



Activities Report



For the period ending 30 September 2010

Strong Production, Record Nickel Sales and Low Cash Costs

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 targeting total annual production from the Flying Fox and Spotted Quoll mines of 20,000t nickel in 2010 and 25,000t nickel from 2011. Western Areas is a very active nickel explorer in Western Australia and Finland.

Mining is in progress at Flying Fox T1, T4 and T5 ore bodies with production ramping up to the target ~14,000tpa nickel in CY 2010.

Mining is also in progress in the high grade Tim King Pit at the Spotted Quoll mine 6km south of Flying Fox. Total Ore Reserves at Spotted Quoll comprise 2.1Mt at an average grade of 4.1% nickel containing approx. 90,100t nickel. Drilling has intersected high grade nickel up to 400m below the mineral resource at Spotted Quoll.

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

The Cosmic Boy concentrator was upgraded to 550,000 tpa ore in June Q 2010. This equates to production capacity of about 25,000 tpa nickel in concentrate. The plant is designed for a future upgrade to 1.0M tpa for potential future mines at Forrestania.

Western Areas has offtake agreements with BHP Billiton for 10,000tpa nickel in concentrate, with Jinchuan for a total 25,000t nickel in concentrate and has a short term contract with Minara to treat oxide ore from the Tim King Pit.

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

ASX & TSX code: WSA

Shares on issue: 180m shares,

7.4m options. **Market capitalisation:** Approx A\$1.1Bn @ \$6.20 per share.

Suite 3, Level 1, 11 Ventnor Avenue
West Perth, 6005

WESTERN AUSTRALIA

Telephone: +61 8 9334 7777

Facsimile: +61 8 9486 7866

www.westernareas.com.au

Combined production from the Flying Fox and Spotted Quoll mines increased from **6,810 tonnes (15M lbs) nickel in the June Q 2010 to 8,300 tonnes (18.3M lbs) nickel in the September Q 2010**. Outstanding ore grades (averaging **7.4% nickel**) in the Tim King Pit at Spotted Quoll contributed to the record production. High production levels are set to continue as the large, high grade T5 deposit at Flying Fox is opened up.

The Cosmic Boy nickel concentrator treated 131,542 tonnes of ore and produced approximately **6,678 tonnes of nickel in concentrate** during the September Q. The average plant recovery was **89%**. Reconciled cash cost for the September Q was **US\$1.75/lb nickel** in concentrate, a record for the Forrestania Project to date.

The increase in production coincided with a sharp increase in nickel sales with the commencement of nickel concentrate exports to Jinchuan at the end of July. Total sales to BHP Billiton and Jinchuan during the September Q were **6,140 tonnes nickel in concentrate**. These nickel sales coincided with a strong LME nickel price which averaged **US\$22,729/ tonne**, (US\$10.31/lb nickel) during the September Q.

Western Areas made three shipments to Jinchuan during the September Q. With significant stockpiles of ore and concentrate at Forrestania, more containers and larger capacity ships available, potential exists to increase the rate of nickel sales to China.

September Q Highlights

1. Production from Flying Fox mine was **84,935 tonnes mined at 4.0% nickel for 3,363 tonnes (7.4M lbs) contained nickel**.
2. Production from the Tim King Pit at Spotted Quoll was **66,978 tonnes mined at 7.4% nickel for 4,939 tonnes (10.9M lbs) nickel**.
3. Record milled production (excluding Lounge Lizard) with **131,542 tonnes ore treated to produce 6,678 tonnes (14.7M lbs) nickel in concentrate**.
4. Cash costs (before smelting/refining charges) for Sept Q were **US\$1.75/lb nickel, 30% below long term guidance targets of US\$2.50/lb nickel**.
5. **Current stockpiles contain an estimated 4,985 tonnes (11.0M lbs) nickel in ore and concentrate should contribute to strong sales in December Q 2010**.
6. At 30 September Western Areas had total cash plus nickel sales receivables totalling **A\$118.4M**.
7. Drilling below the New Morning deposit, mid way between the Flying Fox and Spotted Quoll mines **continuing to produce encouraging nickel results**.
8. Resource drilling at R1 deposit in Finland intersecting wide zones (up to 133m) **nickel, zinc and copper sulphide mineralisation** similar to Talvivaara Mine.

December Q Targets

- Maintain high production levels from Flying Fox and Spotted Quoll mines
- Increase rate of nickel sales to China during a period of strong nickel prices
- Announce results of Spotted Quoll underground mine feasibility study
- Commence drilling to test high grade extensions below Flying Fox mine
- Commence major drilling campaign at Sandstone JV Project

Western Areas has announced a target to sustain 25,000 tpa nickel mine production at Forrestania and become Australia's third largest nickel miner. Exploration is focused on increasing ore reserves beyond 10 years mine life and discovering and developing other deposits in Western Australia.

1. MINE SAFETY AND ENVIRONMENT

Safety

There were no Lost Time Injuries (LTI) for the September Q with only one Medically Treated Injury. The rolling 12 month LTI Frequency Rate for Forrestania has gradually declined and now stands at 3.13. Flying Fox underground mine recorded 564 LTI free days at the end of the September Q, which is an excellent achievement.

Safety and emergency response team members were trained in injury strapping and taping, chainsaw operation, aerodrome radio operations and Senior First Aid. Procedure reviews are ongoing with the recent revamp of the company standards. A risk assessment was also completed for handling cyanide.



Hazardous Materials Training



ERT using rope rescue frame at Spotted Quoll

Environment

The Environmental Department program for the September Q consisted primarily of monitoring and rehabilitation related activities to ensure project compliance at Forrestania. There were no reported environmental incidents for the September Q.

The environmental assessment of the Spotted Quoll underground mining proposal was completed by the Office of the Environmental Protection Authority in August 2010. Secondary approvals are now being sought for the proposal through the DMP and DEC and are expected at the end of the December Q 2010.

A meeting was held with DEC to discuss site requirements regarding environmental licensing, including discussion of a pilot bacterial leaching plant at Cosmic Boy.

2. MINE AND MILL PRODUCTION

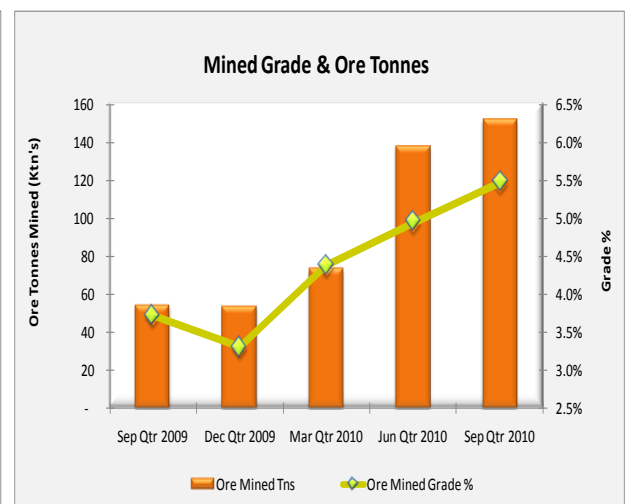
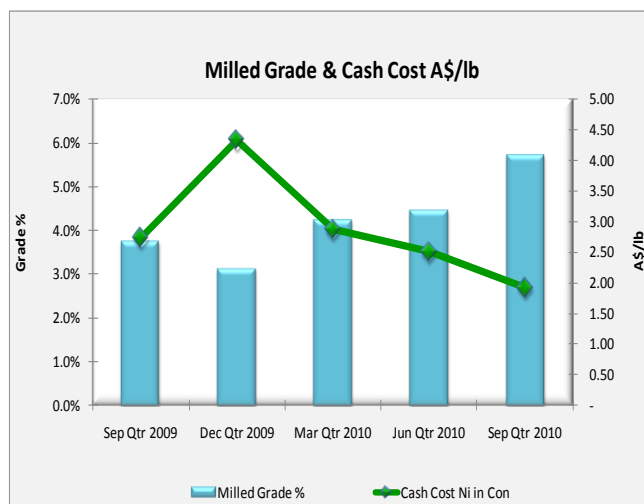
Flying Fox Mine

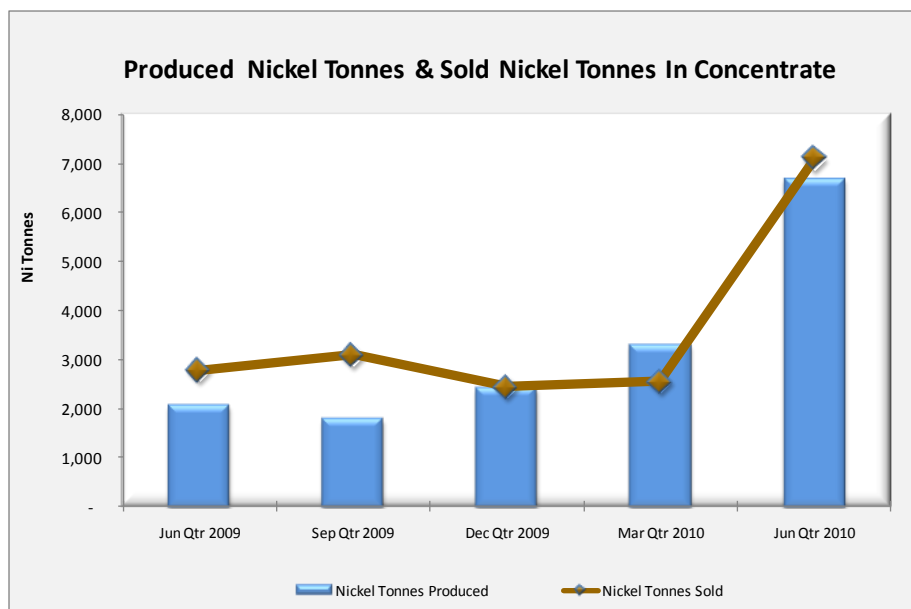
Flying Fox – Underground Mine

A total of 84,935 tonnes of ore at an average grade of 4.0% nickel for 3,363 tonnes nickel was mined from the Flying Fox mine during the September Q. Development continued in the adjacent Lounge Lizard tenement with 5,789 tonnes of ore at 3.6% nickel mined. Mining of the Lounge Lizard deposit is subject to an agreement with Kagara Ltd.

Ore production for the September Q continued from the narrow T1 long hole stopes (940 and 886), the 520FB and the 655, 550 and 561 bench stopes as well as from eleven ore development drives in the T4 and T5 (Lewinsky South) ore bodies. Ore production split for the September Q was as follows. T1: 8,783 tonnes; T4: 20,380 tonnes; T5: 55,772 tonnes, clearly indicating that T5 has become the dominant production area. Flying Fox now has numerous ore surfaces available for mining.

Tonnes Mined			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr 2010
Flying Fox							
Ore Tonnes Mined	Tn's		54,150	53,618	67,072	91,437	84,935
Grade	Ni %		3.7%	3.3%	4.5%	4.0%	4.0%
Ni Tonnes Mined	Tn's		2,015	1,776	2,990	3,697	3,363
Spotted Quoll							
Ore Tonnes Mined	Tn's		-	-	6,293	46,258	66,978
Grade	Ni %		0.0%	0.0%	3.5%	6.7%	7.4%
Ni Tonnes Mined	Tn's		-	-	220	3,113	4,939
Total - Ore Tonnes Mined	Tn's		54,150	53,618	73,365	137,695	151,913
Grade	Ni %		3.7%	3.3%	4.4%	4.9%	5.5%
Total Ni Tonnes Mined	Tn's		2,015	1,776	3,210	6,810	8,302
Tonnes Milled and Sold			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore Processed	Tns		60,064	64,985	61,662	83,639	131,542
Grade	%		3.8%	3.1%	4.2%	4.5%	5.7%
Ave. Recovery	%		91%	88%	92%	88%	89%
Ni Tonnes in Concentrate	Tns		2,066	1,791	2,416	3,303	6,678
Ni Tonnes in Concentrate Sold	Tns		2,783	3,091	2,444	2,307	6,138
Ni Tonnes in Ore Sold	Tns		-	-	-	241	965
Total Nickel Sold	Tns		2,783	3,091	2,444	2,548	7,103
Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Ore	Tns				22,865	79,244	73,293
Grade	%				4.2%	5.1%	4.6%
Concentrate	Tns				1,358	8,279	11,386
Grade	%				12.4%	13.9%	14.1%
Contained Ni in Stockpiles	Tns				1,129	5,188	4,985
Financial Statistics			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Sep Qtr
Group Production Cost/lb							
Mining Cost (*)	A\$/lb		1.76	3.30	2.03	1.72	1.36
Haulage	A\$/lb		0.12	0.14	0.11	0.09	0.07
Milling	A\$/lb		0.77	0.96	0.59	0.56	0.37
Admin	A\$/lb		0.22	0.16	0.17	0.17	0.15
By Product Credits	A\$/lb		(0.12)	(0.21)	(0.02)	(0.03)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb		2.74	4.34	2.88	2.51	1.93
Cash Cost Ni in Con/lb (***)	US\$/lb (**)		2.29	3.95	2.61	2.22	1.75
Exchange Rate US\$ / A\$			0.83	0.91	0.90	0.88	0.90
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements (**) US\$ FX for Relevant Quarter is RBA ave daily rate (Sep Qtr = A\$1:US\$0.90) (***) 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.							





Spotted Quoll – Tim King Open Pit Mine

Stage 1 mining advanced 15 metres during the Sept Q to a depth of 65 meters from the surface with the stage 2 cutback advancing 25 metres to a depth of 45 meters from the surface (Figure 2). The project was in line with the mining schedule for the Sept Q with a total of 1.24 million bank cubic metres (“bcm”) mined. Ore mining continued in the Sept Q from the stage 1 pit with a total of 66,978 tonnes at a grade of 7.4% nickel for 4,939 nickel metal tonnes.



View of Tim King Pit at Spotted Quoll looking northwards. Ore is in black on left hand side

Mine ore production is expected to progress from supergene to primary sulphide ore in the December Q. The water table continues to trend downwards ahead of the advancing mining face with the surrounding dewatering bore field performing well.

Deliveries of oxide ore continued to Minara during the September Q. A total of 16,553 tonnes at 5.8% nickel for 965 nickel tonnes was delivered to Minara during the Q.

Cosmic Boy Nickel Concentrator

A total of 131,542 tonnes of ore at 5.7% nickel was milled for the September Q with the Cosmic Boy concentrator producing 46,558 tonnes of concentrate grading 14.4% nickel for 6,678 nickel tonnes. Concentrator metallurgical recovery averaged 89% with 98.4% plant availability.

At the end of the quarter, approximately 73,293 tonnes of ore at an average grade of 4.6% nickel containing over 3,371 tonnes nickel was stockpiled at site awaiting treatment at Cosmic Boy or sale to Minara.

The cash cost of nickel in concentrate (excluding smelter/refinery charges and royalties) produced during the September Q was US\$ 1.75 /lb nickel.



Container trucks ready to load concentrate at Cosmic Boy Concentrator for export

3. NICKEL SALES

Transport of concentrate from Cosmic Boy to BHP Billiton's smelter at Kambalda and Jinchuan's Smelter in China continued during the September Q. A total of 44,424 tonnes of concentrate was delivered containing 6,138 tonnes of nickel. In addition, 965 tonnes of nickel in ore was sold to Minara.

The concentrate stockpile at Cosmic Boy now stands at 11,386 tonnes at a grade of 14.1% nickel containing 1,609 tonnes of nickel metal.

On 28 July 2010, Western Areas commenced shipping nickel in concentrate from Forrestania to Jinchuan Group, China's largest nickel producer. During the September Q a total of 4,000 tonnes of nickel in concentrate was sold to Jinchuan in three shipments which left from the Esperance Port.



Containers full of Forrestania nickel concentrate being loaded at Esperance Port and being shipped to China

Western Areas has a two year contract to sell a total of 25,000 tonnes of high grade nickel in concentrate to Jinchuan Group. The concentrate is being shipped in environmentally friendly sealed half height containers through Esperance Port to Xingang Port in China. It is then transported via rail to Jinchuan's nickel smelter in Gansu Province. Western Areas has leased 700 new containers to handle the expected growth in Chinese concentrate sales.

Western Areas is currently in discussion with Jinchuan to ship additional concentrate for the months of October, November and December.

4. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine Development

The main decline advanced to 1030m below surface as per the mine schedule and is now well advanced into the T5 ore body (refer Figure 1). The decline is being developed within footwall meta-sediments which provide sound geotechnical conditions. Access development continued on the 559, 540, 480 and the 390m RL into the Lewinsky South and T5 ore bodies through the September Q in preparation for stoping activities.

Underground mine infrastructure work continued during the September Q with the extension of the return airways and water rising mains completed to the bottom of the decline. Work continued on the fresh air intake shaft from surface down to the top of T4. This will provide clean fresh air down to the main production areas of T4 and T5.

An ore reserve estimate was completed for the Lounge Lizard deposit.

Spotted Quoll – Underground Mine

At the end of the September Q the Feasibility Study for the proposed underground mine was 89% complete. During the quarter the geotechnical, site infrastructure and services components of the study were completed and all long lead items were identified.

Tender documents for the long lead items were issued. Permitting for the project is progressing well with the expectation that permission to commence development will be in place by the end of the December Q. Further changes to the mine design were undertaken which has pushed out the study completion date to early December Q. Based on the current open pit and proposed underground schedules the planned start date for development of the underground project is now set for the beginning of April 2011.

Following a review of underground mining contractor submissions, Western Areas is considering the option of conducting initial mine development by contractor followed by owner mining once sustained production is reached. During the quarter the short list of mining contractors resubmitted their costs on this basis. These costs will be reviewed during October.

To take advantage of the current depth of the Tim King Pit in October, catch fencing will be installed in the pit above the planned portal position. In November surface support will begin to be applied above the in-pit portal together with the drilling of an additional dewatering bore and future rising main.

Diggers South Project

Work commenced on the installation of a dewatering pipeline to the Western Areas owned “Mossco Farm” east of Digger Rocks. Work will commence on the construction of evaporation ponds to deal with excess mine water in the December Q.

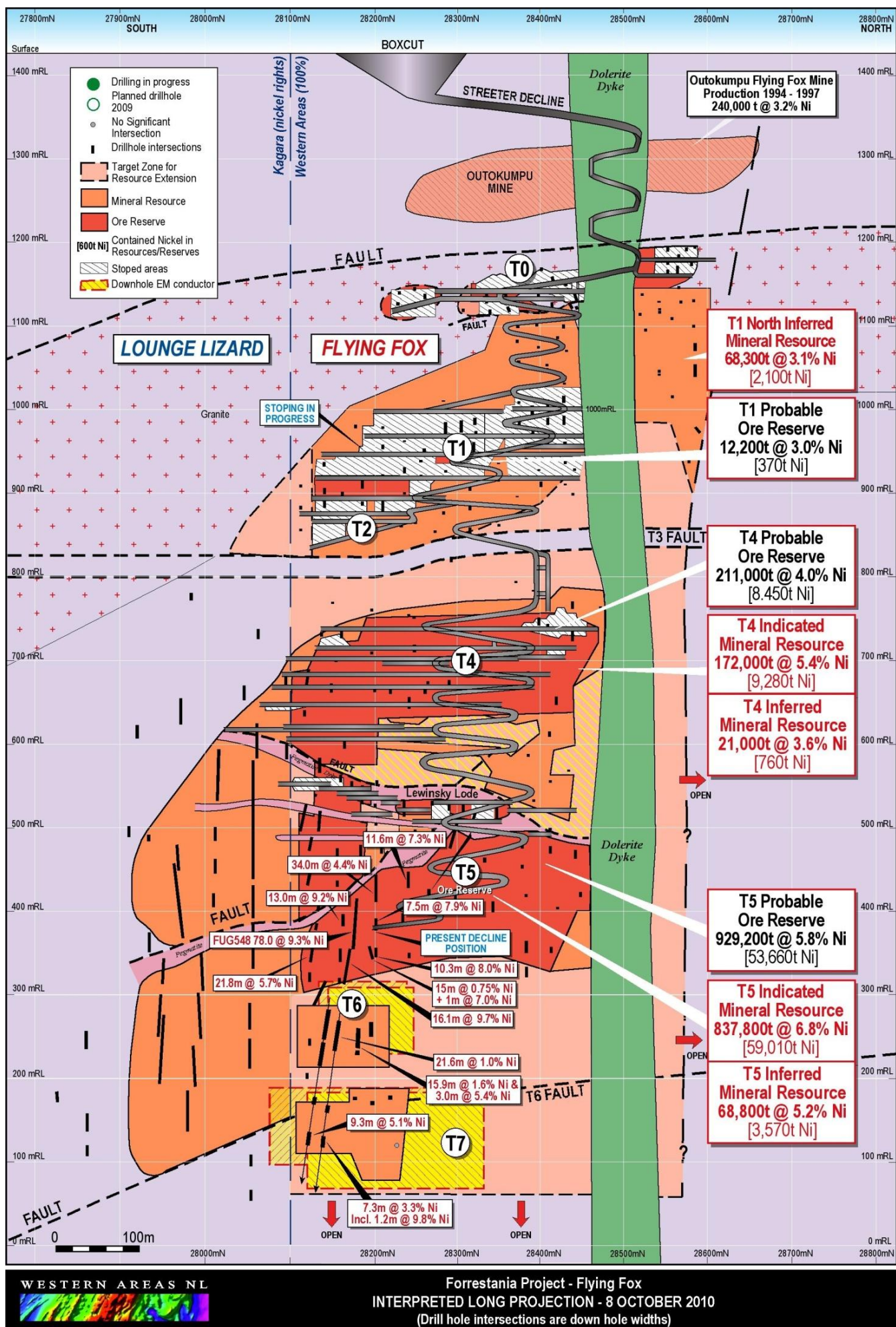


Figure 1: Interpreted longitudinal projection of Flying Fox Mine including Lounge Lizard deposit

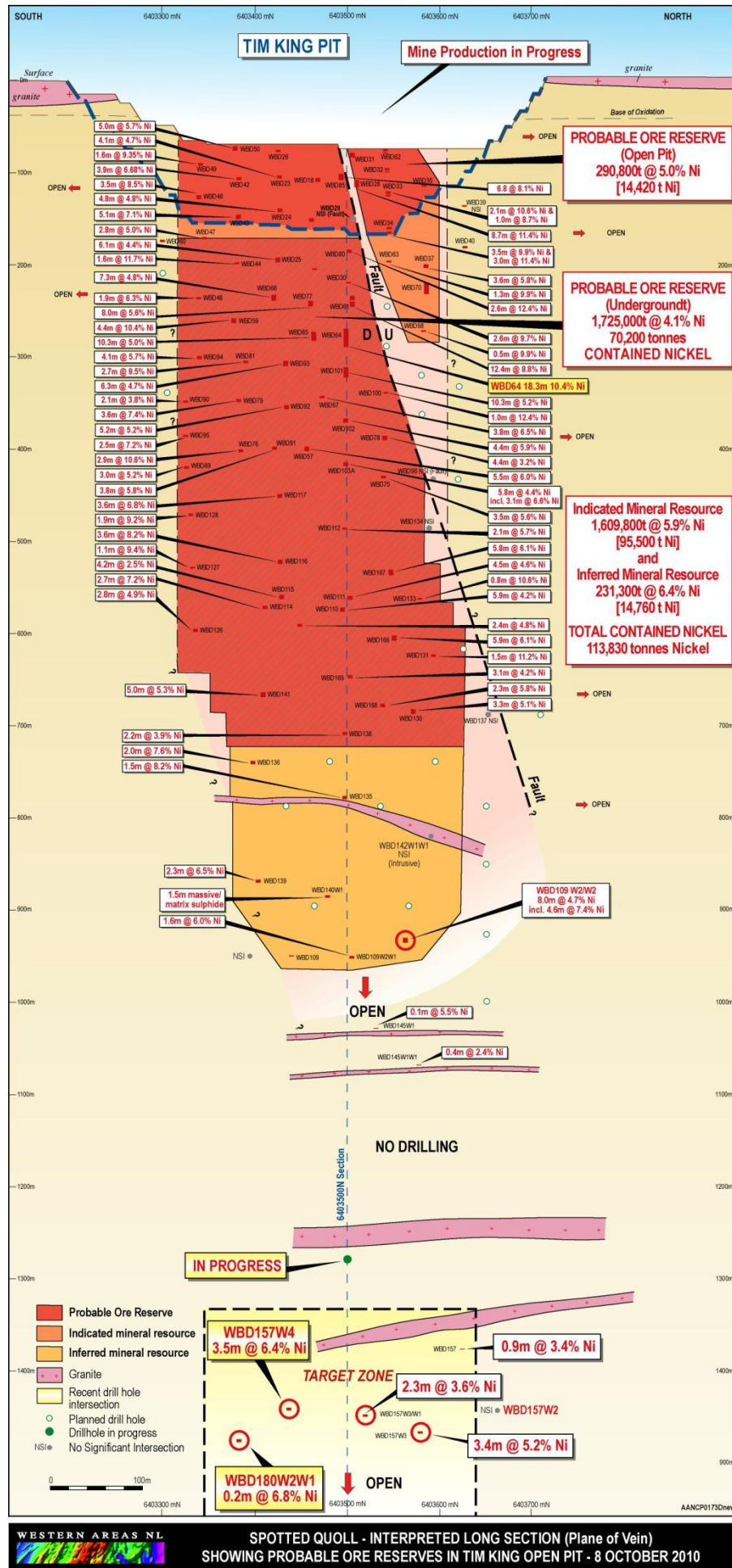


Figure 2: Spotted Quoll – Interpreted Long Section (Plane of Vein) showing new discovery zone

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

Underground diamond drilling continued during the September Q with a single drill rig at Flying Fox and Lounge Lizard. Drilling focused on resource definition and grade control within the northern part of the T5 deposit for short to medium term mine planning, and to delineate the T5 / T6 interface location. Drilling during the December Q is planned to continue within the northern and central sections of the T5 Deposit.

Drilling to test for deeper resource extensions to the T6 and T7 sulphide zones at Flying Fox and to test for a potential T8 ore position is currently being considered. Drilling is expected to commence in the December Q.

Spotted Quoll

Grade control drilling and mining of the Tim King Pit continued to identify additional material outside of the Ore Reserve, while mined grades were higher than expected. Approximately 16,600 tonnes of additional supergene sulphide ore material has been recovered from mining to date, and approximately 2,350 tonnes nickel has been mined above the Ore Reserve estimate.

New Morning

Ongoing drilling at New Morning, midway between Flying Fox and Spotted Quoll, is continuing to intersect disseminated sulphide mineralisation. The target is massive sulphide similar to flying Fox.

6. 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)

In November 2007, Western Areas announced an agreement to explore a large area of nickel prospective tenements in the Sandstone greenstone belt in a JV with Troy Resources NL. Western Areas can earn a 70% interest in nickel and related metals in an area with minimal previous nickel exploration. The Sandstone JV Project is located 400km north of Western Areas' 100% owned Forrestania Nickel Project.

The Sandstone JV covers a large area (approximately 25km by 15km) of what is considered to be a highly prospective ultramafic sequence which has had minimal previous exploration for nickel. Early in 2010, Western Areas' second diamond drill hole WAD002 intersected disseminated nickel sulphides which assayed 26.2m @ 0.4% nickel from 60.3m depth. This included a narrow interval of semi-massive sulphides which analysed 0.2m @ 4.1% Ni from 86.3m down hole depth.

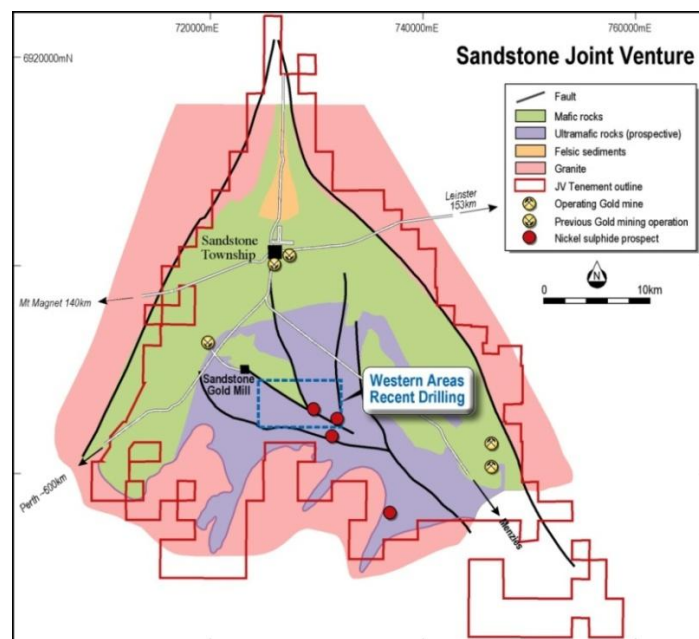


Figure 3: Simplified Geology of the Sandstone Joint Venture Project

Work at Sandstone during the September Q involved compiling data from numerous previous gold exploration drill holes and interpreting the results to define nickel drilling targets.

Criteria for defining drilling and geophysical targets include:

- high magnesium ultramafic rocks
- anomalous nickel and copper geochemistry
- sulphides identified from previous drilling
- location adjacent to major structures or granite intrusions

Six targets have been identified to date for surface and airborne geophysical surveys and drilling. A major drilling program including aircore, reverse circulation and diamond drilling will commence in October.

The association of prospective geology, nickel sulphide mineralisation and favourable structural settings highlights the excellent potential of the Sandstone JV Project for new discoveries.

Mt Alexander Joint Venture (BHP Billiton 75%, Western Areas 25%)

Western Areas has been advised that assay results from 2m composite samples from drill hole MARC49 (reported in the June quarter) have returned the following:

MARC49: 6.0m @ 3.3% Ni, 1.5% Cu from 60m including 2m @ 4.5% Ni, 1.8% Cu and 2.4g/t Pd, 0.6g/t Pt from 62m depth.

Interpretation of down hole EM results of the eight hole RC drilling program completed in the June shows two small off-hole conductors below the drill holes. These are similar to the conductors associated with the original Cathedrals prospect mineralisation at Mt Alexander.

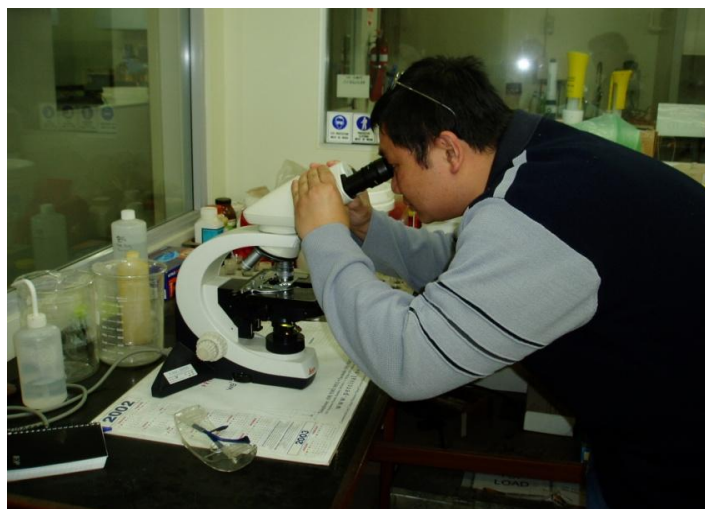
A ground EM survey of the Cathedrals area has been completed and shows two weak anomalies.

Further geochemical and petrological analysis will be conducted in the December Q to improve the understanding of the geological setting of the Cathedrals host lithology and mineralisation.

7. BIOHEAP

On 22 December 2009, Western Areas announced that it had exercised its option to acquire 100% of the BioHeap™ bacterial leaching technology from Pacific Ore Ltd. Due diligence included a successful test work program on a range of low grade ores from Forrestania and an evaluation of the global patents.

BioHeap™ is a bacterial heap leaching technology developed to leach low grade sulphide ores to produce intermediate products which can be sold directly to nickel refineries.



Dr Shawn Seet, Western Areas' microbiologist checking bacteria samples at BioHeap's laboratory in Perth

BioHeap™ Test Work Samples from Forrestania

Initial testing on samples from Diggers Rocks, New Morning and tailings from the Cosmic Boy nickel concentrator has been successfully completed. Results indicate that potential exists to expand nickel production from lower grade deposits at Forrestania. A preliminary economic assessment of using BioHeap™ technology at Forrestania is due to commence in the December Q.

BioHeap™ Test Work on Samples from Finland Joint Venture

Test work on samples from the Rautavaara Project commenced in the September Q. Members of the BioHeap™ team undertook inspections of possible sites for potential future BioHeap™ pilot plants.



First BioHeap Pilot Plant built at Radio Hill Western Australia

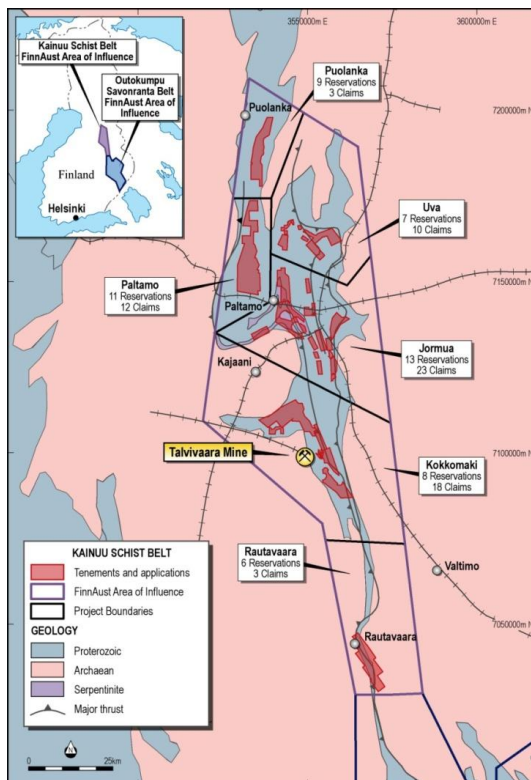
8. FINLAND JOINT VENTURE

Background

Western Areas has an agreement with Magnus Minerals to earn 75% in six exploration projects in the Kainuu Schist Belt and three exploration projects in the adjacent Outokumpu - Savonranta Belt in Finland. Western Areas has already earned 75% interest in the Kainuu Schist Belt Project. The JV partners consider that the Kainuu Schist Belt may represent a major metal province with potential to host multiple base metal deposits.

Current production in the Kainuu Schist Belt is dominated by the large Talvivaara open pit mine (owned by Talvivaara Mining Plc) which is successfully using a bacterial leaching technology to extract nickel, zinc, copper and cobalt from low grade sulphide mineralisation in a black schist ore host.

Talvivaara Mining Plc has announced total JORC-Compliant Mineral Resources of 1,004 Mt at 0.22% Ni, 0.50% Zn, 0.13% Cu and 0.02% Co (including Measured and Indicated Mineral Resources of 642 Mt). Talvivaara has announced revised production targets of between 15,000 to 25,000tpa nickel for 2010 increasing to 50,000tpa nickel from 2011. This production assumes a mining rate of 25Mtpa ore.



Plan of Kainuu Schist Belt in Finland where Western Areas has earned 75% JV interest

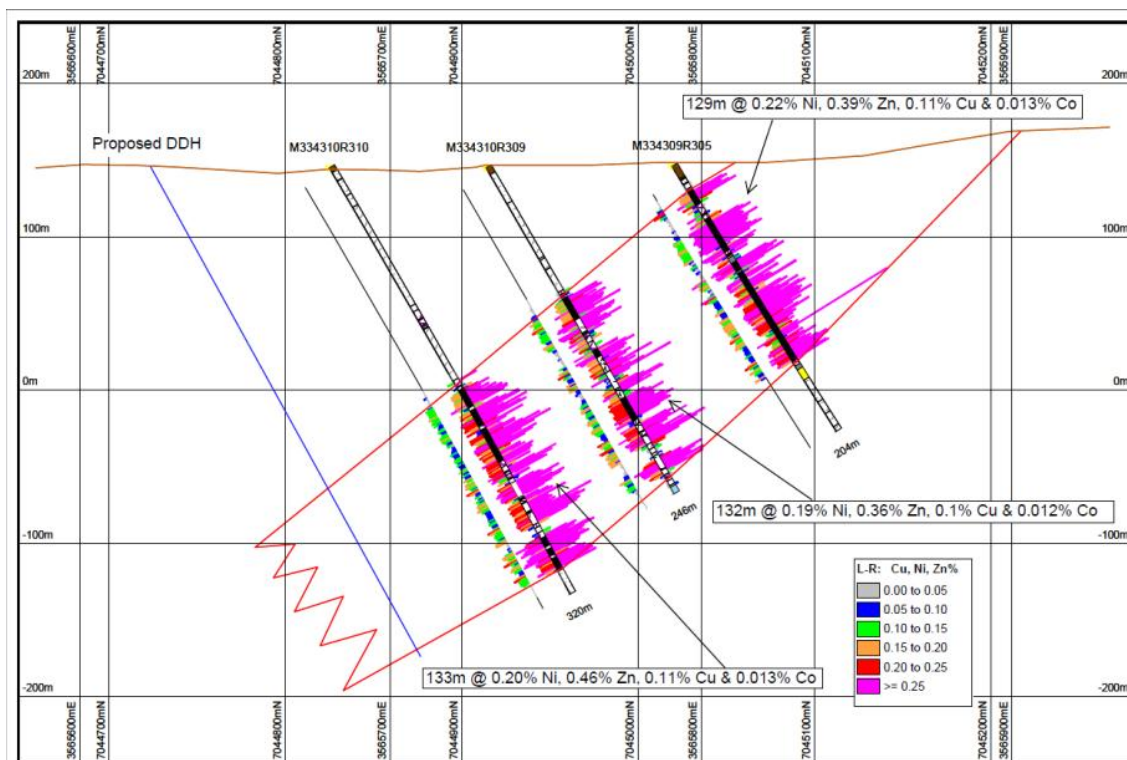
Historic metal production in the Outokumpu - Savonranta Belt (south of Kainuu) was dominated by the underground mines at Outokumpu which produced a total of approximately 42 million tonnes of ore at an average grade of 3.1% copper, 1.0% zinc, 0.2% cobalt and 0.1% nickel between 1913 and 1988. Finland JV has large holdings in the immediate area of the Outokumpu mine and 20km south in the Savonranta area.

Western Areas and Magnus Minerals have incorporated a new company, FinnAust Mining Plc owned by Western Areas 75% and Magnus 25%. FinnAust may be listed within the next 12 months depending on market conditions and ongoing results from the current exploration programs.

Exploration Results - September Q 2010

37 targets have been identified for drilling in the Kainuu Schist Belt and adjacent Outokumpu - Savonranta Belt. The Finland JV has conducted limited drilling at only seven of these targets since November 2009.

The exploration program has been very successful to date with most of the Finland JV drill holes intersecting significant widths of mineralised black schist at the Rautavaara R1, R4, Paltamo P1 and Jormua J1 & J2 targets. The sulphide mineralisation intersected appears to be of a similar type to that mined at Talvivaara and in most cases contains highly anomalous nickel, zinc, copper and cobalt grades. The targets tested to date are scattered along 110km in the southern and central part of the Kainuu Schist Belt and demonstrate that the mineralised black schist which hosts the Talvivaara mine is widespread on the FinnAust tenements.



Drill hole section through the Rautavaara R1 deposit where mineral resource drilling is in progress

Drilling during the September Q was aimed at defining a mineral resource at the R1 target at the Rautavaara Project, 60km south of Talvivaara. Five drill holes have been drilled in the quarter (see table below).

Target	Hole	KKJ_N	KKJ_E	RL	Depth m	Azimuth	Dip	Down Hole Intersection
R1	R309	7044917	3565725	145	245.60	30.00	-60.00	99-234
R1	R310	7044825	3565680	145	320.40	30.00	-60.00	160-302
R1	R311	7044960	3565650	145	284.20	30.00	-60.00	108-124, 150-200, 230-266
R1	R312	7044858	3565827	145	251.55	30.00	-60.00	90-157
R1	R313	7044807	3565921	145	230.25	30.00	-60.00	90-115

Recent drilling includes drill hole DDH 310 which intersected 133m @ 0.20% nickel, 0.46% zinc and 0.11% copper. Assay results are still awaited for other drill hole intersections at R1.

Assessment of the Kokkomaki K1, K2, K6 and H1 and H2 targets (near the Talvivaara Mine) were undertaken in the September Q. Detailed ground magnetics have been completed at these targets and percussion drilling is underway and will continue in the December Q.

9. CORPORATE AND FINANCING

Cash Balance and Working Capital

At 30 September 2010, Western Areas had A\$56.8M in cash plus nickel sales receivables valued at A\$61.6M. **Total cash plus nickel sales receivables A\$118.4M** (June Q was A\$80.8M).

Working capital in stockpiles of both ore and concentrate had a value at cost of A\$23.9M. The in situ value of the nickel metal contained in ore and concentrate stockpiles was ~A\$130M at the end of the September Q. These stockpiles are subject to plant recoveries, processing, smelting and refining costs.

Dividends

The Company declared an un-franked 3 cent per share final dividend for the full year ended 30 June 2010 on 25th August 2010. This was paid on the 1st October 2010.

Hedging

Western Areas' nickel hedging consists of quotation period (QP) hedging to manage the risk of price fluctuations for nickel already shipped to customers that is still subject to price finalisation. Foreign exchange contracts are entered into on shorter terms (less than 1 year) to provide some protection against unexpected movements in foreign currency markets. Details of these hedges are as follows:

Fiscal Year 2011

Nickel Hedging Collar Style Options

Ni Tonnes Sold	300
US\$ Sales Price	22,366

Nickel Hedging Collar Style Options

Nickel Hedging Collar Style Options

Ni Tonnes Sold	600
US\$ Price/Tonne Call	24,341
US\$ Price/Tonne Put	20,333

Foreign Exchange Options

US\$ Sold (\$'000)	5,000
US\$ Put (US cents)	0.9253

Foreign Exchange Collar Options

US\$ Sold (\$'000)	10,000
US\$ Call (US cents)	0.8189
US\$ Put (US cents)	0.9089

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

Convertible Bonds due July 2015

On 26 March 2010 the Company announced the issue of A\$125M of convertible bonds due in 2015. (Refer to Western Areas' release dated 31 March 2010 for the Bond Conditions). The Convertible Bonds were issued at a premium of approximately 28% to the closing price of Western Areas shares prior to the launch and carry a coupon of 6.4%. The proceeds were utilised to extend the maturity of some of the Company's existing loan debt profiles until 2015, at a lower average interest rate. The new bond was settled and issued on 8th April 2010. These Bonds are quoted on the Singapore Stock Exchange.

Convertible Bonds due July 2012

On 2 July 2007 Western Areas issued A\$225.0M of convertible bonds due in July 2012. (Refer to Western Areas' release dated 29 June 2007 for the Bond Conditions). The Convertible Bonds were issued at a premium of approximately 45% to the closing price of Western Areas shares prior to the launch and carry a coupon of 8%. The Company has previously purchased Bonds on market, however during the September Q, no Bonds were purchased by Western Areas. There remain 834 Bonds outstanding with a principal amount of A\$208.5M. The Bonds are quoted on the Singapore Stock Exchange.

Debt Facilities,

The ANZ loan Facility remains undrawn as at the date of this report.

-ENDS-

For further details, please contact:

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

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

Shane Murphy
Investor Relations – FD Third Person
Telephone +61 8 9386 1233 / 0420 945 291
Email: shane.murphy@fdthirdperson.com.au Or visit: www.westernareas.com.au

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; 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, Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Peters is a member of AusIMM and is a consultant 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:

- "Maintain high production levels from Flying Fox and Spotted Quoll mines
- Increase rate of nickel sales to China during a period of strong nickel prices
- Western Areas has announced a target to sustain 25,000 tpa nickel mine production at Forrestania and become Australia's third largest nickel miner"
- "structural settings highlights the excellent potential of the Sandstone JV Project for new discoveries"

This announcement does not include reference to all available information on the Company or the Forrestania Nickel Project or the Finland JV Project and should not be used in isolation as a basis to invest in Western Areas. 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.

**THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO THE U.S. NEWswire SERVICES OR
FOR DISSEMINATION IN THE U.S**

Western Areas NL Ore Reserve / Mineral Resource Table - 30 September 2010					
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification	Notes
Ore Reserves					
1. Flying Fox Area					
T1 South	12,200	3.0	370	Probable Ore Reserve	Sept 09 Reserve
T4	211,000	4.0	8,450	Probable Ore Reserve	Sept 09 Reserve
T5	929,200	5.8	53,660	Probable Ore Reserve	Sept 09 Reserve
2. Spotted Quoll					
	290,800	5.0	14,420	Probable Ore Reserve	Open Pit Reserve
	1,725,000	4.1	70,200	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	5,277,200	3.4	177,900	Probable Ore Reserve	
Mineral Resources					
1. Flying Fox Area					
T1 South	76,100	4.1	3,080	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	172,000	5.4	9,280	Indicated Mineral Resource	Mar 10 Resource
	21,000	3.6	760	Inferred Mineral Resource	Mar 10 Resource
T5 Massive Zone	837,800	6.8	57,010	Indicated Mineral Resource	Mar 10 Resource
	68,800	5.2	3,570	Inferred Mineral Resource	Mar 10 Resource
T5 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
T6	44,300	5.7	2,530	Inferred Mineral Resource	Mar 10 Resource
T7	99,300	4.8	4,810	Inferred Mineral Resource	Mar 10 Resource
Total Flying Fox	1,967,600	4.6	90,320		
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					
	1,609,900	5.9	95,500	Indicated Mineral Resource	Nov 09 Resource
	231,300	6.4	14,760	Inferred Mineral Resource	Nov 09 Resource
Total Spotted Quoll	1,841,200	6.0	110,260		
Beautiful Sunday					
	480,000	1.4	6,720	Indicated Mineral Resource	
TOTAL WESTERN BELT	6,432,700	3.7	238,000		
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	16,836,800	2.1	346,520		