

August 2, 2011

ASX & TSX: WSA

News Release

**WESTERN AREAS CONSIDERING NICKEL OFFTAKE TENDER**

The Board of Western Areas is pleased to announce that due to continuing high levels of production from the Forrestania Nickel Project, shipments of nickel concentrate to Jinchuan Group in China are already several months ahead of the original schedule.

As a result, the offtake contract to sell a total of 25,000 tonnes of nickel in concentrate to Jinchuan is expected to be completed by February 2012, 19 months after the first shipment to China. Under the current terms, Western Areas and Jinchuan will meet six months before the end of the contract, however Western Areas has no obligation to extend the contract.

Western Areas' Board is now considering a range of options including calling for tenders for the next tranche of concentrate from Forrestania. This is in response to strong interest being shown by a number of major offshore nickel producers and other companies.

Western Areas has well established infrastructure and logistics for exporting from Esperance Port including 1300 containers, 25 trucks for transporting containers and an existing shipping contract. Future offtake contracts are likely to be priced FOB from Esperance (Figure 1).

In addition to the contract to sell 25,000 tonnes of nickel in concentrate to Jinchuan, Western Areas has contracts to sell up to 12,000 tonnes pa nickel in concentrate to BHP Billiton.

**Discussion**

Managing Director, Mr Julian Hanna said, "Western Areas produces a high quality product sought after by nickel smelters. Our business model is to sell this to a range of customers both domestically and offshore. The early expiry of the Jinchuan contract provides an opportunity to improve already favourable offtake terms and potentially find a suitable partner for some of our other exploration and development projects in Australia and Finland."

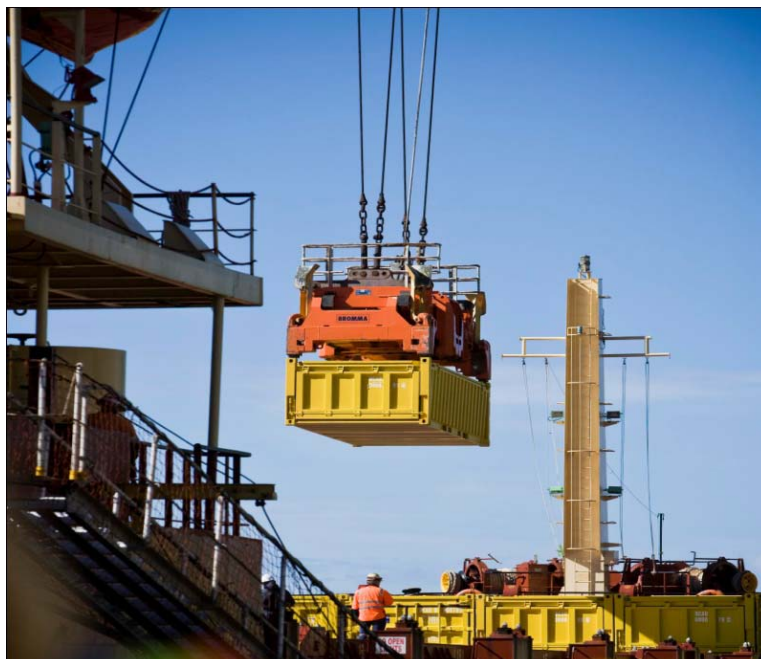


Figure 1: Loading Western Areas' concentrate in sealed containers at Esperance Port

**COMPETENT PERSONS STATEMENT:**

The information within this report as it relates to nickel concentrate sales estimates is based on information compiled by Mr Dan Lougher and Mr Julian Hanna of Western Areas NL. Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. 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 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. These forward-looking statements include: "the offtake contract to sell a total of 25,000 tonnes of nickel in concentrate to Jinchuan is expected to be completed by February 2012", and, "The early expiry of the Jinchuan contract provides an opportunity to improve already favourable offtake terms and potentially find a suitable partner for some of our other exploration and development projects in Australia and Finland". 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.

**DISCLAIMER:**

This announcement does not include reference to all available information on the Company or the Jinchuan offtake contract or the Forrester 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-

**For further details, please contact:**

Julian Hanna  
Managing Director – Western Areas NL  
Telephone +61 8 9334 7777  
Email: [jhanna@westernareas.com.au](mailto:jhanna@westernareas.com.au)

Shane Murphy  
FD  
Telephone +61 8 9386 1233 / 0420 945 291  
Email: [Shane.Murphy@fd.com](mailto:Shane.Murphy@fd.com)

Dan Lougher  
Operations Director – Western Areas NL  
Telephone +61 8 9334 7777  
Email: [dlougher@westernareas.com.au](mailto:dlougher@westernareas.com.au)

Or visit: [www.westernareas.com.au](http://www.westernareas.com.au)