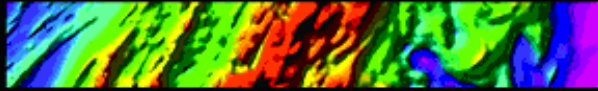


WESTERN AREAS NL



ABN 68 091 049 357

Corporate Governance

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Table of Contents

	<u>Page #</u>
Introduction	1
Board Charter	2
Audit & Risk Management Committee Charter	12
Risk Management and Compliance Policy	15
Remuneration Committee Charter	17
Remuneration Statement	21
Nomination Committee Charter	24
Corporate Code of Conduct	27
Health, Safety and Environment Policy	31
Code of Conduct for Company Directors and Senior Executives	32
Board Performance Evaluation	33
Continuous Disclosure Policy	34
Shareholder Communications Policy	38
Share Trading Policy and Guidelines	40

INTRODUCTION

Background

Corporate governance is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed and how performance is optimised.

Good corporate governance structures encourage companies to create value and provide accountability and control systems commensurate with the risks involved.

In March 2003 the ASX Corporate Governance Council established a number of principles and recommendations for Best Practice Corporate Governance. It is a requirement of ASX listed companies to analyse and report their compliance with such in the June 2004 Annual Report. Should there be instances of non compliance then reasons for such must be reported.

The 10 Best Practice Corporate Governance Principles are:

1. Lay solid foundations for management and oversight
2. Structure the board to add value
3. Promote ethical and responsible decision making
4. Safeguard integrity of financial reporting
5. Make timely and balanced disclosure
6. Respect the rights of shareholders
7. Recognise and manage risk
8. Encourage enhanced performance
9. Remunerate fairly and responsibly
10. Recognise the legitimate interests of stakeholders

Although the WSA Board are committed to the above recommendations, the corporate governance policies and principles should be established, implemented and monitored in such a way as to not compromise or distract the Board and management from its key goals and in a way that ensures the organisation carries on its business in an efficient and effective manner.

Dynamic Process

Western Areas NL ("WSA") comes from a background as a junior exploration company with a market capitalisation of less than \$ 10 million in 2002, to an ASX top 200 company.

The Board has developed policies to ensure that an appropriate and optimal level of corporate governance is in place. The Board has taken into consideration the nature of the governance matter, the impact of immediate or accelerated change to comply on the company and the issues (particularly risks) associated with deferred implementation.

The policies, procedures and guidelines adopted by the Board are disclosed in this document. The changing nature of the organisation as it evolves into a producing company, will necessitate ongoing review of corporate governance requirements.

BOARD CHARTER

Role of the Board

The board's role is to govern the organisation, whilst it is the role of executive management to manage the organisation in accordance with the direction of the board.

The board has responsibility for, and has the authority to determine, all matters relating to policies, practices, management and operations of Western Areas NL ("Western Areas"). It is required to do all things necessary to determine the objectives and the strategy, and to ensure that the strategy is carried out in order to achieve the objectives of the company.

The principle objective of the company is to acquire, explore, develop and operate profitable resource projects to create and deliver sustainable value for shareholders.

The board has the final responsibility for the successful implementation of the strategies, and the ongoing operations and performance of the company.

Without limiting the generality of that stated role, the matters reserved specifically for the board includes:

Establish vision, mission and values

- Determining the vision and objectives of the company;
- Approving and fostering an appropriate culture for the company that is directly aligned to its value, strategies and objectives;
- Identifying occupational health, safety and environmental issues and formulating and implementing policies to address and manage them and to monitor the compliance and effectiveness of these policies;
- Identifying all areas where written board policy is required, determining the policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the company's securities;

Set strategy and structure

- Formulating short term and long terms strategies to enable the company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving the annual operating and capital budgets, and variations thereto, ensuring they are aligned with the company's strategic objectives.
- Reviewing annually the progress and performance of the company towards meeting its objectives;
- Approving all mergers, acquisitions and disposals of projects and businesses;

- Identifying other material business risks pertaining to the company's operations, and to develop and implement strategies to manage these risks, and internal control systems to monitor compliance with and the effectiveness of these strategies;
- Developing strategies and procedures for crisis management of the company;
- Reviewing periodically the process, outcomes and effectiveness of the company's decisions and strategies, and ensuring that valuable lessons are identified, and absorbed into the process and framework for making future decisions;
- Approving processes, procedures and internal control systems to ensure that the company's financial results are reported on a timely and accurate basis;

Delegate to Management

- Appointing and approving the terms and conditions of the appointment of the Managing Director and senior executives.
- Establishing and determining the powers and functions of the committees of the board, including the Audit & Risk Management Committee, the Treasury Committee the Remuneration Committee and the Nomination Committee. Consider the reports from these Committees and the recommendations made.
- Reviewing and providing feedback on the performance of the Managing Director and Chief Financial Officer;
- Authorise expenditure approval limits for the Managing Director, and authorise expenditure in excess of these discretionary limits;

Exercise accountability to shareholders and be responsible to relevant stakeholders

- Determining, implementing and monitoring procedures to ensure that the ASX is promptly and adequately informed of all matters considered to be material, in accordance with the continuous disclosure obligations;
- Reviewing the performance of the Board, individual directors and board committees;
- Encouraging effective communication between the company and its shareholders, employees and the general public; and,
- Establishing and encouraging effective communication channels between the company and shareholders and other parties having legitimate interests that may be effected by the company's activities;
- Authorising the issue of securities and instruments of the company;
- Monitoring developments in the company's industry and general operating environment;
- Approving the Half Yearly and Annual Financial Reports, Annual Report, notice of general meeting, and profit and dividend announcement;

Powers of the Board of Directors

In order to ensure the efficient management of the company, the Board recognises the need to delegate certain of its powers to executive management. These powers may be delegated to a committee of the board, an individual director, or to an officer or employee of the company.

In delegating this power, the board must be satisfied that the delegate will exercise it reliably and competently, and in accordance with the requirements of the board. The board accepts responsibility for the manner in which the delegated powers are exercised, and must monitor the efficiency and effectiveness of the exercise of these powers by the delegate.

Delegation of Authority to Managing Director and Senior Management

The Board delegates responsibility for the day-to-day management of the company and its operations to its Managing Director and senior management. This delegation of authority includes responsibility for:

- (a) Formulating with the board, the vision, strategies, business plans and budgets, and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- (b) Operating the company's businesses within the parameters and having regard to the policies set by the Board from time to time, and keeping the Board informed of material developments in relation to those businesses;
- (c) Where proposed transactions, commitments or undertakings exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- (d) Identifying material business risks, formulating strategies in conjunction with the board or the Audit and Risk Management Committee to manage the risks, and monitoring effectiveness of the management process and reporting to the board and Audit and Risk Management Committee;
- (e) Developing and managing financial reporting and internal control and monitoring systems to ensure that they are efficient and effective, and provide adequate and timely financial information pertaining to the performance, condition, and prospects of the company;
- (f) Implementing and monitoring compliance with the policies, processes and codes of conduct approved by the Board;
- (g) Negotiating the terms and conditions of appointment of senior executives for board approval, appointing the senior management team, and endorsing the terms and conditions of appointment of all other staff members;
- (h) Implementing and monitoring compliance with policies, processes and procedures for the management and development of the Company's human resources, including the corporate culture and ethics;

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- (i) Providing strong leadership to, and effective management of, the company in order to:
- Encourage co-operation and teamwork;
 - Build and maintain staff morale at a high level; and,
 - Build and maintain a strong sense of staff identity with, and a sense of allegiance to, the company.
- (j) Ensuring that all matters requiring review or approval by the board are raised with sufficient supporting information and advance notice to allow proper consideration by the board; and,
- (k) Report to the board on a monthly basis, or other agreed time frame considered to be appropriate by the board, the performance of all parts of the business against budget.

Chairman's Responsibilities

The Chairman's responsibilities include:

- (a) Chairing the meetings of the board in an impartial manner, ensuring that meetings are properly constituted, a quorum is present, minutes of previous meetings are considered as required, all directors have a fair opportunity to participate, and the meeting is declared closed;
- (b) Developing a regular schedule of board meetings, setting the agenda for the meetings in consultation with the Managing Director, and ensuring there is adequate time and balance allowed between strategic, operational and compliance issues;
- (c) Ensure a board pack containing the necessary information for effective decision making is circulated sufficiently prior to the meeting to allow adequate time for review by directors;
- (d) Ensuring that issues relating to conflicts of interest between the Company and its directors and employees are properly dealt with in accordance with the Constitution and the Corporations Act;
- (e) Understanding of Board and general meeting rules and procedures;
- (f) Chair the Annual General Meeting, and any Extraordinary General Meetings, and ensure that shareholders have adequate opportunity to ask questions and provide their comments in relation to the management of the company;
- (g) Ensure that the external audit partner is present at the AGM and available to answer any questions raised by shareholders;
- (h) Provide leadership and ensure the effective performance of the Board;
- (i) Ongoing relations with management that are conducive to productive co-operation, and ensure the provision by management to Directors of accurate, timely and clear information;

- (j) Arranging regular evaluation of the performance of the Board and its Committees and of individual Directors;
- (k) Ensuring directors continually update their skills and experience and knowledge of the Company necessary to fulfil their role on the Board and Board Committees;
- (l) Establishing a protocol to be applied in the event that the Chairman is absent from meetings of the Board.

Board Structure

1. Criteria for Appointment

Directors are appointed under the terms of the company's constitution. Appointments to the board are to be based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise and experience on the board. The categories considered necessary for this purpose is a blend of accounting and finance, business, technical and administration skills.

2. Formality of Appointment

Directors should be appointed pursuant to formal agreements. The expectations for time to be committed, and involvement in Committees and other activities of the company should be set out in writing.

An induction pack should be provided to new directors including information in relation to the company's businesses, structure, constituent documents, financial position and strategic and business plans.

3. Independent Directors

Western Areas has evolved from an exploration company to a significant producer. As an exploration company, Directors have taken large equity risk positions to provide funding support, particularly at difficult times in the equity markets, and directors' emoluments have been at the lower end of the scale. This has assisted in providing confidence to investors as to the focus and commitment of the board to achieve its objectives, and to keep costs down. Consultancy arrangements with directors on an as needed basis have also assisted the company to access required skills, but yet to keep the cost structure flexible and competitive.

As Western Areas has moved to become a nickel producer, and the concept of independence is becoming more relevant. The access to director skills on a consulting basis has largely been replaced by full time executives. However, the large equity holdings of certain directors, and periodic consultancy arrangements remain.

Whilst the company will progressively increase the independence of its directors over time, compliance with the best practice in this area is not considered a current imperative, due to the additional direct cost of employing such directors, the view that there would not be an increase in board skills (only independence), and the risk that inefficiency will occur in

the board decision making process whilst the independent directors become familiar with the company's business.

The board considers that an independent directors is a non-executive director who also:

- a) Is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company.
- b) Within the last 3 years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment.
- c) Within the last 3 years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provider.
- d) Is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- e) Has no material contractual relationship with the company or another group member other than as a director of the company.
- f) Has not served on the board for a period that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.
- g) Is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

4. Role of Non-Executive Directors:

Non-Executive Directors collectively should:

- (a) Challenge executive management and contribute to the development of strategy;
- (b) Scrutinise the performance of executive management against agreed objectives and strategies;
- (c) Monitor the quality, quantity and efficiency of internal and external reporting of company performance;
- (d) Review independently and challenge the proposals presented by executive management, requesting additional information where they consider the information provided is not sufficiently detailed to support informed decision-making; and
- (e) Take reasonable and proper steps to satisfy themselves that financial information released to the markets and shareholders is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust.

Non-Executive Directors individually should:

- (a) Take the time to ensure they are properly informed about the subject matter of all decisions they are called upon to make as Directors of the Company;

- (b) Monitor their own performance, taking into account their other time commitments, state of health, potential conflicts of interest, and personal circumstances, to determine whether they can properly discharge their duties and responsibilities as a Director of the Company, and provide quality assistance to enable the company to achieve its objectives;
- (c) Undertake ongoing education to maintain appropriate skill levels, and attend site visits to the company to assist with the need to remain familiar with the company's business activities.

5. Annual Review of Non-Executive Directors

Board composition should be reviewed annually by the Nominations Committee to ensure that the non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the company in the future, taking into account its current operations and expectations for changes in the nature and scope of its activities.

6. Conflicts of Interest and Potential Conflicts of Interest

A Director must inform the Board or the Chairman, as soon as the Director becomes aware of any conflict or potential conflict of interest, which that Director may have in relation to any transaction or matter relevant to the company or its business. Unless the board decides otherwise, the Director should be absent from any discussion and decision on that transaction or matter.

7. Compliance with Legislation and Board Policy

Directors must comply with the relevant legislation impacting on their activities as directors, and with all policies established by the board.

Board Committees

The board may establish as required, standing and temporary committees to which it may delegate some of its powers. In order to define the role, responsibility, powers, structure, composition, operation and administration of each committee, the Board and committee should adopt a charter.

The board will have the following committees:

- ❖ Audit and Risk Management;
- ❖ Treasury;
- ❖ Remuneration; and
- ❖ Nomination.

Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for:

- (a) Overseeing and appraising the quality of the external audit and the internal control procedures, especially in the following areas:
 - Financial reporting and practices;
 - Business ethics policies and practices;
 - Accounting policies; and
 - Management and internal controls.
- (b) Providing through regular meetings, a forum for communication between the board, senior financial management staff involved in internal control procedures, and the external auditors;
- (c) Enhancing the credibility and objectivity of financial reports with other interested parties;
- (d) Enhancing the environment for identifying, analysing, managing and monitoring the operating risks involved in the business activities of the company;
- (e) Ensure that executive management are extensively involved in, and vouch for, the adequacy and effectiveness of the risk management systems.

Having regard to the size and business of the company, the Audit and Risk Management Committee should consist of:

- Only non-executive directors;
- At least 2 members;
- A majority of independent directors; and,
- An independent chairperson, who is not the chairperson of the board.

Remuneration Committee

The Remuneration Committee will be responsible for:

- (a) Setting policies for senior officers' remuneration;
- (b) Setting policies for directors' remuneration;
- (c) Making specific recommendations to the board on remuneration of directors and senior officers;
- (d) Setting the terms and conditions for the appointment of the Managing Director;
- (e) Undertaking the review of the Managing Director's performance, at least annually, including setting with the Managing Director the goals for the coming year and reviewing progress in achieving these goals.

Having regard to the size and business of the company, the Remuneration Committee should consist of:

- At least 2 members;
- Only non-executive directors;
- A majority of independent directors;
- An independent chairperson, who is not required to be a person other than chairperson of the board.

Nominations Committee

The Nominations Committee will be responsible for:

- (a) Devising criteria for board membership for approval by the full board;
- (b) Identifying specific individuals for nomination;
- (c) Making recommendations to the board for new directors and membership of committees;
- (d) Assisting the chairperson in advising directors about their performance and possible retirement;
- (e) Overseeing management of succession plans, including the Managing Director and senior management.

Having regard to the size and business of the company, the Nominations Committee should consist of:

- At least 2 members;
- Only non-executive directors;
- A majority of independent directors;
- An independent chairperson, who is not required to be a person other than chairperson of the board.

Committee Requirements

- Each Committee should report to the Board, as it considers appropriate having regard to matters and issues of significance that may arise, but in any case at least annually;
- The minutes of all committee meetings should be included in the Board pack of directors for each board meeting, except where the Chairperson considers it inappropriate due to potential conflicts.

Board Performance

The board has a process for reviewing its performance and that of its individual directors, committees and senior management. The board meets annually to review the outcome of this process.

The annual procedure for Board performance evaluation will be to:

- review its performance against the terms of the company's charter,
- review the performance of committees against the terms of their charters,
- review the contribution of each director;
- review the changes that may be required to the charter of the board or its committees, taking into account the developments in the company and its businesses over the preceding year, and in corporate governance practices.

The Board, through the processes of the Nominations Committee, will determine the scope and detailed procedures involved in this performance evaluation.

Indemnity and Insurance

Each Director has entered into an agreement with the company in which the company agrees to: deed with Western Areas NL under which the Company has agreed to:

- indemnify the Director against the liability arising out of the discharge of the Director's duties;
- provided cover can be obtained at reasonable rates and on reasonable terms, to maintain an insurance policy for the Director against liability incurred in their capacity as a Director;
- provide access to company material as required for proper purposes.

Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the chairperson, the company will pay the reasonable expenses associated with obtaining such advice.

AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

ROLE

The Audit & Risk Management Committee (the Committee) will assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting and external audit functions, internal control structure and risk management procedures. In doing so, it is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditors, and the management of the Company.

DUTIES

The duties of the Committee include: -

Internal Control and Risk Management

The Committee shall keep under review the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of risks.

It is the responsibility of the CEO & CFO to ensure that the Company operates within a sound structure of internal controls and procedures and within an approved Risk Management framework as adopted by this Committee.

External Audit

- (a) The Committee shall consider and make recommendations to the Board as regards the appointment and re-appointment of the Company's external auditors, and shall ensure that key partners within the appointed firm are rotated from time to time in accordance with Board policy.
- (b) The Committee shall meet with the external auditors at least twice each year, once at the audit planning stage, where the scope of the audit will be considered and the terms of the annual audit engagement approved, and once post audit at the reporting stage, and shall ensure that any auditor's management letters and management's responses are reviewed.
- (c) The Committee shall keep under review the Company's relationship with the external auditors, including (but not limited to):
 - Their independence and objectivity
 - The audit fees
 - The nature and quantum of non-audit services provided by the external auditor, including the amount of fees paid for such services, and
- (d) Compliance with accounting standards and any proposals that the external auditors have made vis-à-vis the Company's internal controls & procedures.

Internal Audit

WSA is not currently of a size that can support an Internal Audit function. It is the opinion of the Committee that the cost of establishing and maintaining such a function outweighs the potential benefits that may be obtained from one. The Committee will however, review the need for an Internal Audit function on a regular basis.

Financial Statements

- (a) The Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Company/Group.
- (b) The Committee shall review and challenge where necessary the Company's financial statements taking into account:
 - Critical accounting policies and practices and any changes in them
 - Decisions requiring a major element of judgement
 - The extent to which the financial statements are affected by any unusual transactions
 - The clarity of disclosures
 - Significant adjustments resulting from the audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchange and other legal requirements, and
 - The CEO/CFO statements to the Board firstly, as to the truth & fairness of the financial statements and their compliance with relevant accounting standards and secondly, as to whether the statements are founded on a reliable system of risk management and internal control.

Reporting Responsibilities

- (a) The Chairman of the Committee shall report to the Board, at the next following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee that require Board endorsement or approval.
- (b) The Committee shall report to the Board annually, in writing, on all matters relevant to the performance of its role and the discharge of its duties during the period, having regard to ASX Corporate Governance Council

Other Matters

- (a) The Committee shall be responsible for the Co-ordination of the external auditors and for reviewing and approving the annual and forward integrated audit plans
- (b) The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of last resort
- (c) The Committee shall, on a regular basis, review its own performance and Charter to ensure that it is operating effectively.

COMPOSITION

The Committee shall be appointed by the Board and shall be composed of: -

- (a) At least three non-executive Directors, the majority of which are independent
- (b) A Chairman, also appointed by the Board, who is one of those independent non-executive Directors and who is not the Chairman of the Board
- (c) Directors who are financially literate, with at least one Director possessing accounting or related financial expertise and qualifications, and
- (d) At least one Director who has experience in and an understanding of the industry in which the business operates

ATTENDANCE AT MEETINGS

The Chairman of the Board may attend meetings, ex officio.

The Chief Executive Officer, Chief Financial Officer, the Company Secretary or his/her nominee (acting as meeting secretary) and representative(s) of the external auditors attend meetings by invitation.

MEETINGS

- The Committee will hold three regular meetings a year (two are specifically held to review the half year and annual accounts) and additional meeting(s) as the Chairman of the Committee shall decide in order for the Committee to fulfil its duties.
- An agenda and any supporting documentation will be circulated to members of the Committee in advance of meetings. The Chairman of the Committee will report any significant matters to the subsequent meeting of the Board of Directors.
- The Company Secretary will be responsible for keeping minutes of the meeting of the Committee and circulating them to members.
- A quorum shall consist of a majority of Committee members.

AUTHORITY

The Committee has the right: -

- (a) To seek any information it requires from any employee of the Company and from the external auditor in order to perform its duties
- (b) To obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter
- (c) To call any member of staff to be questioned at a meeting of the Committee as and when required
- (d) To approve accounting policies and procedures and auditing methodology. Issues of material importance however will be referred to the Board with the Committee's recommendation.

RISK MANAGEMENT AND COMPLIANCE POLICY

Introduction

The Board has delegated to the Audit & Risk Management Committee (the Committee) the primary responsibility for ensuring that risks are identified and monitored. The discharge of this responsibility is assisted by

- The adoption of a Risk Management Policy that has been disseminated to all staff, and
- The implementation of a sound system of internal controls and procedures, as overseen by the Committee.

The Risk Management Policy is being formulated with due regard for guidelines published by Standards Australia, such as:

- AS/NZS 4360:1999- Risk Management
- HB 141:1999- Risk Financing;
- HB 231:2000- Information Security Risk Management Guidelines;
- HB 221:2003- Business Continuity Management

Principles

The Risk Management Policy provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The analysis and evaluation criteria are used to continually assess the impact of risks upon Western Areas NL's ("WSA") business objectives.

Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the company. Senior managers report monthly to the board on the areas they are responsible for, including key business risks.

WSA's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

The categories of risk include the following:

- Regulatory risk
- System/IT process risk
- Financial Management Risk
- Business and Operational Risk

A risk management model is being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening WSA as a whole or specific business activities within the Company.

Responsibilities

Chief Executive Officer

The CEO is accountable to the Board, through the Committee for ensuring that the risk management system is implemented and maintained in accord with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the CEO.

Senior Executives

Senior Executives are accountable for strategic risk management within areas under their control including the dissemination of the risk management process to operational managers. Collectively the Senior Executive is responsible for:

- The formal identification of strategic risks that impact upon WSA's business
- Allocation of priorities
- The development of strategic risk management plans

The Senior Executive review progress against agreed risk management plans.

Chief Financial Officer

In conjunction with the CEO, the CFO is accountable for the implementation of the Risk Policy and for maintaining a programme of risk reassessment. The CFO also provides advice to the relevant Senior Executives on risk management matters relevant to their responsibilities.

The CFO is to assist senior management and the Board in the effective discharge of their responsibilities with regard to the WSA internal control environment by ensuring the efficiency and effectiveness of Company processes and identifying opportunities to improve operating performances.

At appropriate intervals, the CFO shall determine the adequacy and effectiveness of the Company's system of internal accounting and operating controls and determine if the business unit/function are managing risks, in accordance with management instruction, policies and procedures, in a manner consistent with Company objectives.

REMUNERATION COMMITTEE CHARTER

INTRODUCTION

This Charter sets out the specific responsibilities delegated by the Western Areas NL (“WSA”) Board to the Remuneration Committee and details the manner in which the Remuneration Committee will operate.

OBJECTIVES

The Committee acts on behalf of the Board and Shareholders to provide Non-Executive oversight of the Company’s remuneration practices. The Committee seeks the following outcomes: -

- (a) Effective policies, processes, and practices for rewarding executives and directors and for succession management.
- (b) The Company’s remuneration practices support the business objectives by enabling the Company to attract and retain executives and directors who will add value to the Company.
- (c) The reward programs are fair and responsible and managed with integrity and in compliance with the ASX Listing Rules and the Corporations Act and principles of good corporate governance.

AUTHORITIES AND RESPONSIBILITIES

In order to achieve these outcomes the Committee shall: -

Salaries

- (a) Review overall remuneration philosophy, strategy, plans, policies and practices (including performance management methodology) for the recruitment, retention and termination of Company executives. The Committee shall ensure there is a clear link between executive performance and remuneration, balancing salaries with variable rewards to reflect short and long term performance of the executives and the Company.
- (b) Review and recommend to the Board the proposed remuneration package of the Chief Executive Officer.
- (c) Review and approve the Chief Executive Officer’s recommendations in regard to proposed remuneration packages of executives reporting directly to him.

Short Term Variable Rewards – Bonus/Incentive

- (a) Review incentive/bonus plan design on a regular basis to ensure they comply with legislation and regulatory requirements and reflect industry standards.

- (b) Set the performance measures and targets for the CEO.
- (c) Review the performance measures, targets and incentive/bonus opportunity for the direct reports to the CEO, and the actual level of incentive/bonus payments at the end of the measurement period.
- (d) Review the functioning of incentive/bonus plans to ensure their overall effectiveness in meeting company objectives.

Employee Equity Plans

- (a) Review plan design on a regular basis to ensure they comply with legislation and regulatory requirements and reflect industry standards.
- (b) Approve participants in employee equity plans.
- (c) Approve the total level of award under the plans and the level of participation in the plans.
- (d) Review functioning of equity plans to ensure overall effectiveness (including cost and tax impacts) in achieving company objectives.

Remuneration for Non-Executive Directors

- (a) Review and recommend to the Board the remuneration structure for the Non-Executive Directors of the Company whether by way of annual fees, committee fees and/or retirement benefits.
- (b) In determining the fees to be paid, Non-Executive Directors shall not be eligible for inclusion in any Short Term Incentive Plans and shall not be eligible for inclusion in any Company Equity Plans.
- (c) Non-Executive Directors may have a component of their fees directed to the purchase of Company shares.

Succession Management

- (a) Review the Succession Plans for the position of Chief Executive Officer.
- (b) Review the Succession Plans for the positions that report directly to the Chief Executive and for the Senior Executive positions of the Company.

Termination Agreements

Review and recommend to the Board for approval of the proposed termination payments and arrangements in respect of the Chief Executive Officer prior to his appointment. Termination payments in respect of other company executives reporting to the CEO shall be reported to the Committee at their next meeting.

Reporting of Remuneration

Review and approve proposed reporting of executive and director remuneration details and practices to ensure disclosure meets the requirements of the Corporations Act and the ASX Listing Rules, and in accordance with good corporate governance practices.

ADMINISTRATION OF COMMITTEE

Membership

- (a) The Chairman of the Board shall determine the composition of the Committee. The Committee shall consist of at least three Independent Non-Executive Directors of the Company.
- (b) The majority of the Committee shall be independent directors.
- (c) The Committee shall be chaired by an independent director.
- (d) In the event that a member of the Committee retires, is removed or resigns from the Board of WSA, that member shall cease to be a member of the Committee.
- (e) The Committee shall be assisted in an advisory capacity, as necessary by the Chief Executive Officer.

Chairman

The Chairman of the Board shall appoint the Chairman of the Committee who shall be a non-executive director other than the Chairman of the Board. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.

Meetings

- (a) The Committee shall meet as frequently as required but not less than two times a year.
- (b) Any Committee members or the Committee Secretary may call a meeting of the Committee.
- (c) A notice of each meeting shall be forwarded to each committee member prior to the date of the meeting.
- (d) The Committee may invite any executive management team members or other individuals to attend meetings of the Committee, as they consider appropriate.
- (e) Minutes and resolutions of the Committee shall be maintained by the Committee Secretary and distributed to all Committee Members and the Chairman of the Board following approval by the Committee Chairman.
- (f) The Chairman of the Committee, or delegate, shall report to the Board at the next meeting.
- (g) Committee minutes and papers may be made available to any director following a request to the Committee Chairman, providing no conflict of interest exists.

Attendance at Meetings

- (a) A quorum will comprise any two Committee members.
- (b) Each member shall have one vote and the Chairman of the Committee shall not have a second or casting vote
- (c) If a member of the Committee is absent then his or her vote may be cast by any other committee member in accordance with his or her instructions

Authority of the Committee

The Committee has the authority to: -

- (a) Obtain independent professional or other advice in the fulfilment of its duties at the cost of the Company; and
- (b) Obtain such resources and information from the Company in the fulfilment of its duties as it may reasonably require.

Review of Committee Performance

The Committee will annually revisit its objectives and duties and evaluate the effectiveness of its performance.

REMUNERATION STATEMENT

Remuneration

In determining competitive remuneration rates, the compensation committee seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans.

Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Performance-based Remuneration

The compensation committee recognises that Western Areas NL ("WSA") operates in a global environment. To prosper in this environment, we must attract, motivate and retain key executive staff.

The principles supporting our remuneration policy are that:

- Reward reflects the competitive global market in which we operate
- Individual reward is based on performance across a range of indicators that apply to delivering results across the company
- Rewards to executives are linked to creating value for shareholders
- Executives are rewarded for both financial and non-financial performance
- Remuneration arrangements are equitable and facilitate the deployment of senior management across the company
- Senior managers receive a significant component of their reward in equity and are required to retain that holding over time

Short-term/long-term mix

WSA's reward structure combines base salary, short-term cash incentives and share purchases with mechanisms to ensure significant ongoing share holding by senior managers. The cost and value of remuneration components are considered as a whole to ensure a balance between fixed and variable performance-related components in the short and long-term.

Superannuation entitlements are provided to employees providing them with increased flexibility and control over their contribution level and superannuation investment choice.

Market Comparisons

Consistent with attracting and retaining talented executives, the compensation committee endorses the use of incentive and bonus payments.

The committee continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The compensation committee determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors.

As ratified by shareholder vote on 12 September 2008, the maximum available aggregate remuneration approved for non-executive directors is \$800,000.

A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Senior Executive Remuneration

The Chief Executive Officer receives remuneration based on three elements comprising: -

- Fixed annual rewards
- A short term incentive
- An executive share plan

Fixed Annual Rewards

The fixed annual reward comprises a base salary, from which he may salary-sacrifice income for superannuation and motor vehicle benefits.

Short Term Incentive

Short-term incentive applies to annual individual and company performance, evaluated against a set of performance criteria established at the start of each financial year.

Executive Share Plan

The executive share plan, structured as a long-term incentive, applies to a rolling five years of company performance measured by total shareholder return relative to peer companies.

Summary

This remuneration structure ensures that annual Company performance is clearly reflected in the chief executive officer's reward outcomes.

Performance hurdles must be met to trigger any reward under both the short-term incentive and the executive share plan. Further, reward is made depending on the assessed level of individual and company performance.

The chief executive officer's fixed annual reward should be reviewed annually in conjunction with the annual salary review process. The review should include independent external advice on market relativity for similar-sized roles. Adjustments to the chief executive officer's fixed reward should be approved by the Board and disclosed.

NOMINATION COMMITTEE CHARTER

Introduction

The Nomination Committee is in place to fulfil the Boards responsibility to shareholders to ensure that at all times the composition, structure and operation of the Board is of the highest standard.

Role

The Nominations Committee ("the Committee") will:

- (a) Assess the necessary and desirable competencies of board member
- (b) Review board succession plans
- (c) Evaluate the board's performance
- (d) Make recommendations for the appointment and removal of directors

Composition

The Committee shall be composed of:

- (a) A minimum of three members, the majority being independent directors
- (b) Be chaired by the chairperson of the board or an independent director

Duties

The duties of the Committee include:

- (a) Developing and reviewing Board evaluation processes
- (b) Reviewing director education
- (c) Reviewing annually the size and composition of the Board
- (d) Considering the mix of desired competencies across board members
- (e) Evaluating Board candidates and recommending to the Board individuals for Board appointment/shareholder election
- (f) Recommending to the Chairman of the Board the appropriate process for evaluation of the performance of each Director and the Chairman.

Rights of the Committee

The rights of the Committee will include: -

- (a) The right to seek information required in order to perform its duties, from any employee of the Company; and

- (b) To obtain, at the Company's expense, external legal or other professional advice on any matter within its charter

Policy for the appointment of Directors

In its evaluation of candidates for the Board, the Committee will have regard to normally accepted nomination criteria including: -

- (a) The ability to exercise sound business judgment
- (b) A position of leadership or prominence in a specified field
- (c) Absence of conflicts of interest or other legal impediments to serving on the Board
- (d) Willingness to devote the required time
- (e) Availability to attend Board and Committee meetings
- (f) Appropriate experience and/or professional qualifications
- (g) Integrity or moral reputation.

When considering overall Board balance, the Committee will give due consideration to the value of a diversity of backgrounds and experiences among the members, and to having some of the directors based in the centres of operation of the Company

In making approaches to candidates, the Committee will give due consideration to the appointment of outside professional consultants to identify and initially screen candidates based on a set of criteria developed by the Committee as appropriate for the then needs of the Board.

Board membership guidelines

In assessing the composition of the Board, the Committee will have regard for the following policy.

- (a) The Chairman should be both non-executive and independent and an Australian citizen or permanent resident
- (b) The Managing Director/Chief Executive Officer should be a full time employee of the Company
- (c) More than half of the Board should comprise Directors who are both non-executive and independent
- (d) The Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company
- (e) The Board should comprise at least 5 members, including the Chairman and Managing Director. This number may be increased where it is felt that additional expertise is required in specific areas, or where an outstanding candidate is identified.

Meetings

The Committee shall meet once per year and at such additional times as the Chairman of the Committee shall decide in order to fulfil its duties.

An agenda including supporting documentation will be circulated to members of the Committee in advance of each meeting. The Committee Chairman will report the discussions of each meeting of the Committee to the subsequent Board meeting.

The Company Secretary will be responsible for keeping minutes of the meetings together with copies of all materials presented to the Committee.

The quorum for a meeting of the Committee will be a majority of the members.

CORPORATE CODE OF CONDUCT

PURPOSE

The Corporate Code of Conduct has been prepared to help stakeholders understand Western Areas NL's ("WSA") standards of ethical business practice. This code applies to all employees, officers, directors, consultants, agents, and other representatives retained by WSA.

The principles set out in this code describe how WSA staff should behave. In every business decision WSA makes, we must follow the ethics and compliance principles set forth in this policy. WSA, its directors, and its employees are required to not only meet these expectations, but also demonstrate them as necessary to ensure their clients, business associates, shareholders and fellow employees are adhering to this Code. It is also our responsibility to report anything we observe or know about that might violate these principles.

Breach of this code is a serious matter. It is important that you read this code carefully and ask questions about anything you do not understand. Each of us must understand and accept our responsibility in preserving and enhancing WSA's reputation for integrity. I know that you and your colleagues will take pride in always doing the right thing.

GUIDING PRINCIPLES

The guiding principles to which employees should strive to comply are:

Performance – 'strive to excel'

- Have passion and belief;
- Work as a team;
- Take accountability; and
- Celebrate success

Simplicity – 'keep it simple'

- Focus on priorities;
- Be non-bureaucratic
- Communicate clearly; and
- Make it easy

Leadership – 'show the way'

- Provide direction;
- Think strategically
- Be innovative; and
- Inspire and enrich/

Commercial Focus – ‘treat it as your own’

- Be financially responsible;
- Make astute decisions;
- Understand the market; and
- Create long term value

Integrity – ‘do the right thing’

- Be open and honest;
- Show respect for the individual;
- Value differences; and
- Be a good corporate citizen

FAIR DEALINGS WITH STAKEHOLDERS

All WSA directors and employees should strive to be honest and fair in all dealings with customers, business partners, investors, suppliers and communities (“business associates”).

Business Associates

Our relationship with our business associates is central to our success. All employees must ensure they treat the business associates of the company fairly. Employees must not discriminate against nor harass work colleagues or business on the basis of attributes such as gender, colour, nationality, disability, age, pregnancy, or marital status. Anti-discrimination laws protect WSA business associates as well as our employees.

Business Guidelines

WSA directors and employees are expected to conduct daily activities for the company in compliance with all company policies, legal obligations and contractual obligations. This includes complying with:

- Company policies, procedures, rules, regulations and its contracts with its business associates;
- Applicable legislation;
- Contracts of employment;
- All reasonable and legal instructions of managers;
- Occupational Health and Safety requirements;
- The company’s prohibition on sexual or other unlawful harassment or discrimination in the workplace.

Acceptance of Gifts

WSA is a company with integrity. Accordingly employees must not solicit business associates for personal gifts of any kind, even if these gifts are sometimes offered as advertising novelties

of a nominal value. Gifts could include offers of free travel, merchandise or entertainment. Although not encouraged, gifts such as advertising novelties of a nominal value may be accepted, if it is clear that nothing is expected in return.

Other gifts and gratuities of more than a nominal value, or excessive entertainment, may not be accepted unless you are completely without responsibility for making any related decisions. The departmental manager must first approve acceptance of such gifts, gratuities or entertainment or their appointed authorised representative. All gifts, gratuities and entertainment received or offered, of any value, should be reported to your immediate manager.

Offering payments

Do not make an illegal or improper payment on behalf of WSA to any government agency, person or entity.

Do not at any time offer, promise, authorise, approve or condone the use of corporate funds or property for any of the following activities:

- The payment of money or the giving of any thing of value to any:
 - Government official(s) in order to influence them to act or fail to act in any official capacity;
 - Political party, any official of a political party, or any candidate for political office in order to influence them to act or fail to act in any official capacity; or
 - Person who will apply the payment or gift (in whole or in part) directly or indirectly to these activities
- The payment of a kickback to obtain business for WSA

These activities set out in this section are prohibited by WSA even if permitted by the laws, standards, or customs of any country in WSA is doing business, and regardless of any requests or pressures received from any government or the competitive consequences of refusing to comply with such requests or pressures.

Conflict of Interest

A conflict of interest arises when you are in a position or situation, which could:

- Benefit you, or someone with whom you are associated, and that benefit is at the expense of WSA, or results in lost opportunity for WSA; or
- Interfere with your objectivity in performing your company duties and responsibilities

When conducting any business on behalf of WSA, you must always act in the best interest of WSA and must avoid situations which could reasonably give the appearance of being under obligation to, or being properly influenced by any, business associate (actual or potential) or any advisers, such as banks, contractors, law firms, consultants and governmental agencies.

Directors and members of the executive must not take advantage of company property or information, their position or opportunities arising from their position for personal gain.

WSA requires that all employees disclose to their manager any financial interest that might influence an employee's decisions or actions on the job, including interests in any of our business associates and competitors.

To reduce the possibility of conflicts of interest arising, directors and employees are not permitted, while working for WSA, to accept additional outside employment with another organisation that is a business associate or competitor WSA, or any other employment that is in conflict with the employee's position at WSA.

WSA employees must not use information or authority derived from employment with the company for personal gain. For example you:

- Are not permitted to buy or sell goods or services in your own name or associate (where associate is defined as any person or organisation with which the employee has a business relationship), when the service or equipment concerned would normally be supplied by WSA;
- Are not permitted to hold money or goods entrusted to you by a customer except for the purpose of conveying the money and goods to us without delay;
- May not engage in any transaction with a customer other than at 'arms length'.

HEALTH, SAFETY AND ENVIRONMENT POLICY

Western Areas is committed to the continuous improvement of health, safety and environmental management programmes. The Company's goal is to continue to provide a safe working environment and to consider the welfare of employees, consultants, contractors, the broader community and the environment.

Western Areas encourages a culture of openness and employee involvement to identify and assist in resolving potential hazards and to identify environmental issues that may arise as a result of exploration and mining operations.

To achieve this goal, the Company's health, safety and environmental policy includes the following key principles:

1. This policy applies to all managers, supervisors, contractors, consultants and Company employees ('Personnel') who are accountable for health, safety and environmental performance in their respective areas.
2. Western Area's decision making process at Board and management levels must take into account health, safety and environmental issues as a high priority.
3. The Board and management will establish and maintain sufficient resources and management systems to identify and monitor any risks associated with the Company's operations.
4. Personnel are required to follow rules for safe operations and to report potential hazards to their supervisors. Everyone is required to use their knowledge and skills to improve safety and to protect the environment.
5. Western Areas will ensure ongoing training and regular reviews so that all Personnel are aware of their responsibility regarding health, safety and the environment.
6. The Company will comply with legal statutory requirements aimed at promoting health, safety and environmental management. Where these provisions do not exist, the Company will apply internal standards that minimise any adverse impacts arising from the Company operations.
7. Western Areas will only employ those contractors and consultants who embrace similar health, safety and environmental standards as the Company.

The responsibility for health, safety and environmental performance, including training for each employee, rests with Western Area's Board and management. The identification of potential health and safety risks as well as potential environmental problems will require ongoing review by employees, management and the Board.

CODE OF CONDUCT FOR COMPANY DIRECTORS AND SENIOR EXECUTIVES

Introduction

This code is established by the company to ensure that directors and senior executives are provided with clear principles setting out the expectations of their conduct.

Policy

As a general proposition, it is expected that directors and senior executives will actively promote the highest standards of ethics, honesty and integrity in carrying out their roles and responsibilities for the Company.

In addition, in dealing with the company's suppliers, competitors, customers, and other organisations with which they have contact, they will exercise fairness and integrity, and will observe the form and substance of the regulatory environment in which the company operates.

At all times, directors and senior executives must act in the interests of the company. They are therefore required to disclose any actual or perceived conflicts of interest, and to conduct themselves professionally and honestly in the resolution of such conflicts.

Directors will comply with the provisions of the Corporations Act in relation to the disclosure of directors' benefits.

Directors and senior executives acquire information in the course of conducting their duties which is confidential to the company. This information is the property of the company, and it is improper and potentially damaging to the company to disclose it to any other person without proper authorisation by the company.

Information relating to the activities of the company, which is not publicly known, and which may have a material impact on the price of the company's securities, must not be used for personal gain.

Directors and senior executives should ensure that the company is properly managed so as to enhance the interests of shareholders, protect the company's assets, ensure the assets are applied for legitimate business purposes, and ensure all corporate opportunities ensure to the benefit of the company and are not compromised by considerations such as personal gain.

Directors and senior executives have a role in ensuring compliance with this code of conduct, and therefore should be vigilant and report any breach of this code of conduct.

BOARD PERFORMANCE EVALUATION

Board of Directors

This policy is to ensure individual directors and the Board as a whole work efficiently and effectively in achieving their functions.

Each year the Board undertakes the following activities:

- The Chairman meets with each non-executive director separately to discuss individual performance and ideas for improvement; and
- The Board as a whole discusses and analyses its own performance during the year including suggestions for change or improvement.

Board Committees

This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in their charter.

Each year the Board undertakes the following activities:

- The Board reviews the Committees achievements during the year based on their duties; and
- The Board reviews the charters of the Committees once per year to ensure that they are up to date.

Managing Director and Key Executives

This policy is to ensure the Managing Director and key executives execute the company's strategy through the efficient and effective implementation of the business objectives.

In order to accomplish this:

- Each year the Board reviews the company's strategy.
- Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures.
- These objectives are reviewed periodically to ensure they remain consistent with the company's priorities and the changing nature of the company's business.
- These objectives are the performance targets for the Managing Director
- Performance against these objectives is reviewed annually by the Board and is reflected in the Managing Directors remuneration review.

CONTINUOUS DISCLOSURE POLICY

Introduction

Western Areas NL (“WSA”) is listed on the Australian Stock Exchange (ASX) and the Toronto Security Exchange (“TSX”) and is required to comply with the ASX and TSX Listing Rules. The ASX and TSX Listing Rules contain general and continuous disclosure requirements based on principles that include the interests of listed entities, maintenance of investor protection and the need to protect the reputation of the market. WSA is committed to meeting its disclosure obligations in accordance with these principles and to the promotion of investor confidence in its securities. Where there is conflict between the listing rules of the specific exchanges, the rules of the exchange that registers with the majority of the Company’s shares will prevail.

WSA has a comprehensive disclosure policy to comply with the ASX and TSX Listing Rules regarding the public disclosure of material information. The aim of this policy is to ensure that WSA release price-sensitive information in a timely manner.

Disclosure principle

WSA will immediately notify the market by announcement to the ASX and TSX of any information concerning the business of WSA that a reasonable person would expect to have a material effect on the price or value of WSA’s securities.

Information about WSA is regarded as material if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company’s securities.

Officers and employees are encouraged not to rely on their judgement and to consult the Company Secretary on whether particular information is considered to be material.

The only exceptions to this disclosure principle are those permitted under ASX Listing Rule 3.1A where a Company may withhold disclosure if all three of the following criteria are satisfied:

-

- A reasonable person would not expect the information to be disclosed
- The information is confidential and the ASX has not formed the view that the information has ceased to be confidential
- One or more of the following applies: -
 - It would be a breach of the law to disclose the information
 - The information concerns an incomplete proposal or negotiation
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure
 - The information is generated for the internal management purposes of WSA
 - The information is a trade secret.

Managing Market Disclosure

The Board of WSA is responsible for overseeing WSA's disclosure practices and procedures.

Specific responsibilities of the Board in this area are: -

- The Company's continuous disclosure obligations;
- Communications with the ASX/TSX;
- Making decisions on what should be disclosed publicly under this policy.
- Promoting awareness of this policy within WSA;
- Overseeing, reviewing and updating this policy, as required, to ensure continuing compliance with changing legal and regulatory compliance; and
- Implementing reporting processes and controls

The Board has the power to delegate aspects of the administration of this policy to senior management. To this end the practical application of this policy at WSA is the responsibility of the Company Secretary.

The Board will make decisions on the disclosure of material information pursuant to legal and regulatory requirements, and will advise the Audit Committee with respect to disclosure issues relating to financial information.

It is the responsibility of all WSA senior executives to keep the Board, or the nominated delegate, fully apprised of all potential material developments. The Company Secretary will make a preliminary assessment of whether the information is material. The Board shall then evaluate and discuss those developments and determine the materiality of those developments and the appropriateness and timing of any public release of information relating to those developments.

The Company Secretary is the convener of this policy responsible for its administration and the monitoring of compliance.

Market disclosure principles

Once the Board has determined that a development constitutes Material Information, WSA will comply with the following principles of disclosure: -

- Material Information will be publicly disclosed promptly to the ASX/TSX in accordance with the ASX/TSX Listing Rules to prevent selective, unauthorised disclosures.
- Disclosure must be complete, without any omissions that might make the rest of the disclosure misleading, and unfavourable Material Information will be disclosed as promptly and completely as favourable Material Information.
- WSA will not make selective disclosures of Material Information. Previously undisclosed Material Information will not be disclosed to selected individuals (for example, as a result of telephone calls or inquiries from an analyst or a shareholder).

- Disclosure should be corrected as soon as reasonably practicable if WSA subsequently learns that an earlier disclosure by WSA contained a material error at the time it was given.
- The Managing Director and Company Secretary will monitor the media following the release of Material Information and, in the event of perceived inaccuracies in reporting, will consult with the Board to determine if and what corrective steps need to be taken.

Significant announcements

The Board will approve the content of any announcement that contains or relates to financial forecasts or material that is significant as regards WSA policy or strategy.

Where issues arise which may fall within this category the matter is referred urgently to the Chairman by the Managing Director/CEO or Company Secretary.

Where the urgency of the subject matter precludes reference to the full Board the Directors who are available may approve an announcement within this category.

Significant announcements of a recurring nature, such as the Company's half-year and end-of-year results, are as a matter of course presented for consideration by the full Board prior to their release to the market.

Managing Expectations

WSA will try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with WSA's expectations.

However, WSA will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with analysts' models and earning estimates.

Rumours

WSA will not normally comment, affirmatively or negatively, on rumours. This policy also applies to rumours on the Internet. WSA's spokespersons will respond consistently to rumours, by stating, "It is our policy not to comment on market rumours or speculation."

Should the ASX/TSX request that WSA make a definitive statement in response to a market rumour relating to WSA, the Company will respond to the ASX/TSX as required by the ASX/TSX Listing Rules.

Trading halts

WSA may, in exceptional circumstances, request a trading halt to prevent the emergence of a false or uninformed market for WSA's securities and to manage disclosure issues. Any decision to request a trading halt will be made under the procedure set out for the release of significant announcements.

Breaches of policy

Breaches by employees of WSA's Continuous Disclosure Policy may lead to disciplinary action including dismissal in serious instances.

SHAREHOLDER COMMUNICATIONS POLICY

Introduction

Western Areas NL's ("WSA") Board of Directors is responsible for ensuring shareholder communications are adequate and appropriate and based on transparency and sound corporate governance principles.

These principles form the basis of the Company's Shareholder Communications Policy with the objective of providing shareholders with important information in a timely manner through written and electronic communication.

The Company promotes direct communications with shareholders and encourages them to direct questions or requests for information to its directors or management through its Investor Relations Representative.

Written Information

WSA's annual report is the main communication document provided to shareholders following the end of each financial year. In addition to meeting all statutory requirements set by the Corporations Act and the Australian Stock Exchange (ASX) Listing Rules, the annual report contains information that assists shareholders to understand how the Company's operational and financial results were achieved, the nature of the industry in which it operates, and the Company's outlook in relation to its product offering and market trends.

The annual report will be made easily available to shareholders and other stakeholders in a timely manner in both print and on-line versions.

An interim report will be provided to shareholders following the end of the financial half-year. In accordance with ASX Listing Rules, WSA adheres to the continuous disclosure requirements as specified in its Continuous Disclosure Policy, and will promptly release to the ASX all communications of material information, including but not limited to financial results announcements, media releases, presentations, speeches and statements of importance.

Electronic Communications

WSA is aware of the efficiencies and effectiveness of communicating to shareholders electronically. With this in mind, the Company has a website from which its financial reports and presentations can be freely downloaded and which reflects information released to the Australian Stock Exchange.

ACCESS TO DIRECTORS, MANAGEMENT AND AUDITORS

Shareholders may at any time direct questions or requests for information to directors or management through the Company's website or by contacting the Company's Investor Relations Representative. At each Annual General Meeting, shareholders will be given the opportunity to ask the Company's directors and external auditors questions relating to the business and the conduct of the audit respectively.

SHARE TRADING & DISCLOSURE POLICY

Introduction

The ordinary shares of Western Areas NL (the Company) are listed on the Australian Stock Exchange. This Share Trading Policy has been written in an effort to prevent the incidence of insider trading in the Company's securities by directors, senior managers and other employees and person associated with any of them. It is the responsibility of each individual to comply with this policy.

This policy sets out:

- (a) When trading in the Company's securities by directors, senior managers and other employees is permitted
- (b) Procedures to reduce the risk of insider trading.

Trading in Company Shares

Directors, senior managers, employees and related parties (being persons connected with them who are likely to be influenced by the directors/employees in their decision making) shall not trade in the Company's securities nor place themselves under suspicion of trading in the Company's securities while in possession of unpublished price sensitive information.

All directors and employees should ensure that all transactions in the Company's securities comply with:

- (a) Australian Corporations Law and Regulations (particularly the insider trading provisions in Section 1002G)
- (b) The Australian Stock Exchange Ltd Listing Rules (particularly the continuous disclosure requirements in rule 3.1) and The Toronto Security Exchange listing rules.
- (c) Any similar legislation in other countries in which the Company conducts transactions

The Company's securities include ordinary shares, options and any other instrument issued or granted by the Company from time to time.

General Restrictions on Trading

- (a) preferably a Director or Insider should transact in WSA shares within a 10 working day "Trading Window" following the release of a quarterly activity report or the half year or annual reports;
- (b) the Director or Insider must ensure that they are not aware of any information on WSA that may be material or market sensitive; and
- (c) the Director or Insider must confirm with either two of the Chairman or CEO or Company Secretary (2 independent parties) that they can transact.
- (d) Trading can occur outside this company imposed "Trading Window" provided item 2 is confirmed and item 3 is documented in a register to be maintained by the Company Secretary.

Responsibilities

Each Director and employee is responsible for adhering to the Company's ethical standards for trading in the Company's securities.

The Company Secretary has responsibility for maintaining these standards.

Disclosure

Under ASX Listing rules notification to the stock market of all trading in securities by a director must be made no more than 5 days after the transaction occurs. It is the responsibility of each director to ensure that he/she informs the Company Secretary of such transactions as soon as possible after the event.

It is the responsibility of the Company Secretary to ensure the information is released to the ASX in the appropriate manner.