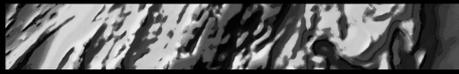


## WESTERN AREAS LTD



Level 2, 2 Kings Park Road / PO BOX 1891 West Perth WA 6872

West Perth, WESTERN AUSTRALIA, 6005

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Website: [www.westernareas.com.au](http://www.westernareas.com.au)

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### NOT FOR RELEASE IN THE UNITED STATES

25 February 2014

Dear Shareholder

#### Western Areas Limited - Share Purchase Plan

On behalf of the directors of Western Areas Limited (**Western Areas**), I am pleased to offer eligible shareholders the opportunity to participate in the Western Areas Share Purchase Plan (**SPP**). The SPP allows eligible shareholders to purchase up to A\$15,000 worth of new fully paid ordinary shares in Western Areas (**New Shares**) (subject to discretionary scale back) without brokerage or transaction costs. The SPP proceeds will be capped at A\$15 million (**the Cap**) and Western Areas reserves the right to scale back applications.

Participation in the SPP is optional and is open to Eligible Shareholders (as defined in the enclosed Terms and Conditions of the SPP) who, at 7.00pm (Sydney time) on Monday, 17 February 2014, were holders of fully paid ordinary shares in Western Areas and whose registered address is in Australia or New Zealand.

On 18 February 2014, Western Areas announced an underwritten placement to institutional, professional and sophisticated investors to raise approximately A\$88.5 million (**Placement**) and the SPP. Western Areas is undertaking the Placement and SPP to reduce debt and to provide greater balance sheet flexibility as it approaches the maturity of the following two convertible bonds totalling A\$235 million:

- A\$110m due on 2 July 2014 which attracts a 6.4% coupon; and
- A\$125m due on 2 July 2015 which attracts a 6.4% coupon.

Assuming the full amount of A\$15 million is raised from the SPP, the combined amount of approximately \$104 million will be raised in total, with the funds raised being set aside for the July 2014 convertible bond maturity. The retirement of the July 2014 convertible bonds will be materially earnings accretive for Western Areas shareholders. Interest and bond accretion costs will reduce by A\$11.7 million per annum as the repayment is facilitated by cash and not debt. It is the intention of the Board in the coming years to potentially convert the cash portion of these interest savings into a sustainable dividend stream.

Following the raisings, and based on the 31 December 2013 disclosed consolidated cash balance, Western Areas will have approximately A\$204 million of cash at bank (prior to raising expenses). Combined with a fully undrawn debt facility with ANZ Bank of A\$125 million, this equates to over A\$300 million in available facilities and cash.

Western Areas is now inviting Eligible Shareholders to participate in the SPP by subscribing for New Shares at a price of A\$3.00 which is the same price at which institutional investors took up new shares under the Placement and represents a discount of approximately 3.3% to the five day volume weighted average price of Western Areas shares up to and including Monday, 17 February 2014.

If you are an Eligible Shareholder, you may apply to purchase a parcel of New Shares in A\$2,500 increments from a minimum of A\$2,500 up to a maximum of A\$15,000 without incurring brokerage.

You may only apply for a maximum amount of A\$15,000 worth of New Shares. If you make applications for each of your registered holdings of Western Areas shares, the total of all the applications must not exceed A\$15,000. Western Areas reserves the right to decline applications from multiple registered holdings if the total exceeds A\$15,000, including where those registered holdings are in similar but not identical names, are directly or indirectly or are held alone or with others.

Western Areas intends to raise up to a maximum of A\$15 million under the SPP. Western Areas intends to scale back applications should total demand exceed A\$15 million in its absolute and sole discretion. Western Areas may take into account, among other factors, the size of an applicant's shareholding in determining the amount (if any) by which to scale back that applicant's application. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied and the difference will be refunded to you without interest.

Full details of the SPP are set out in the enclosed Terms and Conditions and Application Form.

The SPP opens on Tuesday, 25 February 2014. To apply for New Shares under the SPP, Eligible Shareholders may either:

- complete and return their enclosed Application Form in accordance with the details on the form, together with a cheque, bank draft or money order drawn on an Australian bank in Australian dollars; or
- pay directly via BPAY<sup>1</sup> on the internet or by telephone (for shareholders with an eligible Australian bank account only).

Application Forms must be received by Western Areas' share registry, or a BPAY payment must be received, by no later than 5.00pm (Sydney time) on Thursday, 20 March 2014.

The SPP does not take into account your individual investment objectives, financial situation, tax position or particular needs. You should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept the offer.

I encourage you to read and consider carefully the enclosed Terms and Conditions.

If you have any questions, please contact Western Areas share registry, Computershare Investor Services Pty Limited by email, [webqueries@computershare.com.au](mailto:webqueries@computershare.com.au), or the Western Areas Company Secretary on +61 8 9334 7777.

Yours sincerely



**Ian Macliver**  
Non Executive Chairman

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<sup>1</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518.

# WESTERN AREAS LIMITED

## SHARE PURCHASE PLAN TERMS AND CONDITIONS

Eligible Shareholders have the opportunity to participate in the Western Areas Share Purchase Plan offer (**SPP**) by subscribing for up to A\$15,000 of new fully paid ordinary shares in Western Areas (**New Shares**) without incurring brokerage or transaction costs. Details of this offer and how to participate are set out below.

### 1. SPP KEY DATES\*

EVENT	DATE
Record Date	Monday, 17 February 2014
SPP opens	Tuesday, 25 February 2014
SPP closes	Thursday, 20 March 2014
Allotment of New Shares	Friday, 28 March 2014
New Shares issued under the SPP expected to commence trading	Monday, 31 March 2014
Dispatch of holding statements / refund advice (if applicable)	Tuesday, 1 April 2014

\* Western Areas reserves its right to vary the dates (even if the offer has been opened or BPAY payments or Application Forms have been received) without prior notice by making an announcement to the ASX, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth), including extending the closing date or accepting late applications, either generally or in particular cases, or to withdraw the SPP without prior notice. No cooling off rights apply to applications submitted under the SPP. The commencement of quotation of the New Shares issued under the SPP is subject to confirmation from ASX.

### 2. ARE YOU AN ELIGIBLE SHAREHOLDER?

- (a) If you were registered as a holder of Western Areas ordinary shares at 7.00pm (Sydney time) on Monday, 17 February 2014 (**Record Date**) and your registered address is in Australia or New Zealand, you will be eligible to participate in the SPP and are an **Eligible Shareholder** unless you are acting for the account or benefit of a person in the United States.
- (b) Western Areas has determined that it is not reasonably practical for holders of Western Areas shares with registered addresses in jurisdictions outside Australia or New Zealand to participate in the SPP having regard to the number of such holders and the costs of complying with regulatory requirements in other countries. To the extent that you hold shares on behalf of another person resident outside Australia and New Zealand, it is your responsibility to ensure that any acceptance complies with all applicable foreign laws.

**This is not an offer outside Australia or New Zealand**

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any country other than Australia and New Zealand. In particular, the shares to be issued under the SPP have not been and will not be registered under the US Securities Act of 1933, as amended (**Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Neither this document nor the application form may be distributed to persons in the United States. These materials do not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States. The shares to be offered and sold in the SPP have not been, and will not be, registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may be offered and sold solely to persons who are outside the United States and are not acting for the account or benefit of any person in the United States, in "offshore transactions" (as defined in Regulation S under the Securities Act) in compliance with Regulation S under the Securities Act.

Consistent with the representations contained in these Terms and Conditions and the Application Form (the **Application Form**) included with these Terms and Conditions, you may not submit any completed Application Forms for any person in the United States or who is, or is acting for the account or benefit of, a person in the United States. Failure to comply with these restrictions may result in violations of applicable securities laws.

The Directors who are Eligible Shareholders may participate in the SPP.

**3. PARTICIPATION BY ELIGIBLE SHAREHOLDERS**

<b>Single Holders</b>	If you are the only registered holder of a holding of Western Areas shares, but you receive more than one offer under the SPP (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares with an aggregate value of no more than A\$15,000.
<b>Joint Holders</b>	If you are recorded with one or more other persons as the joint holder of a holding of Western Areas shares, that joint holding is considered to be a single registered holding for the purpose of the SPP, and the joint holders are entitled to participate in the SPP in respect of that single holding only. If the same joint holders receive more than one offer under the SPP due to multiple registered holdings, the joint holders may only apply for one maximum parcel of New Shares.
<b>Custodians and Downstream Custodians</b>	<p>If you are a custodian within the definition of "custodian" in ASIC Class Order [CO 09/425] (<b>Custodian</b>) and hold Western Areas shares on behalf of one or more persons (each a <b>Participating Beneficiary</b>), or on behalf of a "downstream custodian" within the definition of ASIC Class Order [CO 09/425] who holds the beneficial interest in Western Areas shares on behalf of a Participating Beneficiary, you may apply for up to a maximum of A\$15,000 worth of New Shares for each Participating Beneficiary, subject to providing a notice in writing to Western Areas certifying the matters set out in paragraph 9 of ASIC Class Order [CO 09/425] (the <b>Custodian Certificate</b>).</p> <p>If a Custodian applies for New Shares on behalf of a Participating Beneficiary, Western Areas will not issue New Shares unless the Custodian Certificate is received before the Allotment Date.</p> <p>Custodians should request a pro forma Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate, and if you would like further information on how to apply, please contact Western Areas share registry, Computershare Investor Services Pty Limited, by emailing <a href="mailto:custodians@computershare.com.au">custodians@computershare.com.au</a>.</p>

#### **4. PARTICIPATION IS OPTIONAL**

Participation in the SPP is entirely optional (subject to the eligibility criteria set out in section 2 above). The offer to acquire New Shares is not a recommendation. If you are in any doubt about the SPP, or as to whether you should participate in the SPP or how participation will affect you, Western Areas encourages you to seek independent financial and taxation advice before making a decision as to whether or not to accept this offer and how much to invest.

#### **5. RISKS ASSOCIATED WITH PARTICIPATING IN THE SPP**

- (a) You should note that Western Areas' share price may rise or fall between the Record Date, the date of this offer, the date on which you make a BPAY payment or send in an Application Form and the date when New Shares are allotted and issued to you under the SPP. This means that the price you pay per New Share pursuant to this offer may be either higher or lower than Western Areas share price, up to or after the date the New Shares are issued and allotted to you under the SPP and you therefore may be able to buy shares at a lower price on market than the issue price.
- (b) Western Areas recommends that you monitor the Western Areas share price and any Western Areas announcements, which can be found on Western Areas website at [www.westernareas.com.au](http://www.westernareas.com.au) or on the ASX website at [www.asx.com.au](http://www.asx.com.au) (ASX code: WSA). Western Areas' share price can also be found in the financial pages of major Australian metropolitan newspapers.
- (c) Western Areas encourages you to contact your professional adviser regarding whether or not to participate in the SPP and how much to contribute.

#### **6. OFFER PRICE**

Under the SPP, Eligible Shareholders have an opportunity to subscribe for up to A\$15,000 for Western Areas shares at an offer price of A\$3.00 per share which is the same price at which institutional investors took up new shares under the Placement and represents a discount of approximately 3.3% to the five day volume weighted average price of Western Areas shares up to and including 17 February 2014 (being A\$3.00). You agree to pay the issue price per New Share for the number of New Shares calculated under section 9.

#### **7. HOW MUCH CAN YOU INVEST?**

- (a) Under the SPP, you may apply for a parcel of New Shares in A\$2,500 increments from a minimum of A\$2,500 up to a maximum of A\$15,000. The A\$15,000 limit applies irrespective of the number of Western Areas shares you hold on the Record Date.
- (b) The offer under the SPP needs to comply with the conditions of ASIC Class Order [CO 09/425]. Under that class order, eligible shareholders may only acquire up to a maximum of A\$15,000 worth of Western Areas shares under a share purchase plan or similar plan in any 12 month period (except in certain circumstances described in "Participation by Eligible Shareholders" in section 3 above).
- (c) This limitation applies, for example, even if you receive more than one Application Form or if you hold Western Areas shares in more than one capacity, for example, if you are both a sole and joint holder of Western Areas shares. Please refer to the information under "Participation by Eligible Shareholders" in section 3 above.
- (d) Western Areas reserves the right, and in certain circumstances may be required by ASIC Class Order [CO 09/425] or other conditions, to reject any application for New Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

#### **8. APPLICATIONS MAY BE SCALED BACK**

- (a) Western Areas intends to raise up to A\$15 million under the SPP. Western Areas intends to scale back applications should total demand exceed A\$15 million in its absolute and sole discretion. Western Areas

may take into account, among other factors, the size of an applicant's shareholding in determining the amount (if any) by which to scale back that applicant's application. Should this occur, you may be allocated New Shares to a value which is less than the parcel for which you applied.

- (b) If a scale back produces a fractional number when applied to the parcel of New Shares you applied for, the number of New Shares you will be allotted will be rounded up to the nearest whole number and any difference will be refunded to you without interest.
- (c) Any application monies refunded by Western Areas under a scale back will be paid by cheque or direct credit (the payment method will be determined by Western Areas in its absolute discretion) in Australian currency, on the date that holding statements are dispatched under the SPP, expected to be Tuesday, 1 April 2014. By applying for New Shares, each shareholder authorises Western Areas to pay any monies to be refunded by using the payment instructions of the shareholder recorded in Western Areas share registry's records, if Western Areas should elect to pay in this manner.

#### **9. CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU**

In the absence of a scale back, and subject to the treatment of non-compliant applications described under "General Application Terms" in section 19 below, the number of New Shares to be issued to you will be calculated by dividing the aggregate application money that you pay in applying for New Shares by the issue price, then rounding up to the nearest whole number. For example, in the absence of a scale back, if you subscribe A\$10,000 for New Shares at the offer price of A\$3.00 per New Share, you will be allotted 3,334 New Shares.

#### **10. NON-RENOUNCEABLE OFFER**

The offer to subscribe for New Shares under the SPP is non-renounceable. This means that you cannot transfer your right to subscribe for New Shares under the offer to anyone else.

#### **11. NO BROKERAGE**

No brokerage is payable by you to Western Areas in respect of the acquisition of New Shares under the SPP.

#### **12. RANKING OF NEW SHARES**

- (a) All New Shares issued under the SPP will rank equally with existing Western Areas ordinary shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing Western Areas ordinary shares.
- (b) All New Shares issued under the SPP will be eligible for the interim dividend of 1 cent announced by Western Areas on 18 February 2014.
- (c) Western Areas will apply for New Shares issued under the SPP to be quoted on the ASX.

#### **13. COMPLIANCE**

This offer of New Shares under the SPP is made to existing Western Areas' shareholders in accordance with the requirements of ASIC Class Order [CO 09/425] and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). These instruments grant relief from the requirement to prepare a prospectus for the offer of shares under the SPP.

This document is not a prospectus and has not been registered with the Australian Securities Investments Commission or any New Zealand regulatory authority and does not, and is not requested to, contain all the information that a prospectus under Australian or New Zealand law is required to contain.

#### **14. BINDING TERMS**

By accepting the offer to purchase New Shares under the SPP, you agree to be bound by these Terms and Conditions and the Western Areas constitution.

## 15. HOW TO APPLY

If you are an Eligible Shareholder and would like to apply for New Shares under the SPP, you can either:

- (a) complete the Application Form and, together with a cheque, bank draft or money order for the relevant amount, forward it to our share registry; or
- (b) make a BPAY payment.

Please see below for details.

## 16. FOR PAYMENT BY CHEQUE, BANK DRAFT OR MONEY ORDER

Eligible Shareholders must complete the enclosed Application Form and return it together with a cheque, bank draft or money order made payable to "Western Areas Limited" drawn on an Australian bank and in Australian dollars for the correct amount and crossed "Not Negotiable", in the enclosed reply-paid envelope (New Zealand shareholders will need to affix the appropriate postage stamp) so that it is received prior to the close of the offer at 5.00pm (Sydney time) on Thursday, 20 March 2014 at:

Western Areas Limited  
Computershare Investor Services Pty Limited  
GPO BOX 505  
Melbourne Victoria 3001 Australia

## 17. APPLYING BY BPAY PAYMENT

Eligible Shareholders who wish to pay by BPAY, must follow the instructions on the Application Form so that it is received by Western Areas share registry by **no later than 5.00pm (Sydney time) on Thursday, 20 March 2014**. Your personalised Application Form carries the Biller Code and your unique customer reference number, which you must use to take up the offer.

Applicants using BPAY should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you make your payment using BPAY, you do not need to return your Application Form.

## 18. YOUR REPRESENTATIONS

**By completing and submitting the Application Form** (together with a cheque, bank draft or money order) **or making a BPAY payment, you represent and certify** on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder;
- (b) you acknowledge that the New Shares have not, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws;
- (c) you have not, and will not, send any materials relating to the SPP to any person in the United States or that is, or is acting for the account or benefit of, any person in the United States, or otherwise to a person to whom it would be illegal to make an offer of New Shares under the SPP, and agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the SPP and of your holding of Western Areas Shares at the Record Date;
- (d) you acknowledge that you have not been provided with investment advice or financial product advice by Western Areas or Computershare Investor Services Pty Limited and that neither of them has any

obligation to provide this advice in relation to your consideration as to whether or not to purchase Western Areas shares;

- (e) you acknowledge that the market price of Western Areas shares may rise or fall between the date of this offer and the date the New Shares are allotted to you under the SPP (the **Allotment Date**) and that the issue price you pay for the New Shares may exceed the market price of the Western Areas shares on the Allotment Date;
- (f) you authorise Western Areas (and its officers or agents) to correct any minor error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
- (g) you acknowledge that Western Areas may at any time determine that your Application Form is valid, in accordance with the Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
- (h) you accept the risk associated with any refund that may be sent to you by direct credit to your nominated account of cheque to your address shown on Western Areas' register;
- (i) you are responsible for any dishonour fees or other costs Western Areas may incur in presenting a cheque for payment which is dishonoured;
- (j) you acknowledge that Western Areas is not liable for any exercise of its discretions referred to in these Terms and Conditions;
- (k) you declare that you are at least 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (l) you authorise Western Areas to register you as the holder(s) of shares issued to you;
- (m) you irrevocably and unconditionally agree to these Terms and Conditions and the terms of the Application Form and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP;
- (n) you acknowledge your application is irrevocable and unconditional;
- (o) the aggregate of the application price paid by you for:
  - (i) the New Shares the subject of your Application Form or BPAY payment; and
  - (ii) any other New Shares applied for by you under the SPP or any similar share purchase plan arrangement operated by Western Areas in the 12 months prior to the date of submission of the Application Form or BPAY payment; and
  - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
  - (iv) any other Western Areas shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian or another custodian to apply for shares on your behalf under an arrangement similar to the SPP, and which resulted in you holding the beneficial interest in those shares,

does not exceed A\$15,000, unless you are applying as a Custodian for one or more Participating Beneficiaries and have provided Western Areas with the Custodian Certificate referred to under "Participation by Eligible Shareholders" in section 3 above.

## 19. GENERAL APPLICATION TERMS

- (a) Do not forward cash. Receipts for payment will not be issued. Western Areas reserves the right not to accept Application Forms or BPAY payments received after 5.00pm (Sydney time) on Thursday, 20 March 2014.
- (b) Applications may only be made for parcels of New Shares in the amounts of a minimum of A\$2,500, and after that, in multiples of A\$2,500, up to a maximum of A\$15,000. If the amount of the payment tendered with your Application Form or your BPAY payment is:
  - (i) less than A\$2,500 - Western Areas will not allot any New Shares to you and will refund your application money to you, without interest payable to you;
  - (ii) greater than A\$15,000 - subject to scale back, Western Areas will allot the maximum number of New Shares to you and will refund the excess application money to you, without interest payable to you; or
  - (iii) not a multiple of A\$2,500 that is more than A\$2,500 and less than A\$15,000 - subject to scale back, Western Areas will allot to you the number of New Shares that would have been allotted had you applied for the highest amount you were permitted to apply for that is less than the amount of your cheque or BPAY payment, and will refund the excess application money to you, without interest payable to you.
- (c) Application Forms must be received by Western Areas share registry and BPAY payments must be received by **no later than 5.00pm (Sydney time) on Thursday, 20 March 2014**. Application Forms and BPAY payments received after that time will not be accepted.
- (d) Application Forms and BPAY payments under the SPP may not be withdrawn once they have been received by Western Areas. No interest will be payable on application money held by Western Areas.
- (e) Please read the enclosed Application Form for further details of how to apply for New Shares under the SPP.

## 20. ALLOTMENT AND QUOTATION DATES

- (a) New Shares are expected to be allotted under the SPP on Friday, 28 March 2014 and Western Areas will apply for those New Shares to be listed for quotation on ASX on Monday, 31 March 2014.
- (b) Western Areas expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the SPP on Tuesday, 1 April 2014. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the SPP.

## 21. UNDERWRITING

The SPP will not be underwritten.

## 22. WITHDRAWAL, SUSPENSION, TERMINATION, ANOMALIES AND DISPUTES

- (a) Western Areas reserves the right to waive strict compliance with any provision of these Terms and Conditions, to amend or vary these Terms and Conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where Western Areas does not notify you of that event.
- (b) Western Areas may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determination by Western Areas will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

(c) Western Areas rights may be exercised by the Board or any delegate of the Board.

**23. FURTHER INFORMATION**

If you have any questions, please contact Western Areas share registry, Computershare Investor Services Pty Limited by email, [webqueries@computershare.com.au](mailto:webqueries@computershare.com.au), or the Western Areas Company Secretary on +61 8 9334 7777.

**24. GOVERNING LAW**

This offer is governed by the law in force in Western Australia. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of Western Australia.