



For the period ending 31st March 2012

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 Spotted Quoll mine 6km south of Flying Fox. Total Ore Reserves at Spotted Quoll comprise 1.67 Mt at average grade of 4.1% nickel containing approx. 67,870 nickel tonnes. The total Mineral Resource at Spotted Quoll now stands at 3.02 Mt at an average grade of 5.9% containing 177,010 nickel tonnes.

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

The Cosmic Boy concentrator has capacity for 550,000 tpa ore which equates to production capacity of about 25,000 tpa nickel in concentrate. The plant is designed for a future potential upgrade to 1.0M tpa ore.

Western Areas has offtake agreements with BHP Billiton for 12,000tpa nickel in concentrate, and with Jinchuan for a total 15,000t nickel in concentrate.

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

ASX & TSX code: WSA

Shares on issue: 180m shares,
7.4m options. **Market capitalisation:**
Approx A\$1.0Bn @ \$5.60 per share.

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Record Concentrate Sales and the Purchase of Lounge Lizard

The March Q was another outstanding operational period with **record sales of 8,154 tonnes** of nickel in concentrate, bringing year to date sales of 19,392 nickel tonnes. **Concentrate sales for the 2nd half are expected to track towards 15,000 contained nickel tonnes**, being 25% higher than the first half. This is a direct outcome of improved shipping logistics with reduced container turnaround time, resulting in a drawdown of concentrate stockpiles from the December Q.

The Company completed the purchase of Kagara Limited's nickel assets for A\$68m which includes the high grade Lounge Lizard deposit and nearly 300sqkm of exploration tenements at Forrestania. This acquisition provides important longevity to Flying Fox, with expected mine life now approaching 8 years. The reported results for the Quarter include Lounge Lizard production from 1 March 2012. Lounge Lizard will form part of the Flying Fox numbers going forward.

Total mine production was **7,602 tonnes of nickel in ore at an average grade of 4.7%**. Total nickel in concentrate from the mill was 6,266 tonnes with an average recovery of 93%. The new Jinchuan offtake agreement commenced in March and is expected to operate for 12 months.

During February the Spotted Quoll open pit was completed having delivered 28,502 tonnes of nickel in ore, well above the initial ore reserve estimate of 19,900 tonnes. Given the outstanding result, acknowledgement should be given to the Western Areas operations team, Newexco (who originally discovered Spotted Quoll) and to the company's mining contractor, MACA. Whilst this was one of the most significant high grade open pit nickel discoveries, we are now encouraged by the sheer size of the Spotted Quoll underground mineral resource which currently stands at around 177,000 tonnes of nickel whilst still being open in all directions.

March Q 2012 Highlights

- 1. Combined mine production was 7,602 tonnes (16.8M lbs) nickel** at an average grade of 4.7% nickel.
- 2. Flying Fox mine production (excluding Kagara ore for Jan and Feb) was 81,143 tonnes of ore mined at 5.3% for 4,278 tonnes (9.4M lbs) contained nickel.**
- 3. Production from the Tim King Pit at Spotted Quoll was 57,204 tonnes of ore mined at 4.0% for 2,280 tonnes (5.0M lbs) of contained nickel for the quarter.**
- 4. Spotted Quoll underground mine production was 23,651 ore tonnes at 4.5% for 1,044 tonnes (2.3M lbs) of contained nickel.**
- 5. Cash and receivables increased by A\$30m**, pre cash used in the purchase of Kagara's nickel assets (see page 14).
- 6. Average cash cost** (before smelting/refining charges) of nickel in concentrate was **A\$2.48/lb** as production was completed from the low cost Tim King Open Pit.
- 7. Total nickel sales during the March Q were 57,363 tonnes of concentrate containing a record 8,154 tonnes (14.3M lbs) nickel.**
- 8. Mine optimisation plans progressed well for a potential to increase production at Spotted Quoll up to 15,000tpa nickel** and increase capacity of the nickel concentrator.
- 9. Major exploration drilling programs are underway** in between New Morning and Spotted Quoll deposits with encouraging early results. In addition, a new six month underground drilling program has commenced at the recently purchased Lounge Lizard deposit.

1. MINE SAFETY AND ENVIRONMENT

Safety

The Forrestania Operations reported one Lost Time Injury (LTI), relating to a minor musculoskeletal injury caused during cleaning activities at the accommodation village. Year to date the LTI Frequency Rate stands at 3.0, which is below the nickel industry average of 3.1. There were seven Medical Treatment Injuries versus five in the previous quarter. Safety awareness training across the site is having a positive effect, with reported incidents continuing to fall for the last three consecutive quarters.

Site wide delivery of policy awareness training, refreshment of the safety training plans and competencies and compliances matrix commenced for all employees and will continue throughout the year. These activities are in line with the targets set out in the Safe Work National OHS Strategy 2002-2012 (and the draft 2012-2022 plan).

Fourteen Emergency Response Team (ERT) members attended two training sessions covering advanced vehicle extrication techniques. The training was delivered by an offsite fire and rescue specialist.



ERT Team members training in advanced vehicle extrication techniques

Environment

Western Areas continued to operate within all statutory regulations and licence conditions during the reporting period with no significant environmental incidents recorded.

Federal and State government approval has been received for the construction of an internal haul road between the two mines and the Cosmic Boy concentrator (discussed later in the report).

During the quarter Western Areas signed a sponsorship agreement with the Western Australian Museum to fund research of the Carnaby's Black Cockatoo in the south-eastern Wheatbelt. The funding agreement runs for an initial five year period and will provide valuable information on the ecology and assist with conservation of the species.



Carnaby's Black Cockatoo

2. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2010/2011	2011/2012			FYTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Flying Fox						
Ore Tonnes Mined	Tn's	88,873	95,647	100,647	81,143	277,437
Grade	Ni %	4.8%	4.5%	4.9%	5.3%	4.9%
Ni Tonnes Mined	Tn's	4,236	4,258	4,920	4,278	13,456
Spotted Quoll - Tim King Pit						
Ore Tonnes Mined	Tn's	69,133	59,955	71,406	57,204	188,565
Grade	Ni %	6.3%	5.7%	4.8%	4.0%	4.8%
Ni Tonnes Mined	Tn's	4,325	3,400	3,455	2,280	9,135
Spotted Quoll - Underground						
Ore Tonnes Mined	Tn's	-	-	5,996	23,261	29,257
Grade	Ni %	0.0%	0.0%	3.3%	4.5%	4.2%
Ni Tonnes Mined	Tn's	-	-	197	1,044	1,241
Total - Ore Tonnes Mined	Tn's	158,006	155,602	178,049	161,608	495,259
Grade	Ni %	5.4%	4.9%	4.8%	4.7%	4.8%
Total Ni Tonnes Mined	Tn's	8,561	7,658	8,572	7,602	23,832
Tonnes Milled and Sold		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Ore Processed	Tns	138,513	134,412	138,360	131,748	404,520
Grade	%	5.3%	5.1%	5.2%	5.1%	5.1%
Ave. Recovery	%	93%	93%	92%	93%	93%
Ni Tonnes in Concentrate	Tns	6,783	6,413	6,632	6,266	19,311
Ni Tonnes in Concentrate Sold	Tns	6,497	4,751	6,487	8,154	19,392
Ni Tonnes in Ore Sold	Tns	830	357	-	-	357
Total Nickel Sold	Tns	7,327	5,108	6,487	8,154	19,749
Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	
Ore	Tns	97,334	109,969	146,109	175,971	
Grade	%	5.1%	4.8%	4.5%	4.2%	
Concentrate	Tns	8,653	19,903	19,375	11,346	
Grade	%	14.1%	14.3%	14.1%	14.3%	
Contained Ni in Stockpiles	Tns	6,169	8,132	9,300	8,934	
Financial Statistics		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Total
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	1.72	1.60	1.54	1.86	1.66
Haulage	A\$/lb	0.08	0.09	0.09	0.09	0.09
Milling	A\$/lb	0.39	0.35	0.35	0.37	0.36
Admin	A\$/lb	0.14	0.18	0.19	0.19	0.18
By Product Credits	A\$/lb	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.31	2.20	2.15	2.48	2.27
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.45	2.29	2.18	2.62	2.36
Exchange Rate US\$ / A\$		1.06	1.05	1.01	1.06	1.04

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

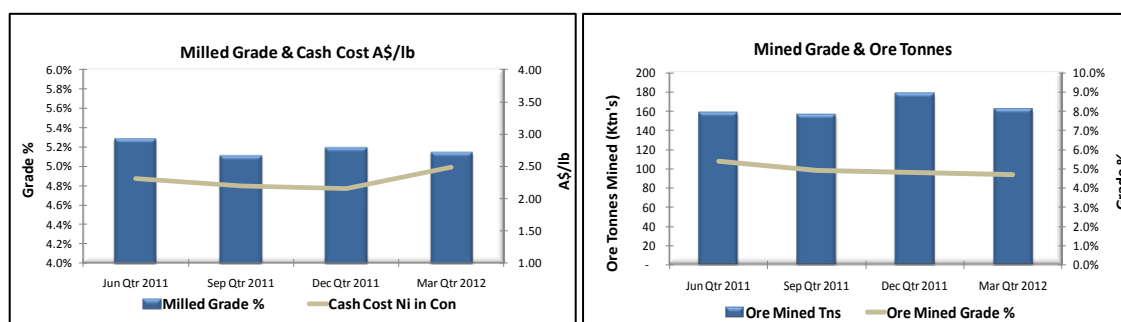
(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Mar Qtr = A\$1:US\$1.06)

(***) 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 Kagara physicals.



Flying Fox – Underground Mine

The March Q production was 81,143 ore tonnes at an average grade of 5.3% for 4,278 tonnes of contained nickel.

Ore production was 28% lower than the December Q due to the timing of stope backfilling and level preparation work in the upper T5 orebody levels. The T5 335 longhole stope encountered thicker ore than expected which has resulted in better than scheduled stoping ore tonnes for the quarter. Overall nickel output was in line with previous quarters due to higher grades in the March Q.

Long hole production continued in 709, 640, 585, 567 and 540 levels in T4. The 335 level T5 stope was backfilled and stoping of the 345 level has once again provided excellent ore tonnes and grade during the quarter.

Spotted Quoll – Tim King Open Pit

The Tim King open pit was mined out in mid February almost six weeks ahead of schedule, but also above forecast output. The March Q production was 57,204 tonnes at an average grade of 4.0% for 2,280 tonnes of contained nickel.

The open pit operations have been very successful, with no interruptions to mining activity from excessive ground water inflow due to the ring of dewatering boreholes and pumps located around the open pit perimeter. The total open pit ore production, including the oxidized and transitional ore processed by Minara Resources Limited, was 487,742 tonnes at an average grade of 5.8% for 28,502 tonnes of contained nickel.



Tim King open pit looking north showing an excavator digging the final cut

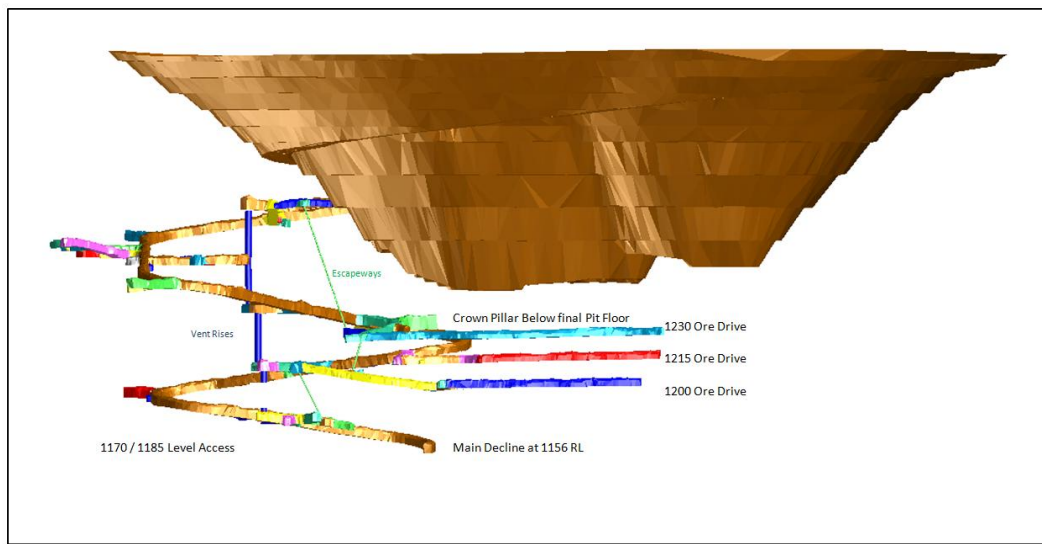
Spotted Quoll – Underground Mine

March Q production was 23,261 ore tonnes at an average grade of 4.5% for 1,044 tonnes of contained nickel. Ore production was 100% from ore drive development and was in line with the mine schedule. The 1230 ore drive intersected first ore a month ahead of schedule in November 2011.

Ore drive development opened up two new ore drives at the 1215 and 1200 levels. Longhole stoping at the northern end of the 1215 and 1200 ore drives is expected at the end of April in addition to the start of access development to the 1185 and 1170 ore drives.

Spotted Quoll – Underground Mine Optimisation

Following the significant resource upgrade at Spotted Quoll underground, a mine optimisation study was initiated during the quarter. The Company expects this study to be completed during the June Q with a goal of increasing mine production from a Life of Mine (LOM) average of 10,000 tonnes of nickel per annum, up to a potential maximum of 15,000 tonnes of nickel per annum.



Spotted Quoll underground production areas

Cosmic Boy Nickel Concentrator

131,748 tonnes of ore at an average grade of 5.1% nickel was milled for the March Q with the Cosmic Boy concentrator producing 40,801 tonnes of concentrate grading 14.8% nickel for 6,502 nickel tonnes. Concentrator metallurgical recovery averaged 93% with 99% plant availability.

An additional 12,694 tonnes of ore from the Lounge Lizard agreement with a grade of 4.0% nickel was also milled during the March Q bringing the combined milled tonnage (WSA and LL) to 144,442 tonnes.

At the end of the quarter, 175,971 tonnes of ore at an average grade of 4.2% nickel containing over 7,312 tonnes of nickel was stockpiled at site awaiting treatment at Cosmic Boy. The increase in ore stockpiles is in line with plan given that the Tim King pit at Spotted Quoll finished production in February. During the next six months the Company expects to draw down these stockpiles as the underground operations at Spotted Quoll ramp up. The current stockpile represents over three months of mill feed and enables the selection of an optimal mill feed ore blend.

As outlined earlier, the LOM plan is being reviewed in line with the resource update from Spotted Quoll underground. The Board approval of a new LOM plan at Spotted Quoll will trigger a high grade concentrator expansion from the current capacity of 550,000 tonnes of ore per annum up to 750,000 tonnes per annum. GR Engineering Limited has already completed a desktop review for the high grade expansion and a formal announcement on expansion is expected late in the June Q.

Cash Costs

The cash cost of nickel in concentrate (excluding smelting/refining charges and royalties) produced during the March Q was **A\$2.48 /lb** nickel being in line with our long term guidance. The foreshadowed increase of A\$0.33/lb from the previous quarter reflects the completion of the very low cost Tim King open pit at Spotted Quoll.

3. NICKEL SALES

Delivery of concentrate from Cosmic Boy to BHP Billiton's operations at Kambalda and Jinchuan's smelter in China continued during the March Q. A total of 57,363 tonnes of concentrate was delivered containing 8,154 tonnes of nickel. This has been the highest delivered volume in a quarter for Western Areas driven by improvement in shipping logistics and container turnaround times.

The concentrate stockpile at Cosmic Boy now stands at 11,346 tonnes at a grade of 14.3% nickel containing 1,622 tonnes of nickel metal. Total concentrate stockpiles decreased by 8,029 tonnes (1,117 tonnes of nickel) or 41% from the prior quarter.

The first Jinchuan offtake contract was completed on the 13th March 2012. This was achieved almost three months earlier than the original contracted delivery date. The second offtake agreement with Jinchuan for 15,000 tonnes of nickel has now commenced with completion expected by March 2013.

4. PURCHASE OF KAGARA'S NICKEL ASSETS

On 14 March 2012, Western Areas confirmed the purchase of Kagara's nickel assets for A\$68m. The acquisition included the high grade Lounge Lizard nickel operation and over 300sqkm of highly prospective exploration ground located adjacent to the company's existing tenement portfolio. This was Western Areas' first material acquisition since listing and according to the view of research analysts the purchase price was well below consensus views on valuation, nearly all valuations being much higher than the eventual purchase price.

Based on Kagara Limited's mineral resource statement announced on 20 September 2011, the Lounge Lizard deposit contains a high grade Indicated Mineral Resource of 724,900 tonnes of ore at an average grade of 5.8% nickel for a total of 41,940 tonnes of contained nickel. Importantly, the acquisition of Lounge Lizard provides potential for significant mine life extensions to the Flying Fox operation.

In assessing the internal valuation for Kagara's nickel assets, Western Areas used a resource somewhat less than stated above and has now embarked on an aggressive six month underground drilling program to potentially lift the indicated resource beyond 41,940 tonnes of nickel.

For reporting purposes, Lounge Lizard production is included in the Flying Fox numbers from 1 March 2012.

5. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine Development

The main decline development continued during the quarter to a depth of 1,113m below surface to access the deeper extensions of the T5 orebody.

The T5 orebody was fully developed during the quarter which will result in the mine changing focus from mine development to stoping production in the next quarter.

A diamond drilling program from the 334 RL has continued to delineate future potential stoping zones at the lower T5 and T6/T7 areas, whilst a mobile carrier rig is still being used for increased structure definition on the current stoping levels.

Work continued during the quarter on upgrades to the seismic monitoring system and underground communications network. Design and planning work is currently being carried out on the upgrade of surface washdown bay facilities and a deeper underground explosives magazine.

The recently purchased Lounge Lizard deposit is depicted in the below long section and is located to the left of the green vertical line in relative to the Flying Fox orebody (see figure 1 Section 6).

Spotted Quoll – Underground Mine

The Hanna Decline progressed well for the quarter with a total advance of 266m and total jumbo development of 1,040m. The decline has reached the 1163 RL or 238m below surface.

During the quarter, there was significant progress on underground mine infrastructure works including:

- Completion of earthworks and concrete footings for the paste fill plant
- Commissioning of backup diesel generators (designed for all surface and underground needs)
- Assembly of the 1280 level primary pump chamber is nearing completion
- Vent doors were installed at the 1310 level
- RUC Raise-Boring completed the second vent rise down to the 1215 RAW and have also completed 3 escape-way rises between the 1310 and the 1177 levels. Safescape are currently installing the last of the escape-way ladders, providing a second means of egress from the current bottom of the mine.

Internal Haul Road

The 15.7km internal haul road project was approved late in the quarter. The private road will transport run of mine ore from the Spotted Quoll and Flying Fox surface ore pads to the Cosmic Boy concentrator. The project will remove 12km from the existing gazetted haulage route and will allow the use of larger, more efficient trucks. The total capital cost is approximately \$5.6M and the haul road should take four months to construct. The project saves on average 30% off the existing haulage cost per tonne (or \$17M over the next nine years) with payback by end of 2014.

Hamptons Transport was awarded the road construction contract and Barmenco the associated surface crushing and screening contract. Internal haul road earthworks are expected to start early in the June Q.

6. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

An updated Mineral Resource model was completed for the Flying Fox massive sulphide mineralisation during February 2012, incorporating the latest grade control and resource extension diamond drillhole information. The table below summarises the Mineral Resource as at 29th February, 2012 for Flying Fox (excluding Lounge Lizard).

There was a net reduction from the March 2011 estimate of 13,030 contained nickel metal tonnes; whilst mining actually totalled 17,000 contained nickel metal tonnes for that period, with additional metal found in many structurally complex areas, particularly around the pegmatite faults.

Underground grade control and resource extension drilling continued throughout the March Q at Flying Fox. The development of diamond drill platforms to conduct drilling into the Lounge Lizard tenement commenced during March. Given this recent acquisition, focus has been purposefully shifted from Flying Fox extensional drilling, to infill and extensional resource drilling at Lounge Lizard. Drilling will return to Flying Fox following the six month program at Lounge Lizard.

Table 1: Flying Fox Mineral Resource, as at 29th February 2012

Feb 2012		Western Areas Flying Fox								
Zone	Measured Resource			Indicated Resource			Inferred Resource			
	Tonnes (t)	Grade (Ni %)	Ni Metal (t)	Tonnes (t)	Grade (Ni %)	Ni Metal (t)	Tonnes (t)	Grade (Ni %)	Ni Metal (t)	
T4	-	-	-	185,400	5.1	9,380	15,700	4.0	630	
T5	-	-	-	774,600	6.5	50,390	16,000	4.4	710	
T6	-	-	-	-	-	-	-	-	-	
T7	-	-	-	108,800	4.7	5,100	42,200	4.5	1,900	
TOTAL	-	-	-	1,068,800	6.1	64,870	73,900	4.4	3,240	

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 to 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 grade within defined Domains.

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 80m by 80m by 20m Variable by Domain
Nominal Drill hole spacing	5m by 5m varying to 80m by 80m Majority <=20m x 20m	Extensive underground ore development and production stoping to confirm model.

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. Extensive underground development has taken place validating the mineralisation interpretations, with ore processing validating mineralisation grades.

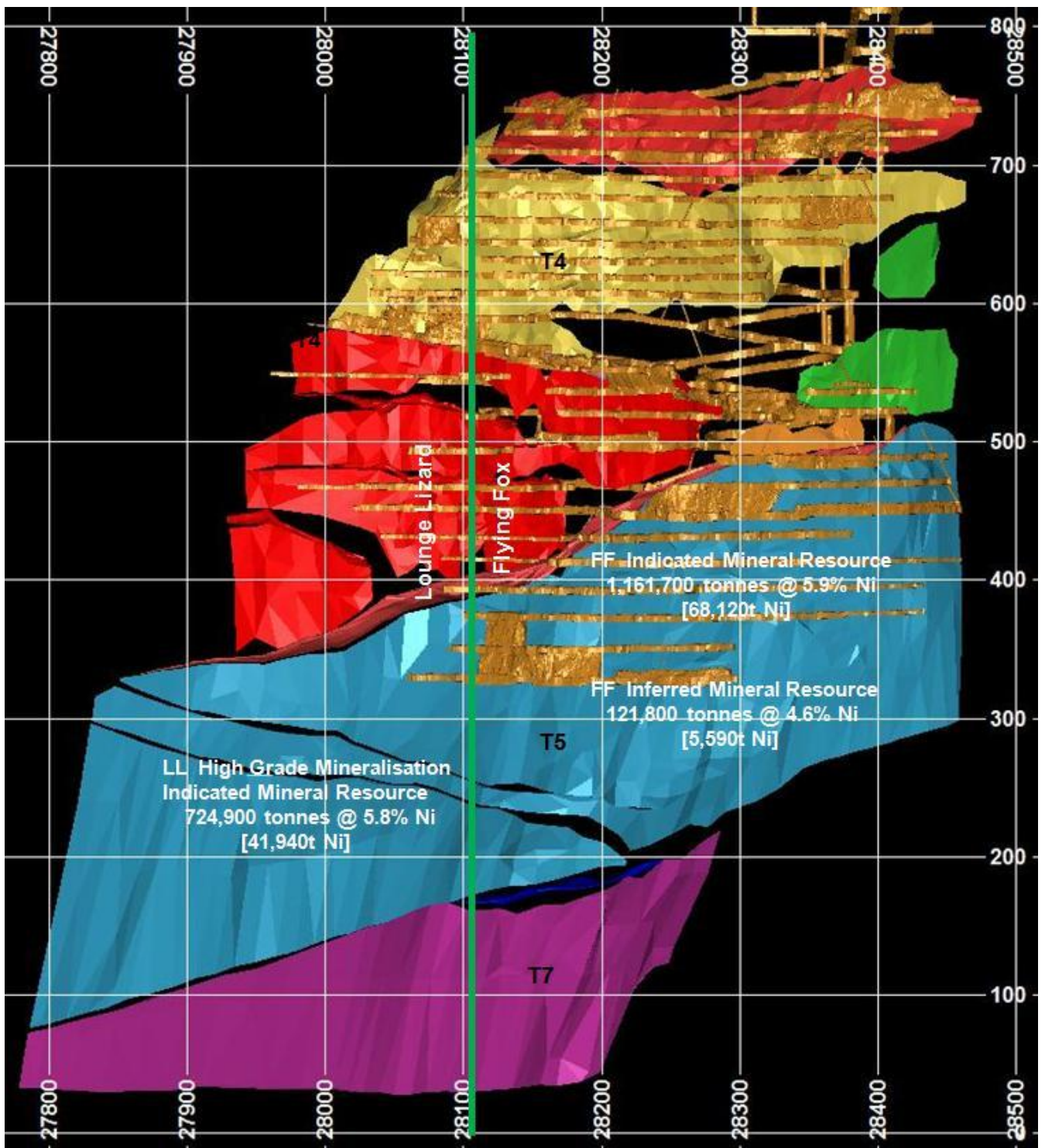


Figure 1: Longitudinal Section Flying Fox / Lounge Lizard T4 to T7 Zones at 31 March 2012

Total mineral resources for Flying Fox now stand at **2.0 million ore tonnes**, for 115,650 nickel tonnes at an average grade of 5.8% (see resources table at the end of the report) providing significant longevity to the mine. The current drilling campaigns are designed to ultimately achieve a 10 year mine life.

Spotted Quoll

Underground mine development took place on the initial three levels, with mineralisation width and grade in line with the Mineral Resource model completed in December 2011.

Surface diamond drilling took place during the quarter to infill some Inferred Mineral Resource areas of the Stage 1 and Stage 2 Mineral Resource, and continues into the June Q.

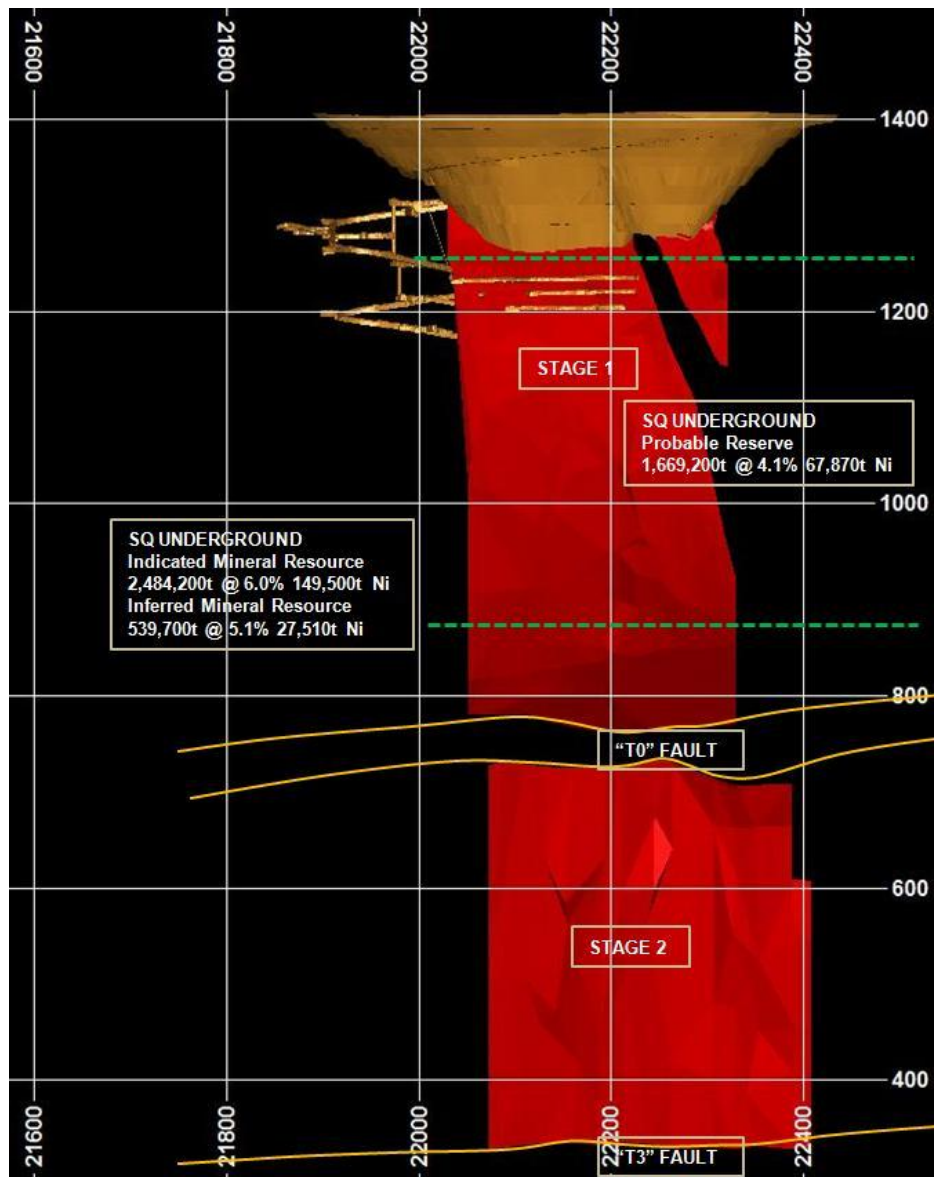


Figure 2: Longitudinal Section Spotted Quoll

7. BIOHEAP

During the March Q, the BioHeap team received approaches from five prospective clients to conduct testwork on various base metal projects. BioHeap proposals are generally confidential in nature and the model for generating returns for Western Areas will vary depending on the type of work being undertaken.

During the quarter BioHeap submitted a patent application for the current research and development work being conducted at the new laboratory at CSRIO's facilities at Curtin University, Perth. This is in addition to the progression of the current BioTails patent application which is now at the International stage having successfully passed the provisional patent stage.

8. EXPLORATION

Exploration drilling during the March Q included evaluating potential for extensions to the Flying Fox and Spotted Quoll deposits (see above), as well as testing for extensions to existing resources (Diggers South) and drilling a number of prospect areas to identify new resources. These latter areas included the Mt Gibb joint venture (35km south-east of Cosmic Boy), the area between New Morning and Spotted Quoll and EJ Moore (35km north of Flying Fox).

Forrestania Projects

Drilling commenced testing for mineralisation in the 3km long section between Spotted Quoll and New Morning, (see Figure 3). The northern three of the initial five holes have been completed. Nickel sulphides have been intersected in the northern most hole (NMD140), some 230m south of the New Morning deposit, with a number of intervals returned from two zones of mineralisation.

A deeper zone, located below the ultramafic basal contact akin to the Spotted Quoll stratigraphic position, which returned 2.7m @ 0.7% Ni from 595.1m, as well as a stratigraphically higher hangingwall zone which returned two intervals of 2.6m @ 3.54% Ni from 264.7m plus 3.7m from 1.21% Ni from 297.1m (see Figure 4). These results are considered highly significant as they are the first examples of mineralisation at these stratigraphic horizons known outside of the Spotted Quoll deposit.

A further three holes have now been completed in follow up to NMD140, one up dip on the same traverse and two on a traverse 80m to the south (one of which is currently in progress). Although assays are pending, where drilled, all holes have intersected nickel sulphides at the same stratigraphic horizons as in NMD140, confirming the continuity of the mineralisation. The upper horizon is generally narrow steep dipping hanging wall mineralisation comprising two zones which are between 0.5m and 3.5m wide, separated by about 20-25m.

Downhole EM (DHEM) has been undertaken on all completed holes and the data is being used to determine the most prospective portions of the mineralisation. The future drilling during the June Q will further test the character and continuity of the mineralisation.

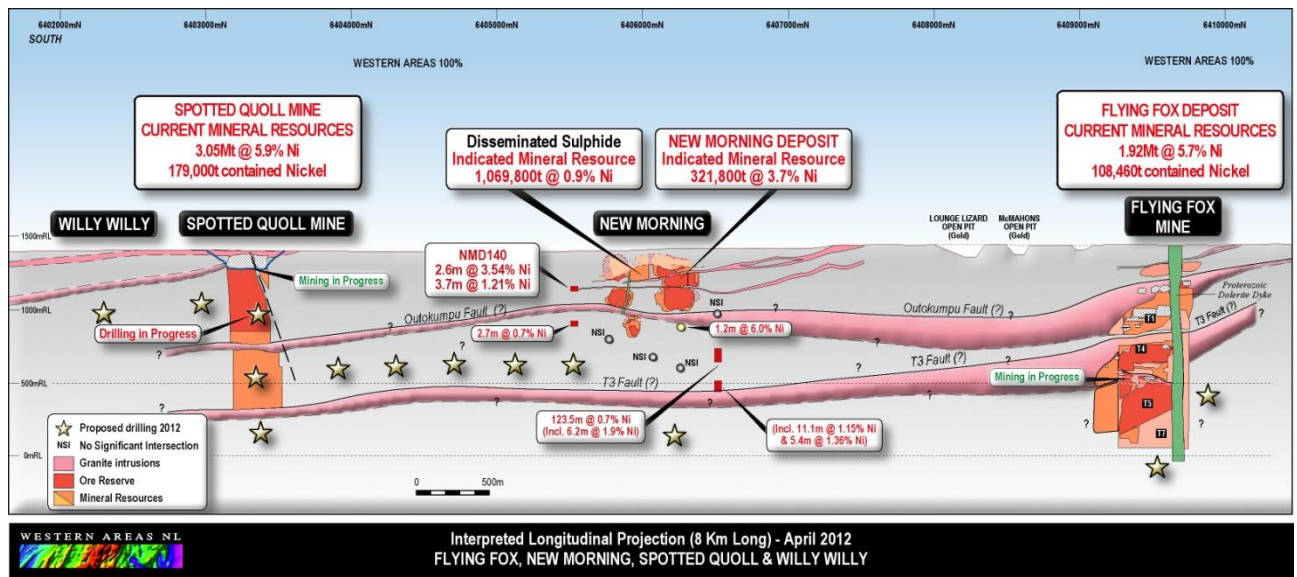


Figure 3: Interpreted longitudinal projection of 8km long section between Spotted Quoll and Flying Fox mines.

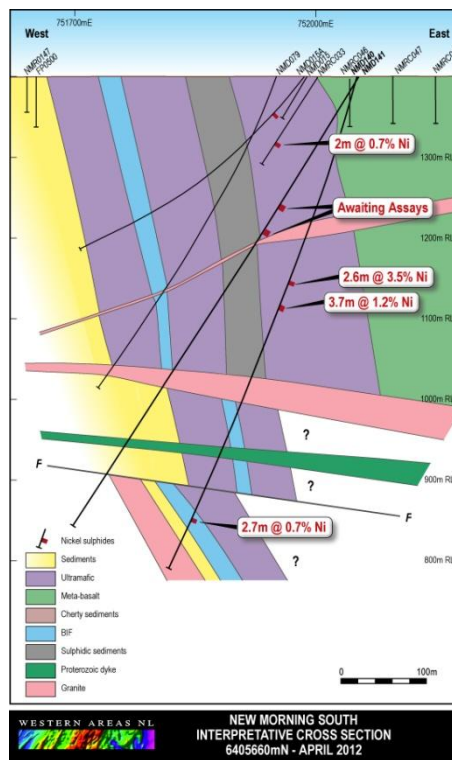


Figure 4: Cross section of drilling at New Morning South

Diggers South

The extensional drilling program at Diggers South continued during the March Q with two wedges off existing holes completed targeting extensions of the Diggers South mineralisation. The majority of the Diggers south mineralisation dips to the west. These wedges, drilled to the west, again confirmed the apparent steep to east dipping character of the faulted stratigraphy in the southern portion of Diggers South. DHEM (Down Hole Electromagnetics) has been undertaken in the holes and this data together with the geological interpretation is now being collated to identify any further targets within the down plunge prospective stratigraphy which hosts the existing resource (3Mt @ 1.5% Ni).

Other Forrestania Projects

At the Mt Gibb joint venture Western Areas completed one hole during the quarter, MGD010, as part of the previously reported drill programme. No significant intercepts were returned from the hole. Data from the DHEM surveys carried out previously have identified a number of untested conductors. These will be targeted for drilling in the coming quarter.

Drilling was also undertaken at a number of prospects in the northern part of the Forrestania area, including at EJ Moore (12km south of Cosmic Boy).

For the June Q exploration drilling is proposed to continue at the New Morning south area, to complete the drilling of the area between New Morning and Spotted Quoll, at Mt Gibb and South Iron Cap (12km south of Cosmic Boy).

9. 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 significant nickel sulphide discoveries outside Forrestania.

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

Further drilling and testing of the remaining EM targets will commence during the June Q. Additionally, Western Areas NL has been granted government co-funding (up to \$150,000) to complete a number of stratigraphic drill holes to test the geological hypotheses that the prospective stratigraphic contact for nickel may be located at depth, below the central zone of the Sandstone Belt.

Southern Cross Goldfields Nickel Joint Venture (WSA 70% interest)

Exploration activities during the March Q included the continuation of the Moving Loop Electromagnetic (MLEM) surveys, diamond drilling and the completion of a belt scale Airborne Magnetic Survey (AMAG). In total 3,678.9m were drilled during the quarter, and assay results are still pending.

Diamond drilling continued at Trough Well (see Figure 5), with four holes completed testing the known mineralisation at depth, and four historical holes extended to intersect the interpreted contact. Only one of the holes (TWD024) intersected the prospective horizon at depth, with the other holes either intersecting granite (TWD025, TWD028) or a faulted contact (TWD029). A single hole (TWD027) targeting the known mineralisation at the southern end intersected two discrete mineralised zones with approximately 30cm of disseminated to matrix nickel sulphides (values up to 3% nickel from NITON portable XRF) encountered. Downhole EM (DHEM) has yet to be completed on all holes, and once completed the data will be collated to identify any additional targets.

A single diamond hole drilled into a newly defined MLEM anomaly in the Sirius area (some 7km north of Trough Well) returned an approximate 5m zone of stringer sulphides within sheared intermediate/mafic volcanic rocks. Preliminary NITON portable XRF spot analysis has indicated the interval is anomalous in base metal mineralisation, including copper, lead and zinc, with no anomalous nickel values.

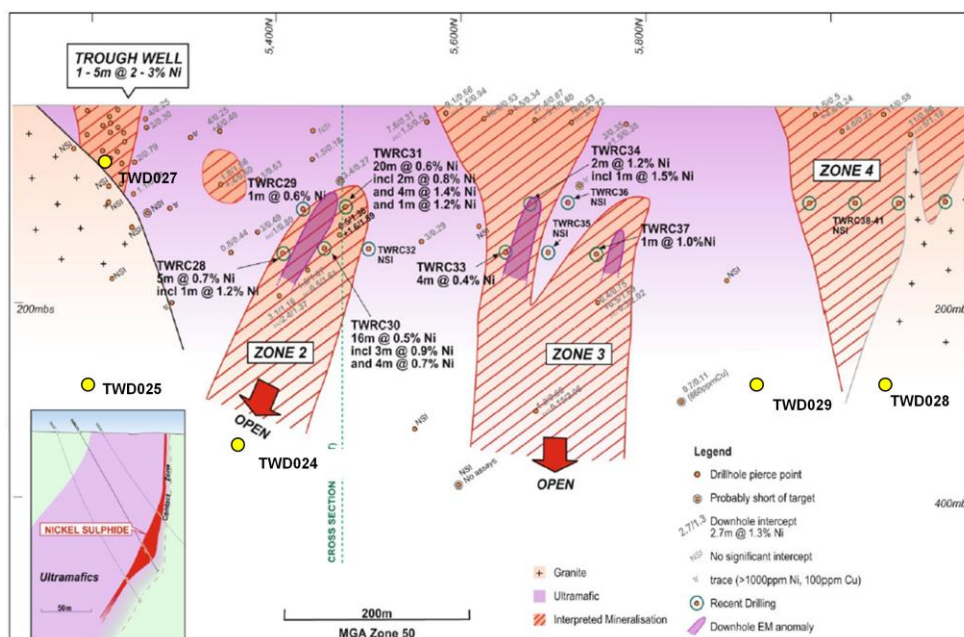


Figure 5: Long section of the Trough Well prospect showing historical geological model and recent drill-hole intersections

Lake King Nickel Joint Venture (WSA 75% interest)

Exploration work included a number of MLEM surveys, belt scale AMAG survey and commencement of diamond drill testing of targets generated by the previous activities.

The AMAG survey (see Figure 6) has been successful in generating highly detailed magnetic images to help better understand the structural setting and extent of potentially prospective ultramafic stratigraphy. Based on these interpretations, follow-up MLEM surveys were conducted over the better target areas with a number of EM anomalies returned, some with coincident interpreted ultramafic rocks, and these are being tested with drilling. The drilling programme will continue to test these and further targets into the next quarter.

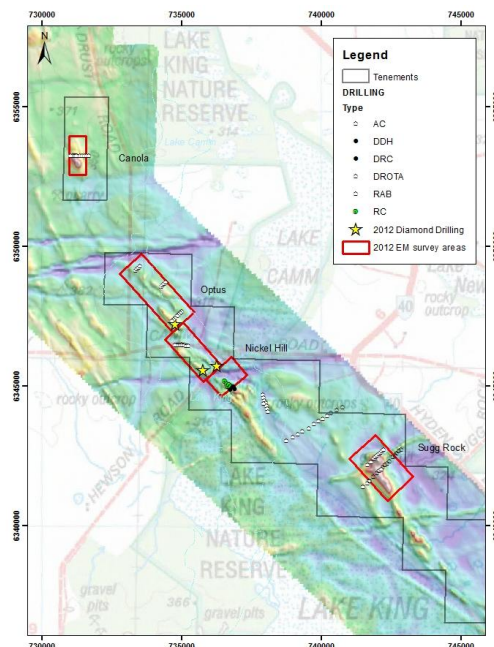


Figure 6: Exploration activities on the Lake King Nickel JV during the March Q overlaying high resolution AMAG image.

10. FINNAUST MINING Plc (WSA 79%)

Western Areas has agreed to fund a €5 million exploration campaign over the next six months to test numerous high priority drilling targets identified within existing project areas. As a result of this funding, Western Areas will increase its equity in FinnAust to approximately 84%. FinnAust considers the central Finnish region may represent a major metal province with potential to host multiple base metal deposits

The aim is to complete preliminary drill testing of some of FinnAust’s highest priority drilling targets during the September Q to assist with the decision to list FinnAust on the London AIM market and Helsinki Stock Exchange later in the year. This decision is expected to be based on market conditions at the time and how best to drive a positive outcome for shareholders.

Drilling commenced 200km south of the Paltamo Project (see December Q Report) to test a number of priority copper targets in the Outokumpu Copper Project area including Teyrisuo and Viurusuo. At Viurusuo (5km SW of Outokumpu) drilling is testing a 3km gap between old Outokumpu drill profiles. The prospectivity of the area has been confirmed with all holes drilled to date (three of the planned eight hole program) having intersected the host Outokumpu formation. The presence of copper mineralization in the vicinity of the completed drill holes will be further tested with downhole EM in the coming quarter.

During the quarter FinnAust acquired 100% of the previously operated Hammaslahti VMS (Volcanic hosted Massive Sulphide) copper/zinc mine and ground adjacent to these operations.

At Hammaslahti mine, compilation of the historic data during the March Q has identified several drill targets including the potential for depth extensions to the previously mined copper and zinc lodes (see Figure 7). Drilling of these targets has commenced and will continue in the next quarter.

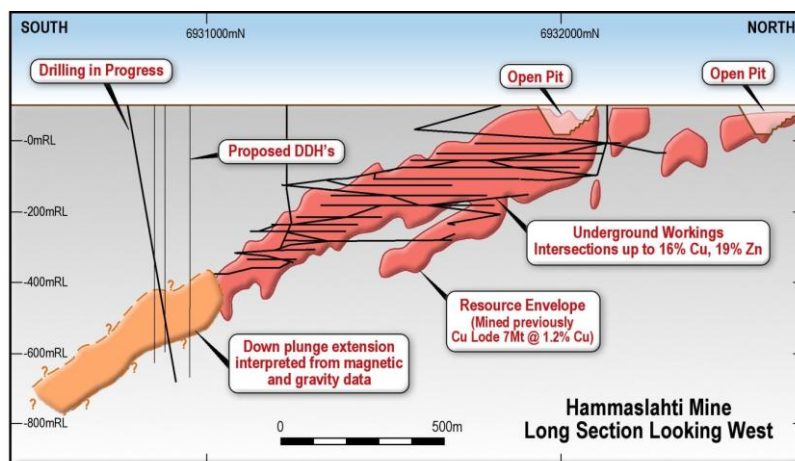


Figure 7: Long section of Hammaslahti Mine showing historical geological model and proposed drill-holes

During the next quarter an extensive airborne geophysical survey (ZTEM) is expected to commence covering seven project areas where nickel, copper, zinc sulphide mineralisation is known from previous drilling or mining activities. This geophysical technique has not been previously applied over these projects in Finland.

11. CANADIAN EXPLORATION

East Bull Lake Project - Ontario (WSA earning 65%)

During the March Q, a seven hole drill programme of some two thousand (2,000) meters commenced within the 20km long East Bull lake mafic intrusive complex, 80km west of Sudbury in Ontario. These drill holes will test the Ni-Cu-PGE potential of a number of interesting geophysical anomalies (including TDEM and ZTEM anomalies), some of which are coincident with base metal and PGM mineralization around the margins of the interpreted intrusive complex identified in outcrop and shallow drilling.

Three drill holes will be drilled at each of the Parisien and Bullfrog grids where previous drilling has intersected sulphide mineralisation. Additional drill holes will test deep ZTEM targets, one of which was recently refined with Quantec's Titan 24 magnetotelluric (MT) system. In addition to this drilling further ground geophysical surveys (TDEM) will be conducted at two areas, known as the Sables West and Savage grids, to refine anomalies identified from airborne geophysical surveys.

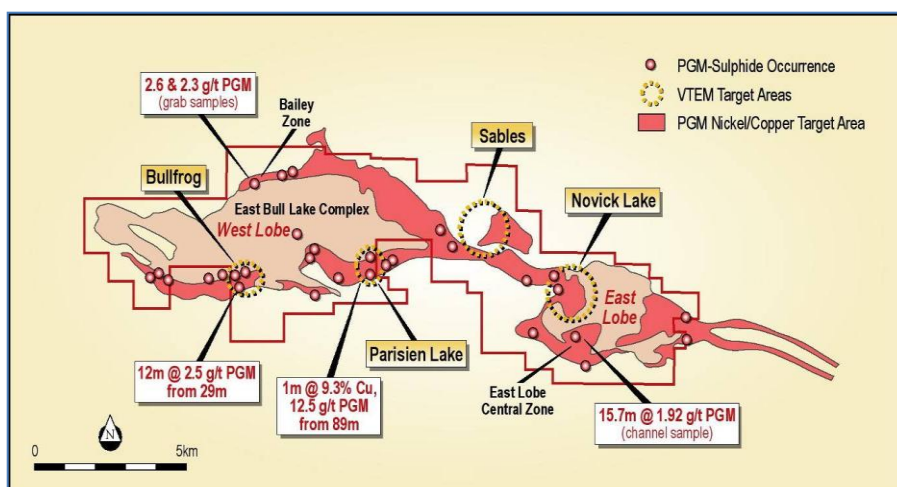


Figure 8: Simplified geology of East Bull Lake intrusion showing and locations of known copper/nickel sulphide and PGM mineralisation based on surface samples and drilling

12. CORPORATE AND FINANCING

Cash Balance and Working Capital

At 31 March 2012, Western Areas had an unaudited A\$156M in cash (December Q, A\$161M) and nickel sales receivables valued at A\$28M (subject to nickel sales price revaluations). **Total cash plus nickel sales receivables is valued at A\$184M** (December Q, A\$177M).

As outlined earlier in the report, the Company acquired Kagara's nickel assets for A\$68m during the quarter. Given the investment portfolio, timing of maturities and the relative penalties associated with closing term deposit early, it was decided to fund the purchase price by utilising A\$23m of available cash and A\$45m from the undrawn ANZ facility.

Therefore, excluding the A\$23m used for the Kagara nickel purchase, **total cash and receivables increased by A\$30m**, reflecting the strong sales quarter, despite the decline in the nickel price during March.

Total stockpiles contained 8,934t of nickel (December Q 9,300t nickel) at a historical cost of A\$40.9M.

Dividends

The Company paid the \$0.05 unfranked interim dividend during April 2012.

Debt Facilities

A total of A\$45m was drawn down from the A\$125m ANZ debt facility to partly fund the Kagara nickel asset purchase. Whilst the terms of the financing arrangements are confidential, the Company advises that the difference between the interest rate being earned on investments and the interest charged on the drawdown is negligible.

Hedging

The Company manages nickel price risk with a combination of short term quotation period ("QP") hedging and a set limit of medium term nickel 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 offtake partners that is yet to have its nickel price finalised.
- Medium term hedging is used to manage the risk of nickel price fluctuations with a maximum 25% of expected nickel sales per month hedged out for a maximum of 12 months.

At quarter's end the nickel hedge book consisted of zero cost collars with an average floor price of US\$10.09/lb with upside participation to US\$13.89/lb. Details of hedges as at 31 March 2012 are as follows:

Hedging Details	Fiscal 2012
Nickel Hedging Collar Style Options	
Ni Tonnes Sold	600
US\$ Price / Tonne Call	30,612
US\$ Price / Tonne Put	22,250

There was no US\$ hedging in place at the end of the Quarter and the Company has not entered into any new commodity hedges this quarter given the current nickel price. The Company continues to monitor the nickel price for opportunities to secure suitable floor pricing for nickel sales.

The hedging contracts listed above are not subject to margin calls.

Convertible Bonds

The Company has on issue 3 tranches of convertible bonds with a staggered maturity profile as follows:

- CB1 - A\$105.5M due in July 2012 with a 8.0% coupon (convert strike price of A\$7.66)
- CB2 - A\$125.0M due in July 2015 with a 6.4% coupon (convert strike price of A\$6.46)
- CB3 - A\$110.2M due in July 2014 with a 6.4% coupon (convert strike price of A\$7.53)

Western Areas remains committed and on track to retire CB1 at maturity on 2 July 2012. All of Western Areas Convertible Bonds are quoted on the Singapore Stock Exchange.

-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 together with a 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 and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Peters and Mr Hanna are members of AusIMM and are consultants 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 "Concentrate sales for the 2nd half are expected to track towards 15,000 contained nickel tonnes", and "Mine optimisation plans progressed well for a potential to increase production at Spotted Quoll up to 15,000tpa nickel and increase capacity of the nickel concentrator", and "the acquisition of Lounge Lizard provides potential for significant mine life extensions to the Flying Fox operation", and "The 334 RL diamond drill drive cuddy continues to be utilised as an optimal position to delineate potential extensions to the lower T5 and T6/T7 ore zones", and "FinnAust considers the central Finnish region may represent a major metal province with potential to host multiple base metal deposits".

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 Areas' 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 2012

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification	Notes
Ore Reserves					
1. Flying Fox Area					
T1 South	-	0.0	-	Probable Ore Reserve	Sept 11 LOM
T4	200,000	3.4	6,870	Probable Ore Reserve	Sept 11 LOM
T5	893,600	4.6	41,010	Probable Ore Reserve	Sept 11 LOM
2. Spotted Quoll	1,669,200	4.1	67,870	Probable Ore Reserve	Underground 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	4,871,800	3.0	146,550	Probable Ore Reserve	
Mineral Resources					
1. Flying Fox Area					
T1 South	65,600	3.9	2,580	Indicated Mineral Resource	Dec 08 Resource
	35,200	4.9	1,720	Inferred Mineral Resource	Dec 08 Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource	Oct 08 Resource
	12,700	4.8	610	Inferred Mineral Resource	Oct 08 Resource
T4 FF	184,300	5.1	9,340	Indicated Mineral Resource	Feb 12 Resource
	15,700	4.0	630	Inferred Mineral Resource	Feb 12 Resource
T5 FF Massive Zone	757,600	6.5	49,180	Indicated Mineral Resource	Feb 12 Resource
	16,000	4.4	710	Inferred Mineral Resource	Feb 12 Resource
LL Massive Zone	724,800	5.8	41,940	Indicated Mineral Resource	KZL Sept 11 Resource
T6	-	0.0	-	Inferred Mineral Resource	Feb 12 Resource
T7 FF	108,800	4.7	5,120	Indicated Mineral Resource	Feb 12 Resource
	42,200	4.5	1,920	Inferred Mineral Resource	Feb 12 Resource
Total High Grade FF - LL	2,008,300	5.8	115,650		
T5 FF Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource	Mar 08 Resource
	357,800	1.0	3,460	Inferred Mineral Resource	Mar 08 Resource
T5 LL Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	KZL Sept 11 Resource
Total Disseminated FF - LL	4,983,000	0.8	41,050		
Total Flying Fox - Lounge Lizard	6,991,300	2.2	156,700		
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	2,484,200	6.0	149,500	Indicated Mineral Resource	Dec 11 Resource
	539,700	5.1	27,510	Inferred Mineral Resource	Dec 11 Resource
Total Spotted Quoll	3,023,900	5.9	177,010		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	
TOTAL WESTERN BELT	12,639,100	2.9	371,130		
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	23,043,200	2.1	479,650		