



October 22, 2012

ASX CODE: WSA

Kerrie Papamihail
Australian Securities Exchange
Level 8 Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

Dear Kerrie,

NOTICE OF ANNUAL GENERAL MEETING 2012

In accordance with Listing Rule 3.17, attached is a copy of the Western Areas NL Notice of Annual General Meeting including Explanatory Statement and sample proxy form that will be mailed to shareholders.

Yours Faithfully

A handwritten signature in black ink, appearing to read "Belladonna".

Joseph Belladonna
Chief Financial Officer & Company Secretary



2012 NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Meeting to be held at:

**The Gershwin's Main Room, Hyatt Regency Perth,
99 Adelaide Terrace Perth, Western Australia, 6000
on Friday, 23 November 2012 at 3.00pm (WST)**

The Company is a designated foreign issuer as defined by Canadian National Instrument 71-102 - Continuous Disclosure and Other Exemptions Relating to Foreign Issuers and is subject to Australian law and the regulatory requirements of the Australian Securities and Investment Commission.

Western Areas Annual report is now available at the Company's website www.westernareas.com.au

This Notice of Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF ANNUAL GENERAL MEETING (SETTING OUT THE PROPOSED RESOLUTIONS)	2
EXPLANATORY STATEMENT (EXPLAINING THE PROPOSED RESOLUTIONS)	5
GLOSSARY	13

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (WST) on Friday, 23 November 2012 at:

The Gershwin's Main Room Hyatt Regency Perth
99 Adelaide Terrace
Perth, Western Australia, 6000

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

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

- a) Online : at www.investorvote.com.au
- b) By mail : complete and sign the enclosed Proxy Form and return to;
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001 Australia
- c) By Fax : complete and sign the enclosed Proxy Form and fax to;
Inside Australia 1800 783 447
Outside Australia +61 3 9473 2555
- d) Custodian voting : For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Votes must be received not later than 3.00pm (WST) on Wednesday, 21 November 2012.

Proxy Forms received later than this time will be invalid.

NOTICE OF MEETING

Notice is given that the Annual General Meeting of Western Areas NL (**Company**) will be held at The Gershwin's Main Room, Hyatt Regency Perth, 99 Adelaide Terrace Perth, Western Australia, 6000 on 23 November 2012 commencing at 3.00pm (WST).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement, Annexure and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on 21 November 2012.

Terms and abbreviations used in this Notice of Meeting, Annexure and Explanatory Statement are defined in the Glossary.

AGENDA

1. INTRODUCTORY PRESENTATION

By Daniel Lougher, Managing Director & CEO.

2. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Note: There is no requirement for Shareholders to approve these reports.

3. RESOLUTIONS

ORDINARY BUSINESS

Resolution 1 – Re-election of Director – Mr Julian Hanna

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of clause 17.4 of the Constitution and Listing Rule 14.5 and for all other purposes, Julian Hanna who retires by rotation, and being eligible, seeks re-election is re-elected as a Director of the Company."

Resolution 2 – Re-election of Director – Mr Robin Dunbar

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of clause 17.4 of the Constitution and Listing Rule 14.5 and for all other purposes, Robin Dunbar who retires by rotation, and being eligible, seeks re-election is re-elected as a Director of the Company."

Resolution 3 – Re-election of Director – Mr Richard Yeates

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of clause 17.4 of the Constitution and Listing Rule 14.5 and for all other purposes, Richard Yeates who retires by rotation, and being eligible, seeks re-election is re-elected as a Director of the Company."

Resolution 4 – Adoption of remuneration report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2012."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting exclusions on resolution 4 are set out under the heading "Entitlement to Vote" below.

SPECIAL BUSINESS

Resolution 5 - Issue of Performance Rights to Daniel Lougher

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the allotment and issue of Performance Rights to Mr Daniel Lougher under the terms of the Company's Performance Rights Plan, as detailed in the Explanatory Statement."

Voting exclusions on resolution 5 are set out under the heading "Entitlement to Vote" below.

NOTICE OF MEETING

Resolution 6 - Issue of Performance Rights to David Southam

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the allotment and issue of Performance Rights to Mr David Southam under the terms of the Company's Performance Rights Plan, as detailed in the Explanatory Statement."

Voting exclusions on resolution 6 are set out under the heading "Entitlement to Vote" below.

Resolution 7– Change of company type from No Liability to Limited

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, subject to and conditional on the passing of Resolution 8, for the purposes of 162(1)(a) of the Corporations Act, and for all other purposes (including section 157(2) of the Corporations Act), the Company change its type from a public no liability company to a public company limited by shares with effect from the time when ASIC alters the Company's registration details reflecting the change of company type, at which point the Company's name will change from 'Western Areas NL' to 'Western Areas Limited'."

Resolution 8 – Amendment of the Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, subject to and conditional on the passing of Resolution 7, for the purposes of section 136(2) of the Corporations Act, and for all other purposes, the proposed amendments shown in the document containing those amendments in mark up to the current Constitution a final version of which was tabled at the meeting and initialled and signed by the Chairman for identification, be made to the Constitution by inserting all clauses and words that are underlined and deleting all clauses and words that are struck out or crossed-through in that document, with effect from the time when ASIC alters the Company's registration details reflecting the change of company type pursuant to Resolution 7."

Resolution 9– Proportional Takeover Provisions Renewal

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That the Company renew the proportional takeover provisions contained in Clause 7 of the Constitution for a period of 3 years from the date of this resolution."

ENTITLEMENT TO VOTE

Voting exclusions

Resolution 4 – Adoption of Remuneration Report

Pursuant to the section 250R(4) of the Corporations Act, the Company is required to disregard any votes cast on Resolution 4 (in any capacity) by or on behalf of either:

- a) a member of key management personnel (**KMP**) of the Company, details of whose remuneration are included in the remuneration report; or
 - b) a closely related party of such a member,
- (each a **prohibited person**).

However, the Company will not disregard a vote if:

- a) the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- b) the vote is not cast on behalf of a prohibited person.

If you are KMP or a closely related party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its Directors and certain senior executives.

NOTICE OF MEETING

Resolutions 5 and 6 – Approval of issue of Performance Rights to Messrs Lougher and Southam

The Company will disregard any votes cast on Resolutions 5 and 6 by or on behalf of any Director, on the basis they are eligible to participate in the Western Areas Performance Rights Plan, any of their associates respectively; and as well as any votes cast as a proxy on Resolutions 5 and 6 by a KMP or an KMP's closely related party, unless the vote is cast:

- a) by a person as proxy for a person who is entitled to vote in accordance with a direction on the proxy form; or
- b) by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

A vote must not be cast on Resolutions 5 and 6 by a KMP, or a closely related party of a KMP, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolutions 5 and 6. However, the Company will not disregard any proxy votes cast on that resolution by a KMP if the KMP is the chair of the meeting acting as proxy and their appointment expressly authorised the proxy even though the resolution is connected with the remuneration of the key management personnel for the Company.

4. CORPORATE PRESENTATION

By Daniel Lougher, Managing Director & CEO.

EXPLANATORY STATEMENT

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Statement.

PROXIES

Please note that:

- a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- b) a proxy need not be a member of the Company; and
- c) a member of the Company entitled to cast two or more votes may appoint 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.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

"SNAP SHOT" TIME

The Directors have determined that all Shares of the Company that are quoted on ASX at 5.00pm (WST) on Wednesday, 21 November 2012 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

BY ORDER OF THE BOARD OF DIRECTORS



Joseph Belladonna
Company Secretary
Western Areas NL
22nd October 2012

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held on Friday, 23 November 2012 at 3.00pm (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions.

This Explanatory Statement should be read in conjunction with the Notice of Meeting and Proxy Form. Capitalised terms in this Explanatory Statement are defined in the Glossary.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

There is no requirement for Shareholders to vote on these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to the taking of questions at the meeting, written questions to the Chairman about the management of the Company or to the Company's auditor about:

- the preparation and content of the auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit

may be submitted no later than 5 business days before the meeting date (that is, by 5pm (WST) on Friday, 16 November 2012) to the Company Secretary.

ORDINARY BUSINESS

RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR JULIAN HANNA

Background to resolution

Clause 17.4(a) of the Constitution and Listing Rule 14.4 require that no Director may hold office for longer than 3 years or the third annual general meeting following their election, whichever is longer, without retiring and resubmitting themselves for re-election. As such Mr Hanna retires from office as at this meeting, and being eligible, submits himself for re-election as a Director.

Mr Hanna was the Managing Director & CEO of Western Areas NL until 31 January 2012 at which time he stepped down from the role after 12 years of dedicated service. Mr Hanna is one of the founders of the Company and was instrumental in the early exploration success and project development which has turned Western Areas into one of Australia's largest nickel mining companies. To ensure that Mr Hanna's extensive geological experience and corporate knowledge were not lost to Western Areas, the Board asked Mr Hanna to remain on the Board as a Non-Executive Director.

Further details about Mr Hanna are set out in the Company's Annual Report.

Board recommendation

The Board (other than Mr Hanna because of his interest in this resolution) unanimously recommends that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ROBIN DUNBAR

Background to resolution

Clause 17.4(a) of the Constitution and Listing Rule 14.4 require that no Director may hold office for longer than 3 years or the third annual general meeting following their election, whichever is longer, without retiring and resubmitting themselves for re-election. As such Mr Dunbar retires from office as at this meeting, and being eligible, submits himself for re-election as a Director.

Mr Dunbar has been a member of the Western Areas Board since 2005 and is based in Toronto, Canada. Mr Dunbar is President of TSXV listed Mustang Minerals Corp. a company focused on the exploration and development of base metal and platinum group metals in Manitoba and Ontario in Canada. Mr Dunbar is also a director of Lexam VG Gold Inc. and Aquila Resources Inc. both of which are listed on the TSX. Mr Dunbar has previously held a number of senior positions in both the commercial and corporate banking sectors within Canada.

Board recommendation

The Board (other than Mr Dunbar because of his interest in this resolution) unanimously recommends that Shareholders vote in favour of Resolution 2.

EXPLANATORY STATEMENT

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR RICHARD YEATES

Background to resolution

Mr Yeates has been a member of the Western Areas Board since 2009. Mr Yeates is a Geologist with more than 30 years mining industry experience in various roles. Due to Mr Yeates extensive geological consulting experience he has gained considerable knowledge across a wide range of resource projects both locally and around the world. Mr Yeates is familiar with both the ASX and TSX regulatory environments and has had exposure to international resource funds and financial institutions.

Board recommendation

The Board (other than Mr Yeates because of his interest in this resolution) unanimously recommends that Shareholders vote in favour of Resolution 3.

RESOLUTION 4 – ADOPTION OF REMUNERATION REPORT

Ordinary resolution to approve the remuneration report

Background to resolution

A considerable amount of time has been spent redefining the Company's remuneration framework over the preceding financial years. At the 2011 AGM, a new remuneration framework was presented to shareholders and was overwhelmingly passed by vote and approved for adoption. During FY12, the Company rolled out the new remuneration framework and a summary of the framework is provided below.

Remuneration framework

The new remuneration framework was implemented to align the Company more closely to current market practice, most significantly around long-term incentives (**LTI**). As such, the components of total annual remuneration for senior executives in FY12 included fixed remuneration (comprised of base salary, superannuation and non-monetary benefits), target short-term incentive (STI) and target LTI. The introduction of an annual LTI grant serves to place a larger portion of an executive's remuneration at-risk and to focus the executives on long-term Shareholder value generation.

Fixed remuneration

Despite the Company being Australia's second largest nickel sulphide company (the first being BHP Billiton) with extensive operations in the Forrestania region including mining, processing, marketing and export of nickel concentrates, FY12 fixed remuneration levels of senior executives remained relatively conservative when compared to market peers.

Short-term incentive

Although the Company maintained strong operational performance during FY12, less than half of the senior executives received 100% of their target STI, reflecting the challenging nature of the Key Performance Indicators (**KPIs**) that were set. The KPIs that were triggered related primarily to performance measures linked to physical operational activities and the achievement of a set level of performance above that budgeted for the period.

The maximum value of STI awards for senior executives range from 45% to 60% of their base salary, depending on the nature of their role.

The remuneration report for FY12 includes considerable detail on the KPIs that were used to assess performance.

Long-term incentive

The new Performance Rights Plan (**PRP**) that was overwhelmingly approved by Shareholders at the 2011 AGM was rolled out during FY12. The intention of the new LTI scheme is for Executives to receive a grant of Performance Rights each year, ensuring that LTI forms a key component of Executives' Total Annual Remuneration and replacing the previous share option plan that was operated on an ad-hoc basis.

For FY12 grants:

- The LTI dollar value that Executives will be entitled to receive is set at a fixed percentage of their base salary, ranging from 50% to 100% of base salary, depending on the Executive's position within the Company.
- The Performance Rights will vest subject to a relative Total Shareholder Return (**TSR**) hurdle, with the Company's TSR performance being assessed against a customised peer group of companies of a similar nature. Note that no Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSRs for the peer group companies, is at or above the 50th percentile.
- As prior to the FY12 no LTI awards had been made to Executives for a number of years, and with significant shareholder value being realised in this time, the grants made during FY12 (vesting in tranches) formed part of a transition towards a structure that in the future would be solely focused on long term sustainable shareholder value generation. It is anticipated that over time, grants will vest over a minimum 3 year period to align with common market practice. Details of these transitional awards are outlined in the FY12 remuneration report.

EXPLANATORY STATEMENT

Company Performance

Year Ended 30 June	2012	2011	2010	2009	2008
Net Profit / (Loss) after Tax	40,181	134,973	14,212	(35,172)	(54,907)
EPS	22.4	75.1	8.0	(20.9)	(31.7)
Dividends	0.11	0.25	0.06	-	-
Market capitalisation	730M	1,060M	679M	1,054M	1,727M
Closing share price	4.06	5.90	3.78	5.90	10.30
TSR – 1 year (Ranking)	80 th	67 th	2 nd	75 th	83 rd
TSR – 3 year rolling (Ranking)	39 th	41 st	57 th	80 th	83 rd

Executive service agreements

All senior executives are employed under executive service agreements that align with current market expectations and in accordance with current laws. The service agreements include notice periods ranging from 6 months up to the standard maximum of 12 months. There were no material changes to the agreements during the financial year.

Non-binding resolution

Shareholder approval is being sought to adopt the remuneration report under section 250R(2) of the Corporations Act. Shareholders are advised that pursuant to section 250R(3) of the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be given to Shareholders at the meeting to ask questions about, or make comments on, the remuneration report.

Board recommendation

The non-executive Directors recommend that Shareholders vote in favour of the resolution to approve the remuneration report. The executive Directors whose remuneration has been disclosed in the remuneration report are interested in the outcome of this resolution and therefore do not consider it appropriate to make a recommendation to Shareholders.

The Chairman of the Meeting intends to vote all available proxies to the extent expressly authorised in favour of this Resolution.

SPECIAL BUSINESS

RESOLUTION 5 & 6 – ISSUE OF PERFORMANCE RIGHTS TO MR DANIEL LOUGHER AND MR DAVID SOUTHAM

Background to resolutions

At the 2011 AGM, Shareholders of the Company overwhelmingly approved the introduction of a Performance Rights Plan for the senior executives of the Company. For the purposes of making FY13 grants, resolutions 5 and 6 seek Shareholder approval for the issue of 294,800 Performance Rights to Mr Lougher and 165,900 Performance Rights to Mr Southam in accordance with the approved plan.

Mr Daniel Lougher is the Managing Director and Chief Executive Officer of the Company and Mr David Southam is an Executive Director of the Company.

Vehicle

Performance Rights are one of the most prevalent equity instruments used by companies in the market. Performance Rights are also simple in nature and are easily understood by employees as well as by Shareholders. By issuing Performance Rights, Messrs Lougher and Southam's interests are better aligned with those of Shareholders.

Quantum

The quantum to be issued for the FY13 LTI grants has been determined with reference to the approved LTI scheme. For FY13, the dollar value of the LTI grants will be as follows:

- Mr Lougher: equivalent to 100% of fixed remuneration which equals \$680,000; and
- Mr Southam: equivalent to 75% of fixed remuneration which equals \$382,500.

Allocation methodology

In determining the number of Performance Rights to be granted, the LTI quantum is divided by the fair value (FV) of one Performance Right (as determined by an independent valuer) as follows:

$$\frac{\text{LTI quantum (\$)}}{\text{FV of one Performance Right}} = \text{Number of Performance Rights to be granted}$$

EXPLANATORY STATEMENT

Performance period

The number of Performance Rights granted for FY13 will be split into two tranches, with each tranche being performance tested as follows:

- tranche 1 of the Performance Rights, equal to two-thirds of the total LTI grant, will be performance tested against the relative TSR hurdle for the period 1 July 2012 to 30 June 2014; and
- tranche 2 of the Performance Rights, equal to one-third of the total LTI grant, will be performance tested against the relative TSR hurdle for the period 1 July 2012 to 30 June 2015;

Notwithstanding that a particular tranche may have passed the relative TSR hurdle, no Performance Rights will vest unless the relevant senior executive remains employed with the Company for the full three year period. It is only if the relative TSR hurdle is passed and the three year service condition is met that the Performance Rights can be exercised and Shares issued. If a senior executive ceases employment before the three year service condition is passed then they will forfeit their Performance Rights, unless otherwise determined by the Board.

The Company notes that this grant forms Phase 2 of the Company's transitional plan and it is expected that for FY14 grants onwards, performance will be structured so that all Performance Rights will vest subject to the meeting of the service and performance conditions over a three year performance period, thus ensuring the creation of long-term sustainable Shareholder growth.

Vesting conditions and performance hurdles

For the FY13 LTI grant, relative TSR performance will be assessed against the performance of a custom peer group of companies as follows:

Aditya Birla Minerals Ltd	Gindalbie Metals Ltd	PanAust Ltd
Alumina Ltd	Independence Group NL	Paladin Energy Ltd
Acquarius Platinum Ltd	Medusa Mining Ltd	Panoramic Resources Ltd
Atlas Iron Ltd	Mincor Resources NL	Perilya Ltd
Beadell Resources Ltd	Mirabela Nickel Ltd	Rex Minerals Ltd
Bouganville Copper Ltd	Mt Gibson Iron Ltd	Sandfire Resources Ltd
Cudoco Ltd	OM Holdings Ltd	Zimplats Holdings Ltd
Discovery Metals Ltd	Oz Minerals Ltd	

Each tranche of the FY13 LTI grant will become performance-qualified as follows:

Relative TSR performance	Outcome
Less than 50 th percentile	Nil
At the 50 th percentile	50% of the relevant tranches grant will become performance-qualified
Between the 50 th and 75 th percentile	For each percentile over the 50 th , an additional 2% of the relevant tranches grant will become performance-qualified
At or above the 75 th percentile	100% vesting of the relevant tranche

Shareholders should note that Performance Rights that satisfy the relative TSR performance hurdle will be performance-qualified only and will not vest and become exercisable until the third anniversary of the grant date. As such, Messrs Lougher and Southam will not receive any value from the FY13 LTI grant for any performance-qualified Performance Rights until the conclusion of the three-year vesting period (i.e. at the end of FY15).

Additionally, the Company's baseline TSR has been set at a high benchmark due to the current successful production and profitability efforts at the Company's Forrestania nickel operations. Subsequent outperformance of the Company's already high achievements will prove to be challenging in FY13 and beyond.

There will be no retesting of performance. Any Performance Rights that fail to become exercisable due to a failure to satisfy the vesting conditions and performance hurdles will lapse and be forfeited.

Listing Rule issues

For the purposes of the approval sought under ASX Listing Rule 10.14 and for all other purposes, the following information is provided to Shareholders in respect of the Performance Rights:

- (a) The Performance Rights will be granted to Messrs Daniel Lougher (the Managing Director and Chief Executive Officer of the Company) and David Southam (Executive Director).
- (b) Subject to Shareholder approval being obtained, the number of Performance Rights granted to Messrs Lougher and Southam will be determined by the allocation methodology formula as outlined above, with a maximum of 294,800 and 165,900 Performance Rights being available for grant to Messrs Lougher and Southam, respectively.

EXPLANATORY STATEMENT

- (c) No consideration is payable by Messrs Lougher and Southam at the time of grant of the Performance Rights or upon the allocation of Shares to which each may become entitled to on the vesting of some or all of the Performance Rights. The initial grant of Performance Rights will have a performance hurdle attached to it: the Performance Rights will be split into two tranches with performance tested annually over a three-year period against a relative TSR measure (the details of which are set out above).
- (d) None of the proposed FY2013 grants have been made under the Performance Rights Plan as at the date of this Explanatory Statement, and it is expected that none will be made until after the date of the 2012 Annual General Meeting.
- (e) Executive Directors are entitled to participate in the Performance Rights Plan. Those persons who are presently entitled to participate in the Performance Rights Plan, and whose grant of Performance Rights are subject to Shareholder approval under Resolutions 5 and 6, are Messrs Lougher and Southam.
- (f) Full details of Messrs Lougher and Southam's holdings of Shares and options are set out in the Annual Report.
- (g) No loans will be made by the Company in connection with the acquisition of the Performance Rights.
- (h) It is expected that the Performance Rights will be granted to Messrs Lougher and Southam as soon as practicable after Shareholder approval is received and in any event no later than 12 months from the date of the Annual General Meeting without obtaining further Shareholder approval.

A voting exclusion statement for resolutions 5 and 6 is included in the Notice of Meeting.

Board recommendation

The Board (other than Mr Lougher because of his interest in Resolution 5) unanimously recommends that Shareholders vote in favour of Resolution 5 to approve the grant of Performance Rights under the Performance Rights Plan to Mr Lougher. The Board (other than Mr Southam because of his interest in Resolution 6) unanimously recommends that Shareholders vote in favour of Resolution 6 to approve the grant of Performance Rights under the Performance Rights Plan to Mr Southam.

RESOLUTION 7 – CHANGE OF COMPANY TYPE FROM NO LIABILITY TO LIMITED

Background to resolution

Resolution 7 seeks Shareholder approval for the Company to change its company type from a public no liability company to a public company limited by shares.

Pursuant to section 162(1) of the Corporations Act, a public no liability company may change its company type to a public company limited by shares in circumstances where all of the issued shares of the company are fully paid up, by passing a special resolution resolving to change its company type and specifying the new company name. There are no partly paid shares currently on issue in the Company.

If Resolution 7 is passed, the name of the Company will be changed from "Western Areas NL" to "Western Areas Limited" to reflect the change of company type from a public no liability company to a public company limited by shares.

The change of company type and company name will take effect from the time ASIC alters the Company's registration details in accordance with section 164 of the Corporations Act. This is anticipated to occur approximately one month after the date of the meeting of shareholders to approve the change of company type. Resolution 7 is subject to and conditional upon the passing of Resolution 8 which amends the Constitution. This means that Resolution 7 will not be approved unless Shareholders also approve Resolution 8.

Purpose of proposed resolution

The Company is currently a public no liability company. Now that the Company has transitioned from a junior explorer to a significant nickel producer with an internationally diverse shareholder base, the Company wishes to align its company type with that of the majority of its peers on the S&P/ASX 200. This will also remove any confusion that some investors have as to the Company's "no liability" status. Accordingly, the purpose of Resolution 7 is to change the status of the Company to a public company limited by shares. The change in company type will not create a new legal entity.

The principal differences between a public no liability company and a public company limited by shares may be broadly summarised as follows:

- dividends are payable in a public no liability company to shareholders in proportion to the shares held by them, regardless of the amounts paid upon those shares. In a public company limited by shares, dividends are generally payable in proportion to the amounts paid up on shares;
- holders of partly paid shares in a public no liability company have no contractual liability to pay up the unpaid portion of the issue price of those shares, although the shares will generally be forfeited if a call on the shares is not paid. In a public company limited by shares, a holder of partly paid shares has a contractual liability to pay the amounts unpaid on their shares, as and when those amounts are called up, and any balance owing after the shares have been forfeited and disposed of for non-payment of a call remains a debt due and payable to the company; and
- surplus assets in a public no liability company available for distribution to shareholders on a winding up of the Company are distributed to shareholders in proportion to the shares held by them, regardless of the amounts paid up on those shares. In a public company limited by shares, any surplus available for distribution in a winding up is generally distributed to shareholders in proportion to the amount paid up on their shares.

EXPLANATORY STATEMENT

Please note that the voting rights of Shareholders will not change upon a change of status of the Company to a public company limited by shares. Each Shareholder will remain entitled to one vote where resolutions are to be decided on a show of hands and a fractional vote (to the extent that Shareholder's Shares are paid up) where resolutions are to be decided on a poll.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. As the Company moves forward, the Directors are of the view that the concept of a limited liability company (as opposed to a no liability company) is better understood by the investment community, both in Australia and overseas, and by parties who are dealing with the Company.

RESOLUTION 8 – AMENDMENT OF CONSTITUTION

Background to resolution

The Company's current Constitution was adopted on 6 November 2009 and is appropriate for a public no liability company. The current Constitution will require certain amendments to be made to it if the Company is to change to a public company limited by shares pursuant to Resolution 7. Additionally, since the time that the current Constitution was adopted there have been amendments made to the Corporations Act. Resolution 8 seeks Shareholder approval for the Company to amend its Constitution so that it is appropriate for a public company limited by shares and to bring it into line with current law and best market practice.

The amendments to the Constitution are in the form to be tabled by the Chairman at the meeting. A copy of the current Constitution and a document with the proposed amendments marked up against the current Constitution are each available for inspection at the Company's registered office and on the Company's website at www.westernareas.com.au. A complete copy will be sent by mail or email to any Shareholder who requests it. Requests for inspection or a copy of the current Constitution or the document with the proposed amendments marked up against the current Constitution should be directed to the Company Secretary, Mr Joseph Belladonna on (+61 8) 9334 7777.

A summary of the substantial proposed amendments to the current Constitution pursuant to Resolution 8 are as follows:

- **Amendments to Clause 5 (Calls on Securities):** The proposed amendments to Clause 5 of the Constitution set out a revised procedure under which the Company can make calls on (partly paid) shares. These reflect that the procedure for calls is different for holders of shares in a public company limited by shares to that of a public no liability company. The main differences in procedure set out in the amendments are that Shareholders will be liable to pay a call made on partly paid shares upon receiving not less than 30 business days' notice before the call is due for payment.
- **Amendments to Clause 4 (Lien on Shares):** Due to the revised procedure for making calls on (partly paid) Shares under the amendments to clause 5 of the Constitution, consequential amendments to when a lien on Shares arises are required. Accordingly, the proposed amendments to clause 4 of the Constitution extend the lien that the Company has over each Share for amounts owing to the Company by a Shareholder to include:
 - (a) all due and unpaid calls and instalments of a Shareholder in respect of that Share;
 - (b) all money which the Company is required by law to pay, and has paid, in respect of that Share;
 - (c) reasonable interest on the amount due from the Shareholder in respect of that Share from the date it becomes due until payment;
 - (d) reasonable expenses of the Company in respect of the default on payment by the Shareholder in respect of that Share.
- **Amendments to Clause 13 (Forfeiture and Surrender of Shares):** Clause 13 of the Constitution sets out a revised procedure under which the Company can forfeit shares to reflect that the Company will have a revised procedure for making calls on (partly paid) shares upon changing to a public company limited by shares. Accordingly, the amended clause 13 provides:
 - (a) where a Shareholder fails to pay a call or instalment of a call, the Directors may give a forfeiture notice to that Shareholder requiring payment of so much of the call or instalment as is unpaid (along with interest accrued and expenses that may have been incurred by the Company by reason of that non-payment). That forfeiture notice must specify a date for payment at least 14 days from the date of the notice. In the event of non-payment, the Shares may be forfeited. By contrast, currently, as the Company is a public no liability company, forfeiture occurs automatically where a call is made and is unpaid at the end of 14 days from when it became payable;
 - (b) for disposal of the forfeited Shares to such person and on such terms as the Directors think fit. By contrast, currently, as the Company is a public no liability company, the Company must dispose of any forfeited Shares by public auction and apply the proceeds as prescribed under the Corporations Act;

EXPLANATORY STATEMENT

- (c) for a Shareholder whose shares have been forfeited to cease being a Shareholder and cease to have any entitlement to the Shares forfeited including payment of any dividends or other distributions on those Shares. In a public limited liability company, that former Shareholder will also remain liable to pay the Company all money that, at the date of forfeiture, was payable plus interest from the date of forfeiture and the expenses paid or payable in connection with the sale of the Shares, until such time as the Company receives payment in full of all money (including interest and expenses).
- **Amendments to Clause 24 (Declaration of Dividends):** Since adoption of the current Constitution, the Corporations Act has been amended to allow for the payment of dividends other than from profits. Accordingly, the proposed amendments to Clause 24 of the Constitution remove the need for dividends to be paid from profits and provide for payment of dividends to be generally subject to the Corporations Act. Section 254T of the Corporations Act sets out the current circumstances in which a dividend can be paid and to which the Company's payment of dividends is subject.
 - **Amendments to Clause 30 (Winding Up):** The procedure for winding up a public no liability company is prescribed under section 254B of the Corporations Act. That section provides that surplus assets be available for distribution to shareholders in proportion to the shares held by them, regardless of the amounts paid up on those shares, and prohibits participation by a shareholder who is in arrears in payment of a call until the amount owing is fully paid. As the Company is changing to a public Limited Liability company, the proposed amendments to Clause 30 of the Constitution remove this mandated procedure which is specific to a public no liability company. Accordingly, for a public limited liability company any surplus available for distribution in a winding up will generally be distributed to shareholders in proportion to the amount paid up on their shares, in accordance with the Corporations Act.

The ASX has been provided with the proposed amendments to the Constitution and has confirmed that it has no objection to the form of the proposed amended Constitution to be adopted if Resolution 8 is approved.

Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8 in order to make it appropriate for a public company limited by shares and to bring it into line with current law and best market practice.

RESOLUTION 9 – PROPORTIONAL TAKEOVER PROVISIONS RENEWAL

Background to resolution

This resolution proposes to renew the existing provisions at Clause 7 of the Constitution which have the effect that transfers of shares acquired under a proportional takeover bid will not be registered unless a resolution approving the bid is passed by holders of bid class securities.

These provisions only apply to proportional offers, that is, to takeover offers for less than 100% of each Shareholder's holding and have no application to those takeover bids under which an offer is made for all of the securities in a class of securities.

If Resolution 9 is approved and a proportional takeover bid is made for securities of the Company, the Directors will call a meeting of holders of bid class securities to vote on a resolution to approve that bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast. This meeting must be held at least 14 days before the day that offers close under the bid, so that holders should know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

The provisions at Clause 7 of the Constitution contain a "sunset clause" and cease to have effect on the third anniversary of their adoption, being 6 November 2012, unless members resolve by special resolution to further renew them in accordance with the statutory procedure.

Accordingly, if Resolution 9 is approved, the provisions will be renewed for a period of three years from the date of renewal.

Current acquisition proposals

As at the day on which this statement is prepared, none of the Directors of the Company is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the company.

EXPLANATORY STATEMENT

Advantages of the proposal to shareholders

- (a) The proposal would enable shareholders to act in a cohesive manner and thereby avoid the coercion of shareholders that arises where they believe the offer to be inadequate, but nevertheless accept through fear that other shareholders will accept.
- (b) The proposal would enable shareholders, by combining together, to veto a change of control that would lock them into a minority position.
- (c) The existence of the approval machinery in the Constitution would make it more probable that any takeover bid will be a full bid for the whole shareholding of each member, so that shareholders may have the opportunity of disposing of all their shares rather than of a proportion only.
- (d) If a proportional takeover bid should be made, the existence of the approval machinery will make it more probable that a bidder will set its offer price at a level that will be attractive to the shareholders who vote.

Disadvantage of the proposal to shareholders

- (a) By placing obstacles in the way of proportional takeover bids, the proposal may tend to discourage proportional takeover bids, thus reducing the opportunity for shareholders to sell a portion of their holding.
- (b) It is possible (though, in the opinion of the Board, unlikely) that the existence of the provisions might have an adverse effect on the market value of the Company's shares by making a proportional takeover bid less likely and thereby reducing any takeover speculation element in the share price.
- (c) An individual shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of shareholders favour the proportional takeover bid.

Advantages and disadvantages of the proposal for the directors

If the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent shareholders before it can succeed.

On the other hand, under the proposal, if a proportional takeover bid is commenced, the Directors must call a meeting to seek the shareholders' views. They must do so even though the Directors believe that the bid should be accepted.

At present it is only the Directors who express on behalf of the company any formal view on the adequacy or otherwise of a takeover bid. Under the approval machinery the most effective view on a proportional takeover bid will become the view expressed by the vote of the shareholders themselves at the meeting.

Board Recommendation

The reasons why the Board has proposed that the Constitution should continue to provide for a shareholder approval on proportional takeover bids are set out above as the advantages of the proposal. The Directors consider that the advantages associated with the proportional takeover provisions outweigh the disadvantages. The Directors consider that Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the bid class shares.

Furthermore, the Directors believe that the approval procedure set out in clause 7 of the Constitution is the best procedure available to shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

The Board therefore considers the resolution renewing the provisions of clause 7 of the Constitution to be in the interests of Shareholders, and unanimously recommends that shareholders adopt it by voting in favour of this Resolution.

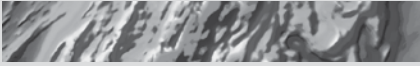
ENQUIRIES

Shareholders should contact the Company Secretary, Mr Joseph Belladonna on (+61 8) 9334 7777 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

A\$ or \$	Australian dollars.
Annexure	an annexure to this Notice of Meeting and Explanatory Statement.
ASX	ASX Limited.
Board	board of Directors.
Company	Western Areas NL ABN 68 091 049 357.
Constitution	the constitution of the Company, as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Director	director of the Company.
Explanatory Statement	the explanatory statement that accompanies the Notice.
Listing Rules	the Listing Rules of the ASX.
Meeting or General Meeting or Annual General Meeting	the meeting convened by the Notice of Meeting.
Notice or Notice of Meeting	this Notice of Annual General Meeting.
Performance Right	means an entitlement granted to a participant in the Performance Rights Plan to receive one Share subject to the satisfaction of applicable vesting conditions and/or performance hurdles.
Performance Rights Plan	means the Company's Performance Rights Plan as amended from time to time.
Resolutions	the resolutions set out in the Notice of Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
WST	Australian Western Standard Time.

WESTERN AREAS NL



ABN 68 091 049 357

T +61 8 9334 7777
F +61 8 9486 7866
E info@westernareas.com.au

Registered Office
Level 2, 2 Kings Park Road, West Perth WA 6005
PO BOX 1891 West Perth 6872



000001 000 WSA
 MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
 www.investorvote.com.au

By Mail:
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 727 692
 (outside Australia) +61 3 9946 4448

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your proxy vote**
- Access the annual report**
- Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 3:00pm (WST) Wednesday, 21 November 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the 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, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
 or turn over to complete the form** ➔

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Western Areas NL hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Western Areas NL to be held at The Gershwin's Main Room, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia on Friday, 23 November 2012 at 3.00pm (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4, 5 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Re-election of Director – Mr Julian Hanna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Mr Robin Dunbar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Mr Richard Yeates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Performance Rights to Daniel Lougher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Performance Rights to David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Change of company type from No Liability to Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Amendment of the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Proportional Takeover Provisions Renewal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /