

September 7th, 2010

ASX & TSX: WSA

News Release

RECORD MINE PRODUCTION OF 6,278 TONNES NICKEL IN JULY/AUGUST

The Board of Western Areas is pleased to announce that a total **6,278 tonnes of nickel in ore was mined in the first two months of FY 2010/2011**. This exceeds budget for this period by **60%** and provides further confidence that the FY 2010/2011 target of 25,000 tonnes of nickel mined per annum from Flying Fox and Spotted Quoll will be reached.

Bonanza grades (7.6% Ni) and ore tonnes additional to the ore reserve are being mined from the Tim King Pit at Spotted Quoll. **3,864 tonnes nickel was mined from Tim King Pit, double the budget of 1,932 tonnes nickel for July / August**. Tim King Pit will extend to 140m depth over the next two years. High levels of production at Forrestania are expected to be maintained as the Spotted Quoll underground is developed and Flying Fox T5 orebody ramps up to full production.

Milled production for July and August was 4,656 tonnes nickel in concentrate. Mill recoveries were in line with expectations averaging 92% for Flying Fox and 84% for Spotted Quoll.

		September 2010 Quarter to Date		
		ACTUAL	BUDGET	VARIANCE
Flying Fox	Tonnes (t)	56,752	54,265	4.6%
	Grade (%)	4.25%	3.68%	15.7%
	Metal (t)	2,414	1,995	21.0%
Spotted Quoll	Tonnes (t)	50,625	33,664	50.4%
	Grade (%)	7.63%	5.74%	33.0%
	Metal (t)	3,864	1,932	100.0%
Total Mined	Tonnes (t)	107,377	87,929	22.1%
	Grade (%)	5.85%	4.47%	30.9%
	Metal (t)	6,278	3,927	59.9%
Cosmic Boy Mill	Tonnes (t)	91,489	92,059	-0.6%
	Grade (%)	5.79%	4.61%	25.5%
	Recovered Metal (t)	4,656	3,641	27.9%

Offtake Discussion

Western Areas has a two year contract to sell a total 25,000 tonnes of nickel in concentrate to Jinchuan, China's largest nickel producer. In addition to exporting nickel to Jinchuan, Western Areas sells 10,000 tonnes of nickel in concentrate pa to BHP Billiton's smelter at Kambalda and has a short term contract to sell oxide ore from Spotted Quoll to Minara Resources.

Export of concentrate to Jinchuan commenced on 28th July. Two shipments with a total 15,000 tonnes concentrate containing 2,100 tonnes nickel have already been sent from Esperance Port and a third is expected in September. Western Areas has received provisional payment for these shipments. The Company has ordered 200 new containers in addition to the 750 containers which are currently leased, to increase the rate of transport of stockpiled concentrate to China.



China is becoming the dominant global importer of nickel to supply expanding stainless steel, plating and battery industries. Available nickel supply to China is approximately 350,000 tonnes pa compared with growing demand up to 450,000 tonnes. At the same time, China is planning to reduce domestic nickel pig iron production because of energy restrictions.

Managing Director, Mr Julian Hanna said: “Western Areas is exploring new opportunities in China and introducing the Company to new investors in the region. With the commencement of exports through Esperance, it is logical we should look to expand our activities in China”.

Exploration Update

Drilling efforts remain focused on expanding mine life at Flying Fox and Spotted Quoll to ten years. Current Ore Reserves at Spotted Quoll represent approximately nine years mine life and at Flying Fox (excluding Lounge Lizard) approximately six years mine life. Drilling is in progress at Spotted Quoll to define additional mineral resources to approximately 1,000m depth. A major drilling program is also planned to start in the December Q at Flying Fox to define extensions to the T6 and T7 deposits and test the predicted T8 position.

In addition, there are two new targets generating encouraging early results. At New Morning, mid way between Flying Fox and Spotted Quoll, drill hole NMD 137 W1, intersected **123.5m @ 0.7% nickel** from 675.9m down hole depth (including **6m @ 1.9% nickel**). The geology and mineralisation are similar to that seen on the margin of Flying Fox and suggest that potential may exist for a massive sulphide ‘channel type’ deposit in the vicinity. Follow up drilling and down hole EM surveys are in progress to test this potential.

A recent drillhole NED 032 at North Endeavour, 6km south of Cosmic Boy plant, intersected 0.5m of massive sulphide from 167.6m down hole depth. Preliminary Niton values up to 6% nickel were estimated for the intersection which is associated with a down hole EM conductor. Assays and further drilling are required to determine the significance of this new discovery.



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DISCLAIMER AND QA-QC STATEMENT: Note: The nickel estimates for the North Endeavour drill hole quoted in this release are indicative only and have been estimated using systematic readings using a NITON XLt 592 portable XRF analyser.

Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") is responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania Nickel Project. Mr Bill Amann from geological consultants Newexco Services Pty Ltd ("Newexco") is responsible for the verification and quality assurance of the geophysical data used in this release. Surface diamond drill hole collar surveys used differential GPS, down hole surveys employed a north seeking gyroscopic instrument; comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. Samples of quarter core from the drill holes described in this release are prepared and analysed by ALS Chemex Ltd laboratory in Perth for nickel, copper, cobalt and other elements. Core samples are crushed and pulverised to 90% passing 75 microns then analysed for nickel by ore grade determination using the ALS OG-62 method. Assays standards are routinely inserted in the sample stream by Newexco for quality control.

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 Wilkinson. 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: "provides further confidence that the FY 2010/2011 target of 25,000 tonnes of nickel mined per annum from Flying Fox and Spotted Quoll will be reached", and, "High levels of production at Forrestania are expected to be maintained as the Spotted Quoll underground is developed and Flying Fox T5 orebody ramps up to full production," and, "potential may exist for a massive sulphide 'channel type' deposit in the vicinity," and, "Preliminary Niton values up to 6% nickel were estimated for the intersection".

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 Spotted Quoll, Flying Fox or New Morning 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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