

July 1st, 2010

ASX & TSX: WSA

News Release

RECORD PRODUCTION OF 6,400 TONNES NICKEL MINED IN JUNE Q

The Board of Western Areas is pleased to announce a major step up in mine production at Forrestania during the June Q 2010. The Flying Fox and Spotted Quoll mines combined produced a **record 6,400 tonnes nickel metal mined at an average grade of 4.6% nickel** during the June Q. This includes **2,750 tonnes nickel at 4.9% nickel grade in the month of June** providing further confidence that the Company will reach its target 20,000 tonnes nickel mined in CY 2010. Reported mine production for CY 2009 was 9,200 tonnes nickel.

The new Spotted Quoll mine is already making a significant contribution to ore production. The Tim King Pit produced a total 54,100t ore mined at an average grade of 5.5% nickel for an estimated 2,970 tonnes contained nickel in the June Q. This is an outstanding achievement for any new mine in its first quarter of production. High grade ore reserves for 8 to 9 years production have already been defined at Spotted Quoll and the deposit remains completely open.

The nickel concentrator processed approximately **82,500 tonnes ore at an average grade of 4.4% nickel to produce 3,200 tonnes nickel in concentrate during the June Q**. This is a very solid result considering that commissioning of the Stage 2 plant upgrade took place in June and that as anticipated, 10 production days were lost during this process. The plant is now operating at full capacity and is processing a blend of high grade Flying Fox and Spotted Quoll ore.

Cash Cost estimates for the June Q (before smelting and refining costs) are in line with guidance targets of US\$2.50~US\$3.00/lb nickel in concentrate, amongst the lowest in Australia.

The June Q tonnes, grade and cash cost figures quoted above are subject to final reconciliation. The reconciled figures and final cash costs will be reported in the June Q Activities Report which is expected to be released by 16th July.

Nickel Stockpiles and Sales

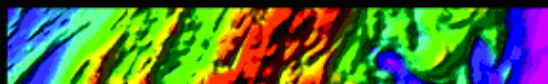
There are now significant stockpiles of ore and concentrate on site. These comprise:

1. Total surface ore stocks: ~68,500t at estimated 5.0% Ni containing 3,425t nickel
2. Total concentrate stocks: ~8,500t concentrate at 14% Ni containing 1,100t nickel



Figure 1: Photo of containers which will be used to export Forrestania concentrate to Jinchuan in China

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Assuming a range of plant recoveries for the untreated component, the insitu value of the 4,525t nickel in stockpiles at Forrestania is approximately US\$75M based on current nickel price.

The Company is making every effort to sell this additional nickel so that it will report to profits in the December half 2010. In addition to the existing 10,000tpa contract with BHP Billiton, Western Areas has a short term contract to sell oxide and transitional ore from the Tim King Pit to Minara and will also commence exporting nickel concentrate to Jinchuan in July.

The first shipment to Jinchuan is expected to be ready to leave Esperance Port on about 21st July. Western Areas has leased 300 half height, sealed containers which will meet the highest environmental standards for transporting and handling concentrates to China (Figure 1).

The Company also expects to be able to release results of the current drilling programs at Forrestania (including the recent and promising New Morning discovery) by mid July.

Provisional June Quarter Ore Production (Un-reconciled)

	Flying Fox	Spotted Quoll	Total
Ore Tonnes	91,500	47,500	139,000
Grade	3.9%	6.1%	4.6%
Contained Nickel	3,500	2,900	6,400

Provisional June Quarter Concentrator Production (Un-reconciled)

Ore Tonnes Milled	82,500
Grade	4.4%
Contained Nickel	3,650
Recovery %	89%
Nickel in Conc.	3,200

DISCLAIMER AND QA-QC STATEMENT:

The information within this report as it relates to exploration results or mineral resources is based on information compiled by Mr Julian Hanna and Mr Daniel Lougher. Mr Hanna and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Hanna and Mr Lougher 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 a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hanna and Mr Lougher consent to the inclusion in the report of the matters based on the information in the context in which it appears.

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: "2,750 tonnes nickel at 4.9% nickel grade in the month of June providing further confidence that the Company will reach its target 20,000 tonnes nickel mined in CY 2010", and, "Cash Cost estimates for the June Q (before smelting and refining costs) are in line with guidance targets of US\$2.50-US\$3.00/lb nickel in concentrate, amongst the lowest in Australia" and, "reconciled figures and final cash costs will be reported in the June Q Activities Report which is expected to be released by 16th July" and, "Assuming a range of plant recoveries for the untreated component, the insitu value of the 4,525t nickel in stockpiles at Forrestania is approximately US\$75M based on current nickel price" and "The Company is making every effort to sell this additional nickel so that it will report to profits in the December half 2010"

These 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 the Forrestania Nickel Project or the New Morning deposit 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.

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.

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WESTERN AREAS NL



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For further details, please contact:

Julian Hanna
Managing Director – Western Areas NL
Telephone +61 8 9334 7777
Email: jhanna@westernareas.com.au

Shane Murphy
FD Third Person
Telephone +61 8 9386 1233 / 0420 945 291
Email: shane.murphy@fdthirdperson.com.au

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

Or visit: www.westernareas.com.au