



April 8th, 2011

ASX & TSX: WSA

News Release

DRILLING CONFIRMS SIGNIFICANT EXTENSION TO SPOTTED QUOLL

Drilling below the Spotted Quoll deposit is continuing to intersect high grade nickel mineralisation up to 1,700m down dip (1,200m vertical depth) below the current open pit. As a result, 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 extension to both mine life and annual production rate from the underground mine.

A resource extension drilling program is underway with two diamond drill rigs testing below the Stage One ore reserve (Figure 1). Results are very encouraging with recent drill hole intersections including 3.7m @ 8.2% nickel, 2.2m @ 9.2% nickel and 3.2m @ 6.3% nickel.

Western Areas has previously announced results of the Stage One underground mine feasibility study. This estimated an eight year mine life producing up to 10,000tpa nickel in ore. The financial returns expected from Stage One are summarised in Table 1. The Stage One mine should produce robust returns even at the base case of US\$6.00/lb nickel.

Ni Price US/lb	\$6.00	\$8.00	\$10.00	\$12.00
Forex US:AUD	0.80	0.90	0.95	1.00
NPV(BT)	A\$90M	A\$184M	A\$297M	A\$385
IRR(BT)	41%	67%	96%	116%
C1 Cost (US\$/lb Ni in Conc.)	\$2.29	\$2.57	\$2.71	\$2.86
TOTAL NET CASH A\$ M	\$162M	\$320M	\$500M	\$640M

Table 1: Financial returns based on different nickel prices and FX rates

Award of Mining Contract

Western Areas is also pleased to announce that Barmenco Mining Contractors has been awarded an initial three year contract for underground mining at Spotted Quoll. Mine decline development is due to start from 70m depth in the Tim King Pit by the end of April with first ore from the underground mine scheduled for February 2012.

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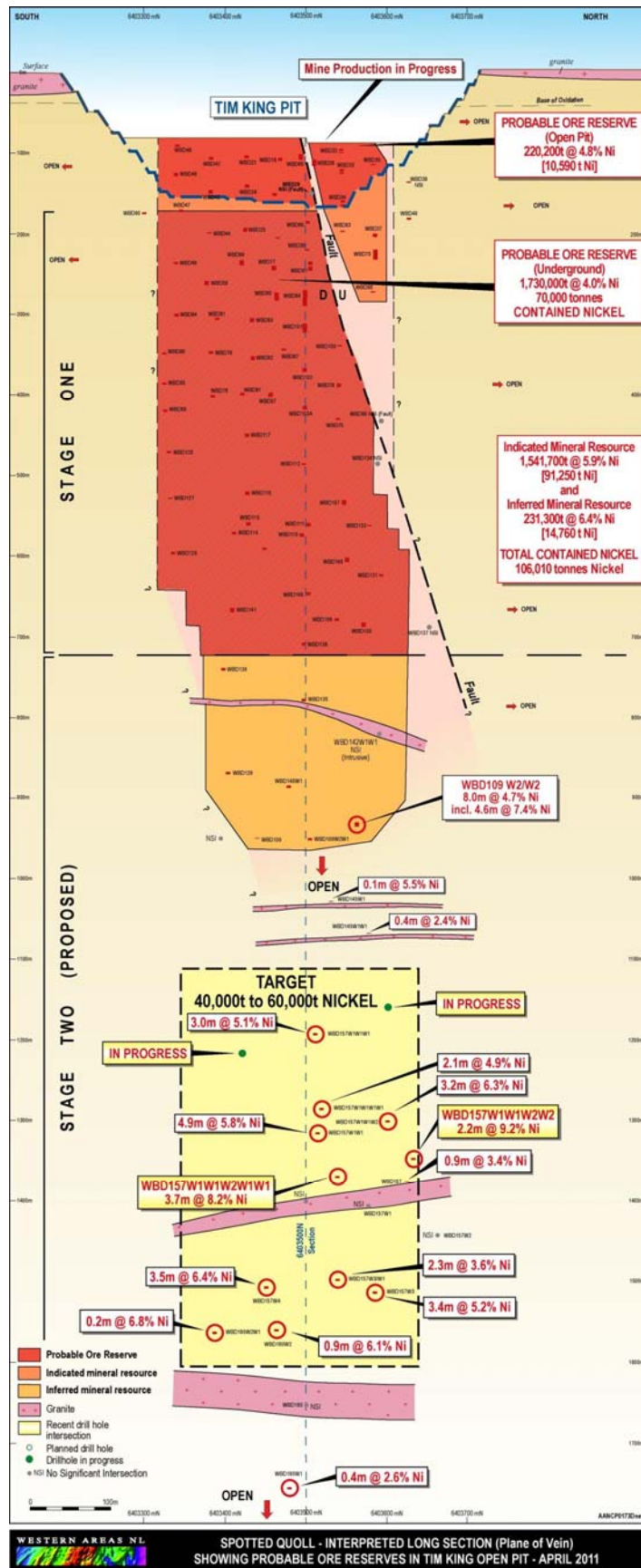


Figure 1: Longitudinal section of Spotted Quoll showing Stage One ore reserve (red) and Stage Two target area (yellow)

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DISCLAIMER AND QA-QC STATEMENT: Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr John Haywood of Western Areas NL 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 Note:

The information within this report as it relates to mineral resources is based on data compiled by Mr. John Haywood of Western Areas NL. The information within this report as it relates to Ore Reserves is based on data compiled by Mr. Tim Peters and Mr. Dan Lougher. Mr. Lougher and Mr. Peters are members of AusIMM. Mr. Lougher is a full time employee of the Company. Mr. Peters is a mining consultant with Piran Mining Pty Ltd. Mr. Lougher and Mr. Peters 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. Lougher and Mr. Peters 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. Examples of forward-looking statements used in this release include: "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, "potential exists for a significant extension to both mine life and annual production rate from the underground mine" and, "Stage One envisages an eight year mine life producing up to 10,000tpa nickel in ore" and, "The financial returns expected from Stage One are summarised in Table 1. The Stage One mine should produce robust returns even at the base case of US\$6.00/lb nickel", and, "Mine decline development is due to start from 70m depth in the Tim King Pit by the end of April with first ore from the underground mine scheduled for February 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 Forrestania Nickel Project or the Spotted Quoll deposit 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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