



January 11, 2010

ASX & TSX: WSA

News Release

WESTERN AREAS ANNOUNCES STRONG START TO 2010

Western Areas today announced good progress on the Flying Fox and Spotted Quoll mines, excellent drilling results and an active exploration program planned for the March quarter.

- 1 Record drill hole intersection at Flying Fox.** Underground drill hole FUG 548 drilled down the T5 deposit to confirm continuity of the ore reserve grade intersected **78.0m @ 9.3% nickel** (Figures 2 and 3). The intersection includes 36 assays >10% nickel and low arsenic values throughout. The estimated average true width of the intersection is 8m. This drill hole demonstrates the exceptional continuity of high grade massive sulphide which is a feature throughout the large T5 ore body.
- 2 Flying Fox mine nears T5.** Mine access is scheduled to reach high grade ore in the Lewinsky Lode at the top of T5 by the end of January. This follows an intensive phase of mine development during the past six months. Multiple ore sources are already available or are being developed at T1, T2, T4, T5 and Lounge Lizard to enable the rapid increase in production scheduled by mid 2010. Production results from Flying Fox will be reported in the December Q 2009 Activities Report at the end of January.
- 3 First milestone at Spotted Quoll.** In excess of 1 million bcm of waste rock has been mined from the Tim King Pit since operations commenced in early November 2009 (Figure 1). First high grade ore is expected to be intersected in the open pit in April 2010. The feasibility study for the proposed 10 year Spotted Quoll underground mine is targeted for completion in June/July 2010.
- 4 High grade nickel in Spotted Quoll Deeps.** Drill hole WBD 157W4 intersected **3.5m @ 6.4% nickel** approximately 400m below the current mineral resource (Figure 4). The intersection includes pure pentlandite (nickel sulphide) not seen in previous drilling and highlights potential for significant extensions at depth and along strike.
- 5 Drilling underway at New Morning.** A drilling campaign has commenced to test extensions to the New Morning / Daybreak deposit, midway between Spotted Quoll and Flying Fox. Drilling is based on a revised interpretation of the geology which has identified the potential below two granite sheets intruded along the Outokumpu and T3 Faults. These faults extend from the Flying Fox mine, 3km to the north (Figure 5).
- 6 New EM target 6km south of Spotted Quoll.** Drilling is testing a down hole EM anomaly interpreted below and west of an existing drill hole. The anomaly is located below a granite intrusion at the Boojum North prospect on the Western Nickel Belt.

Discussion

2010 should see major progress in all Western Areas' operations. Mine development and infrastructure is now well advanced or already completed to support the planned production ramp up at Forrestania. The T4 ore body is now largely developed and will be a long term source of ore. First production from T5 is expected to commence in the March Q, ore



production should start at Spotted Quoll in April and the Cosmic Boy plant upgrade is expected to be fully commissioned by June. A major exploration campaign is already underway with an outstanding line up of targets to be drilled during the next six months.

Recent drill holes at T5 and Spotted Quoll Deeps have exceeded expectations, confirming the quality of these deposits and the potential for further extensions. There are also compelling reasons to test below New Morning and the Western Nickel Belt continues to generate new, high quality targets such as the new EM anomaly at Boojum North. The aim of the drilling is to find the next 'T5 type' deposit which could be developed using existing infrastructure.

On the regional nickel projects, Western Areas' geologists are very encouraged by initial results from the Sandstone Joint Venture, 400km north of Forrestania. Drilling has resumed after the Christmas break and we expect to be able to announce results from this project soon.

The Board looks forward to reporting further results from production and from drilling programs in progress at Spotted Quoll, New Morning, the Western Nickel Belt and Sandstone.



Figure 1: Spotted Quoll Pit showing weathered granite (white) overlying host mine sequence



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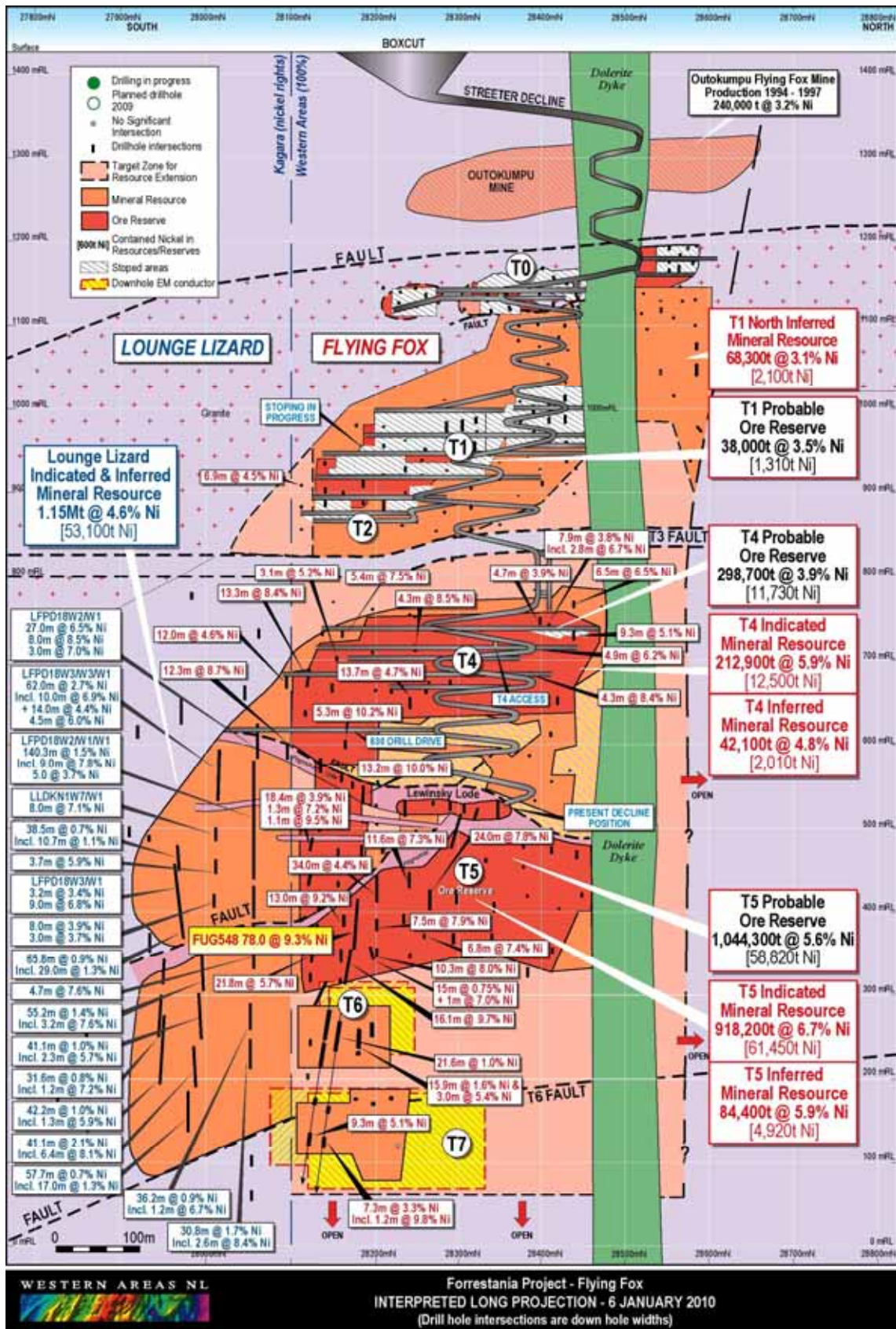


Figure 2: Flying Fox Interpretative Longitudinal section showing location of drill hole FUG 548

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Figure 3: Flying Fox T5 - drill core from FUG 548 which intersected 78.0m @ 9.3% nickel

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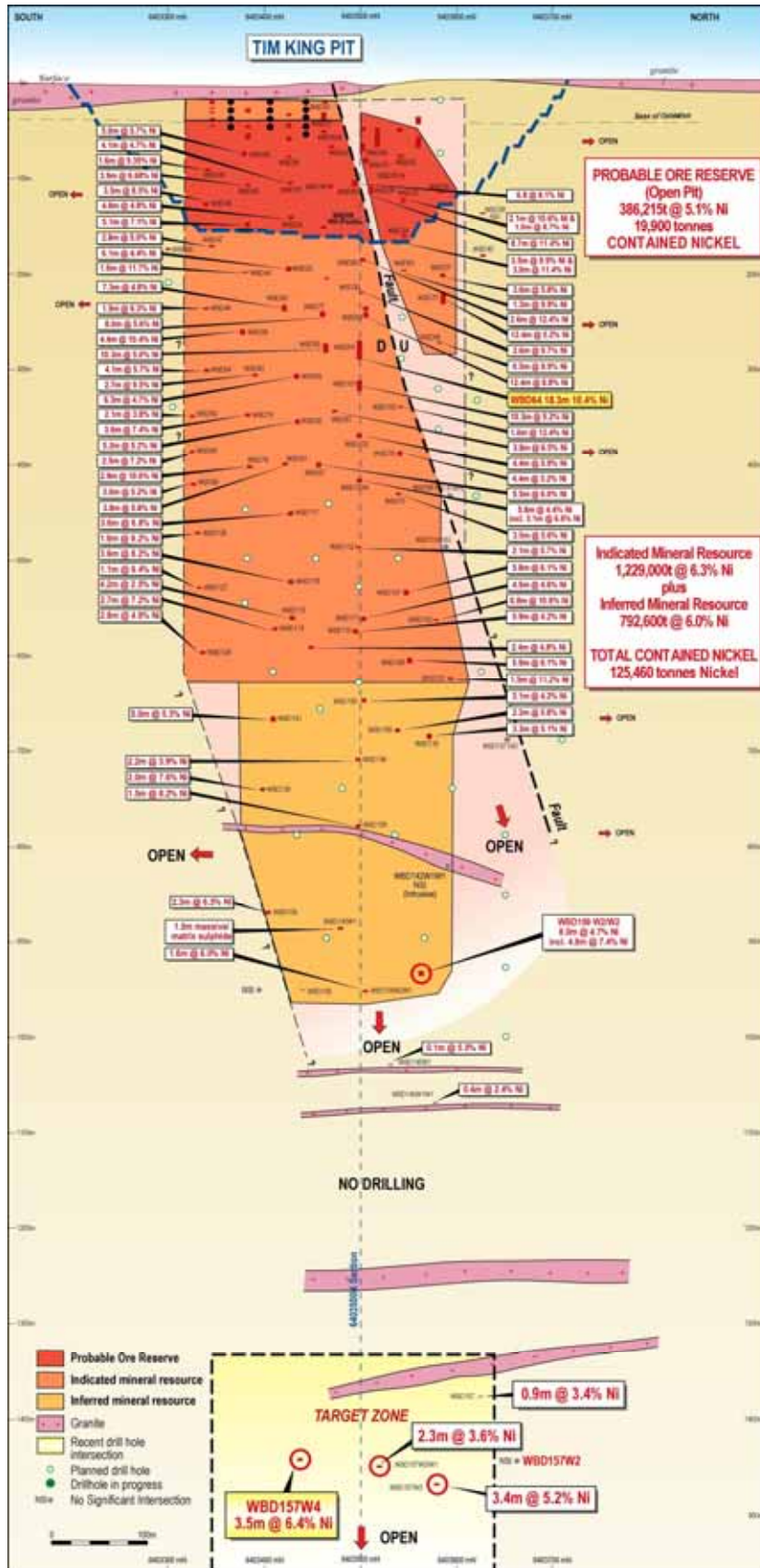
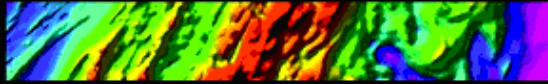


Figure 4: Spotted Quoll Longitudinal Projection showing location of drill hole WBD 157W4

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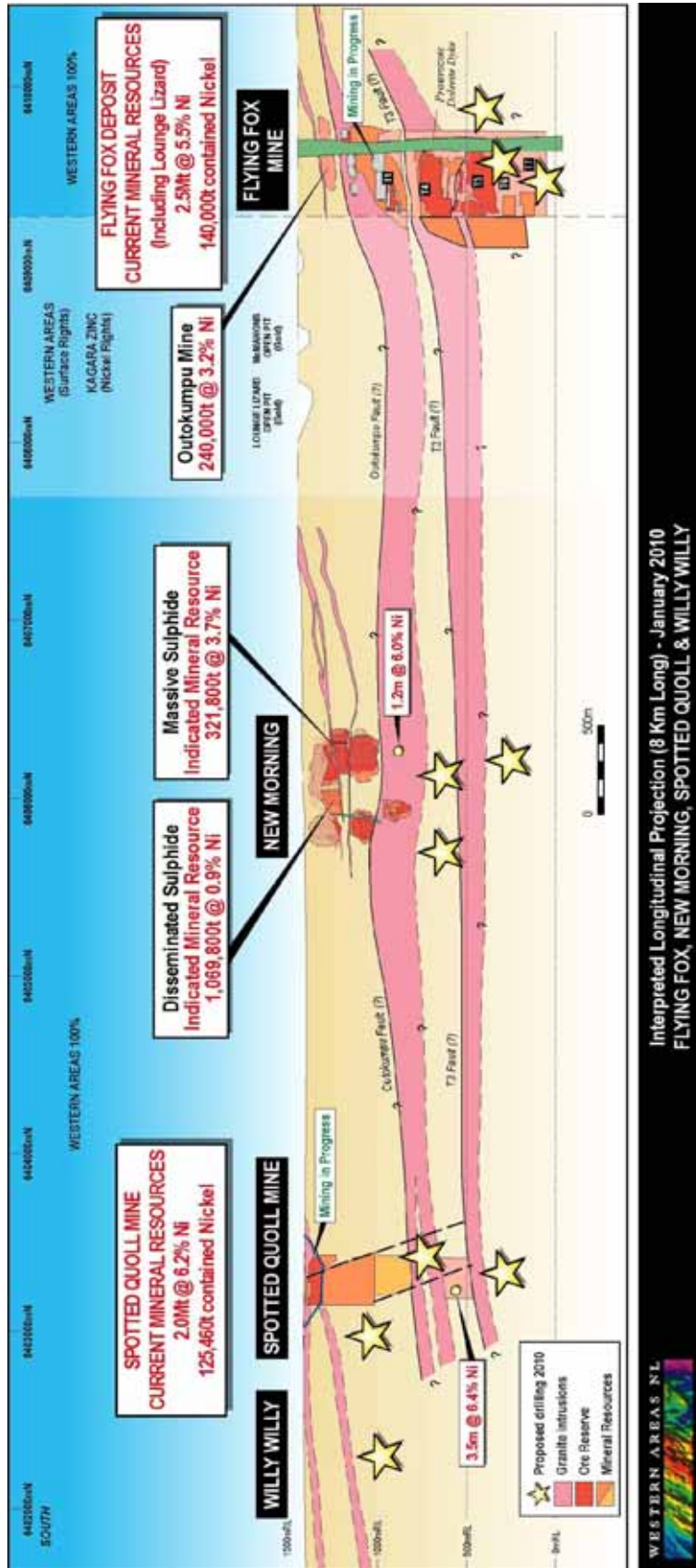


Figure 5: Interpreted Longitudinal Projection of Spotted Quoll, New Morning and Flying Fox



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QA-QC STATEMENT:

The information within this report as it relates to exploration results or mineral resources or ore reserves is based on information compiled by Mr Julian Hanna and Mr John Haywood. Mr Hanna and Mr Haywood are members of AusIMM and are full time employees of the Company. Mr Hanna and Mr Haywood 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 Hanna and Mr Haywood consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS:

This release contains certain forward-looking statements. Examples of forward looking statements used in this release are: 'First high grade ore is expected to be intersected in the open pit in April 2010. The feasibility study for the proposed 10 year Spotted Quoll underground mine is targeted for completion in June/July 2010', and, 'highlights potential for significant extensions at depth and along strike', and, 'potential below two granite sheets intruded along the Outokumpu and T3 Faults. These faults extend from the Flying Fox mine, 3km to the north', and, 'high grade ore production should start at Spotted Quoll in April and the Cosmic Boy plant upgrade is expected to be fully commissioned by June', and 'T5 and Spotted Quoll Deeps have exceeded expectations, confirming the quality of these deposits and the potential for significant extensions', and 'We expect to be able to announce results from this project soon'.

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 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.