



For the period ending 31 March 2011

Western Areas is an Australian-based nickel miner listed on the ASX and TSX. The main asset is the 100% owned Forrestania Nickel Project, 400km east of Perth. Western Areas is Australia's third largest nickel miner producing approx 25,000 tonnes pa nickel in ore from the Flying Fox and Spotted Quoll mines. Western Areas is an active nickel explorer in Western Australia, Canada and Finland.

Mining is in progress at Flying Fox T4 and T5 ore bodies where significant mine development is already in place

Mining is also in progress in the high grade Tim King Pit at the Spotted Quoll mine 6km south of Flying Fox. Total Ore Reserves at Spotted Quoll comprise 1.9Mt at an average grade of 4.10% nickel containing approx. 80,790 nickel tonnes. Drilling has intersected high grade nickel up to 400m below the mineral resource at Spotted Quoll.

Flying Fox and Spotted Quoll are two of the lowest cost nickel mines in the world. Surface infrastructure and development work has also been completed on the planned Cosmic Boy and Diggers South mines, located 20km and 40km south of Flying Fox.

The Cosmic Boy concentrator was upgraded to 550,000 tpa ore in June Q 2010. This equates to production capacity of about 25,000 tpa nickel in concentrate. The plant is designed for a future upgrade to 1.0M tpa for potential future mines at Forrestania.

Western Areas has offtake agreements with BHP Billiton for 10,000tpa nickel in concentrate, with Jinchuan for a total 25,000t nickel in concentrate and has a short term contract with Minara to treat oxide ore from the Tim King Pit.

The Board remains focused on the core business of low cost, long life nickel production and on generating significant returns to shareholders.

ASX & TSX code: WSA
Shares on issue: 180m shares,
 7.4m options. **Market capitalisation:**
 Approx A\$1.35Bn @ \$7.10 per share.

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Record Concentrate Sales & Low Cash Costs Sustained

Western Areas reports another quarter of low cost production and record nickel concentrate sales from Forrestania. This quarter's results are in line with, and in some cases exceed guidance provided in the December Q demonstrating the consistency of operations.

Combined mine production was 7,400 tonnes (16.3M lbs) nickel compared with 7,959 tonnes (17.5M lbs) nickel in the December Q. High grades (**6.1% nickel**) in the Tim King Pit plus consistent performance in the Flying Fox T5 deposit contributed to strong production. Average **cash cost for nickel in concentrate was US\$2.23/lb**.

Record sales to BHP Billiton and Jinchuan for the March Q totalled **6,813t nickel in concentrate**, being 662t higher than the previous September Q record. As a result, nickel in concentrate stockpiles decreased by approximately 50%. Record sales coincided with a strong average LME nickel price of **US\$26,903/tonne (US\$12.20/lb)** for the quarter.

Drilling has also confirmed a major high grade extension below the planned Stage One Spotted Quoll underground mine. The aim of this drilling is to **add 40,000 - 60,000 tonnes nickel to Spotted Quoll**. This could potentially support an increase in the mine life and production rate above the current annual target of 10,000 tpa nickel.

March Q 2011 Highlights

1. Production from Flying Fox mine (excluding Lounge Lizard) was **77,205 tonnes mined at 5.4% nickel for 4,132 tonnes (9.1M lbs) contained nickel**.
2. Production from the Tim King Pit at Spotted Quoll was **53,819 tonnes mined at 6.1% nickel for 3,268 tonnes (7.2M lbs) contained nickel**.
3. **126,383 ore tonnes were milled to produce 6,226 tonnes (13.7M lbs) nickel in concentrate**. Average plant recovery was 92%, exceeding forecast by 3%.
4. **Average cash cost** (before smelting/refining charges) was **US\$2.23/lb nickel**, well below Western Areas' long term guidance of US\$2.50/lb.
5. **Stockpiles contained an estimated 5,418 tonnes (11.9M lbs) nickel** in ore and concentrate.
6. **Cash and nickel sales receivables totalled A\$208.8M**. This compares with A\$156.7M at the end of the December Q, representing a net positive movement of A\$52.1M after paying shareholders a dividend of A\$18.0M.
7. A major drilling program is underway at Flying Fox to test the **T6, T7 and T8 sulphide zones**, with the aim of extending mine life beyond ten years.
8. Spotted Quoll Stage One **underground mine development is due to commence in April** with the initial three year contract awarded to Barmenco.
9. Mineralisation at **Spotted Quoll now appears to continue to at least 1,700m down dip** (~1,200m vertical depth) and remains open at depth and along strike.
10. 19.9% owned Canadian company **Mustang Mineral Corp announced outstanding platinum/palladium results** from initial drilling at an IP anomaly in Manitoba.
11. 77% owned **FinnAust Mining Plc commenced drilling to test high priority base metal targets in Finland**, prior to a potential UK listing in October 2011.

1. MINE SAFETY AND ENVIRONMENT

Safety

Safety continues to be a priority at Forresteria. There were no Lost Time Injuries (LTI) for March Q, however there were 6 Medically Treated Injuries (MTI). The LTI (12 month moving average), at 2.69, is the lowest since July 2009. Hazard and Action Reporting and Area Inspection continue on a regular basis to improve site safety.

The Emergency Response Team consists of 29 members who are being trained in disciplines for emergency preparedness. Training in the March Q has included Rope Rescue Instructor training and BG4 Underground Search and Rescue. The Emergency Response Team (ERT) continues to work and train hard and will be entering the Mines Rescue Competition in partnership with St. Barbara Mine ERT, in Kalgoorlie, on 13th – 15th May.

Forresteria hosted its second annual Aerodrome Emergency Management Committee meeting in late March. Representatives from Kondinin police, FESA, the Shire and Silver Chain reviewed the emergency plan.

Environment

The Environment Department program for the March Q consisted of monitoring, statutory reporting and rehabilitation related activities to ensure project compliance at Forresteria. There were no external incidents for the March Q. Highlights for the quarter included:

- Baseline environmental surveys completed for an internal haul road at Forresteria;
- An expansion of dust monitoring and forecasting capabilities at Forresteria operations sites;
- Commencement of a substantial progressive rehabilitation program at Forresteria, including areas at the Spotted Quoll and Flying Fox mines;



Cherie Halfpenny (Environmental Advisor) cleaning seeds for rehabilitation

Community Support

Forresteria Operations hosted a site visit for Year 8 Students from the regional Kulin District High School.

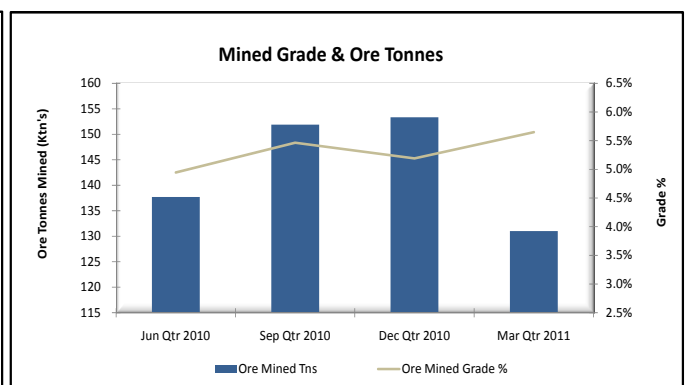
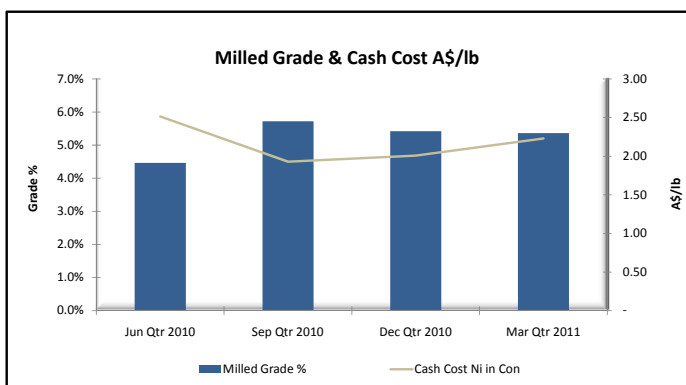
The visit included informative sessions on Mine Surveying, Exploration and Mine Geology, Underground and Open Pit Mine Engineering followed by a tour of the operations viewing the Flying Fox infrastructure and equipment, Spotted Quoll Pit, Core yard and the Concentrator.



Kulin High School Students at Spotted Quoll

2. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2009/2010	2010/2011			FYTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Flying Fox						
Ore Tonnes Mined	Tn's	91,437	84,935	96,635	77,205	258,775
Grade	Ni %	4.0%	4.0%	4.6%	5.4%	4.6%
Ni Tonnes Mined	Tn's	3,697	3,363	4,459	4,132	11,954
Spotted Quoll						
Ore Tonnes Mined	Tn's	46,258	66,978	56,696	53,819	177,493
Grade	Ni %	6.7%	7.4%	6.2%	6.1%	6.6%
Ni Tonnes Mined	Tn's	3,113	4,939	3,500	3,268	11,707
Total - Ore Tonnes Mined	Tn's	137,695	151,913	153,331	131,024	436,268
Grade	Ni %	4.9%	5.5%	5.2%	5.6%	5.4%
Total Ni Tonnes Mined	Tn's	6,810	8,302	7,959	7,400	23,661
Tonnes Milled and Sold		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Ore Processed	Tns	83,639	131,542	123,027	126,383	380,952
Grade	%	4.5%	5.7%	5.4%	5.4%	5.5%
Ave. Recovery	%	88%	89%	90%	92%	90%
Ni Tonnes in Concentrate	Tns	3,303	6,678	5,976	6,226	18,880
Ni Tonnes in Concentrate Sold	Tns	2,307	6,151	5,594	6,813	18,558
Ni Tonnes in Ore Sold	Tns	241	987	507	119	1,613
Total Nickel Sold	Tns	2,548	7,138	6,101	6,932	20,171
Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	
Ore	Tns		73,293	92,405	91,599	
Grade	%		4.6%	4.4%	4.8%	
Concentrate	Tns		11,386	13,052	7,047	
Grade	%		14.1%	14.1%	14.0%	
Contained Ni in Stockpiles	Tns		4,977	5,906	5,418	
Financial Statistics		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	FY YTD Average
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.72	1.36	1.36	1.66	1.46
Haulage	A\$/lb	0.09	0.07	0.08	0.08	0.08
Milling	A\$/lb	0.56	0.37	0.40	0.33	0.37
Admin	A\$/lb	0.17	0.15	0.19	0.17	0.17
By Product Credits	A\$/lb	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.51	1.93	2.01	2.22	2.06
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.22	1.74	1.99	2.23	1.98
Exchange Rate US\$ / A\$		0.88	0.90	0.99	1.00	0.96
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements						
(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Mar Qtr = A\$1:US\$1.00)						
(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties.						
Note. Grade and recovery estimates are subject to change until the final assay data are received.						
Note. All reported numbers in this table exclude Lounge Lizard..						



Flying Fox – Underground Mine

A total of 77,205 tonnes of ore at an average grade of 5.4% nickel for 4,132 tonnes of nickel was mined from the Flying Fox mine during the March Q. Ore production split for the March Q was as follows; T1:3,370 tonnes; T4:2,188 tonnes; T5:71,648 tonnes indicating that T5 is now the dominant producer. Ore production was down on the Dec Q due to majority of the ore being mined from development drives in T5, which was in line with forecast. The reduced tonnage was compensated for by the mined grade which was up 17% on the Dec Q.

Long Hole stope production continued from the narrow 900 and 886 stopes in T1, the 730, 710 and 640 stopes in T4 and the first stope (455) in T5. The remaining ore was mined from the 480 N/S flat back stope and seven ore drive headings in T4 and T5. This will allow additional stope production areas for the June Q.



High Grade Massive Sulphide Ore in the 410 Ore Drive T5

Spotted Quoll – Tim King Open Pit Mine

Ore mining continued in the March Q from the stage 1 pit with 53,819 tonnes mined at a grade of 6.1% nickel for 3,268 nickel tonnes. Stage 1 mining advanced 10 vertical metres during the March Q to a depth of 85 metres from the surface with the stage 2 cutback advancing 20 vertical metres to a depth of 85 metres from the surface (Figure 2). The stage 2 cutback was completed in the March Q.

The project was in line with the forecast for the March Q with a total of 0.71 million bank cubic metres (“bcm”) mined. Ore mining from the stage 1 pit progressed into transitional ore with a total of 53,819 tonnes at a grade of 6.07% Ni for 3,268 nickel metal tonnes.

At the end of the quarter there were 21,520 tonnes of transitional ore at an average grade of 5.6% Ni containing 1,204 nickel tonnes stockpiled on the Spotted Quoll mine ore pad.



Aerial View of Tim King Pit

Cosmic Boy Nickel Concentrator

126,383 tonnes of ore at 5.4% nickel were milled for the March Q with the Cosmic Boy concentrator producing 43,526 tonnes of concentrate grading 14.3% nickel for 6,226 nickel tonnes. Concentrator metallurgical recovery averaged 92% with 98.3% plant availability.

At the end of the quarter, approximately 91,599 tonnes of ore at an average grade of 4.8% nickel containing over 4,430 tonnes nickel was stockpiled at site awaiting treatment at Cosmic Boy or sale to Minara Resources Ltd.



Half height containers leaving Cosmic Boy Plant for Esperance Port

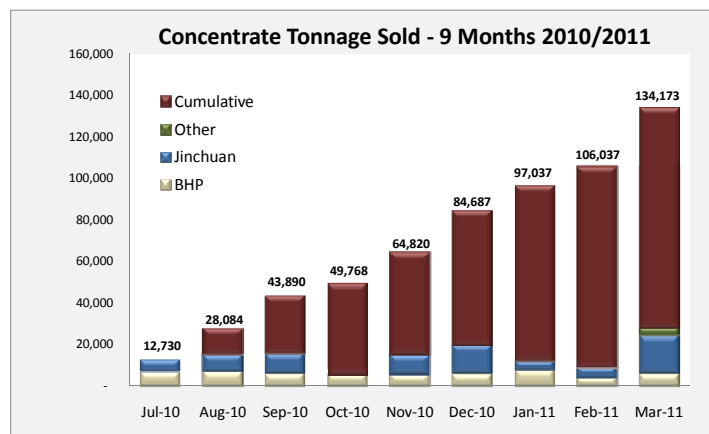
Cash Costs

The cash cost of nickel in concentrate (excluding smelter/refinery charges and royalties) during the March Q was US\$ 2.23/lb nickel which was in line with forecast. The increase in cash cost as compared against the Dec Q was driven mainly by an increase in operating cost at Spotted Quoll due to the completion of the stage 2 capital program. The **YTD average cash cost of US\$1.98/lb nickel is 21% below the guidance of US\$2.50/lb nickel.**

3. NICKEL SALES

Delivery of concentrate from the Cosmic Boy plant to BHP Billiton's smelter at Kambalda and Jinchuan's smelter in China continued during the March Q including a one off sale of surplus concentrate to Xstrata Nickel. A record total of 53,471 tonnes of concentrate was sold containing 6,813 tonnes of nickel. In addition, 118 tonnes of nickel in ore were sold to Minara Resources Ltd.

The concentrate stockpile at Cosmic Boy now stands at 4,720 tonnes at a grade of 13.9% nickel containing 657 tonnes of nickel metal. An additional 2,327 tonnes of concentrate containing 332 tonnes of nickel metal was stored at the Port of Esperance ready for shipment to China.



4. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine Development

The capital infrastructure at the Flying Fox mine is substantially complete. The main decline has advanced to 1093m below surface and is situated close to the bottom of the T5 deposit (Figure 1). The decline will not be advanced further over the next 12 months as lateral access development is being mined to open up the T5 ore reserve. The main return airway will be completed early in the June Q along with the 334 RL diamond drill drive. This will allow infill drilling of the lower T5 and the T6 ore bodies.

The pilot drill hole for the surface leg of the fresh air intake was completed and back reaming of the 4m diameter hole has commenced. This will allow fresh, clean air down to the top of the T5 orebody.

Spotted Quoll – Underground Mine

Excellent progress has been made on new Spotted Quoll mine infrastructure in preparation for the start up of the underground mine. This consists of a surface workshop extension, new change rooms for underground personnel and an electrical switch yard. The underground mining contract was awarded to Barminco during the quarter following an extensive competitive tender process. The main decline will be developed in the west wall of the Tim King Pit starting approximately 70m below surface.



Senior Mine Management at the planned Spotted Quoll decline portal position

Diggers South Project

Mine optimisation work was conducted during the March Q to examine alternative mining methods using a lower cut off grade in conjunction with alternative processing routes. The focus of this approach is twofold: firstly, to increase the nickel metal recovered from the known resource and secondly, to increase the mineral resource by extensional diamond drilling. A drilling program to extend the resource and potentially the mine life at Diggers South will commence in the June Q. Discussions have progressed with a number of potential partners around alternative mining and processing routes.

Mosso Farm pipeline and evaporation ponds

The 14km pipeline extension from Digger Rocks evaporation pond to Western Areas’ owned “Mosso Farm” was completed in the March Q. This extension to the existing dewatering facilities has been built to allow the long term disposal of water from both the Flying Fox and Spotted Quoll mines.

Three evaporation ponds with an evaporation capacity of 815,000 square metres are being built to add significant flexibility to the current dewatering system. The evaporation ponds are expected to be commissioned by the end of the June Q and are being constructed by Piacentini and CECK with a fleet of 7 scrapers.



Three scrapers stripping topsoil at Mosso Farm evaporation pond

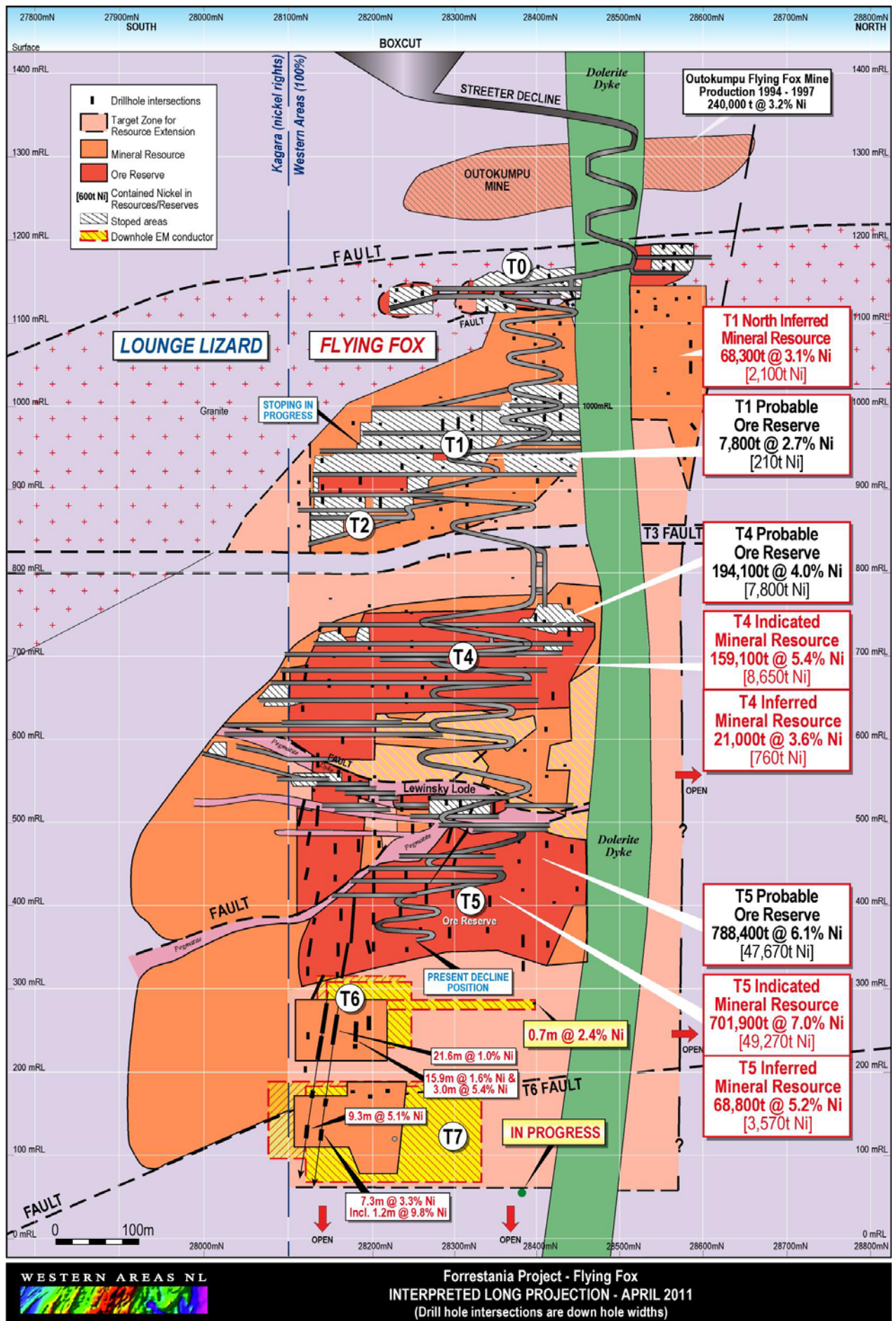


Figure 1: Interpreted longitudinal projection of Flying Fox Mine including Lounge Lizard deposit

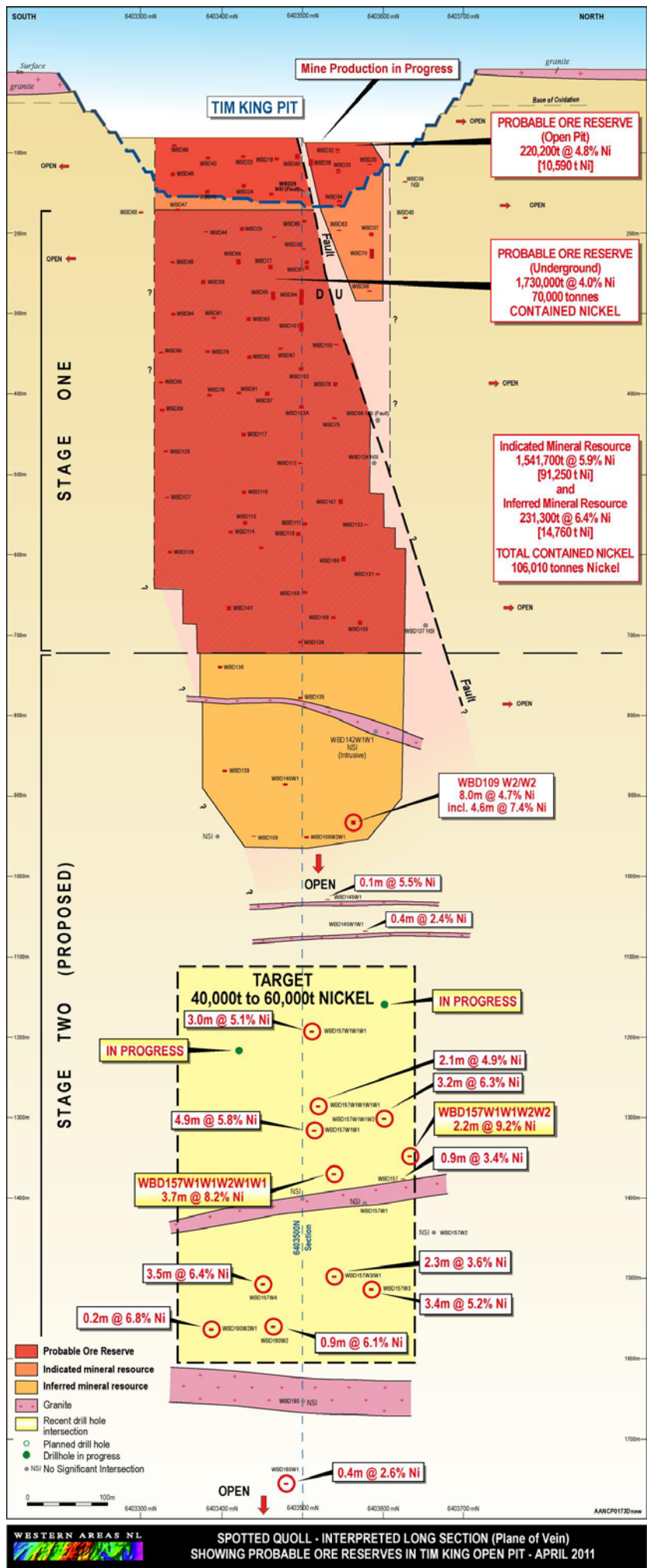


Figure 2: Spotted Quoll – Interpreted Long Section (Plane of Vein) showing Stage Two target zone

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

Underground diamond drilling to define the T5/T6 mineralised zones at Flying Fox and Lounge Lizard continued during the quarter. Data is now being interpreted to update the Mineral Resource model for Flying Fox.

Development of an underground drilling position from the mine decline is nearing completion and a new drill rig has been constructed for the drilling program to test the T7/T8 zones at Flying Fox.

Ore development at T5 continued during the quarter, generating the majority of the hoist nickel tonnes for Flying Fox. Ore widths were as modelled or slightly wider, with high tenor nickel sulphide as expected.

Spotted Quoll

The next phase of in-pit RC grade control drilling was completed in the Tim King open pit. The **defined ore in the pit contains 44% more Ni metal than the Mineral Resource model**. Reconciliation to the end of March 2011 showed that mining allocated hoist was also 44% higher than the equivalent Ore Reserve depletion.



Surface Diamond Drill Rig at Flying Fox

6. BIOHEAP

Initial testing on samples from Digger Rocks, New Morning and tailings from the Cosmic Boy nickel concentrator has been successfully completed. The outcomes of the study were considered to be very encouraging. As a result, additional test work on Diggers South Ore and Forrestania tailing samples commenced in the March Q. The data generated from these studies will improve the understanding of the leaching characteristics of this material.

A desktop study considering a hydrometallurgical processing facility for the Cosmic Boy concentrator plant, Digger South and New Morning deposits has been concluded. The study recommended more detailed investigation into several areas of interest and further work will be initiated pending an economic assessment.

Western Areas is currently reviewing laboratory facilities to accommodate future BioHeap™ research and test work requirements. Research and development into key areas of the technology continues, with the aim of broadening the scope of application of BioHeap™.

No further metallurgical testwork was conducted on samples of sulphide ores from the Finland Projects during the March Q, where exploration and resource drilling is ongoing. It is expected that metallurgical work will recommence in the June Q when representative samples of the ore are available.

7. FORRESTANIA EXPLORATION

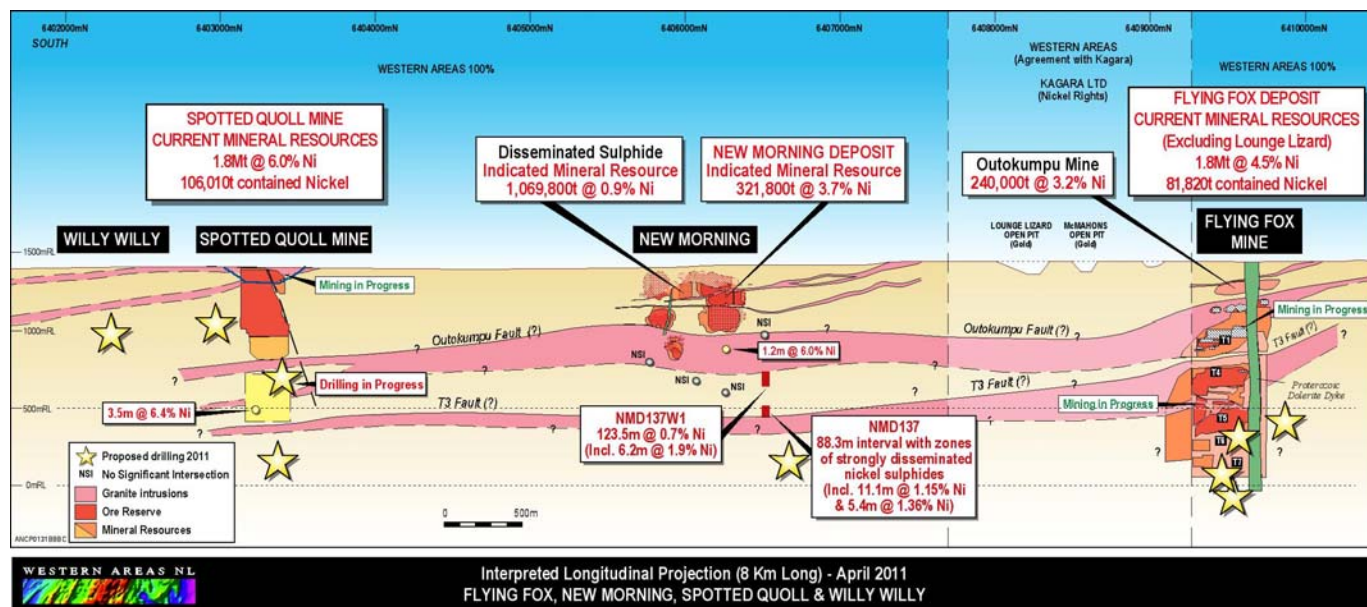


Figure 3: Interpreted Long Section extending 6km including Spotted Quoll, New Morning and Flying Fox

Exploration drilling for the majority of the quarter focused on evaluating the potential for deeper extensions to the Spotted Quoll deposit and the Flying Fox deposit (Figures 1 and 2).

Spotted Quoll

At Spotted Quoll a major resource extension drilling program is underway with two diamond drill rigs testing below the Stage One ore reserve (Figure 2). Drilling has intersected high grade nickel mineralisation up to 1,700m down dip (1,200m vertical depth) below surface, confirming the exceptional continuity of this high grade deposit at depth.

Four drill holes were completed in the Stage Two target area during the March Q with recent intersections including **3.7m @ 8.2% nickel**, **2.2m @ 9.2% nickel** and **3.2m @ 6.3% nickel**.

Western Areas has set a new exploration target in the Stage Two extension at Spotted Quoll of between 40,000 tonnes to 60,000 tonnes contained nickel. If this is achieved, potential exists for a significant increase to both mine life and annual production rate from the planned underground mine.

Drilling is currently in progress testing the northern and southern margins of the target area and this is expected to lead to further drilling in the untested areas above and to the north of Stage Two (Figure 2). Drilling will continue throughout the June Q to test the extent and continuity of mineralisation intersected in the recent drill holes. An initial mineral resource estimate for Stage Two is expected to be completed by the end of the June Q.

Flying Fox

Surface diamond drilling to test for deeper resource extensions to the T6, T7 and potentially T8 sulphide zones at Flying Fox continued in the March Q (Figure 1). This drilling program will be accelerated when drilling commences from the underground mine development.

The first surface drill hole in this program intersected a zone of nickel sulphide on the T6 Fault (0.7m @ 2.4%Ni), adjacent to the dolerite dyke. **Down hole Electro Magnetics (EM) indicates the intersection is on the edge of a strongly conductive anomaly immediately to the south of the drill hole.** Although the extent of the conductor is not defined, an EM anomaly in a previous drill hole 200m to the south may represent part of the same source. Drilling is now targeting this EM anomaly and the T7 sulphide zone which is interpreted below T6.

Forrestania

Elsewhere in the Forrestania Project region, drilling was undertaken at other prospects which have potential to host new sulphide deposits. This included drilling at Sibelius (14km north west of Cosmic Boy), North Endeavour (6km south of Cosmic Boy), South Iron Cap (12km south Cosmic Boy), Purple Haze (21km south east of Cosmic Boy) and Hatters Hill (34km south east of Cosmic Boy).

A number of potentially significant drill hole intersections were made at several of the prospects. The most significant result was in **drill hole SID19 at South Iron Cap which intersected 40.5m @ 0.8% Ni from 255.5m down hole depth.** Previous drilling at South Iron Cap is generally widely spaced and further drilling will be undertaken in the June Q to define the significance of this wide zone of sulphide mineralisation. South Iron Cap is located approximately 3km north of the large Diggers South nickel deposit.

8. AUSTRALIAN REGIONAL EXPLORATION

Western Areas' extensive regional nickel interests in Western Australia include joint venture projects which extend over 500km in the central part of the Yilgarn Craton. These projects host several potentially significant nickel sulphide discoveries outside Forrestania.

Sandstone Joint Venture (WSA earning 70% interest in nickel rights)

The Sandstone JV covers a large area (approximately 25km by 15km) of what is considered to be a highly prospective ultramafic sequence which has had minimal previous exploration for nickel. Early in 2010, Western Areas' second diamond drill hole WAD002 intersected disseminated nickel sulphides which assayed 26.2m @ 0.4% nickel from 60.3m depth. This included a narrow interval of semi-massive sulphides which analysed 0.2m @ 4.1% Ni from 86.3m down hole depth.



Aircore Drilling at Sandstone

Western Areas is undertaking a systematic exploration program to test large areas of prospective high MgO cumulate ultramafic rocks for nickel sulphides. This includes using high definition Induced Polarisation (IP) geophysical surveys to identify anomalous conductors and aircore drilling to define targets for deeper drilling.

IP surveys continued to assess the south east portion of the Project area, where higher MgO cumulate ultramafic rocks have been identified in previous shallow drilling. The IP survey started at the end of December and continued through the March Q. This technique is proving to be very effective at identifying anomalies for drilling in the Sandstone Project area. Large amounts of data are currently being processed and then will be inverted to assist interpretation. The data is generally high quality and two areas (Figure 4) have already been identified which will require deeper drilling to define the source of the IP response.

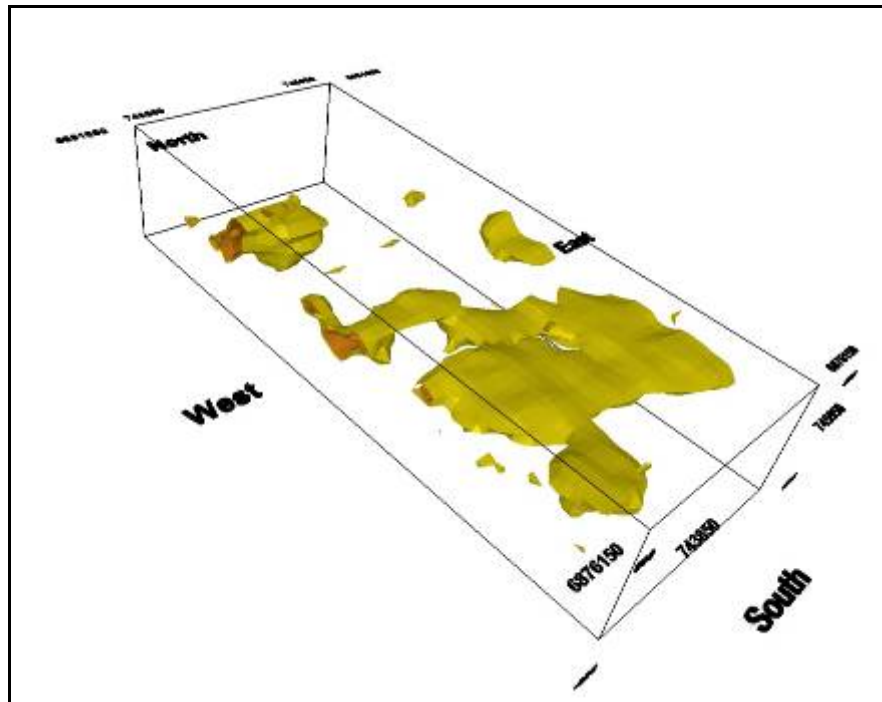


Figure 4: 3D inversion model of IP data from the Sandstone Project, used to target drilling

Shallow aircore drilling was undertaken in a number of areas in the south east and central portions of the project area. A total of 202 aircore holes were completed for 9,500m. Encouraging mafic and ultramafic rocks, some with sulphides present, have been intersected in the drilling and elevated values for Nickel and Platinum Group Elements (PGE) have been returned from a number of assays to date. Deeper testing of these areas will be conducted in the June quarter when larger percussion and diamond core drill rigs are expected to arrive on site.

The IP and drilling programs were interrupted by heavy rain in February and recommenced in mid March.

Compilation of the geology is continuing and is being used to define areas of higher MgO ultramafic rocks that will require drilling.

Lake King JV (WSA 70%)

The Lake King JV tenements cover a 40km long nickel prospective belt located approximately 70km south west of Forrestania. Western Areas has earned 70% interest in this project.

Exploration during the March Q included drilling of magnetic anomalies with deeper reverse circulation drilling (7 holes for 1258m) and diamond drilling (3 holes for 355.3m). The recent drilling results confirmed that the prospective host ultramafic sequence at Nickel Hill extends 10km north of Nickel Hill, and along a separate belt 6km to the south of Nickel Hill.

The deeper drilling also returned anomalous shallow nickel and copper intersections, from the northern and south eastern prospects. Further work is required to interpret the significance of the results to date.

Kawana JV (WSA earning 80%)

The Kawana Project is located approximately 250km north west of Western Areas' Forrestania operations. The Project covers the northern portion of the Southern Cross-Bullfinch Greenstone Belt. The Project area has been subject to only limited systematic nickel exploration.

Drill testing of bedrock electromagnetic (EM) conductors associated with ultramafic units at the Wild West and Twilight prospects was undertaken in the March Q. The drilling showed the source to these anomalies was barren massive iron sulphides. The presence of higher MgO ultramafic rocks at the Quartz Ridge and Wild West prospects indicates further work is required to evaluate the potential of the Kawana Project.

9. FINNAUST MINING Plc

Western Areas has increased its equity in FinnAust Mining Plc to 77.2% by investing a further €2M. FinnAust has approximately €2.5 million in cash following completion of the recent subscription by Western Areas.

Funds are being used to continue the drilling program and prepare for the potential listing on the London AIM Market around October this year. Grant Thornton has been appointed as Nominated Advisor to the proposed London AIM listing.

FinnAust has extensive holdings covering six exploration projects in the Kainuu Schist Belt and three exploration projects in the adjacent Outokumpu - Savonranta Belt in central Finland. FinnAust considers this region may represent a major metal province with potential to host multiple base metal deposits.

Production in the Kainuu Schist Belt is dominated by the large Talvivaara open pit mine (owned by Talvivaara Mining Plc) which is successfully using a bacterial leaching technology to extract nickel, zinc, copper and cobalt from low grade sulphide mineralisation in a black schist ore host. Talvivaara has announced production targets of 15,000tpa nickel and 30,000tpa zinc for 2011 increasing to 50,000tpa nickel and 90,000 tpa zinc from 2012.

In 2010, Western Areas conducted shallow drilling in the Kainuu Schist Belt and confirmed the widespread occurrence of Talvivaara type sulphide mineralisation on claims and reservations now held by FinnAust.

The historic Outokumpu mine produced a total of approximately 42 million tonnes of ore at an average grade of 3.1% copper, 1.0% zinc, 0.2% cobalt and 0.1% nickel between 1913 and 1988. FinnAust has tenements in the immediate area of the Outokumpu mine and 20km south in the Savonranta area.

FinnAust has identified over 50 exploration targets in nine different project areas within the Kainuu and Outokumpu - Savonranta Belts. These targets have potential for the following deposit types:

1. Talvivaara Type
2. Outokumpu Type
3. Volcanogenic Massive Sulphide Type
4. Gabbro hosted Type

The FinnAust drilling program in 2011 is intended to focus on a range of targets for both Talvivaara Type and Outokumpu Type mineralisation. In addition, the 2011 program will include geophysical surveys over other targets, metallurgical test work of a range of different ore types and resource drilling programs.

Drilling has commenced at the Hakonen Project area, located 3km east of the Talvivaara mine to follow up nickel, zinc and copper sulphide mineralisation intercepted at shallow depth in 1963. This mineralisation is associated with coincident magnetic and EM anomalies which extend over several kilometres.

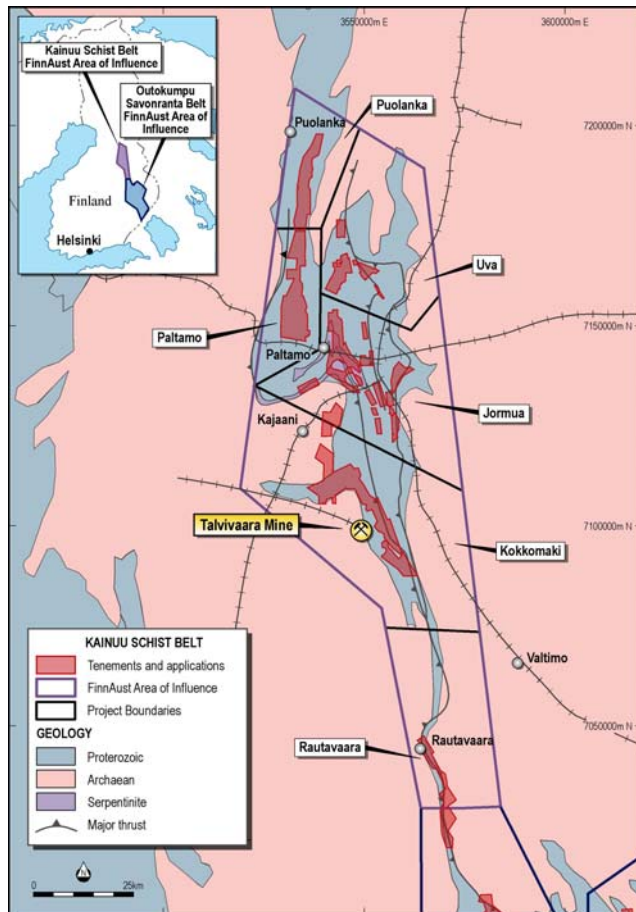


Figure 5: Plan of Kainuu Schist Belt in Finland showing FinnAust Mining holdings and location of Talvivaara

FinnAust Drilling Results

R1 Mineral Resource

An initial Mineral Resource estimate has been completed for the Rautavaara R1 Deposit, located 60km south of Talvivaara mine, with 65,300 tonnes contained nickel (Table 1). Drilling is planned to commence in the June Q with the aim of increasing the size of the R1 mineral resource.

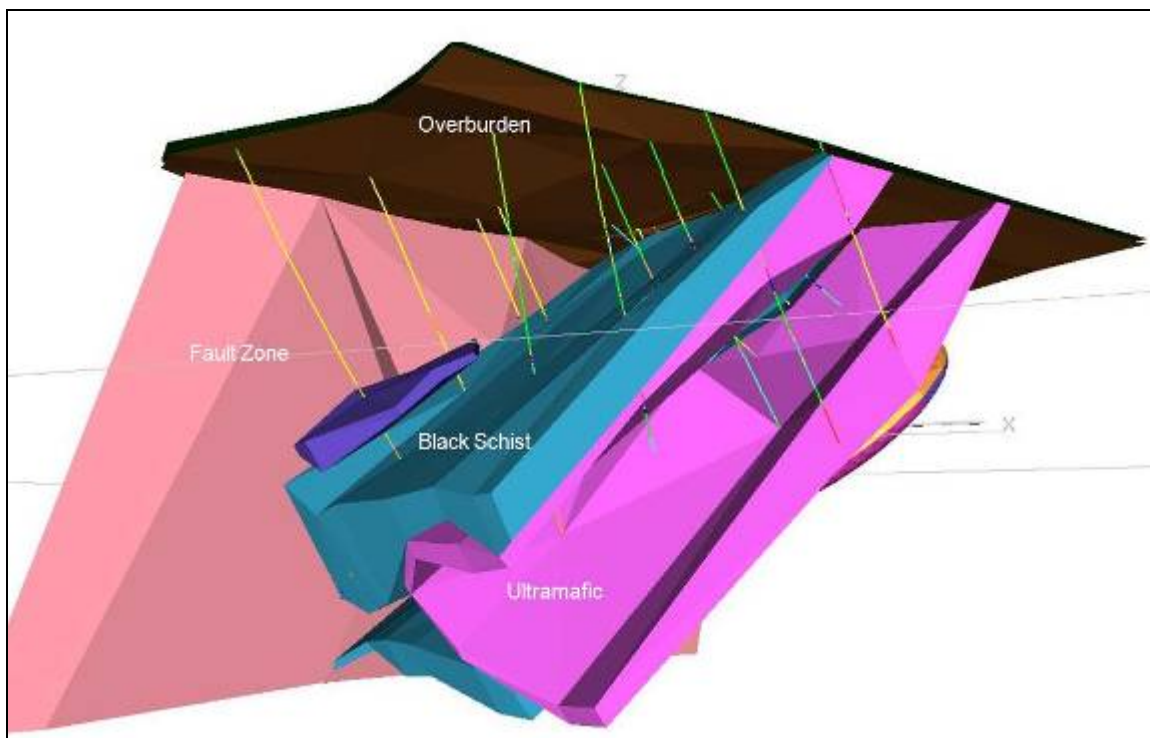


Figure 6: Geological Wireframes – Rautavaara R1 Deposit

Resource Category	Rautavaara R1 Deposit								
	Tonnes (t)	Ni grade (%)	Zn grade (%)	Cu grade (%)	Co grade (%)	Ni metal (t)	Zn metal (t)	Cu metal (t)	Co metal (t)
Measured Resource	-	-	-	-	-	-	-	-	-
Indicated Resource	28,301,300	0.192	0.378	0.101	0.012	54,210	107,050	28,690	3,530
Inferred Resource	5,960,400	0.186	0.391	0.104	0.012	11,090	23,280	6,210	700
	Tonnes (t)	Ni grade (%)	Zn grade (%)	Cu grade (%)	Co grade (%)	Ni metal (t)	Zn metal (t)	Cu metal (t)	Co metal (t)
Indicated + Inferred Resource	34,261,700	0.191	0.380	0.102	0.012	65,300	130,330	34,900	4,230

Table 1 Mineral Resource Estimate Rautavaara R1 Deposit, reported at a lower cut-off of 0.10% Ni, January 2011

Mineral Resource Parameters: Geological wireframes were constructed utilising Datamine Studio software for the black schist and ultramafic horizons, surface topography, base of overburden (glacial till) and bounding fault zone (see Figure 6). Estimation of Ni, Cu, Co and Zn was made using Ordinary Kriging; with Mineral Resource reported using a lower cut-off of 0.1% Ni (cf Talvivaara 0.07% Ni). Mineralisation was only estimated within the black schist horizon; whilst some erratic mineralisation within ultramafic and some skarn material was present but low in Zn and Cu and has different leaching properties and acid consumption, and is therefore not considered in this analysis. Based upon the drill data density, quality, geological understanding and kriging efficiency analysis, the majority of the defined mineral resource has been assigned to the Indicated Mineral Resource category as detailed in Table 1.

The Mineral Resource estimate was completed by Mr John Haywood who is a full-time employee of Western Areas NL. Black Schist sulphide mineralisation was modelled as 3D solids, and a block model was created using "Datamine Studio" software, filling the solids with cells and sub-cells; with Ni, Cu, Co and Zn estimated by Ordinary Kriging. The stratabound black schist mineralisation at Rautavaara R1 exhibits good continuity of width and grade, with drilling density sufficient to define the structural complexity.

Item	Details	Comments
Cells Size	25m (X) by 25m (Y) by 25m (Z)	Sub-celled to match solids
Interpolation Method	Ordinary Kriging	Validated by ID2 estimate
Search Radii	150m (X) by 150m (Y) by 30m (Z)	Strong continuity of grade
Nominal Drill hole spacing	40m by 80m to 100m by 100m	Diamond drilling

Surface diamond drill hole collar surveys used differential GPS; downhole surveys used a gyroscopic instrument; a density database was utilised; there is high assay confidence with systematic QA/QC procedures;. An alternate inverse distance squared estimate was made to validate the ordinary kriged resource. A validation of drill holes against block model grades was made.

10. MUSTANG MINERALS CORP

On 22 March 2010, Mustang Minerals Corp ("Mustang") announced a **potentially significant platinum and palladium discovery** at Mustang's 100% owned Mayville Project in southeast Manitoba. Western Areas owns 19.9% of Mustang.

A wide zone of platinum and palladium mineralisation associated with disseminated sulphides and chromitite was intersected in two diamond core drill holes at shallow depth (see Figure 7). These included results from MAY11-07 which intersected 9.15 meters at average grade of 9.5 g/t combined platinum and palladium within a wider zone of 41.16 meters at an average grade of 2.9 g/t platinum and palladium.

Drill hole MAY 11-07 was drilled as part of a reconnaissance drill program testing a number of geophysical targets across the Mayville Property where Mustang has an existing copper-nickel-PGM mineral resource. A sketch cross section and geophysical plan is shown below

Mustang is drilling a previously untested, IP-EM-magnetic trend within the Bird River Intrusive Complex. The PGM mineralisation appears to be associated with disseminated sulphides within a host ultramafic unit which has a potential strike length up to 2 km, based on geophysics (Figures 7 & 8). The host unit is located 1 km southeast of Mustang's gabbro hosted Mayville copper/nickel sulphide deposit and 250 meters north of a separate, recent discovery of copper/nickel sulphides, announced by Mustang on March 3rd, 2011.

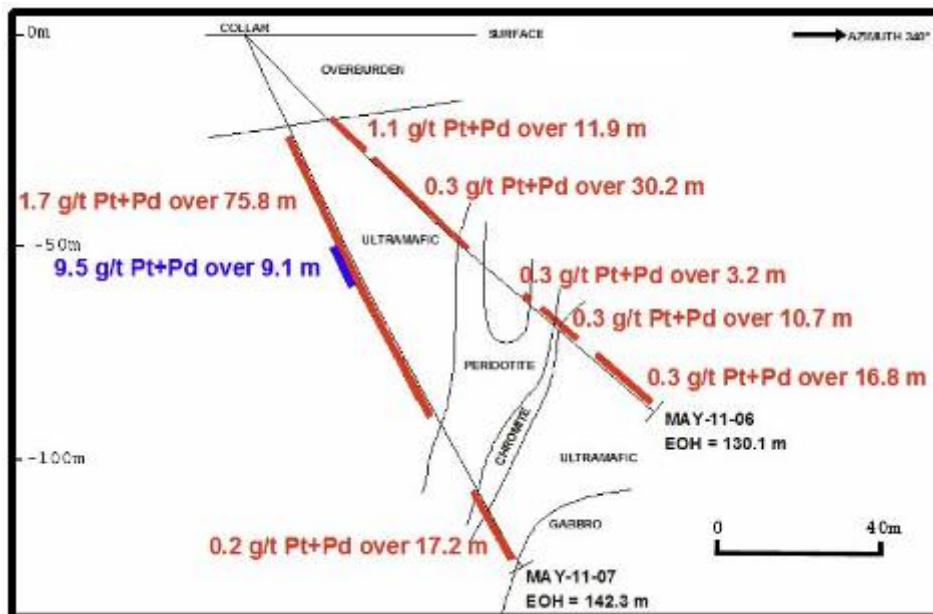


Figure 7: Sketch section of two 'discovery drill holes' showing platinum and palladium mineralisation. The PGM mineralisation remains completely open along strike and at depth.

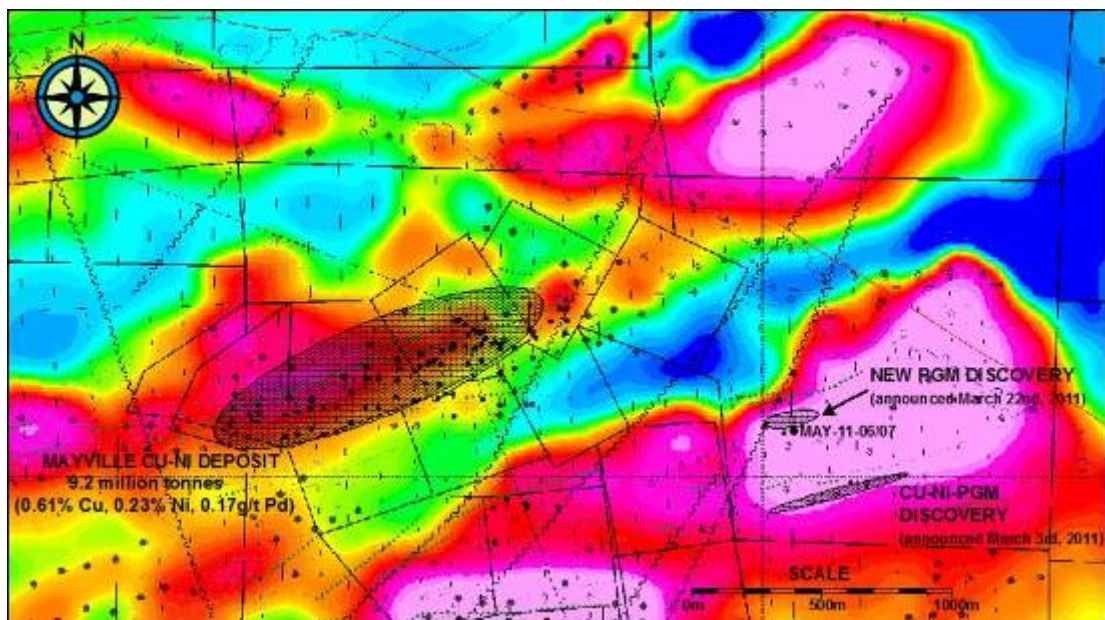


Figure 8: Image of VTEM data covering part of Mustang's extensive holdings in the Mayville Project area.

Subsequent to the end of March Q Mustang announced that three additional drill holes had been drilled at the new PGM discovery area. The first hole was drilled 50 metres south of MAY11-07 (at the same 65 degree angle) to test for mineralisation at a greater depth as well as define the southern limit as MAY11-07 which was collared into PGM mineralisation. The next two holes were drilled 50 metres to the east and 50 metres to the west of the drill collar at MAY11-07.

Drilling in all three drill holes encountered a strongly altered ultramafic unit containing locally finely disseminated chalcopyrite, pyrrhotite, pyrite sulphides and locally significant chromite. This is the same rock type which hosts the MAY11-07 PGM mineralisation. Mustang Minerals had not announced assay results from the three later drill holes at the time of the release of Western Areas' March Q Report.

11. CORPORATE AND FINANCING

Cash Balance and Working Capital

At 31 March 2011, Western Areas had an unaudited A\$154.2M in cash plus nickel sales receivables valued at A\$54.6M. **Total cash plus nickel sales receivables A\$208.8M** (December Q was A\$156.7M). Net movement in cash for the quarter was A\$28.7M post the payment of an \$18.0M interim dividend during the quarter.

Working capital in stockpiles of both ore and concentrate had a value at cost of A\$24.9m. The in situ value of the nickel metal contained in ore and concentrate stockpiles at current prices was ~A\$140.0m at the end of the March Q. These stockpiles are subject to plant recoveries, processing, smelting and refining costs.

Dividends

The Company paid a \$0.10/share interim dividend based on the earnings for the half year ended 31 December 2010. This was settled on 28 March 2011 and represented a return of A\$18.0m to shareholders.

After assessment of the growth and development of the Company's assets at the Forrestania Project and the current Balance Sheet, the Company has adjusted its dividend policy. Western Areas' dividend policy is to target the return of sustainable and consistent dividends to shareholders, while ensuring that current and future treasury requirements are satisfied and balance sheet strength is not compromised.

Hedging

The Company manages nickel price risk with a combination of short term quotation period ("QP") hedging and a set limit of medium term hedging. The policy allows the use of forward sales, bought options and collar style options.

- QP hedging is used to manage the risk of price fluctuations for nickel already shipped to customers that is still subject to price finalisation.
- Medium term hedging is used to manage the risk of unforeseen nickel price shocks with approximately 25% of the expected nickel sales per month hedged out to a maximum of 12 months.

The current nickel hedge book consists of zero cost collars with an average floor price of US\$10.10/lb with upside participation to US\$12.14/lb for hedged sales. The company believes this is a prudent approach to future profitability and cashflow while providing 75% exposure to the spot nickel price. Details of hedges as at 31 March 2011 are as follows:

Hedging Details	Fiscal 2011	Fiscal 2012
Nickel Hedging Collar Style Options		
Ni Tonnes Sold	1,350	2,400
US\$ Price / Tonne Call	22,594	22,100
US\$ Price / Tonne Put	27,751	26,235
Foreign Exchange Contracts		
US\$ Sold	5,000	-
US\$ Rate	0.8991	-

The hedging contracts listed above are not subject to margin calls. In line with the medium term hedging strategy, post quarter end, the Company entered into a further 900 tonnes for FY12. The average floor price was US\$10.09/lb with upside participation to US\$13.89/lb.

Convertible Bonds

The successful restructure of the A\$225m of convertible bonds due in July 2012 during the December quarter last year left the Company holding 3 convertible bonds with a manageable and staggered maturity profile as follows:

- CB1 - A\$105.5m due in July 2012 with a 8.0% coupon (convert strike price of A\$7.94)
- CB2 - A\$125.0m due in July 2015 with a 6.4% coupon (convert strike price of A\$6.61)
- CB3 - A\$110.2m due in July 2014 with a 6.4% coupon (convert strike price of A\$7.71)

Western Areas has created a bond repayment fund which has A\$60m allocated to date and will progressively be accrued until the July 2012 repayment date for CB1. All of Western Areas Convertible Bonds are quoted on the Singapore Stock Exchange.

Debt Facilities,

The ANZ loan Facility (A\$80m) continues to remain undrawn as at the date of this report.

-ENDS-

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QA-QC STATEMENT:

Mr Adrian Black from geological consultants Newexco Services Pty Ltd (“Newexco”) and Mr Charles Wilkinson from Western Areas are responsible for the verification and quality assurance of the Company’s exploration data and analytical results from the Forrestania Nickel Project. Surface diamond drill hole collar surveys used differential GPS, downhole 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 mineral resources, ore reserves and mine development activities is based on information compiled by Mr John Haywood, Mr Tim Peters, Mr Dan Lougher and Mr Julian Hanna of Western Areas NL. Mr Haywood, Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Peters is a member of AusIMM and is a consultant to Western Areas. Mr Haywood, Mr Peters, Mr Lougher and Mr Hanna 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 Peters, Mr Lougher and Mr Hanna 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 including nickel production targets. 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.

Examples of forward looking statements used in this report include “This could potentially support an increase in mine life and mine production rate above the target 10,000 tpa nickel”, and “A drilling program to extend the resource and potentially the mine life at Diggers South will commence in the June Q”, and “Western Areas has set a new exploration target in the Stage Two extension at Spotted Quoll of between 40,000 tonnes to 60,000 tonnes contained nickel”, and “Elsewhere in the Forrestania Project region, drilling was undertaken at other prospects which have the potential to host new sulphide deposits “ and “exploration drilling focused on evaluating potential for deeper extensions to the Spotted Quoll deposit and the Flying Fox deposit”, and “The presence of higher MgO ultramafic rocks at the Quartz Ridge and Wild West prospects indicates further work is required to evaluate the potential of the Kawana Project”, and “Funds are being used to continue the drilling program and prepare for the potential listing on the London AIM Market around October this year” and “FinnAust considers this region may represent a major metal province with potential to host multiple base metal deposits” and “potentially significant platinum and palladium discovery at Mustang’s 100% owned Mayville Project”.

This announcement does not include reference to all available information on the Company or the Forrestania Nickel Project or the Regional Nickel Projects of FinnAust Mining Plc and should not be used in isolation as a basis to invest in Western Areas. 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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Western Areas NL Ore Reserve / Mineral Resource Table - 31 March 2011

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	7,800	2.7	210	Probable Ore Reserve
T4	194,100	4.0	7,800	Probable Ore Reserve
T5	788,400	6.1	47,670	Probable Ore Reserve
2. Spotted Quoll				
	220,200	4.8	10,590	Probable Ore Reserve
	1,725,000	4.1	70,200	Probable Ore Reserve
3. Diggers Area				
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve
TOTAL WESTERN AREAS ORE RESERVES	5,044,500	3.3	167,270	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South	73,200	4.0	2,950	Indicated Mineral Resource
	35,200	4.9	1,720	Inferred Mineral Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource
	12,700	4.8	610	Inferred Mineral Resource
T4	159,100	5.4	8,650	Indicated Mineral Resource
	21,000	3.6	760	Inferred Mineral Resource
T5 Massive Zone	701,900	7.0	49,270	Indicated Mineral Resource
	68,800	5.2	3,570	Inferred Mineral Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
	357,800	1.0	3,460	Inferred Mineral Resource
T6	44,300	5.7	2,530	Inferred Mineral Resource
T7	99,300	4.8	4,810	Inferred Mineral Resource
Total Flying Fox	1,815,900	4.5	81,820	
New Morning / Daybreak				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning / Daybreak	2,143,900	1.4	30,700	
Spotted Quoll				
	1,541,700	5.9	91,250	Indicated Mineral Resource
	231,300	6.4	14,760	Inferred Mineral Resource
Total Spotted Quoll	1,773,000	6.0	106,010	
Beautiful Sunday				
	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT	6,212,800	3.6	225,250	
2. Cosmic Boy Area				
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource
Seagull	195,000	2.0	3,900	Indicated Mineral Resource
TOTAL COSMIC BOY AREA	375,900	2.4	8,950	
3. Diggers Area				
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource
TOTAL DIGGERS AREA	10,028,200	1.0	99,570	
TOTAL WESTERN AREAS RESOURCES	16,616,900	2.0	333,770	