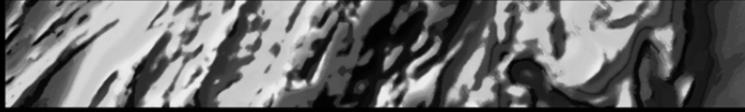


WESTERN AREAS LTD



ACN 091 049 357

**NOTICE OF GENERAL MEETING
AND EXPLANATORY STATEMENT**

Meeting to be held at the Boardroom of Western Areas Ltd, Level 2, 2 Kings Park Road, West Perth, Western Australia, 6005 on Friday, 27 June 2014 at 3.00pm (Perth time)

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.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (Perth time) on Friday, 27 June 2014 at:

The Boardroom of Western Areas Ltd
Level 2, 2 Kings Park Road
West Perth, Western Australia, 6005

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above. Please bring your personalised Proxy Form with you to assist with registration.

In the case of joint Shareholders, all holders may attend the meeting but only one Shareholder may vote at the meeting in respect of the relevant Shares (including by proxy). If more than one joint Shareholder is present, only the joint Shareholder whose name appears first in the register in respect of the relevant Shares may vote.

VOTING BY PROXY

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

- a) Online : at www.investorvote.com.au or scan the QR Code on the enclosed Proxy Form with your mobile device, and follow the instructions on the secure website
- 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) visit www.intermediaryonline.com to submit your voting intentions.

Proxy appointments must be received not later than 3.00pm (Perth time) on Wednesday, 25 June 2014. **Proxy Forms received later than this time will be invalid.**

NOTICE OF MEETING

Notice is given that the General Meeting of Western Areas Ltd (**Company**) will be held at the Boardroom of Western Areas Ltd, Level 2, 2 Kings Park Road, West Perth, Western Australia, 6005 on Friday, 27 June 2014 commencing at 3.00pm (Perth time).

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

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

BUSINESS

Resolution 1 – Approval of prior issue of Placement Shares

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

"That the issue by the Company of 28,129,420 fully paid ordinary shares in the Company to institutional, sophisticated and professional investors, as detailed in the Explanatory Statement, be approved for the purposes of Listing Rule 7.4 and for all other purposes."

Voting exclusions on Resolution 1 are set out under the heading "Entitlement to Vote" below.

ENTITLEMENT TO VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm (Perth time) on Wednesday, 25 June 2014.

Voting exclusion for Resolution 1 – Approval of prior issue of Placement Shares

The Company will disregard any votes cast on Resolution 1 by or on behalf of any of the persons who participated in the issue of the ordinary shares the subject of Resolution 1 and any of their associates, unless the vote is cast as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form, or by the Chairman of 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.

The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 1.

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 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.

If a proxy's appointment specifies the way to vote on the Resolution, and the proxy does not attend the meeting or does not vote on the Resolution, then such directed proxies will default to the Chairman of the Meeting who must vote the proxies as directed.

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 certificate may be obtained from Computershare or online at www.investorcentre.com under the links "Help" - "Printable Forms".

BY ORDER OF THE BOARD OF DIRECTORS



Daniel Lougher
Managing Director
Western Areas Ltd
26 May 2014

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 General Meeting to be held on Friday, 27 June 2014 at 3.00pm (Perth time).

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 Resolution.

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.

BUSINESS

RESOLUTION 1 – APPROVAL OF PLACEMENT SHARES

Background to Resolution 1

On 25 February 2014, the Company issued 29,529,420 fully paid ordinary shares in the Company under a placement announced to ASX on 18 February 2014 (**Placement Shares**) to institutional, sophisticated and professional investors at an issue price of A\$3.00 per share to raise a total of approximately A\$89 million. Further, as also announced to ASX on 18 February 2014, the Company invited eligible Shareholders to invest up to a maximum of A\$15,000 per Shareholder under a share purchase plan which closed on Thursday, 20 March 2014 (**SPP**).

Listing Rule requirements

Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without Shareholder approval. Generally, the Company can issue up to 15% of its issued equity securities in a 12 month period (subject to certain exceptions) without Shareholder approval. The issue of the Placement Shares was within this 15% threshold.

Listing Rule 7.4 provides that an issue by a company of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with approval if the issue did not breach Listing Rule 7.1 when made and Shareholders subsequently approve it.

Resolution 1 seeks Shareholder approval under Listing Rule 7.4 to approve the prior issue of 28,129,420 of the Placement Shares made without approval under Listing Rule 7.1 (**Relevant Placement Shares**). Approval of the remaining 1,400,000 Placement Shares is not sought under Resolution 1 as the issue of those shares is not eligible for approval under Listing Rule 7.4 for the reasons outlined in the Company's announcement to ASX of 19 May 2014.

Resolution 1 has been proposed to provide the Company with the maximum flexibility to issue further securities (if necessary) under Listing Rule 7.1 without needing to seek further Shareholder approval. The requirement to obtain Shareholder approval for a future issue, at the time of issue, could limit the Company's ability to take advantage of opportunities that may arise.

The effect of approval of Resolution 1 will be that the issue of the Relevant Placement Shares will not be counted towards reducing the number of securities which the Company can issue in the future without Shareholder approval under the 15% limit imposed by Listing Rule 7.1. The result is that the 15% limit under Listing Rule 7.1 will be "refreshed" to the extent of the approval so that the Company has a renewed ability to issue securities up to the 15% limit. The

Shares issued under the SPP fell within an exception to Listing Rule 7.1 and will not reduce the 15% limit.

If Resolution 1 is not approved by Shareholders, it may limit the ability of the Company to issue securities without Shareholder approval until the Company's 15% capacity is replenished, in accordance with Listing Rule 7.1.

Information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the Company provides the following information:

- (a) A total of 28,129,420 Relevant Placement Shares were issued by the Company on 25 February 2014 for an issue price of A\$3.00 per Relevant Placement Share.
- (b) The Relevant Placement Shares issued are fully paid ordinary shares in the Company and rank equally with all other fully paid ordinary shares on issue.
- (c) The allottees of the Relevant Placement Shares were eligible institutional, sophisticated or professional investors determined through the conduct of the bookbuild for the placement. None of the allottees of the Relevant Placement Shares were Directors, associates of Directors or related parties of the Company.
- (d) The funds raised from the issue of the Relevant Placement Shares were, or will ultimately be, used to (among other things) reduce debt and provide greater balance sheet flexibility as the Company approaches the maturity of its outstanding convertible bonds, which totaled A\$235 million:
 - (i) A\$110 million due on 2 July 2014 which attracts a 6.4% coupon (A\$15 million of which were repurchased by the Company in February 2014 and have been cancelled); and
 - (ii) A\$125 million due on 2 July 2015 which attracts a 6.4% coupon.The retirement of the 2014 convertible bonds will be materially earnings accretive for Shareholders. Interest and bond accretion costs will reduce by A\$11.7 million per annum as the repayment is facilitated through cash and not debt.
- (e) A voting exclusion statement is included in this Notice of Meeting.

Board recommendation

The Board unanimously recommends that Shareholders vote in favour of the 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.
ASX	ASX Limited.
Board	board of Directors.
Company	Western Areas Ltd ABN 68 091 049 357.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
Explanatory Statement	the explanatory statement that accompanies the Notice of Meeting.
Listing Rules	the Listing Rules of ASX.
Meeting or General Meeting	the meeting convened by the Notice of Meeting.
Notice of Meeting	this Notice of General Meeting.
Resolution	the resolution set out in the Notice of Meeting.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of a Share.

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

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 136995

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 (Perth time) Wednesday, 25 June 2014**

How to Vote on the Item 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 the 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 the item your vote will be invalid on the 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 help tab, "Printable 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 →**

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.

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 Ltd 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 General Meeting of Western Areas Ltd to be held at the Boardroom of Western Areas Ltd, Level 2, 2 Kings Park Road, West Perth, Western Australia on Friday, 27 June 2014 at 3:00pm (Perth time) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for the 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.

Resolution 1 Approval of prior issue of Placement Shares

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the 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 / /