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ASX &amp; TSX: WSA

News Release

## REVISED MINERAL RESOURCE AT FLYING FOX EFFECTIVELY REPLACES ORE MINED IN PAST 12 MONTHS

The Board of Western Areas is pleased to announce an update of the Mineral Resource at Flying Fox. The revised Mineral Resource for the T4 to T7 zones now comprises a total **1,410,000 tonnes at an average grade of 5.7% nickel for 80,210 tonnes contained nickel.**

The Indicated Mineral Resource category for the T4 and T5 zones contains 73,680 tonnes of nickel compared to 73,070 tonnes of nickel in the March 2010 estimate. Importantly, 14,740 tonnes of nickel mined in ore from T4 and T5 during the past 12 months has effectively been replaced by new high grade mineralisation in T5.

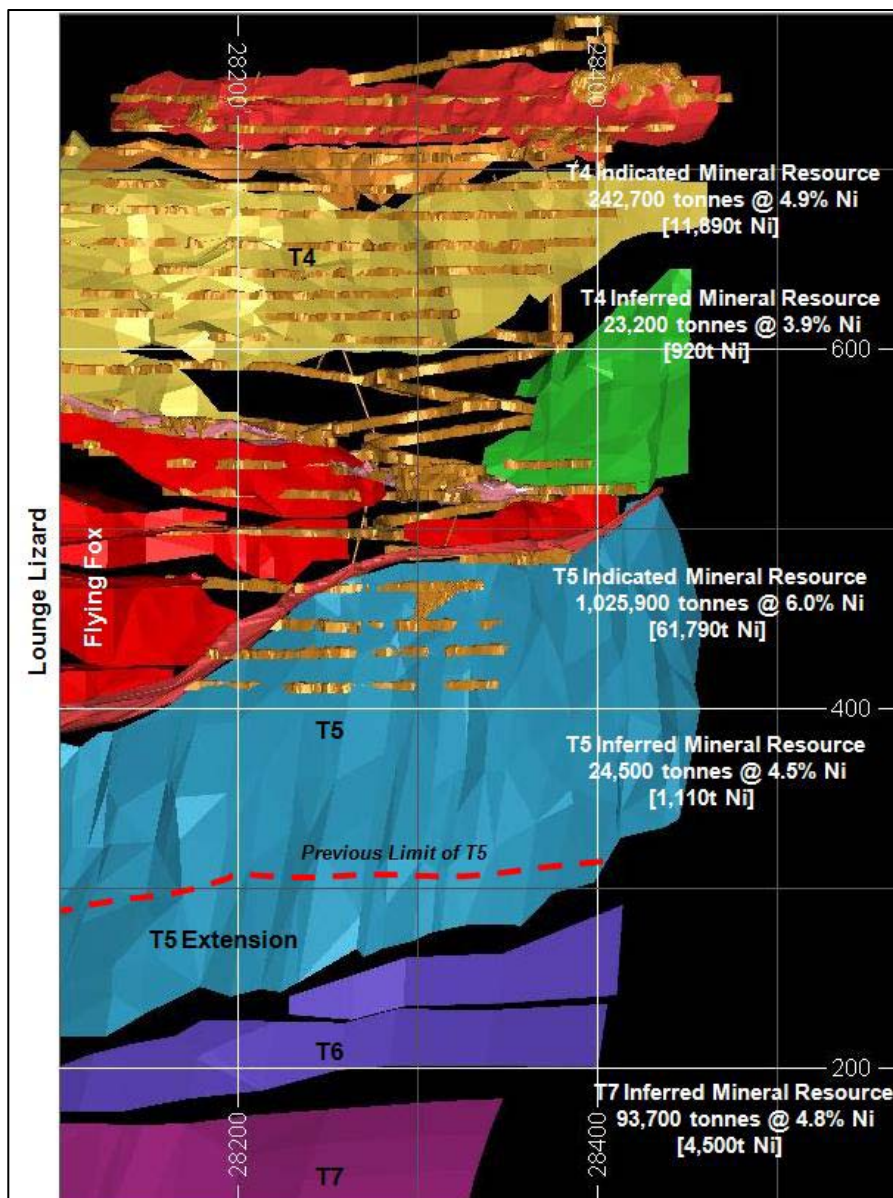


Figure 1: Long Projection Flying Fox T4 to T7 zones showing revised Mineral Resource

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Between April 2010 and March 2011, combined mine production from the T4 and T5 zones was 327,429 tonnes ore at an average grade of 4.50% nickel containing 14,740 tonnes nickel.

During the past 12 months, underground diamond drilling and mine development has improved the definition of the geometry of the T4, T5, T6 and T7 zones. Drilling has also resulted in a significant extension to mineral resources at the base of T5 (Figure 1, Table 1).

A surface diamond drilling program is also in progress testing several down hole EM anomalies in the northern part of the T6 and T7 zones. In addition, an underground diamond drilling program will commence next week from the 334m RL elevation (approximately 1,080m below surface) to test the conceptual T8 target position.

## **Discussion**

The revised mineral resource highlights the potential to extend mineralisation into previously untested areas and to replace mined ore reserves within the large Flying Fox nickel system. It also demonstrates the continuity of the T4, T5, T6 and T7 zones over 600m vertical extent.

Western Areas has previously announced a target to increase ore reserves at Flying Fox (and at Spotted Quoll) to over 10 years mine life. Flying Fox and Spotted Quoll remain open at depth.



Photograph of portal position for Spotted Quoll decline mine, prior to blasting on 20<sup>th</sup> April

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## **Flying Fox Mineral Resource Estimate**

The previous mineral resource estimate for the T4 to T7 zones was calculated in March 2010. It comprised a total of 1,392,500 tonnes at an average grade of 6.1% nickel for 84,740 tonnes contained nickel. The majority (86%) was in the Indicated Mineral Resource category.

The revised mineral resource estimate for the T4 to T7 zones comprises a total of 1,410,000 tonnes at an average grade of 5.7% nickel containing 80,210 tonnes nickel (Table 1). 92% is in the Indicated Mineral Resource category. Further drilling is required in the T6 zone.

Table 1: Mineral Resource Statement 31 March 2011

Flying Fox Deposit above lower cut-off of 0% Ni

	Measured			Indicated			Inferred		
	Tonnes	Ni (%)	Ni (t)	Tonnes	Ni (%)	Ni (t)	Tonnes	Ni (%)	Ni (t)
<b>T4</b>	-	-	-	242,700	4.9	11,890	23,200	3.9	920
<b>T5</b>	-	-	-	1,025,900	6.0	61,790	24,500	4.5	1,110
<b>T6</b>	-	-	-	-	-	-	-	-	-
<b>T7</b>	-	-	-	-	-	-	93,700	4.8	4,500
<b>TOTAL</b>	-	-	-	<b>1,268,600</b>	<b>5.8</b>	<b>73,680</b>	<b>141,400</b>	<b>4.6</b>	<b>6,530</b>

**Mineral Resource Parameters:** The Mineral Resource estimate was completed by Mr John Haywood who is a member of AusIMM and a full-time employee of Western Areas NL. Massive, breccia and matrix 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 estimated by Ordinary Kriging. A lower cut-off was not applied to reported tonnage and grade due to very small percentage of material below 2% Ni. The mineralisation at Flying Fox exhibits good continuity of width and grade within defined Domains.

Diamond drillhole collar surveys used differential GPS; downhole surveys used a gyroscopic instrument or Deviflex tool; a comprehensive density database was utilised; there is high assay confidence with systematic QA/QC procedures; a validated acQuire database. An alternate inverse distance squared estimate was made to validate the ordinary kriged resource. A validation of drillholes against block model grades was made. Substantial ore development has taken place validating the mineralisation interpretations, with ore processing validating mineralisation grades.

Item	Details	Comments
Cells Size	10m (X) by 10m (Y) by 5m (Z)	Sub-celled to match solids
Interpolation Method	Ordinary Kriging	Validated by ID2 estimate
Search Radii	Variable by domain	Nominal 60m by 60m by 10m Variable by Domain
Nominal Drill hole spacing	10m by 20m varying to 80m by 80m Majority <=20m x 40m	T4 fully developed by ore drives, plus numerous delineation rises. T5 partially developed, plus substantial drill coverage T6 minimal drill data T7 variable drill density

**DISCLAIMER AND QA-QC STATEMENT:**

Mr Adrian Black from geological consultants Newexco Services Pty Ltd (“Newexco”) and Mr John Haywood of Western Areas are responsible for the verification and quality assurance of the Company’s exploration data and analytical results from the Forrestania Nickel Project in respect of the Flying Fox Deposit. Diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument, Maxibor or Deviflex tool; 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 and blanks are routinely inserted in the sample stream for quality control, and 10% of samples are also submitted to an Umpire Laboratory for checks.

The information within this report as it relates to mineral resources and mine development activities is based on information compiled by Mr John Haywood and Mr Julian Hanna of Western Areas NL. Mr Haywood and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Haywood 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 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. These include: “revised mineral resource highlights the potential to extend mineralisation into previously untested areas and to replace mined ore reserves within the large Flying Fox nickel system. It also demonstrates the continuity of the T4, T5, T6 and T7 zones over 600m vertical extent.” and “Western Areas has previously announced a target to increase ore reserves at Flying Fox (and at Spotted Quoll) to over 10 years mine life”.

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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