

**WESTERN AREAS LTD**



**ACN 091 049 357**

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**Meeting to be held at Fraser's Function Room 1, Fraser Avenue, Kings Park, Western Australia,  
6005 on Wednesday, 25 November 2015 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 Investments Commission.

Western Areas' Annual Report is now available at the Company's website  
[www.westernareas.com.au](http://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.

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**CONTENTS PAGE**

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Notice of Annual General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	8
Glossary	21
Schedule	22

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 3.00pm (WST) on Wednesday, 25 November 2015 at:

Fraser's Function Room 1

Fraser Avenue

Kings Park, Western Australia, 6005

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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

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

Votes must be received no later than 3.00pm (WST) on Monday, 23 November 2015.

**Proxy Forms received later than this time will be invalid.**

## NOTICE OF MEETING

Notice is given that the Annual General Meeting (**AGM**) of Western Areas Ltd (**Company**) will be held at Fraser's Function Room 1, Fraser Avenue, Kings Park, Western Australia, 6005 on 25 November 2015 commencing at 3.00pm (WST).

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

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

### AGENDA

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#### 1 WELCOME ADDRESS

By Mr Ian Macliver, Independent Non-Executive Chairman.

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#### 2 FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report of the Company for the financial year ended 30 June 2015 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.

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#### 3 RESOLUTIONS

##### ORDINARY BUSINESS

##### Resolution 1 – Re-election of Independent Non-Executive Director – Mr Richard Yeates

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

*“That Mr Richard Yeates, who retires by rotation in accordance with clause 17.4 of the Constitution and Listing Rules 14.4 and 14.5 and, being eligible for re-election, be re-elected as a Director of the Company.”*

##### Resolution 2 – Re-election of Non-Executive Director – Mr Julian Hanna

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

*“That Mr Julian Hanna, who retires by rotation in accordance with clause 17.4 of the Constitution and Listing Rules 14.4 and 14.5 and, being eligible for re-election, be re-elected as a Director of the Company.”*

### **Resolution 3 – 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 2015.”*

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

Voting exclusions on Resolution 3 are set out under the heading “Entitlement to Vote” below.

### **SPECIAL OR OTHER BUSINESS**

#### **Resolution 4 - 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, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 299,750 Performance Rights to Mr Daniel Lougher under the terms of the Company’s Performance Rights Plan (including the issue of Shares on the vesting of those Performance Rights), as detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting exclusions on Resolution 4 are set out under the heading “Entitlement to Vote” below.

#### **Resolution 5 - 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, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 168,640 Performance Rights to Mr David Southam under the terms of the Company’s Performance Rights Plan (including the issue of Shares on the vesting of those Performance Rights), as detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting exclusions on Resolution 5 are set out under the heading “Entitlement to Vote” below.

## **Resolution 6 - Issue of Shortfall 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, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of 94,363 Shortfall Performance Rights to Mr David Southam under the terms of the Company’s Performance Rights Plan (including the issue of Shares on the vesting of those Performance Rights), as detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

Voting exclusions on Resolution 6 are set out under the heading “Entitlement to Vote” below.

## **Resolution 7 – Adoption of Proportional Takeover Provisions**

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

*“That, for the purposes of section 648G of the Corporations Act and all other purposes, the Company adopt and reinsert the proportional takeover provisions in the Constitution, to have effect for a period of three years after the date of the Annual General Meeting.”*

## **ENTITLEMENT TO VOTE**

### **Voting exclusions**

#### **Resolution 3 – Adoption of Remuneration Report**

Pursuant to section 250R(4) of the Corporations Act, the Company is required to disregard any votes cast on Resolution 3 (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 the vote is not cast on behalf of a Prohibited Person; or
- b) that vote is cast by the person chairing the meeting as proxy for a person entitled to vote and their appointment does not specify a voting direction but expressly authorises the Chairman to exercise the proxy even though Resolution 3 is connected with the remuneration of the KMP of the Company.

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 contravene the 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 KMP include its Directors and certain senior executives.

#### **Resolutions 4, 5 and 6 – Issue of Performance Rights to Messers Lougher and Southam**

The Company will disregard any votes cast on Resolutions 4, 5 and 6 by or on behalf of any Director (on the basis they are eligible to participate in the Company's Performance Rights Plan), any of their associates (as defined in the Corporations Act) respectively, and any votes cast as a proxy on Resolutions 4, 5 and 6 by a KMP or a 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 4, 5 and 6 (as the case may be) 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 4, 5 and 6 (as the case may be). 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 chair to exercise the proxy even though the resolution is connected with the remuneration of the KMP for the Company.

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#### **4 CORPORATE PRESENTATION**

By Daniel Lougher, Managing Director & CEO.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

Daniel Lougher  
Managing Director  
Western Areas Ltd  
23 October 2015

## NOTES

### 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 available at the Computershare website, if required.

### "SNAP SHOT" TIME

The Directors have determined, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the persons eligible to vote at the AGM are those who are registered Shareholders of the Company at 4.00pm (WST) on Monday, 23 November 2015.

## 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 Wednesday, 25 November 2015 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.

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## FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2015 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 and no vote will be taken on the 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. The Company's auditor, Crowe Horwath, will be present at the AGM and 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 AGM, 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 five business days before the Meeting date (that is, by 5.00pm (WST) on Wednesday, 18 November 2015) to the Company Secretary.

## ORDINARY BUSINESS

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### RESOLUTIONS 1 AND 2 – RE-ELECTION OF DIRECTORS – MR RICHARD YEATES AND MR JULIAN HANNA

#### Background to resolution

Clause 17.4(a) of the Constitution and Listing Rule 14.4 provides that no Director may hold office for longer than three years or the third annual general meeting following their election, whichever is longer, without retiring and resubmitting themselves for re-election. As such, both Mr Yeates and Mr Hanna retire from office as at this Annual General Meeting and, being eligible, submit themselves for re-election as Directors.



## About the Directors

### Mr Richard Yeates

Mr Yeates is a geologist with more than 30 years' mining industry experience in various roles, and has significant experience across a wide range of resource projects around the world. He is familiar with the ASX regulatory environment and has had exposure to international resource funds and financial institutions.

Mr Yeates has been a Board member since 2009. Further details about Mr Yeates are set out in the Company's 2015 Annual Report.

### Mr Julian Hanna

Mr Hanna is a geologist with over 35 years' mining industry experience both locally and internationally. Mr Hanna was a founding Director of Western Areas at its incorporation in 1999, and has been continually associated with the Company since that time. Mr Hanna held the position of Managing Director until January 2012, and was instrumental in the exploration success and project development of the Forrestania Nickel Operation, which has turned Western Areas into one of Australia's largest nickel mining companies.

Mr Hanna has been a Board Member since 2000. Further details about Mr Hanna are set out in the Company's 2015 Annual Report.

## Board recommendation

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

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

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## RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT

### Non-binding resolution to approve the Remuneration Report

#### Background to resolution

A considerable amount of time has been spent defining the Company's remuneration framework which has been overwhelmingly passed by vote at all recent AGMs. There has been no material change to the remuneration structures or incentive programmes during the current year. It is noted that financial year 2016 (FY16) base salaries have been frozen at the same level as financial year 2015 (FY15).

A summary of the framework is provided below. Full details of the remuneration outcomes can be found in the Remuneration Report contained in the Company's 2015 Annual Report.

#### Executive remuneration framework

The remuneration framework is structured to align the Company closely to current market practice, most significantly around long term incentive (LTI). As such, the components of total annual remuneration for senior executives in FY15 included fixed remuneration (comprised of base salary, superannuation and non-monetary benefits, including salary sacrifice), target STIs and target LTIs. The 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**

The Company is 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. The fixed remuneration levels of senior executives for the 2015 financial year remained comparable to market peers, furthermore executive remuneration levels have been frozen at FY15 levels for the coming year. The FY16 salary freeze will result in a single base salary increase for the past 4 financial years.

### **Short-term incentive**

Despite challenging commodity market conditions, the Company maintained a strong operational performance during FY15 with a reduction in unit costs, increase in profitability despite a reduction in nickel price, increase in dividends and high level of safety and environmental performance. While strong operational performance was achieved, only one member of KMP achieved 100% of their target short term incentive (**STI**) opportunity, reflecting the challenging nature of the target performance indicators (**KPI**). Above budget levels of performance were achieved for KPIs relating primarily to operational and financial KPI targets for the period.

The Remuneration Report for FY15 includes considerable detail on the KPIs that were used to assess performance and the rationale for their choice.

### **Long-term incentive**

The Company's Performance Rights Plan was initially approved by Shareholders at the 2011 Annual General Meeting and overwhelmingly re-approved at the 2014 Annual General Meeting, with annual grants being made under the Performance Rights Plan since the 2012 financial year. The intention of the 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 so as to ensure that executives are focussed on long-term Shareholder value generation.

LTI grants for FY16 will be on the following basis:

- (a) The LTI dollar value of grants made to KMP is set at a fixed percentage of their base salary, ranging from 50% to 100% (100% is applicable solely to the Managing Director), depending on the KMP's position within the Company. This level of LTI remains in line with market practice.
- (b) 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. No Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance period, as compared to the TSR results for the peer group companies, is at or above the 50th percentile.
- (c) The FY16 grants are measured over a three year period which aligns with common market practice.

### **Executive service agreements**

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

### **Non-Executive Director remuneration**

FY16 Non-Executive Directors fees have been frozen at FY15 levels.

### **Non-binding Resolution and consequence of voting against Resolution 3**

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. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives an "against" vote of 25% or more of votes cast at the AGM, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the Company's remuneration policy, even if a 25% "against" vote is not received.

In addition, the Corporations Act sets out a "two strikes" re-election process. Under the "two strikes" re-election process, if the Company's Remuneration Report receives an "against" vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, "two strikes"), a resolution (the "spill resolution") must be put to the second AGM, requiring Shareholders to vote on whether the Company must hold another General Meeting (known as the "spill meeting") to consider the appointment of all of the Directors who must stand for re-appointment (other than the Managing Director). If the spill resolution is approved at the second AGM by a simple majority of more than 50% of the eligible votes cast, the spill meeting must be held within 90 days of that second AGM (unless none of the Directors, other than the Managing Director, stand for re-appointment).

The Company's remuneration report did not receive an "against" vote of 25% or more at the Company's previous Annual General Meeting held on 20 November 2014. At that 2014 Annual General Meeting, 99% of votes cast on the resolution to adopt the Remuneration Report were cast in favour of adopting the report.

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 OR OTHER BUSINESS**

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### **RESOLUTIONS 4, 5 & 6 – ISSUE OF PERFORMANCE RIGHTS TO MR DANIEL LOUGHER AND MR DAVID SOUTHAM**

#### **Background to Resolutions**

At the Company's 2014 Annual General Meeting, Shareholders overwhelmingly reapproved the Western Areas Performance Rights Plan for senior executives of the Company. For the purposes of making FY16 grants, Resolutions 4, 5 and 6 seek Shareholder approval for the issue of 299,750 Performance Rights to Mr Lougher and 263,003 Performance Rights to Mr Southam in accordance with the Performance Rights Plan.

#### **ASX Listing Rules**

Listing Rule 10.11 provides a general restriction against issuing equity securities (including Performance Rights) to "related parties" (which include directors) without shareholder approval.

Listing Rule 10.14 provides that a Company must not issue equity securities to a director of the Company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under either Listing Rule 7.1 or 10.11.

Under Resolutions 4, 5 and 6, the Company seeks approval, for the purposes of Listing Rule 10.14, from Shareholders for the issue of Performance Rights to Messers Lougher and Southam which constitute the issue of equity securities to directors under an employee incentive scheme.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company.

For the purposes of Chapter 2E of the Corporations Act, Messers Lougher and Southam, being Directors, are "related parties" of the Company and the grant of Performance Rights pursuant to the Performance Rights Plan will constitute the giving of "financial benefits".

The Board (other than Mr Lougher because of his interest in Resolutions 4, and Mr Southam because of his interest in Resolutions 5 and 6) considers that the grant of Performance Rights to Messers Lougher and Southam is an appropriate and reasonable component of their remuneration, and that the financial benefit represented by the grant of the Performance Rights falls within the "reasonable remuneration" exception in section 211 of the Corporations Act. For this reason, the Company is not seeking Shareholder approval of Resolutions 4, 5 and 6 for the purposes of Chapter 2E of the Corporations Act.

#### **Sections 200B and 200E of the Corporations Act**

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary).

The term "benefit" in this context is broad, and may include the accelerated vesting of Performance Rights. As outlined in the summary of the terms of the Performance Rights Plan in the Schedule to this Notice, the Board has the discretion to determine that some or all of the Performance Rights vest early:

- (a) in certain specified circumstances, upon the cessation of employment of Messers Lougher and Southam; or
- (b) if there is a change of control of the Company.

Upon termination of employment, unvested Performance Rights will be treated in accordance with the rules of the Performance Rights Plan (**Plan Rules**). Where a participant ceases employment or office as a "Bad Leaver" (eg. resignation, serious misconduct, etc.), all unvested Performance Rights will automatically be forfeited by the participant and lapse (unless the Board determines otherwise in its sole and absolute discretion). Where a participant ceases employment or office as a "Good Leaver" (ie. where the participant ceases employment and is not classified as a Bad Leaver, for example upon death, disability, etc.), the Board may determine in its sole and absolute discretion to allow some or all of the unvested Performance Rights held by that participant to vest and be automatically exercised.

If the Board were to exercise its discretion to vest some or all of the Performance Rights early in the circumstances referred to above, this may amount to the giving of a termination benefit requiring Shareholder approval in accordance with the Corporations Act. Shareholder approval is also being sought for any such benefit which Messers Lougher or Southam may receive due to accelerated vesting of Performance Rights.

Details of Messers Lougher's and Southam's remuneration, including other termination benefits, are set out in the Company's 2015 Remuneration Report.

For Performance Rights, the value of the benefit given upon accelerated vesting will depend on a number of factors, and accordingly cannot be calculated at the present time. Apart from the future price of Shares being unknown, the following are matters which will or are likely to affect the value of the benefit:

- (a) the number of unvested Performance Rights held by Messers Lougher or Southam prior to the cessation or employment or occurrence of a change of control;
- (b) the reasons for cessation of employment; and
- (c) the exercise of the Directors' discretion at the relevant time.

#### **Listing Rules information requirements**

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the proposed grant of Performance Rights contemplated by Resolution 4, 5 and 6.

- (a) *Identity of the related parties to whom Resolutions 4, 5 and 6 apply.*

The Performance Rights will be granted to Daniel Lougher (the Managing Director and Chief Executive Officer) and David Southam (Executive Director).

- (b) *Nature of securities to be issued pursuant to Resolution 4, 5 and 6.*

It is proposed that the Company issues Performance Rights to each of Messers Lougher and Southam pursuant to the Performance Rights Plan.

(c) *Maximum number of securities to be issued pursuant to Resolutions 4, 5 and 6.*

#### **Resolution 4**

Resolution 4 seeks approval from Shareholders to allow the Company to issue a maximum of 299,750 Performance Rights to Mr Daniel Lougher.

#### **Resolution 5**

Resolution 5 seeks approval from Shareholders to allow the Company to issue a maximum of 168,640 Performance Rights to Mr David Southam.

#### **Resolution 6**

##### *Shortfall Performance Rights to be granted*

Resolution 6 seeks approval from Shareholders to allow the Company to issue a maximum of 94,363 Performance Rights to Mr David Southam.

##### *The "shortfall" Performance Rights*

Due to an administrative error by the Company, Shareholders were asked to approve the incorrect number of Performance Rights to be granted to Mr Southam for the FY14 and FY15 years (at the Company's 2013 AGM and 2014 AGM, respectively). This was a result of an administrative oversight, and an error in the allocation calculations in accordance with the shareholder approved Plan Rules.

Once the error was identified, the Company advised Mr Southam of the shortfall and advised that the shortfall Performance Rights would be included in the agenda of the next meeting of Shareholders for approval, so as to ensure that Mr Southam was treated equally with all other Performance Rights Plan participants.

In more detail:

- At the Company's 2014 AGM, Shareholders approved the grant of 86,560 Performance Rights to Mr David Southam for the FY15 allocation. However, when applying the calculations consistent with the Plan Rules, Mr David Southam should have been granted 115,415 Performance Rights for that FY15 allocation and this number of Performance Rights should have been put to Shareholders for approval at the Company's 2014 AGM. As such, there was a shortfall of 28,855 Performance Rights relating to the FY15 allocation (**FY15 Shortfall Performance Rights**).
- At the Company's 2013 AGM, Shareholders approved the grant of 196,530 Performance Rights to My David Southam for the FY14 allocation. However, when applying the calculations consistent with the Plan Rules, Mr David Southam should have been granted 262,038 Performance Rights for that FY14 allocation and this number of Performance Rights should have been put to Shareholders for approval at the Company's 2013 AGM. As such, there was a shortfall of 65,508 Performance Rights relating to the FY14 allocation (**FY14 Shortfall Performance Rights**),

(together, the FY15 Shortfall Performance Rights and FY14 Shortfall Performance Rights are the **Shortfall Performance Rights**).

The same Plan Rules apply to all Performance Rights forming the subject of this Resolution 6 (being those relating to the FY16 allocation and the Shortfall Performance Rights).

If Resolution 6 is approved by Shareholders, the Shortfall Rights will be granted to Mr Southam on the same terms and conditions as previously approved by Shareholders for the appropriate year in which those Shortfall Performance Rights should have been granted.

By way of illustration, if Resolution 6 is approved, the FY14 Shortfall Performance Rights will be subject to continuous service and relative TSR performance test vesting conditions that will be measured over the period 1 July 2013 to 30 June 2016, as was originally set out in the Company's 2013 notice of Annual General Meeting.

None of the Shortfall Performance Rights have completed either of the service or performance testing conditions and remain fully at risk.

As mentioned above, and consistent with previous years, the LTI grants for FY16 (that is, the number of Performance Rights) have been determined by reference to the fixed salaries of Messrs Lougher and Southam, and are measured over a three year period. As with previous years, this number of LTI grants remains in line with market practice.

One Performance Right represents the opportunity to receive one Share, provided the vesting conditions and performance hurdles are met.

If Shareholders approve this Resolution 6, all of the relevant Performance Rights will be granted by the Company to Mr David Southam promptly following the Annual General Meeting. Mr Southam was advised that should the Shortfall Performance Rights not be approved by Shareholders at this Annual General Meeting, the equivalent value of any Shortfall Performance Rights would be settled in cash (only in circumstances where, and to the extent to which, both the performance and service conditions are satisfied with respect to those Shortfall Performance Rights) so as to ensure that Mr Southam is treated in an equitable and fair manner as compared with the other Performance Rights Plan participants.

*(d) Key terms of issue of the Performance Rights*

Performance period

The Performance Rights the subject of Resolutions 4, 5 and 6 will vest subject to the below vesting conditions and performance hurdles assessed over a three year period.

Vesting conditions and performance hurdles

The FY16 Performance Rights will only vest subject to satisfaction of both a continuous service condition until 30 June 2018 and a performance condition assessed against a three year relative TSR hurdle for the period 1 July 2015 to 30 June 2018. The FY15 and FY14 Shortfall Performance Rights will be tested over their original approved peer groups and performance periods measured from 1 July 2013 to 30 June 2016 and 1 July 2014 to 30 June 2017, respectively.

The relative TSR performance for the FY16 Performance rights will be assessed against the performance of a custom peer group of companies as follows:

Aditya Birla Minerals Ltd	Hillgrove Resources Ltd	Paladin Energy Ltd
Aquarius Platinum Ltd	Independence Group NL	Panoramic Resources Ltd
Altona Mining Ltd	Medusa Mining Ltd	Poseidon Nickel Ltd
Alumina Ltd	Mincor Resources NL	Rex Minerals Ltd
Beadell Resources Ltd	Mt Gibson Iron	Sandfire Resources Ltd
Bouganville Copper Ltd	Northern Star Resources Ltd	Syrah Resources Ltd
Cudoco Ltd	OM Holdings Ltd	Talisman Mining Ltd
Gindalbie Metals Ltd	Oz Minerals Ltd	Zimplats Holdings Ltd

The Performance Rights will become performance-qualified as follows:

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

Shareholders should note that both the three year TSR performance hurdle and the three year service condition must be satisfied in order for the Performance Rights to vest. As such, Messers Lougher and Southam will not receive any of the potential value from their FY16 LTI grant of any Performance Rights until the conclusion of the three-year performance period (i.e. at the end of the 2018 financial year).

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.

The Shares to be issued upon vesting of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares, and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

A summary of the Performance Rights Plan is outlined in the Schedule to this Notice of Meeting.

*(e) Issue price and date of issue*

No cash consideration is payable by Messers 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 and exercise of the Performance Rights.

It is expected that the Performance Rights will be granted to Messers Lougher and Southam as soon as practicable after Shareholder approval is received and in any event no later than twelve months from the date of the AGM, without obtaining further Shareholder approval.

*(f) Previous issues under the Performance Rights Plan*

The following grants have been made under the Performance Rights Plan to persons referred to in Listing Rule 10.14 since it was last approved by Shareholders at the Company's 2014 AGM:

Participant name	Number of Performance Rights	Remaining Unvested Performance Rights
Mr D Lougher	205,140	205,140
Mr D Southam	86,560	86,560

All Performance Rights granted since the Performance Rights Plan was last approved were issued for nil consideration.



*(g) Eligible participants under the Performance Rights Plan*

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 4, 5 and 6 are Messers Lougher and Southam.

*(h) Loans in relation to the acquisition of Performance Rights*

No loans will be made by the Company in connection with the acquisition of the Performance Rights.

A voting exclusion statement for Resolutions 4, 5 and 6 is included in the Notice of Meeting.

**Board recommendation**

The Board (other than Mr Lougher in respect of Resolution 4, and Mr Southam in respect of Resolutions 5 and 6, because of their interest in Resolutions 4, 5 and 6) has considered the corporate governance issues relevant to executive compensation arrangements, including the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" and has formed the view that the grant of the Performance Rights to the Directors on the terms and conditions set out in this Explanatory Statement is reasonable, that the value and quantum of the Performance Rights are not excessive nor unusual for a company of the Company's size in light of recent market practice of remuneration of officers in similar positions and Mr Lougher and Mr Southam's importance (both now and in the future) to the ongoing business operations of the Company.

The Board (other than Mr Lougher because of his interest in Resolution 4) unanimously recommends that Shareholders vote in favour of Resolution 4 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 5 and 6) unanimously recommends that Shareholders vote in favour of Resolution 5 and 6 to approve the grant of Performance Rights under the Performance Rights Plan to Mr Southam.

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**RESOLUTION 7 – ADOPTION OF PROPORTIONAL TAKEOVER PROVISIONS**

**Background to resolution**

Clause 7 of the Constitution, as it applies as at the date of this Notice, has 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 are known as "proportional takeover bid" approval rules.

Section 648G of the Corporations Act requires that the proportional takeover bid approval rules in the Constitution apply for a maximum period of three years, unless renewed. This requirement is reflected in clause 7 of the Constitution, which contains a "sunset clause". Clause 7 of the Constitution will cease to have effect on the third anniversary of its adoption, being 23 November 2015, unless members resolve by special resolution to further renew them in accordance with the statutory procedure.

As clause 7 of the Constitution will have expired at the date of the 2015 AGM, Resolution 7 proposes to amend the Constitution to adopt and reinsert the clause regarding proportional takeover bid approval, in a form identical to the current clause 7 of the Constitution.

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.

Accordingly, if Resolution 7 is approved, the provisions will be adopted for a period of three years from the date of approval, being the date of the Annual General Meeting.

In addition, if Resolution 7 is approved, then for a period of 21 days after the Annual General Meeting, the holders of 10% or more of the Shares will have the right to apply to the court to have the Resolution set aside. The court may set aside the Resolution if it is satisfied in all the circumstances that it is appropriate to do so.

### **Information required by the Corporations Act**

#### ***Proportional takeover bids and the effect of the provisions***

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

The effect of the proportional takeover provisions is as follows:

- (a) If Resolution 7 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.
- (b) Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote).
- (c) Approval of the bid will require a simple majority of the votes cast.
- (d) 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.
- (e) If the approving resolution is rejected before the deadline, the bid cannot proceed and any transfers giving effect to takeover contracts for the bid will not be registered.
- (f) If the approving resolution is not voted on, the bid will be deemed to have been approved.
- (g) If the approving resolution is passed (or deemed to have been passed), the transfers must be registered (subject to other provisions of the Corporations Act and the Constitution).

The proportional takeover provisions do not apply to full takeover bids.

#### ***Reasons for the proportional takeover provisions***

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority Shareholder in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Board believes that the proportional takeover provisions are desirable to give Shareholders protection from these risks. They give effect to a protection that the Corporations Act provisions are intended to provide.

The proportional takeover provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the proportional takeover provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of those provisions.

In addition to the retrospective discussion of the provisions proposed to be inserted, the Corporations Act also requires these Explanatory Notes to discuss the potential future advantages and disadvantages of the proportional takeover provisions for both Directors and Shareholders.

### ***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.

### ***Review of proportional takeover provisions***

The Corporations Act requires this Explanatory Statement to discuss retrospectively the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions which are proposed to be inserted.

While the proportional takeover provisions have been in effect, there have been no takeover bids for the Company, either proportional or otherwise. Consequently there are no actual examples against which to review the advantages or disadvantages of the proportional takeover provisions for the Directors and Shareholders of the Company.

### ***Advantages of the proposal to shareholders***

- (a) Shareholders will have the right to decide, by majority vote, whether an offer under a proportional takeover bid should succeed. 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 (that is, any proportional takeover offer would be adequately priced).
- (e) Each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

### ***Disadvantages 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 (potentially at a premium).
- (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. However, and in any event, in the context of any proportional takeover bid, the Directors would remain free to make a recommendation on whether or not any relevant offer should be accepted.

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 inserting the provisions, in the form identical to clause 7 of the Constitution as at the date of this Notice, to be in the interests of Shareholders, and unanimously recommends that shareholders adopt it by voting in favour of this Resolution.

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### **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

<b>A\$ or \$</b>	Australian dollars.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market conducted by it (the Australian Securities Exchange), as the context requires.
<b>Board</b>	the board of Directors.
<b>Company or Western Areas</b>	Western Areas Ltd ABN 68 091 049 357.
<b>Constitution</b>	the constitution of the Company, as amended from time to time.
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	director of the Company.
<b>Explanatory Statement</b>	the explanatory statement that accompanies the Notice.
<b>Listing Rules</b>	the Listing Rules of the ASX.
<b>LTI</b>	long term incentive.
<b>Meeting or General Meeting or Annual General Meeting</b>	the meeting convened by the Notice of Meeting.
<b>Notice or Notice of Meeting</b>	this Notice of Annual General Meeting.
<b>Performance Right</b>	an entitlement granted to a participant on the terms set out in the Performance Rights Plan to receive one Share subject to the satisfaction of applicable vesting conditions and/or performance hurdles.
<b>Performance Rights Plan</b>	the Company's Performance Rights Plan as amended from time to time, and last approved by Shareholders at the Company's 2014 annual general meeting.
<b>Proxy Form</b>	the proxy form enclosed with and forming part of this Notice of Meeting.
<b>Resolutions</b>	the resolutions set out in the Notice of Meeting.
<b>Schedule</b>	a schedule to this Notice of Meeting and Explanatory Statement.
<b>Share</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	holder of a Share in the Company.
<b>STI</b>	short term incentive.
<b>WST</b>	Australian Western Standard Time.

## SCHEDULE - TERMS OF PERFORMANCE RIGHTS PLAN

A summary of the Performance Rights Plan is set out below:



Purpose	<p>The purpose of the Performance Rights Plan is to:</p> <ul style="list-style-type: none"><li>• assist in the reward, retention and motivation of eligible participants;</li><li>• link the reward of eligible participants to Shareholder value creation; and</li><li>• align the interests of eligible participants with Shareholders by providing an opportunity to eligible participants to receive an equity interest in the form of Performance Rights.</li></ul>
Eligibility:	<p>The Performance Rights Plan is open to full time and part-time employees of the Company or its related bodies corporate (<b>Group</b>), Directors of any member of the Group, and any other person who is declared by the board of the Company (<b>Board</b>) to be eligible to participate in the Performance Rights Plan.</p>
Instruments:	<p>The Performance Rights Plan allows the Board to grant Performance Rights, with each Performance Right representing a right to acquire one Share, provided that the relevant vesting conditions and/or performance hurdles are satisfied.</p>
Equity pool:	<p>Unless Shareholders approve otherwise, up to 5% of the issued capital of the Company is available for grant under the Performance Rights Plan (assuming all outstanding Performance Rights granted under the Performance Rights Plan are exercised).</p>
Grant of Performance Rights:	<p>The individual grants of Performance Rights to those eligible to participate in the Performance Rights Plan will be as determined by the Board in its sole and absolute discretion, subject to any necessary Shareholder approvals.</p>
Grant date:	<p>The timing and frequency of the grant of Performance Rights will be as determined by the Board in its sole and absolute discretion.</p>
Exercise price:	<p>Performance Rights will be granted with a nil exercise price.</p>
Life of Performance Rights:	<p>Unless otherwise determined by the Board in its sole and absolute discretion, Performance Rights granted will have a maximum life of 4 years, such that if they are not exercised before the 4 year anniversary of their grant (<b>Expiry Date</b>) they will lapse.</p>
Transferability of Performance Rights:	<p>Performance Rights will not be transferable, other than:</p> <ul style="list-style-type: none"><li>• to a nominated party of a participant, where the Board determines that that participant may do so;</li><li>• with the prior consent of the Board; or</li><li>• on a participant's death, to the participant's legal personal representative.</li></ul>

Rights attaching to Performance Rights:	Participants will have no voting or dividend rights until Performance Rights vest and are exercised, and the participants hold Shares.
Vesting conditions and performance hurdles:	The vesting of Performance Rights will be conditional on the satisfaction of any vesting conditions and/or performance hurdles which the Board has determined will apply to any Performance Rights.
Vesting notification:	When a Performance Right vests, the Company will issue a vesting notification to the relevant participant, after which the vested Performance Right will be automatically exercised within a period specified by the Board.
Lapsing conditions:	<p>Unless otherwise determined by the Board in its sole and absolute discretion, any unvested Performance Rights will lapse on the earlier of:</p> <ul style="list-style-type: none"> <li>• the cessation of a participant’s employment or office (subject to the rules governing cessation of employment summarised below);</li> <li>• where a participant has acted fraudulently, dishonestly, or wilfully breached their duties;</li> <li>• if any applicable vesting conditions and/or performance hurdles are not, or, in the opinion of the Board, cannot be, achieved by the relevant time; or</li> <li>• the Expiry Date.</li> </ul>
Cessation of employment or office:	<p>Where a participant ceases employment or office as a “Bad Leaver”, all unvested Performance Rights will automatically be forfeited by the participant and lapse, subject to the Board determining otherwise in its sole and absolute discretion.</p> <p>A “Bad Leaver” is defined as a participant whose employment or office ceases in the following circumstances:</p> <ul style="list-style-type: none"> <li>• the participant is dismissed from employment or office due to serious misconduct, material breach of the terms of any contract of employment or office, gross negligence, or other conduct justifying summary dismissal;</li> <li>• the participant voluntarily resigns;</li> <li>• the participant ceases employment or office for any reason and acts in breach of any post-termination restrictions;</li> <li>• the participant being ineligible to hold office for the purposes of Part 2D.6 of the Corporations Act; or</li> <li>• any other reason the Board determines in its sole and absolute discretion.</li> </ul> <p>Where a participant ceases employment or office as a “Good Leaver”, the Board may determine in its sole and absolute discretion to allow some or all of the unvested Performance Rights held by that participant to vest and be automatically exercised.</p> <p>A “Good Leaver” is defined as a participant whose employment or office ceases and who is not a Bad Leaver.</p>

Rights attaching to Shares:	All Shares acquired by participants upon the exercise of Performance Rights will rank equally with existing Shares on and from the date of acquisition.
Disposal restrictions on Shares:	<p>Prior to the grant of any Performance Rights, the Board may impose disposal restrictions on Shares acquired by participants following the exercise of Performance Rights. The Board may do such things as it considers necessary to enforce a disposal restriction, including using an employee share trust or imposing an ASX holding lock.</p> <p>During any Share disposal restriction period, participants will have full dividend and voting rights.</p>
Change of control event:	<p>A change of control event occurs if:</p> <ul style="list-style-type: none"> <li>• a person or entity becomes a legal or beneficial owner of 50% or more of the issued share capital of the Company; or</li> <li>• a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company.</li> </ul> <p>In the event of a change of control event occurring, the Board may determine that some or all unvested Performance Rights will vest and be automatically exercised. Any Performance Rights that the Board determines will not vest in such circumstances will automatically lapse.</p>
Bonus issues:	Subject to the Listing Rules, if there is a "bonus issue" (as that term is defined in the Listing Rules) to the holders of Shares, a participant is entitled (upon vesting of a Performance Right) to receive the number of Shares that the participant would have received if the Performance Right had vested before the record date for the bonus issue.
Pro rata issues:	If the Company makes a pro rata issue to the holders of Shares (except a bonus issue), then the number of Shares over which Performance Rights can be exercised will be reduced in accordance with the Listing Rules.
Reorganisation:	In the event of any reorganisation (including consolidation, sub-division, reduction, return or cancellation) of the issued capital of the Company, the number of Performance Rights to which each participant is entitled will be changed in accordance with the Listing Rules.
Limited rights to participate in new issues	Subject to the rules above regarding "bonus issues" and "reorganisation", during the currency of any Performance Rights and prior to their vesting, participants are not entitled to any new issues of Shares as a result of their holding Performance Rights.
Buy-back:	The Company may buy-back Performance Rights and/or Shares acquired upon exercise of Performance Rights in accordance with the rules of the Performance Rights Plan.



**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****XX****Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://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: 138302**

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) Monday, 23 November 2015**

**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 or abstain as they choose (to the extent permitted by law). 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](http://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 Annual General Meeting of Western Areas Ltd to be held at Fraser's Function Room 1, Fraser Avenue, Kings Park, Western Australia on Wednesday, 25 November 2015 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 Resolutions 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 3, 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 Resolutions 3, 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
Resolution 1	Re-election of Independent Non-Executive Director – Mr Richard Yeates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Non-Executive Director – Mr Julian Hanna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Rights to Mr Daniel Lougher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Performance Rights to Mr David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shortfall Performance Rights to Mr David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Adoption of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting (where appropriately authorised) intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any Resolution, in which case an ASX announcement will be made.

## 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 \_\_\_\_ / \_\_\_\_ / \_\_\_\_