



4 December 2012

ASX: WSA

News Release

WESTERN AREAS POSITIONS BALANCE SHEET FOR 2013 GROWTH

The Board of Western Areas NL (“Western Areas” or “Company”) is pleased to announce the Company is conducting a fully underwritten ordinary share placement via a bookbuild to raise A\$50 million (“Placement”), and an associated share purchase plan to raise a maximum of A\$15 million (“SPP”).

Western Areas is undertaking these raisings to provide greater balance sheet flexibility as it continues to pursue attractive organic growth opportunities in the nickel-rich Forresteria region. These opportunities include the potential expansion of the Cosmic Boy concentrator capacity to 750,000 tonnes per annum, further delineation of the Sunrise and New Morning deposits and additional decline development at Spotted Quoll. Proceeds from the equity raising will be ultimately used to repay the ANZ loan facility which is currently drawn to A\$45m.

Placement Details

The issue price under the Placement will be determined via a bookbuild to be conducted today (“Placement Price”). The bookbuild price range is A\$3.75 per share to A\$3.90 per share. The bookbuild price range represents a 7.2% to 3.5% discount to the 5 day volume weighted average price for the period ending on 4 December 2012 of \$4.04 per share.

The Placement is fully underwritten by UBS AG, Australia Branch who is acting as Sole Lead Manager, Underwriter and Bookrunner to the Placement.

Settlement of the Placement is expected to occur on 10 December 2012, with the new shares expected to be allotted through the ASX and commence trading on 11 December 2012. The new shares will rank equally with existing shares.

Share Purchase Plan Details

Under the associated SPP eligible Western Areas shareholders will be invited to invest up to a maximum of A\$15,000 per shareholder. The SPP will be capped at A\$15 million (“Cap”). Western Areas reserves the right to increase the Cap and accept subscriptions in excess of A\$15 million if there is strong shareholder demand. Western Areas reserves the right to scale-back the maximum participation amount per shareholder and the Cap.

The issue price under the SPP will be equal to the Placement Price.

Further details on the SPP will be released on the ASX and distributed to eligible Western Areas shareholders shortly.

“The equity raisings provide for prudent balance sheet management for the Company whilst also positioning it for growth in the coming year. Our interest costs will be reduced and with a new ANZ Facility we have access to immediate and substantial at call capital for growth,” said Managing Director, Mr Lougher.



New ANZ Corporate Loan Facility

Western Areas has also moved to refresh its previous amortising ANZ corporate loan facility. The Company now has a committed, fixed capacity of A\$65 million which will be fully available for draw down by Western Areas for corporate purposes.

The new facility materially contains the same terms as the previous arrangement, which was used to partially fund the acquisition of Kagara Nickel Pty Ltd. Through this transaction, the Company acquired the strategically important Lounge Lizard deposit adjacent to Western Areas' high grade Flying Fox nickel mine and significant additional exploration ground in the Forrestania area.

The new facility is considered as an intermediate step and expires in March 2014. ANZ and Western Areas have commenced working on a larger, longer dated facility that is expected to extend beyond the maturity of the July 2014 convertible bond of A\$110.2M and will eliminate any refinancing risk associated with those bonds.

"Shareholders would be aware that a similar strategy with ANZ was put in place for the expiry of the July 2012 (A\$105.5M) bonds. Ultimately the Company was able to repay the July 2012 bonds out of generated free cashflow and this also remains a very real option for the July 2014 bonds. However, having these arrangements in place with ANZ will provide Western Areas with balance sheet flexibility and committed cover", said Mr Lougher.

For further details, please contact:

Dan Lougher
Managing Director – Western Areas NL
Telephone +61 8 9334 7777
Email: dlougher@westernareas.com.au

David Southam
Executive Director – Western Areas NL
Telephone +61 8 9334 7777
Email: dsoutham@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9485 8888 / 0420 945 291
Email: shane.murphy@fticonsulting.com

Or visit: www.westernareas.com.au

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. These include: "These opportunities include the potential expansion of the Cosmic Boy concentrator capacity to 750,000 tonnes per annum, further delineation of the Sunrise and New Morning deposits and additional decline development at Spotted Quoll", and, "The new facility is considered as an intermediate step and expires in March 2014. ANZ and Western Areas have commenced working on a larger, longer dated facility that is expected to extend beyond the maturity of the July 2014 convertible bond of A\$110.2M and will eliminate any refinancing risk associated with those bonds". Forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements.

This announcement does not include reference to all available information on the Company or Forrestania Nickel Project and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.



Western Areas NL

December 2012

“Think Nickel, think Western Areas”



Disclaimer and Forward Looking Statements

WESTERN AREAS NL



Disclaimer and Forward Looking Statements

This presentation is being furnished to you solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. You agree to keep the contents of this presentation and these materials confidential. The information contained in this presentation does not constitute or form any part of any offer or invitation to purchase any securities and neither the issue of the information nor anything contained herein shall form the basis of, or be relied upon in connection with, any contract or commitment on the part of any person to proceed with any transaction.

You must not take or transmit this presentation or a copy of this presentation into the United States or Japan or distribute it, directly or indirectly, in the United States or Japan or to any "U.S. persons" (as defined in the US Securities Act). By your acceptance of this document, you acknowledge that you are not a "U.S. person" for the purposes of the US Securities Act. Neither this document, in whole or in part, nor any copy thereof may be taken or transmitted to any other person. The distribution of this presentation to other persons or in other jurisdictions may be restricted by law, and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of other jurisdictions including a potential violation of the federal securities laws of the United States.

The information contained in this presentation has been prepared by Western Areas NL. No representation or warranty, express or implied, is or will be made in or in relation to, and no responsibility or liability is or will be accepted by Western Areas NL, its employees or its representatives as to the accuracy or completeness of this information or any other written or oral information made available to any interested party or its advisers and any liability therefore is hereby expressly disclaimed. No party has any obligation to notify opinion changes or if it becomes aware of any inaccuracy in, or omission from, this presentation. All opinions and projections expressed in this presentation are given as of this date and are subject to change without notice.

This document contains forward-looking statements, opinions and expectations. These statements, opinions and expectation are not guarantees of future performance and are subject to certain risks and uncertainties that could cause the performance or achievements of Western Areas NL to differ materially from the information set forth herein. Such information reflects forecasts and projections prepared in good faith with all reasonable care taken based upon methods, assumptions and data that are believed to be reasonable and accurate as at the dates thereof. Western Areas NL undertakes no obligation to update or revise these forward-looking statements to reflect subsequent events or circumstances. Individuals should not place undue reliance on forward-looking statements and are advised to make their own independent analysis and determination with respect to the forecasted periods, which reflect Western Areas NL's view only as of the date hereof.

The information within this presentation was compiled by Mr. David Southam, but the information as it relates to mineral resources and reserves was prepared by Mr. Dan Lougher and Mr. John Haywood. Mr. Southam, Mr. Lougher and Mr. Haywood are full time employees of Western Areas. Mr. Lougher and Mr. Haywood are members of AusIMM and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Southam, Mr. Lougher and Mr. Haywood consent to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

For Purposes of Clause 3.4 (e) in Canadian instrument 43-101, the Company warrants that Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

THIS PRESENTATION IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE U.S.



Western Areas NL ("Western Areas") is pleased to announce the following equity raising

- A fully underwritten placement to institutional and sophisticated investors to raise A\$50 million ("**Placement**"); and
- A share purchase plan to raise up to A\$15 million ("**SPP**")

together the **Equity Raising**

- Funds raised from the Equity Raising will be ultimately used to:
 - Repay Western Areas' ANZ Corporate Loan facility which currently has a balance of A\$45 million
 - The ANZ Corporate Loan facility had been drawn down earlier in 2012 to partially fund the acquisition of Kagara Nickel Pty Ltd ("Kagara Nickel"). Through this transaction, Western Areas acquired the strategically important Lounge Lizard deposit adjacent to Western Areas' high grade Flying Fox nickel mine; and
 - Provide additional balance sheet flexibility to pursue Western Areas' attractive organic growth opportunities in the nickel-rich Forrestania region
 - These opportunities include potential expansion of the Cosmic Boy concentrator to 750,000 tonnes per annum and further delineation of the Sunrise and New Morning deposits

- **Australia's lowest cash cost nickel producer**
- **A proven explorer**, developer and operator led by an experienced management team
- **An S&P ASX 200** index member
 - Market cap ~A\$730 million at current prices
- **Profitable**, even at the current low A\$ nickel price
- **A proven dividend** payer, with a strong balance sheet
- **Australia's third largest** producer of nickel at 31,000 tonnes of nickel mined and 25,000 tonnes of nickel in concentrate produced in FY12
 - No 1 = BHP-B Nickel West and No 2 = Glencore
- **Employer of approximately 500 staff**, either directly or through contractors
- Into its **sixth** consecutive year of production, eighth consecutive quarter with no downside surprises
 - First production 26 October 2006
- **Committed** to stable organic growth from the current solid platform



Section 1

Equity raising overview

“Think Nickel, think Western Areas”





Placement	<ul style="list-style-type: none">▪ Fully underwritten Placement to institutional and sophisticated investors to raise A\$50 million▪ Approximately 13 million shares will be issued, 7% of shares on issue (at the mid point of the pricing range)
Placement Price	<ul style="list-style-type: none">▪ The offer price will be determined via a bookbuild▪ The bookbuild range is A\$3.75 to A\$3.90 per share▪ The bookbuild range represents a 7.2% to 3.5% discount to the 5 day VWAP price of A\$4.04 per share prior to the Placement
Ranking of the new shares	<ul style="list-style-type: none">▪ New shares issued under the Placement will rank equally from allotment of those shares in all respects with existing fully paid ordinary Western Areas shares
Underwriting	<ul style="list-style-type: none">▪ The Placement is fully underwritten by UBS AG, Australia Branch

Share purchase plan overview



Share purchase plan	<ul style="list-style-type: none">▪ SPP to raise up to A\$15 million ("Cap")▪ Eligible Western Areas shareholders will be invited to invest up to a maximum of A\$15,000 per shareholder▪ Western Areas reserves the right (in its absolute discretion) to scale-back the maximum participation amount per shareholder and the Cap▪ Western Areas reserves the right to increase the Cap and accept subscriptions in excess of A\$15 million if there is overwhelming shareholder demand
Share purchase plan price	<ul style="list-style-type: none">▪ New shares issued under the SPP will be issued at the price achieved under the Placement
Ranking	<ul style="list-style-type: none">▪ New shares issued under the SPP will rank equally from allotment of those shares in all respects with existing fully paid ordinary Western Areas shares



Placement Timetable

Event	Date ^{1,2}
Placement bookbuild	Tuesday, 4 December 2012
Announcement of completion of Placement	Wednesday, 5 December 2012
Settlement of new shares issued under the Placement	Monday, 10 December 2012
Allotment and trading of new shares issued under the Placement	Tuesday, 11 December 2012

SPP Timetable

Event	Date ^{1,2}
SPP record date	7pm (AEDST) Monday, 3 December 2012
Announcement date of SPP	Tuesday, 4 December 2012
Opening date of SPP	Tuesday, 11 December 2012
Closing date of SPP	Friday, 11 January 2013
Allotment date	Monday, 21 January 2013
Anticipated quotation of new shares on ASX	Tuesday, 22 January 2013

Notes:

- 1 Timetable is subject to change
- 2 All dates refer to Australian Eastern Daylight Savings Time



Section 2

Western Areas overview

“Think Nickel, think Western Areas”





Production Assets

Flying Fox

- 1st nickel mine
- 15,000 Ni tonnes per annum*

Spotted Quoll

- 2nd nickel mine
- 10,000 Ni tonnes per annum*

Cosmic Boy

- Nickel concentrator – treats ore from both mines

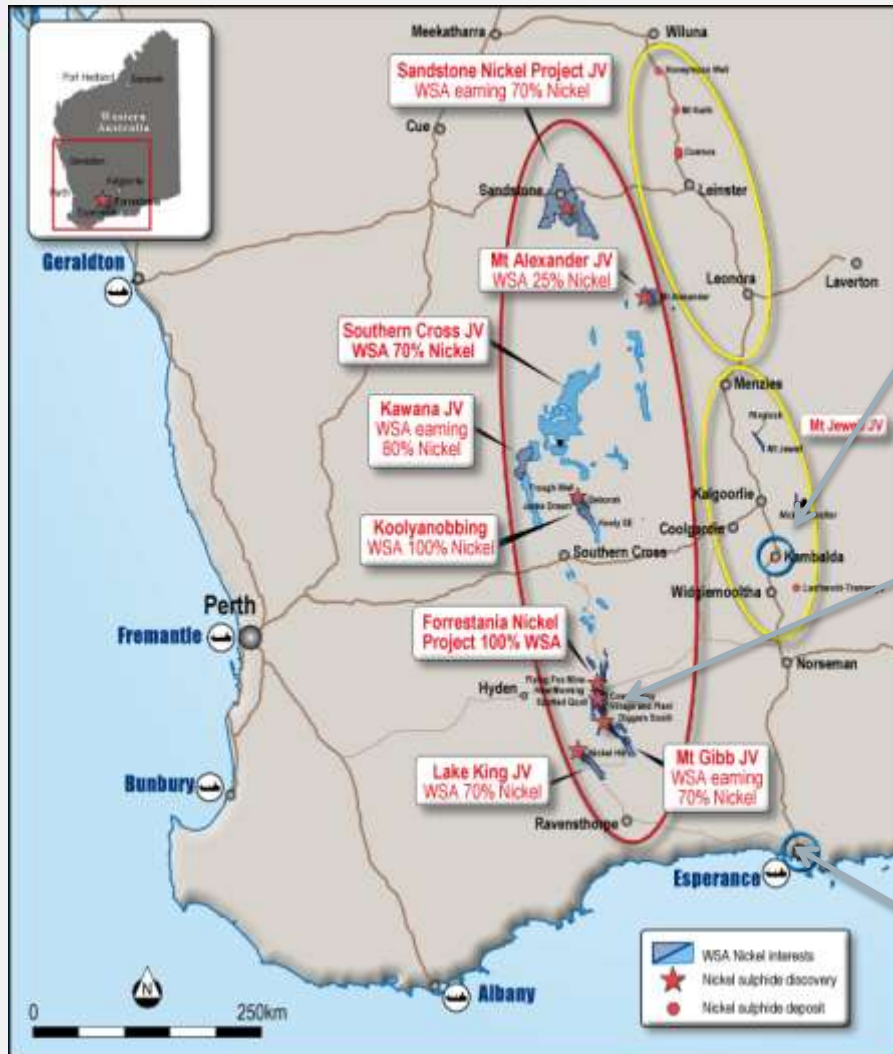
Exploration & Growth

Forrestania & WA Regional

Canadian Assets

Finland

*The production numbers are existing base case



WSA concentrate to BHP Billiton



WSA operations



WSA concentrate exports



Summary

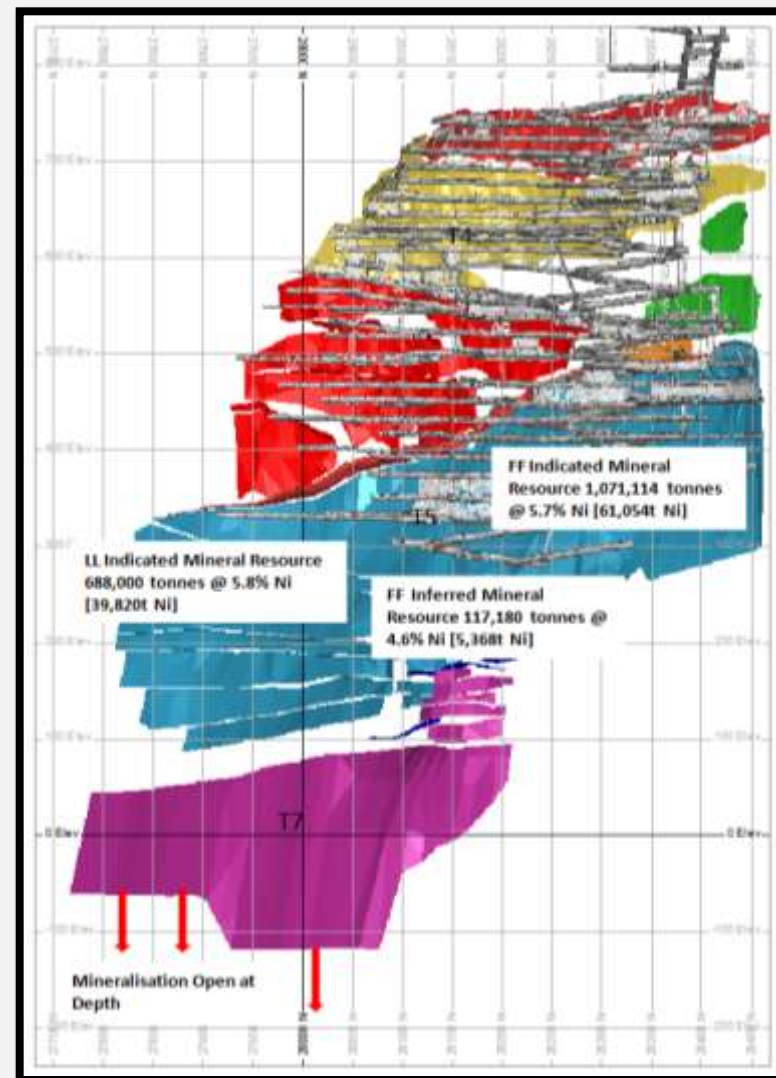
- Continuous high grade Nickel to 1300m. Open at depth
- Resource ore grades increase at depth from 3.9% to 5.8% Nickel
- **Announced intersection T7: 34.7m @ 8.9% Nickel**

Production

- FY2012 – 373,726t @ 5.0% nickel for 18.5kt nickel
- FY2013 guidance – 16.0kt nickel
- Low cash cost operation <US\$3/lb

Purchase of Kagara Nickel Assets

- Combined Total High Grade Resource now stands at around **106,000t of Nickel**
- Major drilling program ongoing at Lounge Lizard
- T5 & T7 down dip extensions cross into Lounge Lizard and remain open at depth
- **Flying Fox mine life target of 10 years**
- **Purchase includes 300sqkm of tenements adjacent to Forrestania operations**



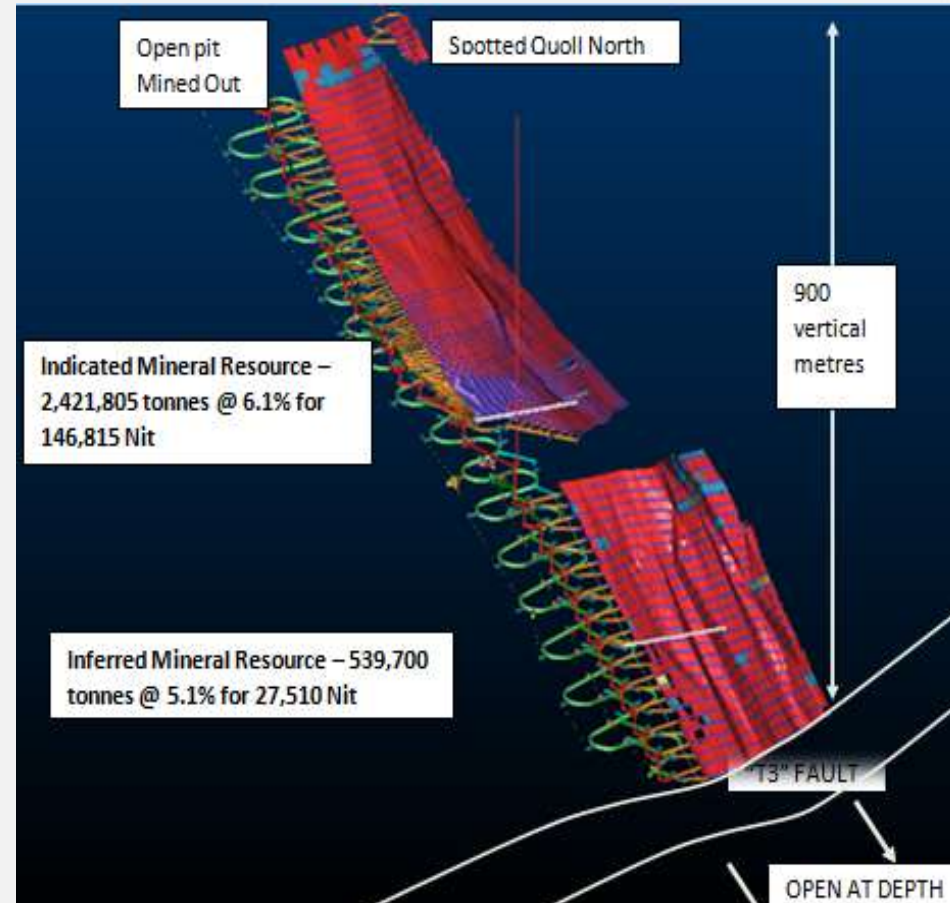
Spotted Quoll Mine

Summary

- Ore reserve was upgraded in June 2012 by 94% with an exceptional 88% conversion ratio:
 - 3.095mt @ 4.20% containing 131,360t nickel
- Remains open at depth
- Drilling is ongoing which will result in further conversion of inferred resource to indicated resource to reserve
- Already >10 year mine life on reserve
- **Resource upgrade to North Resource of 50kt @11.3% for 5,730 nickel tonnes**

Production

- Stage 1 underground first ore delivered ahead of schedule – (Nov 2011)
- Ramp up to 10,000tpa nickel is complete
- Mine optimisation study well advanced for potential increase in production up to 15,000tpa nickel



Concentrator Summary

- Current capacity of 550,000tpa of ore
- Nickel concentrate output >25,000tpa Ni
- Concentrate grades of around 14.0% Ni
 - Premium blending product (Fe/Mg ratio >15)
- 14,000t of concentrate storage capacity

Export Infrastructure and Logistics

- Access to >1400 sealed shipping containers
- No Environmental issues
- Using 25 trucks for concentrate transportation
- Shipping contract in place, FOB Esperance Port

Concentrator Expansion

- Preliminary high grade expansion study (750ktpa) completed
- Expansion configured for upgrade to 1mtpa of ore
- Some items of infrastructure (crusher) already capable of 1mtpa



Concentrate Supply and Offtake Contracts

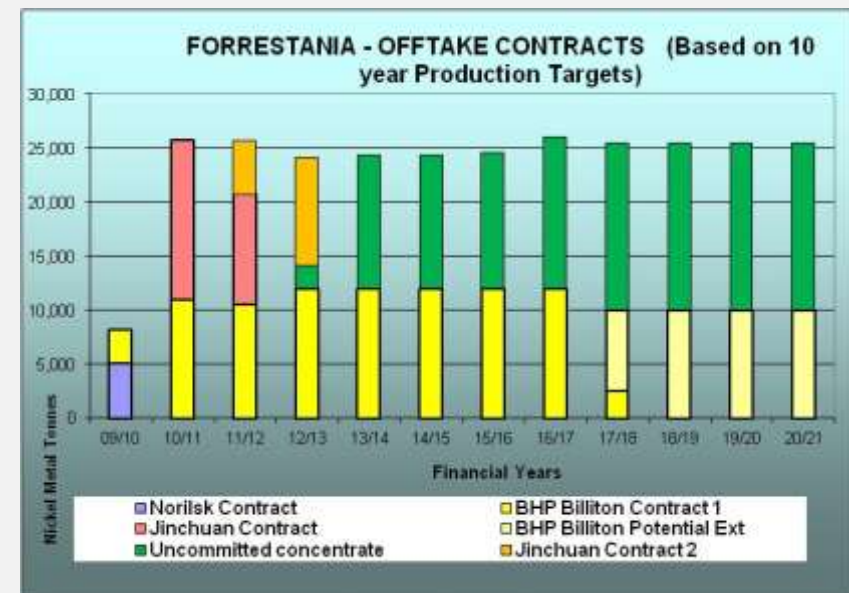
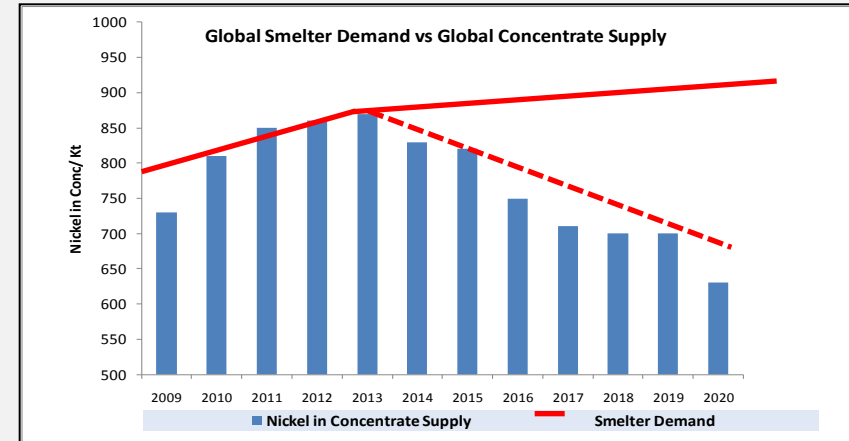
Concentrate Supply

- Tightness in smelter supply to be experienced from 2013
- Global nickel sulphide grades in decline
- Reliable nickel sulphide concentrate supply dwindling
- Laterites and Nickel Pig Iron do not fill the void

Offtake Contracts

- Long term offtake to BHP – 12ktpa nickel in concentrate
- New Jinchuan contract signed:
 - 12 month contract extension
 - Improved commercial terms
 - Significant uncommitted offtake beyond 2013
- Tender process currently underway for max 2 years offtake – target completion late January 2013
- WSA in a unique position being an independent producer
- Ability to complete spot/opportunistic sales

NOTE: The graph **FORRESTANIA – OFFTAKE CONTRACTS** is based on Western Areas' 10 Year Production Targets. These Targets include estimates and assumptions on production rates of existing ore reserves, conversion of existing mineral resources to ore resources and assumptions on potential extensions to existing mineral resources, based on current information. These Production Targets may vary due to future drilling results, nickel prices, costs and market conditions. Refer to Disclaimer and Forward Looking Statement in Presentation



Old ANZ Facility

- Amortising facility with expiry in March 2014
- Split into Tranche A and Tranche B
- Facility purpose was to backstop the July 2012 convertible bond (CB) repayment (A\$105.5 million)
- July 2012 bonds were retired from cash reserves – facility not utilised
- Tranche A facility used to fund A\$45 million towards the purchase Kagara Nickel Pty Ltd

Refreshed ANZ Facility

- Non-amortising fixed facility of **A\$65 million** expiring in March 2014
- Materially the same terms, but an interim step whilst a larger longer term facility is completed
- A\$65 million capacity post the equity raise and payout of the old facility

Medium to Longer Term Strategy

- Larger and longer term ANZ banking facility to backstop the July 2014 CB (A\$110.2 million) repayment
- Same strategy employed for the July 2012 CB repayment
- Multiple options available for the July 2014 bonds, including repayment from free cashflow and cash reserves



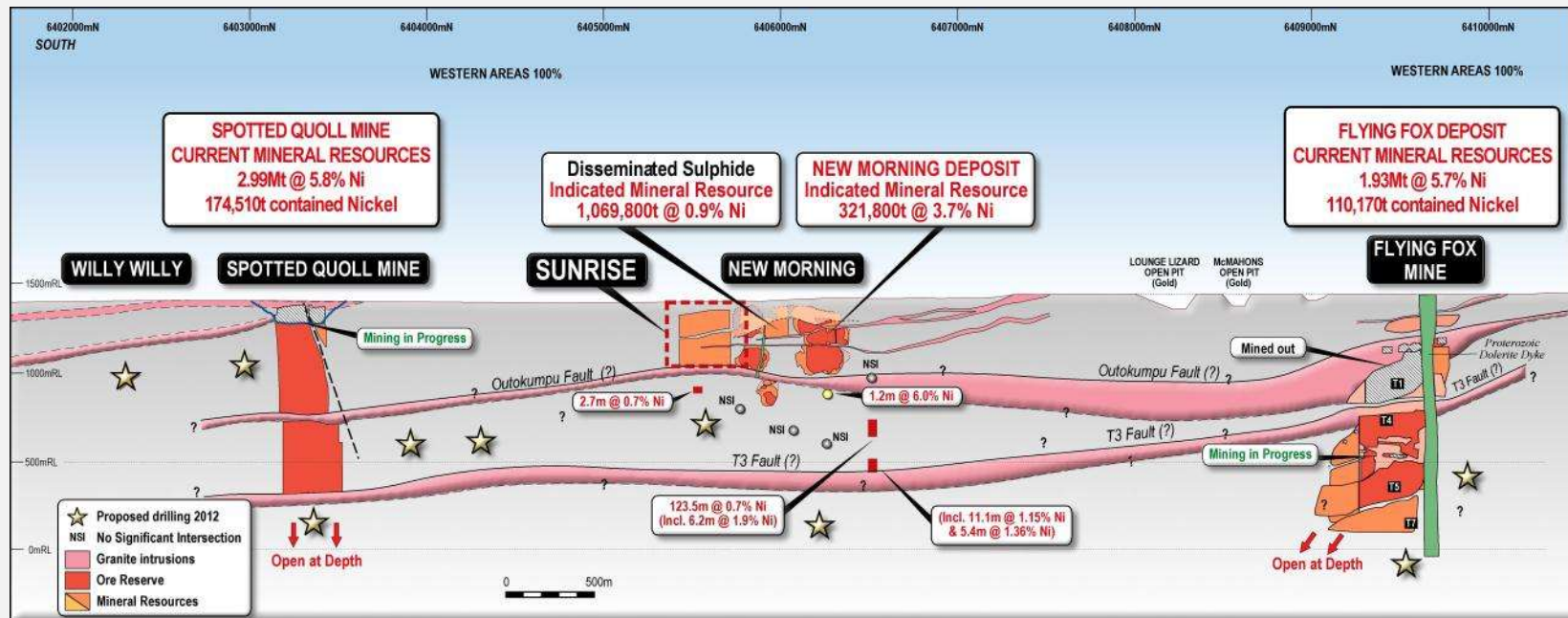
Material cash flow generated from low cash costs and consistent production

Full Year Highlights (\$'000)	FY 2011	FY 2012
Mine Production (tonnes Ni)	32,222	31,102
Mill Production (tonnes Ni)	25,663	25,641
Recovery	91%	92%
Sales Volume (tonnes Ni)	27,498	26,637
Cash Costs (US\$/lb)	2.11	2.50
Cash Costs (A\$/lb)	2.12	2.43
Exchange Rate USD/ AUD	0.99	1.03
Nickel Price (US\$/tn)	25,089	17,791
EBITDA ('000)	312,018	186,583
EBIT ('000)	231,991	94,902
NPAT ('000)	134,973	40,181
Cashflow from Operations ('000)	276,235	159,253
Net Cashflow ('000)	143,580	(43,446)
Cash at Bank	208,948	165,502
Dividend (cents)	25.0	11.0



Short Term – Near Mine Exploration

- Exploration Budget of A\$20M for FY13, majority to be spent on drilling at Forrestania
- 120km strike length (900 sq km) of prospective Forrestania Nickel Project, within 500km long nickel province
- Drilling Priority within 8km long zone (below). New discovery would access existing mine infrastructure
- Recent Sunrise discovery (see next slide)

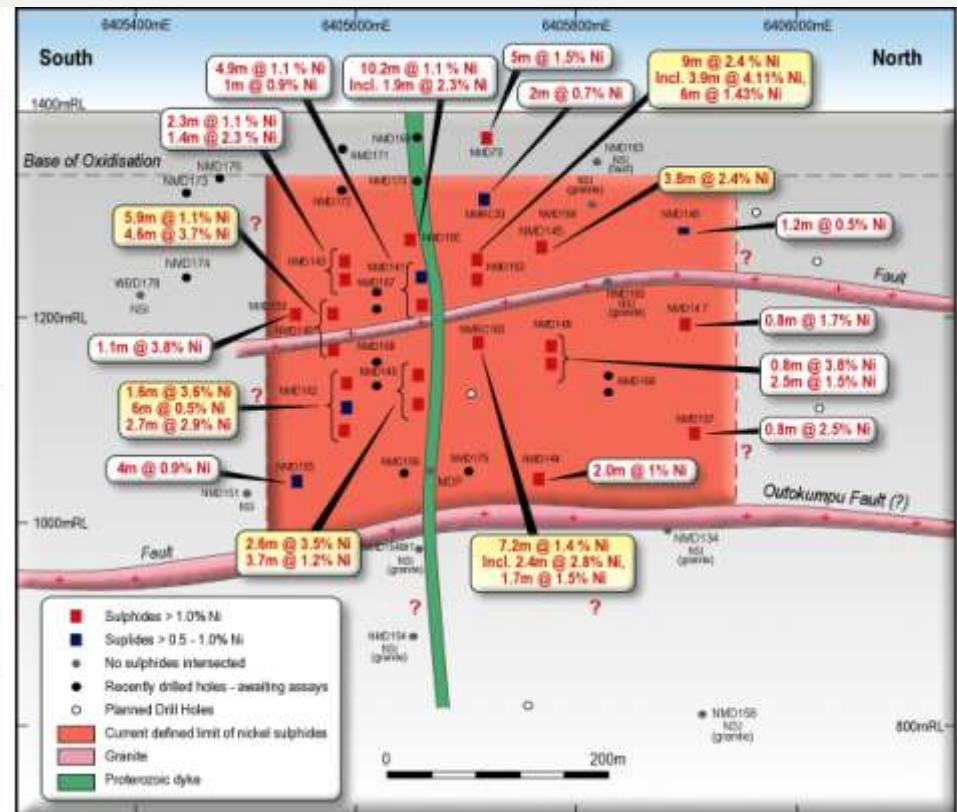
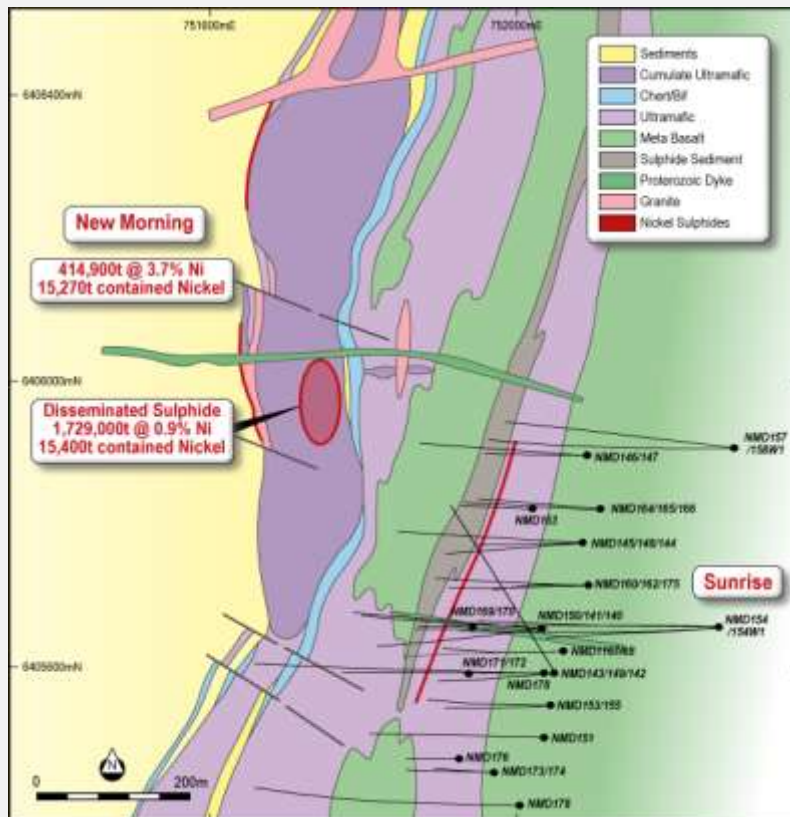


New discovery-Sunrise

WESTERN AREAS NL



- WSA's latest new high grade discovery, 2km from Spotted Quoll and 300m SE of New Morning
- Best intersection 4.6m @ 3.7% nickel
- Major drilling program underway and results to be announced over next 6 months



The Portfolio

WESTERN AREAS NL



Exploration projects

Feasibility

Operations

Kawana JV
80%

Sandstone
JV 70%

East Bull
Lake JV
65%

Cosmic
Boy
Resource

Bullfinch
North JV
70%

New
Morning

Mt
Alexander
JV 25%

Koolyanobbing

Sunrise

Lake King
JV 70%

Mt Gibb JV
70%

Southern
Cross
Goldfields -
Other

Hatters
Hill

Finland -
Copper

Finland -
Nickel

Mt Jewel 25%

Makwa &
Mayville
Canada

Diggers
South

Spotted
Quoll
Underground
Upgrade

Cosmic
Boy Mill
Expansion

Spotted
Quoll

Flying
Fox

Bioheap

Cosmic
Boy Mill



International



WA Regional



Forresteria

"Think Nickel, think Western Areas"



1. INTRODUCTION

There are a number of risks, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operational and financial performance of the Company and the value of its shares.

The risks set out below are not, and should not be considered to be, an exhaustive list of all the risks relevant to an investment in the Company. Additional risks and uncertainties that the Company is currently unaware of, or that the Company considers to be immaterial, may also become key risks that can adversely affect the Company's operational and financial performance in the future. These key investment risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.

Before investing, or increasing your investment, in the Company, you should consider whether this investment is suitable for you having regard to the risk factors set below, publicly available information, your investment objectives, and personal financial and other circumstances. You should consult your professional adviser if you have any doubts about an investment in the Company.

2. KEY INVESTMENT RISKS

2.1 Risks relating to financial matters

Stock market fluctuations	The value of the Company's shares will be determined by the stock market and will be subject to a range of factors beyond the Company's control. These factors include, but are not limited to, the demand for, and availability of, the Company's shares, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity.
Fluctuations in nickel prices	The Company's revenues are primarily dependent on the price of nickel. Nickel prices are volatile and subject to variety of factors which are beyond the Company's control. Depending on hedging practices, future price declines in the market value of nickel may adversely impact on the Company's profit margins, future development and planned future production, which may in turn adversely impact the price of its shares.

Key Risks (cont.)



Exchange rate fluctuations	<p>Exchange rate fluctuations affect the Company's profitability. The Company's revenues from nickel sales is received in US dollars, while the majority of its expenses (including financing costs) are incurred in Australian dollars. Foreign exchanges rates are impacted by a number of factors beyond the Company's control.</p> <p>Depending on hedging practices, if the Australian dollar appreciates in value against the US dollar then the Company's financial results may be adversely affected due to the potential lower Australian dollar receipts available to cover costs.</p>
Financing considerations	<p>The Company may need to raise additional debt or equity funds in the future to fund its exploration, development and production activities. There is no assurance that the Company will be able to obtain additional debt or equity funding when required, or that the terms associated with that funding will be acceptable to the Company and this may have a material adverse effect on the Company.</p> <p>Additionally, the Company's ability to service its existing debt and redeem its existing convertible bonds will depend on its future financial performance and cash flows, which will be affected by many factors, some of which will also be beyond the Company's control. Any inability of the Company to service its existing debt would have a material adverse effect on the Company.</p>
Hedging arrangements	<p>The Company enters into hedging arrangements at various times to limit its exposure to fluctuations in the price of nickel and exchange rates. If the Company is unable to satisfy its obligations under these contracts by delivering the required product (being nickel price or US currency) it may be adversely affected.</p> <p>The Company's hedging practices may prove ineffective because in some instances they may limit the price that can be realised on the nickel subject to the hedge where the market price exceeds the hedge contract.</p>
Changes to taxation	<p>Changes to income tax, GST, duty, greenhouse gas emission taxes, mining royalties or any other applicable taxation legislation or policies in the jurisdictions where the Company operates may adversely affect the Company's financial profitability, net assets and cash flow.</p>



2.2 Risks relating to operational matters

Exploration	<p>The Company's ability to increase its annual production of nickel in the medium to long term future will partly be dependent on the success of its exploration program. Exploration activities require sustained and substantial expenditure. Exploration activities are speculative by nature and there can be no assurance that commercial quantities of ore will be discovered. Accordingly, if the Company's exploration activities do not result in additional reserves, this may have an adverse effect on its financial and operational performance.</p>
Development	<p>The Company's ability to increase its annual production of nickel in the medium to long term future will partly be dependent on its ability to develop mineral projects. There are a number of risks and uncertainties associated with the development of mineral projects, many of which are beyond the Company's control.</p> <p>Development decisions are based on estimates of revenue, cost, timing and operational performance. There is an inherent risk that actual results may vary adversely from these estimates by reason of (among other things) changes in commodities prices, difficulties in obtaining and maintaining all necessary consents and approvals, variations from predicted ore grades, and unanticipated conditions at mine sites.</p> <p>If faced by the Company, these risks and uncertainties could result in the Company not realising development plans or in such plans generating less revenue than expected, costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Company's financial and operational performance.</p>
Mineral reserves and resources, production and cost estimates	<p>No assurance can be given that the Company will achieve its production and cost estimates. These estimates are subject to a number of factors, many of which cannot be foreseen and are beyond the Company's control.</p> <p>The Company's mining operations will be subject to operating risks that could result in decreased production, increased costs and reduced revenues. These risks include (among other things) inaccurate mineral reserve and resource estimates, failing to locate mineral deposits, failing to achieve predicted ore grades, losing key personnel, unforeseen geological and operating difficulties, unexpected maintenance or mechanical failures, industrial and environmental accidents or disputes, or adverse weather conditions.</p> <p>Estimating mineral reserves and mineral resources is a subjective process and the accuracy of any reserve or resource estimate is a function of the interpretation and extrapolation of a limited amount of geological data and,</p>

Key Risks (cont.)



Environmental impact	<p>The Company's operations may substantially impact the environment or cause exposure to hazardous materials. Nickel exploration and production can affect the environment and result in substantial costs being incurred for environmental risk management, rehabilitation and damage control. Further, environmental conditions may be attached to mining tenements, and a failure to comply with these conditions may lead to forfeiture of the relevant tenements.</p> <p>The Company may also be subject to claims due to environmental damage arising out of current or former activities at sites that the Company owns or operates. This could have an adverse effect on the Company's financial and operational performance.</p>
Security of tenure	<p>There is a risk that necessary land use approvals (including, in respect of any native title rights and cultural heritage sites), mining tenements and environmental permits may not be obtained, granted or renewed, or may be obtained, granted or renewed on terms not satisfactory to the Company, or may be obtained, granted or renewed but not within the timeframes anticipated by the Company.</p>
Government regulations and policies and legislative changes	<p>The Company's mining operations are subject to extensive government regulations and policies with respect to matters such as land use, employee health and safety, rehabilitation of mining properties, and environmental damage and pollution. Any failure to comply with regulations or policies may result in penalties for non-compliance, which could have an adverse effect on the Company's financial and operational performance.</p> <p>These regulations and policies are constantly changing so as to become more restrictive, impose stricter standards and increase penalties for non-compliance. Any future changes in these regulations or policies may adversely affect the Company's operations and ability to produce and sell nickel.</p>
Dependence on key personnel	<p>Retaining and recruiting qualified personnel is critical to the Company's success. If the Company cannot retain and attract qualified personnel it could adversely affect the Company's current exploration, development and production operations and its future growth plans.</p>
Offtake agreements	<p>The Company is party to two offtake agreements with BHP Billiton Nickel West Pty Ltd and Jinchuan Group Ltd. If the Company is unable to meet its required deliverables under these offtake agreements, its business, operating results and financial position may be adversely affected. There is also a risk that when these offtake agreements expire the Company will not be able to enter into replacement or additional offtake agreements or that any new contracts will be on less favourable terms.</p>

This document does not constitute an offer of new ordinary shares ("New Shares") of Western Areas in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

European Economic Area - Germany and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares other than to:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of Western Areas ("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Western Areas' shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.



Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Western Areas.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States or to "US persons" (as defined in Regulation S under the US Securities Act of 1933, as amended). This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to US persons except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.