



19 May 2014

ASX: WSA

News Release

WESTERN AREAS – COMPLIANCE UPDATE REGARDING FEBRUARY 2014 PLACEMENT

Western Areas Ltd (ASX: WSA, “Western Areas” or the “Company”) wishes to provide an update in respect of the placement of 29,529,420 shares to institutional, professional and sophisticated investors at \$3.00 per share, raising \$88.5 million announced on 18 February 2014 (“Placement”).

It recently came to Western Areas’ attention that a participant in the Placement (a former director of the Company), was a related party of the Company solely as a result of section 228(5) of the Corporations Act due to the lack of a 6 month period having elapsed from his resignation as a director (“Participant”). That section effectively deems a person who was a related party of an entity to continue to technically be a related party for 6 months following them ceasing to be a related party. In turn, ASX Listing Rule 10.11 provides that a related party of an entity may not be issued shares in the entity without prior shareholder approval.

The Participant received less than his pro rata allocation of Placement shares and had his voting power reduced as a result of the Placement. However, as a result of the Participant continuing to technically be deemed a related party at the time of the Placement, despite the relevant director having ceased office, Western Areas' issue of shares to the Participant was an inadvertent and technical breach of ASX Listing Rule 10.11.

Upon becoming aware of the issue, Western Areas immediately informed the ASX.

The Participant’s participation in the Placement was on the following basis:

- The Placement was conceived after the Participant had ceased to be a director of the Company. Accordingly, the Participant did not participate in the Board's discussions and decision making in relation to the Placement and was not in a position of influence over Western Areas or its Board in connection with the Placement;
- The Participant was not consulted by the Company in relation to the Placement prior to the finalisation of its pricing or its announcement to ASX; and
- The Participant was offered participation in the Placement on the same terms as all other eligible institutional, professional and sophisticated shareholders of the Company and took up less than his pro rata allocation of the Placement shares and accordingly had its voting power diluted through the Placement.

As a result of the above factors and despite there being a technical breach of ASX Listing Rule 10.11, Western Areas considers that the participation of the Participant in the Placement was not contrary to the spirit, intent and purpose of that ASX Listing Rule, which is to prevent related parties obtaining securities on advantageous terms and increasing their holding proportionate to other shareholders. The Participant did not obtain securities on advantageous terms or increase its proportionate holding compared to other Placement participants. However the Company does recognise that an inadvertent technical breach of ASX Listing 10.11 has occurred, and as such the market should be informed.

Settlement of the Placement is undisturbed and there will be no changes to any shareholdings of Placement participants.

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WESTERN AREAS LTD



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