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Company	Western Areas Limited
Code	WSA
Meeting	AGM
Date	21 November 2019
Venue	Fraser's Function Room, Kings Park, West Perth
Monitor	Tony McAuliffe with Geoff Corrick

Number attendees at meeting	100 shareholders and visitors
Number of holdings represented by ASA	25
Value of proxies	$621,037.00
Number of shares represented by ASA	218,675
Market capitalisation	$775m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, Tony met with Chair Ian Macliver and CFO/Company Secretary Joe Belladonna

A brighter future for nickel

After some introductory remarks from the Chair on the company's progress during the year, the meeting soon moved on to the resolutions.

We spoke in favour of Resolution 1, the re-election of the non-executive chairman Ian Macliver, and took the opportunity to point out things that had changed in line with ASA policy during his tenure. These include the change to a poll for deciding resolutions, and the adoption this year of market value as the basis for valuing the issue of performance rights. However the non-executive directors are moving only slowly towards ASA desired shareholding levels. The chair has the largest holding.

Resolution 2 concerned adoption of the remuneration report. The company only uses the measure of Relative Total Shareholder Return in determining vesting of performance rights. We re-iterated our policy that a second measure be included in the determination. Performance rights issued in FY16 were assessed at 30 June 2018 when the company was ranked at the 57th percentile against the peer group. As a result 64% were converted to shares and reported in FY19. Performance rights issued in FY17 passed their assessment date at 30 June 2019. The performance hurdle was not met so next year's report will show none of that issue converting to shares. We supported the resolution

We have changed our position on the performance rights plan since we agree that performance rights are an acceptable way of rewarding long term efforts to grow shareholder value. The plan itself does not layout specific details on the matters that concern shareholders. We voted to approve the plan (Resolution 3) without comment. However, we spoke and voted against the granting of performance rights to the Managing Director (Resolution 4). In applying the plan the Board has discretion on the testing hurdle and the duration of the testing period on the occasion of each grant. There has been no change on these criteria which we have opposed in the past. The Company has however moved to value the rights at market value as noted earlier.

None of the resolutions attracted the concern of many shareholders, with poll results announced the next day showing all resolutions having a For vote of more than 99%.

Following the closure of the formal part of the meeting the Managing Director gave his usual enthusiastic presentation on the progress of the Company. The Mill Recovery Enhancement Project (MREP), which makes use of the Company's BioHeap bacterial leaching technology, has not gone as smoothly as planned. Getting the chemistry of the process just right took longer than expected, but as noted in the Annual Report regular spot sales of a high grade nickel sulphide precipitate were made in FY19 and since year end a 12 month offtake agreement has been established. This is a much higher grade product than that derived from flotation treatment of the mined ore, and does not require a smelter step to extract the nickel, so commands a premium price.

The development of the Cosmos Operation north of Leonora is seen as the future of the company. The first underground pump has been installed to continue dewatering of the Odysseus Mine, and the second-hand head frame and winder are expected to be on site early in the new year. Concentrate production is expected in late CY22. Comments on the presentation slide titled "Why shaft hoisting" (rather than diesel trucks making a 2 hour journey up the decline) pointed out that using trucks would cost $25/tonne, as opposed to the hoist at an expected $6-$7/tonne, quite apart from the savings on extra ventilation to maintain good air quality underground. Inclusion of Odysseus ore reserves has more than doubled the probable nickel reserves of the Company

Off-take contracts for the concentrator product come up for renewal in four months time, and already strong interest is evident. In answer to a later question, the present contracts have a term of 3 years with price adjustments according to the market, with a present maximum of $20,000/tonne and minimum of $10 000/tonne.

On batteries for the electric vehicle market there is a move to batteries with a much higher nickel content. They were made with nickel:manganese:cobalt in the ratio 1:1:1 in early years, changing to 8:2:1 presently, and now 8:1:1 in development. So, nickel is rising from 33% to 80% of the battery contents. This is largely an effort to reduce the cobalt content, currently two and a half times the cost of nickel.

A couple of questions were asked about LME nickel stocks. The relationship between price and stocks no longer holds because a lot of nickel is traded as nickel pig iron, which is not the refined nickel going through the LME. (Author note: WSA concentrate deliveries made through their off-take contracts are outside the LME too).

On the Mt Alexander tenements, the work is being done by joint venture partner St George Mining. WSA has a 25% free carrying interest.

In reply to a question about producing nickel sulphate rather than nickel sulphide from the MREP it was observed that Nickel West are trying to do it but, again, getting the chemistry right to produce a product of a marketable purity is proving difficult. WSA would need to invest about $10m for further enhancement at the back-end of the MREP to do it, the implication being that it is not worthwhile at present, and/or capital is committed elsewhere.