 did not vest due to not meeting the relative total shareholder return performance hurdle. All were cancelled.

We express our opposition to the LTI plan by voting against it when it comes up for renewal every three years, and every year when approval is sought for grants under the plan to the managing director- resolution 5 this year. In speaking against the resolution again this year we stressed that we think LTIs are a good idea; we just don't like the current plan.

All resolutions were carried on a poll with support from more than 98% of voted shares. The vote against grant of performance rights attracted 1.80% against this year, nearly double the 0.94% against last year!

After closure of the formal meeting, managing director(MD) Dan Lougher gave his customary presentation, with the slides available in an announcement '2020 AGM Presentation' (19/11/20). In past years he has always been upbeat about the prospects for nickel consumption and a rising price. This year there was arguably more excitement about progress in restarting the Odysseus mine. This will be a long-life (10yr plus) low-cost second hub for WSA, becoming the main resource as Forrestania deposits decline. The refurbished head-frame purchased in South Africa was on board a ship expected to dock at Kwinana on the Monday following the meeting. Although not on the critical path the MD was pleased it would shortly be on our shores after some delays because of the pandemic. Meanwhile the footing for the head-frame has been poured, a job taking more than 24 hours of continuous concrete production and pouring. Dewatering of the flooded

workings has finished, now reducing to a maintenance level, allowing work to start on new declines to two ore-bodies and to the new hoisting shaft. Drilling of the pilot hole for this shaft has started. The decline to the Odysseus ore-body will reach it in August 2021 and first ore production is expected late in calendar year 2021 (CY21). First concentrate is expected in late CY22. The concentrator will process 900 000t per annum.

Meanwhile at Forrestania there are plans to use the BioHeap process on 280 000t of scraps left from previous processing that contain about 1.5% nickel.

The sustaining cost for Forrestania is about \$25m a year, whereas for Odysseus it will be about \$8m. This is because of savings on truck numbers: just one truck will be needed to deliver ore to the shaft, and it will probably be an electric truck. Other savings will come on fuel and reduced ventilation load to remove heat and diesel fumes.

Questions followed, two of which came from online participants.

The first question was about the reason for the investment in Panoramic Resources. It is a polymetallic deposit; WSA can help solve some underground technical issues; gives some strategic options; and they paid a good price for the assets at 7c/share.

The CFO answered the second question regarding how Odysseus will be funded by explaining that it would depend on the nickel price. With the right nickel price (which is not far above current price) they would expect to manage with existing cash reserves and continuing cash flow from Forrestania. If working capital is required in two years the first call would be to the banks. Following a number of years without the need for bank debt relationships are being renegotiated. Off-take agreements have yet to be arranged.

There was quite a discussion about the usefulness of London Metal Exchange prices and stock holdings. Problems include hidden stocks (Norilsk was mentioned), and production such as WSA's own which is supplied to off-take agreements not through the LME. The MD takes the LME price as a benchmark and looks at a number of other factors including electric vehicle demand. On the nickel market, particularly electric vehicles, there are three slides at the end of the presentation with lots of interesting observations.

The final question was about the number of competitors in bacterial heap leaching. There has only been one in Australia: Radio Hill, which operated about ten years ago. There is one process being used in Finland which requires fresh water, whereas WSA can use the salty water leaking into the mine. WSA have the rights to their own bacteria.

There has been recent bad publicity for some mining companies about their lack of respect for indigenous heritage. Over refreshments after the meeting, we learnt from the chairman that he has met the traditional owners at Cosmos which we suggest is an important step in maintaining good relationships.