

May 21st 2010

ASX & TSX: WSA

News Release**WESTERN AREAS COMPLETES CONCENTRATE PLANT UPGRADE.
PRODUCTION ON TRACK TO MEET RAMP UP TARGETS**

The Board of Western Areas is able to report to shareholders strong progress in a number of significant milestones. These provide further confidence that your Company is on track to meet near term production targets and is well positioned to become one of Australia's largest, lowest cost nickel producers.

Western Areas has previously announced production targets of 20,000 tonnes (44M lbs) nickel mined in CY 2010 and 25,000 tonnes (55M lbs) nickel mined in CY 2011. Current cash costs before smelting and refining are around US\$2.50/lb nickel, in line with guidance.

The following milestones have been achieved at a time of strong nickel prices:

Cosmic Boy Nickel Concentrate Plant.

Construction of the Stage Two plant upgrade has reached practical completion and commissioning is underway. The plant will have a capacity of 550,000tpa ore, sufficient for the current production schedules for the Flying Fox and Spotted Quoll mines. The new crushing circuit is already fully commissioned and has capacity of approximately 1.0 million tpa ore.

The plant upgrade was completed without injury, on budget and one month ahead of schedule which is a great credit to everyone involved in this substantial project. The new crushing circuit, increased flotation capacity and doubling of concentrate storage will provide the basis for future plant upgrades to accommodate potential production increases at Flying Fox and Spotted Quoll and from new mines at Forrestania. The official opening of the plant is scheduled for early June.



Cosmic Boy 550k tpa mill upgrade

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**Flying Fox Mine Production Update**

Ore production has commenced at the large T5 ore body. Multiple ore faces are already exposed in the T1, T4 and Lounge Lizard deposits, however T5 will provide the volume, outstanding nickel grades and mine life to enable a rapid production ramp up at a time of high nickel prices.

The Board is now considering a proposal to extend drilling coverage to define future mineral resources and ore reserves in the T6 and T7 deposits and to test the potential for T8 at depth.

Spotted Quoll production update

Significant tonnage of high grade supergene sulphide mineralisation has already been mined in the Tim King Pit at Spotted Quoll. Production of supergene ore mined since the end of March 2010 is approximately 24,332 tonnes averaging 6.2% nickel (containing 1,497 tonnes nickel). The Tim King Pit is one of the highest grade open pit nickel mines in the world.

The lower supergene sulphide mineralisation is being stockpiled for processing through the Cosmic Boy plant. The pit is scheduled to intersect high grade primary sulphide ore in the September Quarter.

Drilling is also in progress to test for possible extensions to Spotted Quoll at approximately 1,000m vertical depth. This drilling is designed to follow up previously announced, high grade intersections approximately 500m below the current underground Probable Ore Reserve which is 1.7 million tonnes at 4.1% nickel, containing 70,200 tonnes nickel.

Nickel Offtake and Treatment Agreements

Shipments of high grade (14% nickel) nickel concentrate to Jinchuan Group Ltd are scheduled to commence in June. Western Areas has negotiated with Jinchuan to transport concentrate from Forrestania, through Esperance Port to China in 30 tonne capacity containers. This will provide handling efficiencies from the plant gate to the port in China. The use of sealed containers will also satisfy the highest environmental standards for transporting nickel concentrate.

The first shipment will be a significant milestone for the Company which has a strategy to divide the supply of concentrate between two smelter operators, one in Australia and one offshore.

The Company is negotiating an agreement with Minara Resources Ltd to treat an estimated 25,000 tonnes of oxide and upper supergene sulphide ore with an average grade of 4.7% nickel from the Tim King Pit at Spotted Quoll. This mineralisation (a significant portion of which is in addition to the reserve which would otherwise have not been able to be treated at the Cosmic Boy concentrate plant) will be transported to Minara's Murrin Murrin plant in Western Australia for treatment.



Mining high grade supergene sulphide ore in Tim King Pit

QA-QC STATEMENT:

The information within this report as it relates to mineral resources is based on data compiled by Mr. John Haywood of Western Areas NL. The information within this report as it relates to Ore Reserves is based on data compiled by Mr. Tim Peters, Mr. Stephen King and Mr. Dan Lougher. Mr. Lougher, Mr. Peters and Mr. King are members of AusIMM. Mr. Lougher is a full time employee of the Company. Mr. Peters is a mining consultant with Piran Mining Pty Ltd and Mr. King a mining consultant with GijimaAST. Mr. Lougher, Mr. Peters and Mr. King 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. Haywood, Mr. Lougher, Mr. Peters and Mr. King 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 STATEMENT: This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: "The new crushing circuit, increased flotation capacity and doubling of concentrate storage will provide the basis for future plant upgrades to accommodate potential production increases at Flying Fox and Spotted Quoll and from new mines at Forrestania", and, "however T5 will provide the volume, outstanding nickel grades and mine life to enable a rapid production ramp up at a time of high nickel prices".

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 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.

-ENDS-

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