

January 5<sup>th</sup>, 2011

ASX &amp; TSX: WSA

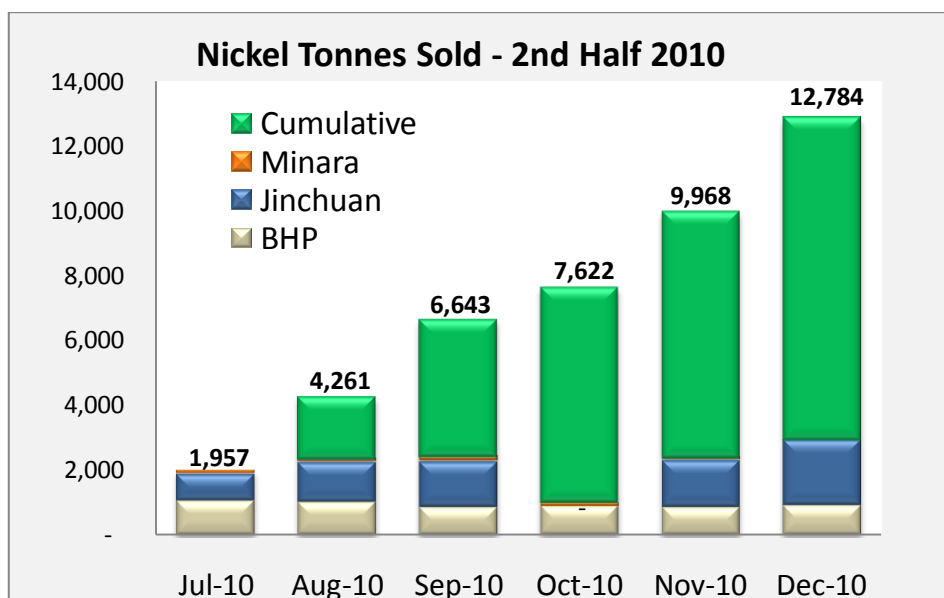
## News Release

**STRONG NICKEL SALES IN SECOND HALF 2010**

The Board of Western Areas is pleased to announce a total **88,375 tonnes of nickel concentrate containing 12,784 tonnes nickel (28.2M lbs nickel) has been sold in the past six months.** This includes 49,160 tonnes of concentrate containing 6,785 tonnes nickel (15.0M lbs nickel) exported out of Esperance Port to Jinchuan. This nickel has been sold into a high nickel price which averaged US\$22,390/tonne (US\$10.16/lb) in the second half of 2010.

**Nickel sales for the second half represent an increase of 260% over the previous six months period.** This increase is due to the outstanding performance of the Tim King pit at Spotted Quoll, the successful commissioning of the Stage Two plant expansion at the Cosmic Boy concentrator and the rapid increase of nickel concentrate sales to China.

Western Areas commenced exporting concentrate in sealed containers to Jinchuan on 28<sup>th</sup> July 2010. Since then, the number of available containers has increased to over 1000, the trucking fleet has been expanded and five shipments of concentrate have been made from Esperance. The sixth shipment is expected to leave Esperance this week. The increased shipping capacity has resulted in a reduction of concentrate stockpiles at the Cosmic Boy plant to around 1,000 tonnes (2.2M lbs) contained nickel. In addition, Western Areas has approximately 4,100 tonnes of nickel in ore stockpiles at Flying Fox (excl. Lounge Lizard), Spotted Quoll and at the plant site.

**Discussion**

Managing Director, Mr Julian Hanna said: “We expect to be able to report to shareholders strong cash flows and profits from our mining and milling operations and from strong nickel sales for the six months ending 31 December 2010. This should demonstrate that the Company is now able to achieve its target to mine 25,000 tonnes nickel per annum at a cash cost of less than US\$2.50/lb nickel, before smelting and refining charges. Further details will be included in the December Quarter Activities Report which is expected to be released by 17<sup>th</sup> January”.

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Mr Hanna added: “Western Areas’ decision to sell nickel products to diversified customers is also paying off. It de-risks the Company from possible single customer issues and increases Western Areas’ exposure in China which is the world’s fastest growing nickel consumer”.

Western Areas has a contract to sell a total 25,000 tonnes of nickel in concentrate to Jinchuan, China’s largest nickel producer. This contract is expected to be complete by early 2012. In addition to Jinchuan, Western Areas sells 10,000 tonnes of nickel in concentrate pa to BHP Billiton’s smelter at Kambalda and sells oxide ore from Spotted Quoll to Minara Resources.

“Finally, on behalf of Western Areas’ Board and Management team, I would like to thank our shareholders, staff and contractors for all your support during 2010 and wish you all the very best wishes for what should be a very exciting New Year”.

-ENDS-

**DISCLAIMER AND QA-QC STATEMENT:**

The information within this report as it relates to production results or nickel sales is based on information compiled by Mr Julian Hanna and Mr Dan 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 production 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 STATEMENTS:**

This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: “We expect to be able to report to shareholders strong cash flows and profits from our mining and milling operations and from strong nickel sales for the six months ending 31 December 2010. This should demonstrate that the Company is now able to achieve its target to mine 25,000 tonnes nickel per annum at a cash cost of less than US\$2.50/lb nickel, before smelting and refining charges.”, and, “It de-risks the Company from possible single customer issues and increases Western Areas’ exposure in China which is the world’s fastest growing nickel consumer”, and, “This contract is expected to be complete by early 2012”.

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 Forrester Nickel Project or the Spotted Quoll and Flying Fox 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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