



December 16th, 2010

ASX & TSX: WSA

News Release

WESTERN AREAS TO INCREASE EQUITY IN MUSTANG MINERALS

Western Areas will increase its equity in Canadian nickel company Mustang Minerals Corp (TSXV:MUM “Mustang”) to 19.9%, subject to completion of a C\$6.5M financing by Mustang in Canada. Western Areas’ participation in the current financing is expected to result in a placement of 17.6 million Mustang shares to Western Areas at 10 cents per share for a total C\$1.76M. This should result in Western Areas holding approximately 30.76 million shares in Mustang. Western Areas currently holds 13.14 million shares in Mustang.

The majority of funds planned to be raised by Mustang are intended to be used to complete the Makwa open pit nickel/copper/PGM mine feasibility study and purchase a 1 million tonne per annum base metals concentrate plant in Canada. The purchase of the plant and its relocation to the mine site should result in a significant saving in capital expenditure and time to bring Makwa into production. The feasibility study for the planned open pit mine at Makwa is already in progress and is targeted for completion in the September quarter 2011.

Western Areas will provide Mustang with technical support to help bring the Makwa Project into production. This follows a technical review of the project by Western Areas staff and consultants in September 2010. Western Areas’ Director of Operations, Mr Daniel Lougher will join Western Areas Managing Director Mr Julian Hanna on the Mustang board. Mining consultant Mr Tim Peters has been appointed Project Manager for the Makwa Project.

Western Areas considers Makwa has excellent potential to become a low cost and profitable mining operation with exploration and production upside. In addition to the Makwa and nearby Mayville nickel/copper/PGM deposits, Mustang controls a high quality exploration portfolio in Manitoba and Ontario. Western Areas already has a joint venture with Mustang in the East Bull Lake intrusive complex located west of Sudbury, Ontario.

Managing Director Mr Julian Hanna said: “Western Areas’ increased ownership and technical support of Mustang flags our intention to increase Western Areas’ activities in Canada through participation in mining and exploration projects. We are also planning to step up drilling activity at the East Bull Lake joint venture in 2011 to test a number of areas with known nickel, copper and PGM mineralisation associated with electromagnetic conductors”.

Western Areas is dual listed on the Australian and Toronto Stock Exchanges.

Further details on Mustang Minerals and the Makwa Nickel Project can be obtained on the following website: www.mustangminerals.com

WESTERN AREAS NL



DISCLAIMER AND COMPETENT PERSONS 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 Charles Wikinson. Mr Hanna and Mr Wilkinson are members of AusIMM and are full time employees of the Company. Mr Hanna and Mr Wilkinson 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 Wilkinson 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: "Western Areas will increase its equity in Canadian nickel company Mustang Minerals Corp (TSXV:MUM "Mustang") to 19.9%, subject to completion of a C\$6.5M financing by Mustang in Canada. Western Areas' participation in the current financing is expected to result in a placement of 17.6 million Mustang shares to Western Areas at 10 cents per share for a total C\$1.76M.", and, "Western Areas considers Makwa has excellent potential to become a low cost and profitable mining operation with exploration and production upside".

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 Makwa and Mayville deposits 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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