



20<sup>th</sup> October, 2010

ASX & TSX: WSA

## **WESTERN AREAS ANNOUNCES EXCHANGE OFFER FOR 8.0% JULY 2012 CONVERTIBLE BONDS**

Western Areas NL (“Western Areas” or the “Company”) announces its intention to invite bondholders to exchange some or all of their outstanding 8.0% convertible bonds due July 2012 (“2012 Bonds”) of which A\$208.5 million are outstanding into new convertible bonds due July 2014 (“2014 Bonds”) (“the Offer”).

The Offer is for approximately A\$100 – A\$110 million face value of 2012 Bonds however a minimum of A\$100m face value of existing 2012 Bonds needs to be tendered for the Offer to proceed.

### **Purpose of the Offer**

The purpose of the Offer is to extend the maturity of a portion of the Company’s existing debt. The Company considers this to be a prudent exercise in enhancing flexibility in managing its capital structure. Extending the maturity of a portion of the existing debt will facilitate the retention of cash flows which can potentially be applied by the Company to fund ongoing growth at both core Forrester operations and other regional projects as well as the Company's assets located in Finland. The increased cash available will also allow the company to consider increased exploration activities should the nickel price trade at levels which warrant increased exploration expenditure.

### **Offer process and timetable**

To participate in the Offer, bondholders will be required to submit written applications offering to exchange their 2012 Bonds to the Dealer Managers (Macquarie Capital Advisers Limited and UBS AG, Australia Branch) before the offer closes on 9.00PM AEDT, 22 October 2010 (“Expiration Date”), and then send electronic confirmations of their exchange to the Exchange Agent (The Bank of New York Mellon) via the relevant clearing systems (Euroclear / Clearstream) before 11.00PM AEDT, 27 October 2010 (“Clearing Systems Cut-off Date”).

Full details of the Offer are provided in the Offer Memorandum which can be requested by eligible existing bondholders of the 2012 Bonds from either the Dealer Managers or Exchange Agent. The Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Offer. The Offer is being made in Canada conditional on the issue of an order from the applicable Canadian securities regulatory authorities before the clearing systems cut-off date permitting the Offer to be extended to residents of Canada without compliance with the “issuer bid” rules of applicable Canadian securities legislation.

Any 2012 Bonds that are not offered for exchange by the bondholders as part of the Offer or which are not accepted for exchange by the Company will remain outstanding.



The following table provides the Offer key dates (all times AEDT unless otherwise noted).

Trading halt commences.	By 10.00AM	Thursday, 21 October
Offer opens	12.00PM	Thursday, 21 October
Offer closes / Expiration Date (Written Applications due)	9.00PM	Friday, 22 October
Announcement of preliminary offer results. Trading halt lifted.	By 10.00AM	Monday, 25 October
Clearing systems cut-off date (Electronic Confirmations due)	11.00PM	Wednesday, 27 October
Announcement of final allocation		Thursday, 28 October
Settlement / Exchange date		Friday, 5 November

All dates and times are indicative only and subject to change.

### Summary Terms

The 2014 Bonds will be direct, unconditional, unsubordinated and unsecured obligations of Western Areas which will rank *pari passu* with the existing convertible bonds.

The 2014 Bonds coupon will be 6.375% per annum, payable semi-annually in arrears and the initial conversion price will be A\$7.7125 per 2014 Bond, representing a Conversion Premium of 25% over the last close of the Ordinary Shares on ASX on Wednesday 20 October 2010.

The principal amount of the 2014 Bonds offered in exchange for each A\$250,000 in outstanding principal amount of the 2012 Bonds offered and accepted for exchange will be based on the Exchange Ratio of 107% (subject to amendment pursuant to the terms and conditions of the Offer).

Application has been made for a listing of the 2014 Bonds on the Singapore Exchange Securities Trading Limited.

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