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25 October, 2010

ASX & TSX: WSA

News Release

WESTERN AREAS ANNOUNCES THE SUCCESSFUL CLOSING OF THE OFFER PERIOD TO EXCHANGE 8.0% JULY 2012 CONVERTIBLE BONDS

Western Areas NL ("Western Areas" or the "Company") is pleased to announce the successful closing of the offer period to exchange approximately A\$100 to A\$110 million of its A\$225 million 8.0% July 2012 convertible bonds ("2012 Bonds") for new 6.375% convertible bonds which mature in 2014 ("2014 Bonds") ("the Offer"). The Dealer Managers under the Offer are Macquarie Capital Advisers Limited and UBS AG, Australia Branch.

The Offer has closed significantly oversubscribed with written applications received during the Offer period greater than the A\$100 million minimum requirement, demonstrating the compelling proposition offered by the 2014 Bonds and investor support of Western Areas.

Completion of the Offer is subject to receipt of electronic confirmations through the clearing systems. The exact dollar amount of the 2012 Bonds accepted for exchange will be finalised once those electronic confirmations have been received. The deadline for receipt of electronic confirmations is Wednesday 27 October 2010 and Western Areas anticipates announcing the final exchange amount on Thursday 28 October 2010. The Offer is made in Canada conditional on the issue of an order from the applicable Canadian securities regulatory authorities before the clearing systems cut-off date permitting the Offer to be extended to residents of Canada without compliance with the "issuer bid" rules of applicable Canadian securities legislation.

The Company confirms the principal amount of the 2014 Bonds to be exchanged for each A\$250,000 in outstanding amount of 2012 Bonds offered and accepted for exchange will be based on an Exchange Ratio of 107%. The 2012 Bonds had last traded at approximately 106.5% of their face value prior to the Offer period. The 2014 Bonds will be issued with a conversion price of A\$7.7125, representing a premium of 25% to the closing price of Western Areas ordinary shares on the ASX prior to launch (20 October 2010), and carry a coupon of 6.375% per annum. This result reflects investors' belief in the Company's high quality assets and nickel production profile.

Western Areas Managing Director Julian Hanna said "In addition to the benefits which should result from the Bond Exchange, the Company is in a strong financial position with cash and receivables of A\$118 million at the end of September 2010. In addition we have stockpiles of approximately 5,000 tonnes of nickel in both ore and concentrate at Forrestania."

Purpose of the Offer

The purpose of the Offer is to extend the maturity of a portion of the Company's existing debt. Extending the maturity of a portion of the existing debt will facilitate the retention of cash flows which can potentially be applied by the Company to fund ongoing growth at both core Forrestania operations and other regional projects as well as the Company's assets located in Finland. The increased cash available will also allow the company to consider increased exploration activities should the nickel price trade at levels which warrant increased exploration expenditure.



Summary Terms of 2014 Bonds

Instrument	Convertible bonds, convertible by the holder into ordinary shares of Western Areas listed on the ASX and the TSX based on the applicable Conversion Price
Maturity	2 July 2014 (3.7 years)
Issue size	A\$110.75 million
Issue Price	100% of the principal amount
Denomination	A\$250,000 and integral multiples of A\$1,000 thereafter
Coupon	6.375% per annum payable semi annually in arrears with a short first coupon to be paid on 2 January 2011
Redemption Price	100% of the principal amount
Initial Conversion Price	A\$7.7125 (25% premium to the Reference Price). The Conversion Price for 2014 Bonds is subject to adjustment for specified adjustment events consistent with those applicable to the 2012 Bonds
Reference Price	A\$6.17, being the closing price of the Ordinary Shares on the ASX on 20 October 2010
Ranking	Direct, unconditional, unsubordinated and unsecured. For the avoidance of doubt, the 2014 Bonds will rank pari passu in all respects with the existing convertible bonds issued by the Company due 2 July 2012 and 2 July 2015 and effectively behind the Issuer's obligations under its hedging arrangements, A\$80 million cash financing facility and A\$10 million performance bond facility with Australia and New Zealand Banking Group Limited.
Dividend protection	Above 2% yield (based on average closing prices over 180 days before relevant cash dividend)
Redemption at option of the Company	Yes, on or after 20 July 2012 if the parity value of the 2014 Bonds (based on the value of Western Areas shares the 2014 Bonds would notionally convert to at the time) is at least 130% of the principle amount of the 2014 Bonds
Listing	Approval-in-principal has been received for the listing of the 2014 Bonds on the Singapore Stock Exchange (SGX)

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