



For the period ending 30th June 2011

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 Tim King Pit at the Spotted Quoll mine 6km south of Flying Fox. Total Ore Reserves at Spotted Quoll comprise 1.9Mt at an average grade of 4.10% nickel containing approx. 78,120 nickel tonnes. Drilling has intersected high grade nickel up to 600m down dip 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 work has also been largely completed on the planned 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 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\$1.0Bn @ \$5.60 per share.

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Full year Mine Production of 32,222 tonnes Nickel exceeds target by 10% and contributes to strong cash position of A\$209M

Following another strong quarter of nickel production and sales, Western Areas is able to report that **32,222 tonnes nickel in ore were mined in FY 2010/11**. This exceeds previously announced guidance targets of 29,000 tonnes of nickel in ore by 10%. Western Areas also achieved record sales of 27,498 tonnes of nickel (in concentrate and ore) and produced nickel at **average cash cost of US\$2.11/lb nickel for the full year**. As a result, the Company is in a robust financial position with \$209M in cash and \$15M in receivables.

The Board remains focused on returns to shareholders and anticipates the final dividend will exceed the interim 10 cent dividend paid for the half year ending 31 December 2010.

Combined mine production for the June Q was 8,561 tonnes (18.9M lbs) nickel compared with 7,400 tonnes (16.3M lbs) nickel in the March Q. High grades (**average 6.3% nickel**) in the Tim King Pit plus consistent performance from the Flying Fox mine continued to contribute to the strong production. In addition, there were 6,169 tonnes of contained nickel in ore and concentrate stockpiles at the end of the Quarter.

Average cash cost for nickel in concentrate was US\$2.45/lb (A\$2.31/lb) for the June Q. The nickel price averaged US\$11.02/lb at an exchange rate of AUD/USD of 1.06 compared with a nickel price of US\$12.20/lb and exchange rate of AUD/USD of 1.00 for the March Q.

Underground mine development commenced in April at Spotted Quoll and was ahead of schedule at the end of June. Drilling is continuing at Spotted Quoll with three drill rigs providing further encouraging results below the Stage One underground mine. The aim of this Stage Two drilling is to add 40,000 to 60,000 tonnes nickel to Spotted Quoll.

June Q 2011 Highlights

1. Production from Flying Fox mine (excluding Lounge Lizard) was **88,873 tonnes mined at 4.8% nickel for 4,236 tonnes (9.4M lbs) contained nickel**.
2. Production from the Tim King Pit at Spotted Quoll was **69,133 tonnes mined at 6.3% nickel for 4,325 tonnes (9.5M lbs) contained nickel**.
3. A total **17,670 tonnes contained nickel** has been mined from the Tim King Pit to date, a **44% positive reconciliation** compared to the depleted Ore Reserve.
4. **138,513 ore tonnes were milled to produce 6,783 tonnes (15M lbs) nickel in concentrate**. Average plant recovery was 93%, exceeding forecast by 4%.
5. **Average cash cost** (before smelting/refining charges) was **US\$2.45/lb nickel**, below long term guidance of US\$2.50/lb, despite the impact of a strong AUD.
6. **Cash at bank was A\$209M** at 30 June. This compares with A\$154M at the end of the March Q, representing a **net positive cash movement of A\$55M**.
7. On 8th June, Western Areas announced the milestone of **100,000 tonnes of concentrate exported to China**, with a gross value of over \$300M.
8. Stockpiles at 30 June contain 6,169 tonnes (13.6M lbs) nickel in ore and concentrate.
9. Western Areas Board approved an increase in the **exploration budget to \$30M**.
10. Drilling is in progress at the Flying Fox, Spotted Quoll and Diggers South deposits.
11. FinnAust Mining Plc (77% WSA) appointed a Finland based CEO to run the new company and also commenced the process for the planned London AIM listing.

1. MINE SAFETY AND ENVIRONMENT

Safety

The entire Western Areas team continues to focus on pro-active safety initiatives at Forrestania. There were four Lost Time Injuries (LTI) and one Medical Treated Injury (MTI) during the June Q. Three of the LTI's were related to minor soft tissue injuries associated with over stretching resulting in only minimal lost working days. The Company remains committed to education and training to reduce the LTI rate to the target of zero.

An internal AS/NZS 4801 Occupational Health & Safety Management Systems audit and a Poisons Regulations compliance audit was carried out during the June Q.

A combined Forrestania/St Barbara Mine Rescue Team competed at the 2011 Mines Rescue Surface competition in May. The Forrestania/St Barbara team finished a creditable 9th out of the 19 teams that entered.

Environment

Environmental operations continued to operate within all statutory regulations and licence conditions during the reporting period with no significant environmental incidents recorded. Highlights of the quarter include;

- Selection to the final 11 applicants for the Golden Gecko award for environmental excellence for our innovative risk based approach to the protection of Declared Rare Flora at Forrestania;
- Initial participation in the Carbon Disclosure Project, a voluntary reporting of greenhouse gas emissions and assessment of climate change risks and opportunities;
- A commitment was made to continue sponsorship of the Eastern Wheatbelt Biosecurity Group for a further 3 years, assisting the local community with feral animal control.

Western Areas extended its sponsorship of the Northern Quoll enclosure at Perth Zoo. This has been ongoing since 2008 and the funding assists the zoo with environmental education and conservation of biodiversity in W.A. In particular, the sponsorship allows the zoo to improve the viability of the endangered species *Dasyurus hallucatus* (Northern Quoll) through breeding programs, conservation based research and education aimed at changing attitudes that impact on the conservation status of wild populations.



WSA Environmental team and Golden Gecko Panel at Spotted Quoll



Northern Quoll

Proposed Carbon Tax and Mineral Resource Rental Tax

Western Areas is monitoring the debate surrounding the proposed carbon tax and its potential effects on the Company. Western Areas reports to the Federal Government under the National Greenhouse and Energy Reporting (NGER) Act 2007. In the NGER reporting year 2009-2010 the Company reported emissions of 46,929t CO₂-e. This represents a relatively minor amount of emissions and therefore the carbon tax is not expected to materially impact operations.

Western Areas' nickel activities are not included within the recently introduced MRRT (Mineral Resource Rental Tax) which applies to iron ore and coal mining operations in Australia.

Community Support

Western Areas employs a number of local people and supports a number of community based organisations and initiatives in towns in the region including Sandstone, Hyden and Lake King. The Company is also becoming involved in the Starlight Children's Foundation through Western Areas' Finance Director, David Southam.

2. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2009/2010	2010/2011				FYTD
		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Flying Fox							
Ore Tonnes Mined	Tn's	91,437	84,935	96,635	77,205	88,873	347,648
Grade	Ni %	4.0%	4.0%	4.6%	5.4%	4.8%	4.7%
Ni Tonnes Mined	Tn's	3,697	3,363	4,459	4,132	4,236	16,190
Spotted Quoll							
Ore Tonnes Mined	Tn's	46,258	66,978	56,696	53,819	69,133	246,626
Grade	Ni %	6.7%	7.4%	6.2%	6.1%	6.3%	6.5%
Ni Tonnes Mined	Tn's	3,113	4,939	3,500	3,268	4,325	16,032
Total - Ore Tonnes Mined	Tn's	137,695	151,913	153,331	131,024	158,006	594,274
Grade	Ni %	4.9%	5.5%	5.2%	5.6%	5.4%	5.4%
Total Ni Tonnes Mined	Tn's	6,810	8,302	7,959	7,400	8,561	32,222
Tonnes Milled and Sold		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Ore Processed	Tns	83,639	131,542	123,027	126,383	138,513	519,465
Grade	%	4.5%	5.7%	5.4%	5.4%	5.3%	5.4%
Ave. Recovery	%	88%	89%	90%	92%	93%	91%
Ni Tonnes in Concentrate	Tns	3,303	6,678	5,976	6,226	6,783	25,663
Ni Tonnes in Concentrate Sold	Tns	2,307	6,151	5,594	6,813	6,497	25,055
Ni Tonnes in Ore Sold	Tns	241	987	507	119	830	2,443
Total Nickel Sold	Tns	2,548	7,138	6,101	6,932	7,327	27,498
Stockpiles			Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Ore	Tns		73,293	92,405	91,599	97,334	
Grade	%		4.6%	4.4%	4.8%	5.1%	
Concentrate	Tns		11,386	13,052	7,047	8,653	
Grade	%		14.1%	14.1%	14.0%	14.1%	
Contained Ni in Stockpiles	Tns		4,977	5,906	5,418	6,169	
Financial Statistics		Jun Qtr	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Group Production Cost/lb							
Mining Cost (*)	A\$/lb	1.72	1.36	1.36	1.66	1.72	1.53
Haulage	A\$/lb	0.09	0.07	0.08	0.09	0.08	0.08
Milling	A\$/lb	0.56	0.37	0.40	0.33	0.39	0.37
Admin	A\$/lb	0.17	0.15	0.19	0.17	0.14	0.16
By Product Credits	A\$/lb	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	A\$/lb	2.51	1.93	2.01	2.23	2.31	2.12
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.22	1.74	1.99	2.24	2.45	2.11
Exchange Rate US\$ / A\$		0.88	0.90	0.99	1.00	1.06	0.99

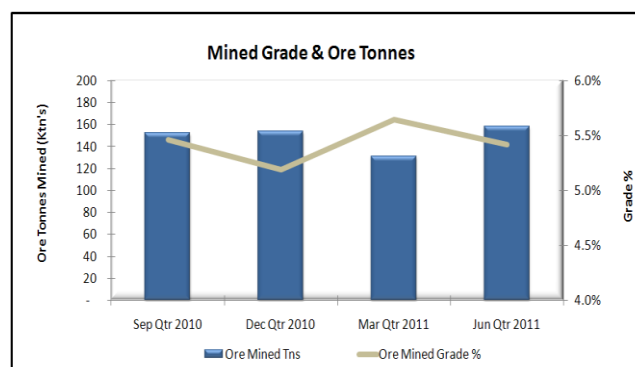
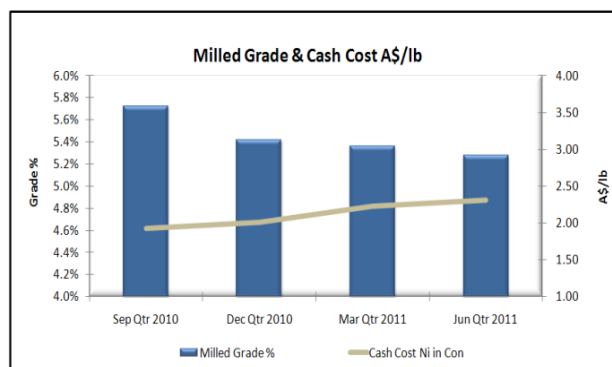
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Jun 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.

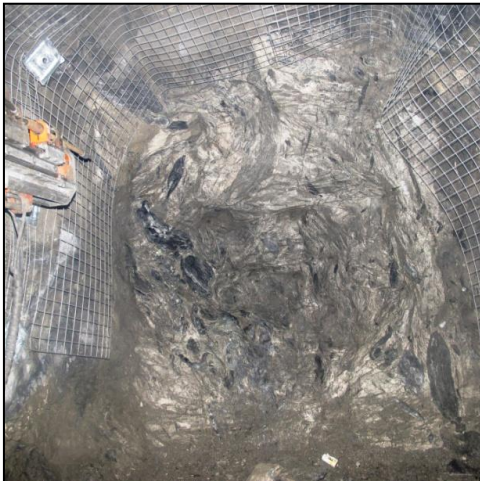
Note. All reported numbers in this table exclude Lounge Lizard.



Flying Fox – Underground Mine

A total of 88,873 tonnes of ore at an average grade of 4.8% nickel for 4,236 tonnes of nickel was mined from the Flying Fox mine during the June Q. Ore production split for the June Q was as follows; T1: 2,194 tonnes; T4: 11,566 tonnes and T5: 75,112 tonnes. Ore production was 15% higher than the March Q due to excellent development and stoping tonnages achieved in the T5 areas, along with a renewed focus on narrow vein mining of T4 areas.

Long hole and airleg stope production continued in the 900 level at T1 and on the 730, 720, 710, 640 and 567 levels in T4. Excellent production tonnages and grades were also achieved in the priority 455 stope in T5. Additional ore sources included ore development from the following levels; 610N, 460, 425, 410, 385, 370, 345 and 335. Benching from the 480, 490 levels and flatback development from the 559 level also contributed to the total ore hoist.



460N Ore Drive T5 – 5.0m Width / Face Grade 7.6%



345N Ore Access T5 – 10m Width / Face Grade 8.1%

347,648 ore tonnes at an average grade of 4.7% nickel for 16,190 contained nickel tonnes were mined during FY2010/11. A significant production milestone was achieved in mid-June when the **'One Millionth Tonne'** of ore was mined from the Flying Fox mine.

Spotted Quoll – Tim King Open Pit

Spotted Quoll finished off the year with a strong June Q, mining 69,133 tonnes of ore at 6.3% nickel for 4,325 nickel tonnes. For FY 2010/11 a total of 246,626 tonnes of ore was mined at a grade of 6.5% nickel for 16,032 nickel tonnes.

The open pit advanced 15 vertical metres for the quarter for a total movement of 0.44 million bank cubic metres ("bcm") mined. The Tim King pit reached 100 vertical metres from the surface during the quarter with a final design depth of 140 vertical metres to be achieved by March Q 2012. The in-pit dewatering bores continued to perform as per design keeping the water table below the pit floor.

At the end of the quarter there were 41,578 tonnes of transitional ore at an average grade of 5.48% nickel containing 2,279 nickel tonnes stockpiled on the Spotted Quoll mine ore pad.



Spotted Quoll open pit looking North, showing underground mine portal on the left

Cosmic Boy Nickel Concentrator

138,513 tonnes of ore at 5.3% nickel was milled for the June Q with the Cosmic Boy concentrator producing 47,596 tonnes of concentrate grading 14.3% nickel for 6,783 nickel tonnes. Concentrator metallurgical recovery averaged 93% with 98% plant availability.

The concentrator milled 519,465 tonnes at 5.4% nickel for FY 2010/11 and produced 25,663 nickel tonnes in concentrate. The concentrator's average recovery for the financial year was 91%.

An additional 38,119 tonnes of ore from the Lounge Lizard agreement with a grade of 3.4% nickel was also milled during the financial year bringing the combined milled tonnage (WSA and LL) to 557,584 tonnes.

At the end of the quarter, 97,334 tonnes of ore at an average grade of 5.1% nickel containing over 4,950 tonnes nickel was stockpiled at site awaiting treatment at Cosmic Boy or sale to Minara Resources Ltd. This represents approximately two months of mill feed and enables the selection of an optimal mill head grade.



Processing team at Cosmic Boy Concentrator

Cash Costs

The cash cost of nickel in concentrate (excluding smelter/refinery charges and royalties) produced during the June Q was **US\$2.45 /lb nickel**. The USD cash cost was negatively impacted due to a strong AUD and an 8 day planned shutdown by Western Power (electricity provider) for which Western Areas had to provide backup power. However, **the YTD cash cost of US \$2.11 / lb nickel is 15% below the guidance of US\$2.50 / lb nickel.**

3. NICKEL SALES

Delivery of concentrate from Cosmic Boy to BHP Billiton's smelter at Kambalda and Jinchuan's smelter in China continued during the June Q. A total of 47,138 tonnes of concentrate was delivered containing 6,497 tonnes of nickel. In addition, 830 tonnes of nickel in ore was sold to Minara Resources Ltd.

A total of 188,984 tonnes of concentrate was delivered into the offtake contracts during FY 2010/11. This concentrate contained a total of 26,240 tonnes of nickel (inclusive of Lounge Lizard concentrate).

The concentrate stockpile at Cosmic Boy now stands at 7,524 tonnes at a grade of 14.1% nickel containing 1,061 tonnes of nickel metal. An additional 1,129 tonnes of concentrate containing 158 tonnes of nickel metal was stored at the Port of Esperance ready for shipment to China.

On 8 June 2011 the company announced that it had exported 100,000 tonnes of concentrate through the Esperance port to Jinchuan over a period of 10 months. As a result of the additional concentrate movement, the Jinchuan offtake contract is now scheduled to be completed in the March Q 2012.

4. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine Development

The capital infrastructure at the Flying Fox mine is substantially complete. The main decline has advanced to 1093m and will remain on hold pending a review at the end of the December Q. All scheduled levels are now accessible and the focus will remain on lateral development of the T5 ore reserve (Figure 1).

The 334 RL diamond drill drive cuddy has been developed and an extensive drill program is currently underway to delineate potential extensions to the lower T5 and T6 ore bodies.

The surface leg of the fresh air intake has progressed well with a 4.0m diameter raisebore achieving 466m advance during the quarter. The completion of reaming and commencement of post-sink activities will occur in the coming quarter. The underground leg has also progressed with a 3.5m diameter raisebore, achieving 198m advance during the quarter. The completion of this leg is anticipated in late July.

Spotted Quoll – Underground Mine

On April 20th 2011 the Spotted Quoll Underground Mine officially commenced with the first cut fired in the Hanna Decline. Conditions underground have been consistent with the feasibility study and total development in the June Q was 472 metres which was well above forecast. This included the development of the Return Airway Adit and the Escape Way Adit in the southern end of the Tim King Open Pit.

With the decline development being ahead of forecast, first ore is expected to be mined late in the Dec Q 2011.

Key site infrastructure has been seamlessly upgraded and is now fully operational with Barmenco contract miners using the change rooms and expanded office facilities and workshop. A second stage of electrical works is required to extend the 11Kv power supply underground and is due to commence in the September Q. Works are on time and on budget.



Spotted Quoll underground mine decline portal

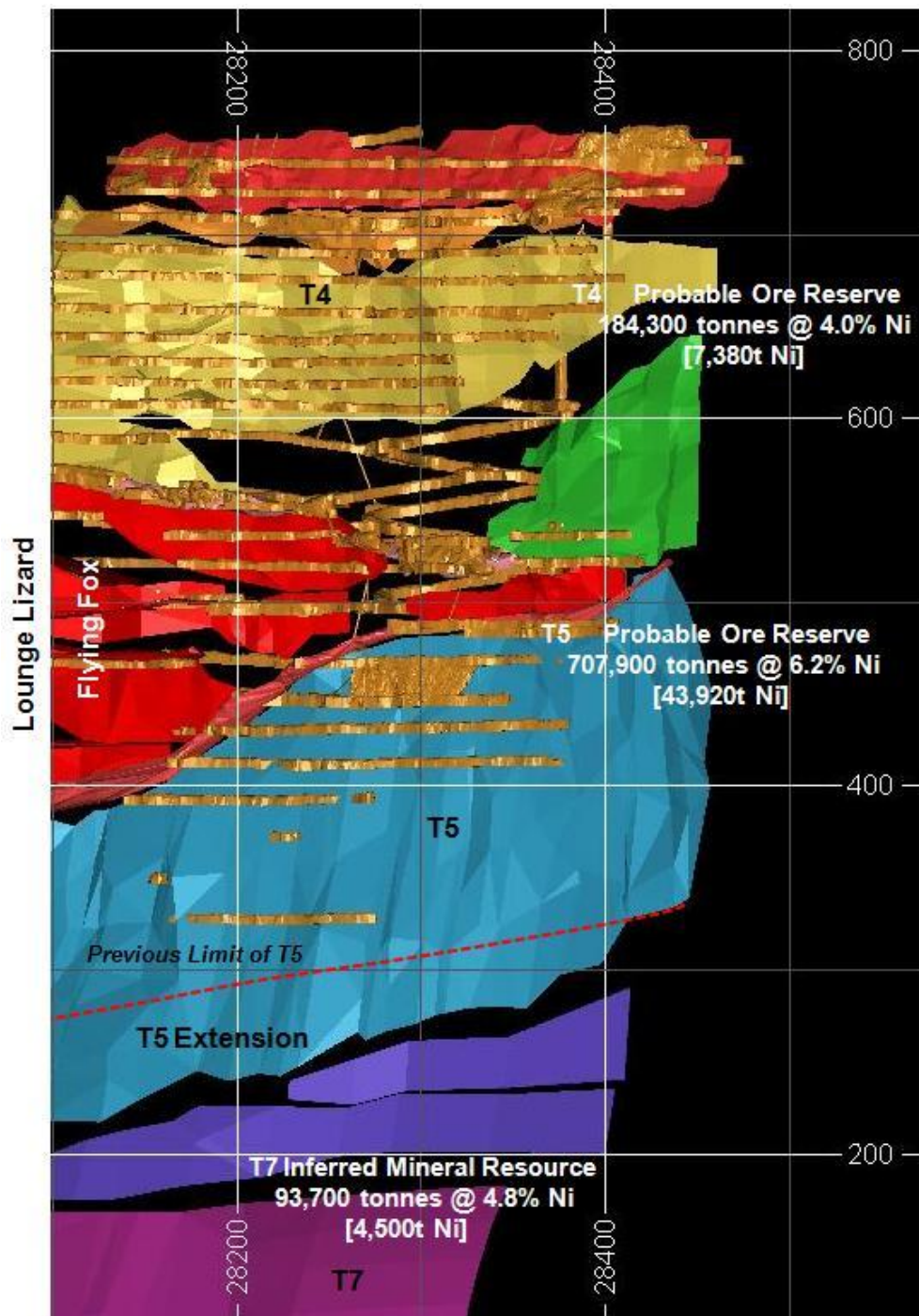


Figure 1: Interpreted longitudinal projection of T4, T5, T6 and T7 deposits at Flying Fox Mine

Diggers South Project

A desktop scoping study was conducted examining extending the existing feasibility study with a lower cut off grade stoping shape and a more cost effective mining technique. The results of this study will be used to model mining a larger proportion of the known mineral resource.

The planned \$10M resource extension drilling program began late in the quarter. Drilling is currently focused 200m south of the resource and first results are expected in the September Q. The two main objectives are to extend the existing resource without adding to project infrastructure capital and to extend the current planned mine life beyond ten years.

Discussions are continuing with a number of potential partners about acquiring an interest in the project and around using alternative processing routes to increase the planned production rate from Diggers South.

Mossco Farm pipeline and Evaporation ponds

82 Hectares of evaporation ponds were completed using civil engineering and earthworks contractors Piacentini. Three large ponds capable of evaporating 50 litres water per second are the end point of a dewatering network that Western Areas has been building over the past four years. The template for further extensions of the ponds is now in place and approvals have been granted to build a further three ponds should they be required.

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

Ore development within T5 predominated over the June Q, with ore now exposed in 8 Levels within the main T5 panel (light blue wireframe in Figure 1). Mined grades for the quarter were in line with those expected from the Ore Reserve.

Western Areas announced revised Mineral Resource figures for the T4 to T7 zones on 21st April, 2011. These zones comprised 1,410,000 tonnes at an average grade of 5.7% nickel for 80,210 tonnes contained nickel, as at 31st March 2011. This upgrade effectively replaced the nickel tonnes mined over the previous 12 months, and will be built into mine planning designs during the September Qtr.

Table 1: Mineral Resource Statement 31 March 2011									
Flying Fox Deposit above lower cut-off of 0% Ni									
	Measured			Indicated			Inferred		
	Tonnes	Ni (%)	Ni (t)	Tonnes	Ni (%)	Ni (t)	Tonnes	Ni (%)	Ni (t)
T4	-	-	-	242,700	4.9	11,890	23,200	3.9	920
T5	-	-	-	1,025,900	6.0	61,790	24,500	4.5	1,110
T6	-	-	-	-	-	-	-	-	-
T7	-	-	-	-	-	-	93,700	4.8	4,500
TOTAL	-	-	-	1,268,600	5.8	73,680	141,400	4.6	6,530

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, breccia and 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 width and grade within defined domains.

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

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 60m by 60m by 10m Variable by Domain
Nominal Drill hole spacing	10m by 20m varying to 80m by 80m Majority <=20m x 40m	T4 fully developed by ore drives, plus numerous delineation rises. T5 partially developed, plus substantial drill coverage T6 minimal drill data T7 variable drill density

Underground diamond drilling commenced during June Q to evaluate the potential T8 position. Initial drilling is aimed at understanding the structural framework (faulting and strike rotation of mineralised contact) below T7.

Spotted Quoll

Ongoing periodic grade control reverse circulation drilling undertaken within the Tim King Pit continues to define additional ore tonnes outside of the Mineral Resource. Project to date, the open pit has yielded a significant **44% more nickel metal tonnes in ore** mined than the depleted portion of the Ore Reserve. An allocated ore hoist of 288,900 tonnes at a grade of 6.1% nickel for 17,670 tonnes contained nickel has been achieved project to date, compared to an Ore Reserve of 221,200 tonnes at a grade of 5.5% nickel for 12,230 tonnes contained nickel. The majority of the extra tonnes have been delineated from the higher grade North Lode, where very thick mineralisation wraps along two bounding cross-cutting fault structures.

Surface diamond drilling is ongoing to delineate the mineralisation within the potential Stage Two underground mining area. Three diamond drill rigs are currently testing this area. Results to date appear to be in line with the original target of 40,000 to 60,000 tonnes of contained nickel metal for the zone being tested (Figure 2). It is envisaged that an initial Mineral Resource estimate will be possible for this zone during the September Quarter.

6. BIOHEAP

Initial testing on samples from Diggers Rocks, New Morning and tailings from the Cosmic Boy nickel concentrator has been successfully completed. The outcomes of the study were considered to be very encouraging:

Stage 1: A desktop study considering a hydrometallurgical processing facility for the Cosmic Boy concentrator plant, Digger South and New Morning deposits has been concluded. The study recommended more detailed investigation into several areas of interest. A project execution plan for Stage 2 is currently being prepared.

Stage 2: Will evaluate optimisation of the current operations, long term ore scheduling and examine a range of alternative processing options with the aim of maximizing profitability and operational life. Options to be studied will include partial and total concentrate leaching and offtake of low quality concentrate to third parties with a view to increase overall nickel recovery. Additional work to review the possible treatment options for low grade deposits within FNP will also be captured under this project.

Western Areas is in the process of upgrading laboratory facilities to accommodate future BioHeap™ research and test work requirements. Research and development into key areas of the technology continues, with the aim of broadening the scope of application of BioHeap™. Interest has been received from several offshore resource companies to conduct testwork using BioHeap™. The Company is considering a number of options to expand Western Areas' 100% owned BioHeap™ business both in Australia and offshore.

Further metallurgical testwork is being conducted on samples of nickel/zinc/copper sulphide ore from the Rautavaara 'R1' deposit in Finland. This work consists of producing a low grade concentrate using conventional flotation followed by tank leaching of this concentrate using BioHeap™. Resource extension drilling at R1 is ongoing and a revised resource estimate is expected in the September Q. The target is to define 100,000 tonnes of contained nickel at the R1 deposit, FinnAust Mining's first mineral resource.

7. FORRESTANIA EXPLORATION

Exploration drilling focused on evaluating potential for deeper extensions to the Flying Fox and Spotted Quoll deposits (Figures 1 and 2). Resource extension drilling also commenced at the Diggers South deposit.

Flying Fox

Surface and underground diamond drilling continued in the June Q to test for deeper resource extensions to the T6, T7 and potentially T8 sulphide zones at Flying Fox.

A second wedge was drilled from a surface drill hole FFD198W1W1 which targeted an EM anomaly interpreted to extend below the T6 deposit. Although no significant mineralisation was intersected in the drill hole, multiple downhole EM anomalies in FFD198W1W1 suggest the T6 mineralisation may be more extensive than indicated in previous drilling. Flying Fox drilling will continue during the September Q to test the EM anomalies and the T7 and T8 positions south of the current drilling.

Spotted Quoll

The major resource extension drilling program continued with two diamond drill rigs testing the Stage Two resource area and a third drill rig testing below the Stage One ore reserve (Figure 2). Drilling indicates high grade nickel mineralisation extends up to 1,700m down dip (1,200m vertical depth) below the current open pit, confirming the exceptional continuity of the deposit at depth.

Six drill holes were completed during the June Q testing the northern and southern margins of the Stage Two target area with recent intersections including **1.6m @ 6.7% nickel and 1.9m @ 7.7% nickel**. Drilling has defined an apparent thickening of the mineralisation to the north. Further drilling will continue throughout the September Q to test the extent and continuity of mineralisation intersected in the recent drill holes.

Other Forrestania Projects

Drilling commenced to test extensions south of the large Diggers South deposit. The initial drilling traverse, approximately 200m south of previous drilling, is testing extensions to the existing resource (3Mt @ 1.5% Ni) as well as the potential for high grade mineralisation at depth. The most southerly previously drilled deep hole SED235W2W1 intersected **0.7m @ 7.0% nickel** from 822.2m down hole depth.

Drilling is also planned at a number of prospects in the southern part of the Forrestania area. These prospects include the Mt Gibb joint venture (35km south east of Cosmic Boy) and at South Iron Cap (12km south of Cosmic Boy) where drill hole SID19 intersected **40.5m @ 0.8% nickel** from 255.5m down hole depth.

8. 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)

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.

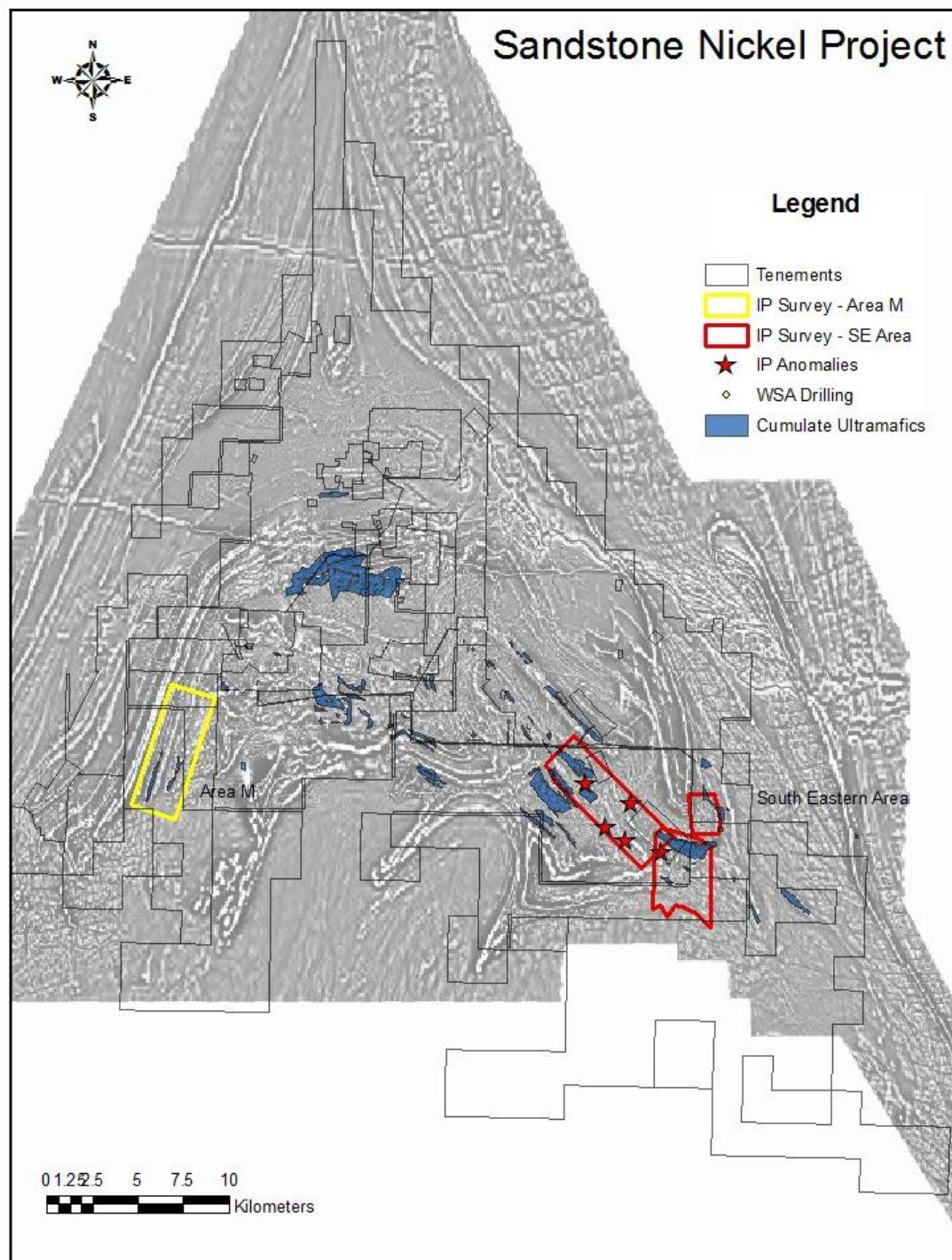


Figure 3: Activity plan and tenure of the Sandstone Project, overlaying the processed regional magnetics (TMI)

A high level of exploration activity continued at Sandstone during the June Q. The shallow aircore drilling program continued to test areas of cumulate ultramafic stratigraphy which hosts nickel sulphide mineralisation similar to that intersected at Area C.

474 drill holes were completed during the June Q in Areas E, I, J, M and 2, for a total of 27,654m. Drilling results are encouraging and confirm that the prospective ultramafic sequence is more extensive than previously thought. The drilling results and regional mapping is helping define the geology of the project area for further drill targeting. Assay results have been partially received and a compilation of the results is in progress.

Results from Induced Polarisation (IP) surveys completed over the south-eastern part of the project area have been processed and interpreted. The survey has revealed a number of weakly chargeable anomalies along strike from the known prospective ultramafic stratigraphy (Figure 3).

These IP anomalies are planned to be drilled as a priority during the September Q. The IP survey team will then move to Area M on the western part of the project area to help focus further drilling.



Part of Western Areas' Sandstone Exploration Team at site

Koolyanobbing (WSA 100% of nickel rights)

The Koolyanobbing project is located 50km north-east of Southern Cross and incorporates a number of prospects at various stages of exploration maturity. The Project covers portions of the northern area of the Southern Cross Greenstone Belt and has been subject to punctuated nickel exploration in the past.

Five previously defined drill targets were tested at **Koolyanobbing East** and **Deborah** during the June Q, for a total of 554m. The drilling tested a number of weak IP anomalies and geochemical/geological targets with significant results. The drill testing of a Lead Gossan at Koolyanobbing East (KEA004) intersected high grade Zinc, Lead and Silver values estimated with the NITON portable XRF. Laboratory assays are pending and further work is planned to define the extent and possible source of the primary sulphide mineralisation.

Previous diamond drilling at the **Jocks Dream** prospect has been assessed and modelled by the Forrestania mine geologists. Further reassessment of old surface electromagnetic (TEM) and magnetic data is in progress with the aim of defining the extent of known mineralisation and generating potential new drill targets.



Drilling at the Koolyanobbing Project

9. FINNAUST MINING Plc

Background

Western Areas currently owns 77.2% of FinnAust Mining Plc with the other 22.8% owned by Finland based exploration company, Magnus Minerals. FinnAust has extensive holdings covering six exploration projects in the Kainuu Schist Belt, three exploration projects in the adjacent Outokumpu - Savonranta Belt and one exploration project covering a large intrusive complex 100km west of Outokumpu in central Finland. FinnAust considers this region may represent a major metal province with potential to host multiple base metal deposits.

Production in the Kainuu Schist Belt is dominated by the large Talvivaara open pit mine (owned by Talvivaara Mining Plc) which is using a bacterial leaching technology (similar to BioHeap) to extract nickel, zinc, copper and cobalt from low grade sulphide mineralisation in a black schist ore host. Talvivaara Mining Plc has announced production targets of 22,000tpa to 28,000tpa nickel and 65,000tpa to 70,000 zinc for 2011, increasing to 50,000tpa nickel, 90,000 tpa zinc, 15,000tpa copper and 1,800tpa cobalt from 2012. Talvivaara Mining Plc's announced target cash costs are US\$2.20/lb nickel (net of by-product credits) from 2012.

In 2010, Western Areas conducted shallow drilling of a number of targets in the Kainuu Schist Belt and confirmed several widespread occurrences of 'Talvivaara Type' sulphide mineralisation on FinnAust projects. The aim of the current drilling program is to identify potential areas with wide zones of sulphide mineralisation, then conduct resource drilling with the target to define significant mineral resources at shallow depth.

FinnAust's other main exploration focus is to identify targets with potential for 'Outokumpu Type' massive sulphide mineralisation. The historic Outokumpu mine 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. FinnAust has tenements in the immediate area of the Outokumpu mine and 20km south in the Savonranta area.

Current Drilling Program

Resource extension drilling is currently in progress at the Rautavaara R1 deposit where an initial Mineral Resource estimate of 65,300 tonnes contained nickel was announced in Western Areas' March 2011 Q activities report. Recent drilling has suggested the zone of mineralisation defined in the initial Mineral Resource appears to be folded, and could extend under the areas drilled previously. The Company's target is to define >100,000 tonnes contained nickel at R1.

Initial, widely spaced drilling has also been conducted at the Hakonen H1 target located approximately 3km east of Talvivaara. This drilling confirmed the widespread occurrence of sulphide mineralized black schist with highly elevated zinc assays. Further drilling is required in this area to identify potential thickening of the mineralisation. Drilling is planned to commence in the Paltamo project area (60km north of Talvivaara) to test the 2km long Paltamo P5 target. Widely spaced, historic drilling intersected strong nickel/zinc sulphide mineralisation at P5.

FinnAust Listing Process

The initial formal meeting for the proposed FinnAust Mining Plc listing on the London AIM market was held in London on 22nd June. The target is for FinnAust to list within 12 months from the first meeting, and possibly as early as October/November 2011. The final decision to proceed with the listing and the timing of the listing will be conditional on the market, advice from FinnAust's London based advisors and agreement by Western Areas (77.2%) and Magnus Minerals (22.8%).

A number of parties have been appointed in London to support the listing process. Grant Thornton is FinnAust's Nominated Advisor, Numis Securities is the Broker to the issue, SRK will conduct the Competent Person's Report and London and Helsinki based lawyers and accountants have also been appointed.

FinnAust has appointed Mr Urpo Kuronen as the CEO for FinnAust Mining Plc. Mr Kuronen is based in Finland and has over 30 years experience working as a geologist on nickel and base metal exploration and development projects. This includes 20 years in a wide range of senior roles working for Outokumpu and 10 years in Australia. Mr Julian Hanna has been appointed as Chairman during the listing process. On successful listing of the new company, FinnAust will then look to identify another person for this role, probably London based. Mr Graham Marshall, (Western Areas' Commercial Manager) and Dr Sami Siiskonen (Magnus director and shareholder) are also directors. A non executive director with a banking or financing background is also being recruited.

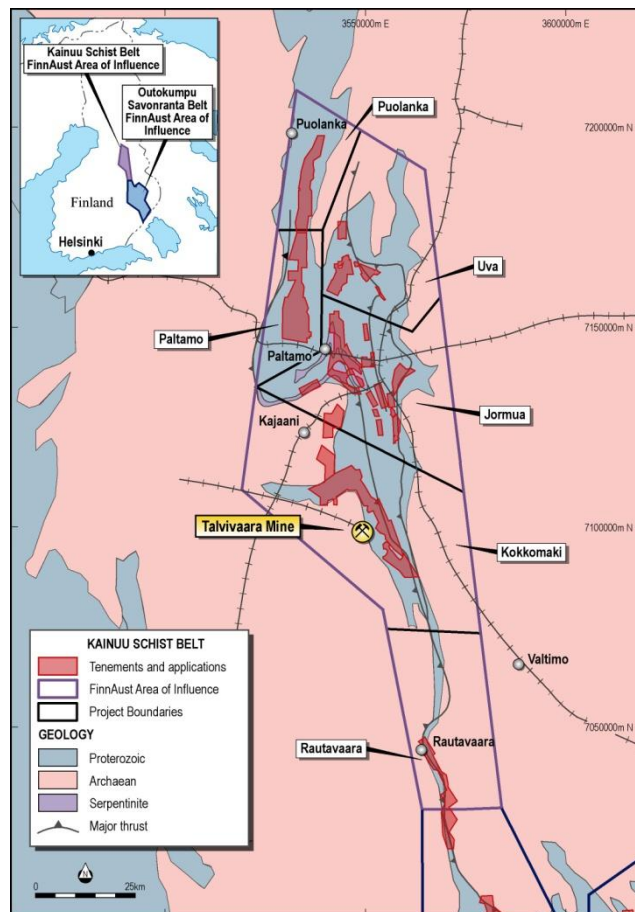


Figure 4: Plan of Kainuu Schist Belt in Finland showing FinnAust Mining holdings and location of Talvivaara

10. CANADIAN EXPLORATION

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

Western Areas has a joint venture with Mustang Minerals (TSX:MUM) to explore the East Bull Lake Project. East Bull Lake is a 20km long mafic intrusive complex which consists of two separate zoned intrusions joined by a 5km long feeder dyke (Figure 5). The project is considered to have excellent potential to host significant nickel/copper/PGM deposits within a world class metal province.

Initial drilling of a VTEM anomaly at East Bull Lake, (Parisien Lake prospect) in early 2008 yielded intersections including 1.1m @ 9.3% copper and 12.5g/t PGM from 89m down hole depth and 10m at 0.4% nickel at shallow depth. Historical drilling at East Bull Lake prior to Mustang's involvement intersected 0.5m @ 3.9% nickel in the central part of the intrusion.

A ZTEM (z-axis tipper electromagnetic) heliborne survey has been flown over the majority of the East Bull Lake intrusive complex. The ZTEM survey was flown to highlight possible feeder structures to the intrusive, as it is best suited for highlighting larger scale and deeper resistivity structures, associated with regional geology and sometimes extending to great depth (1-2km). Preliminary interpretation of the data indicates a number of areas of potential interest.

Two of the targeted areas of potential for sulphide hosted nickel-copper-PGM deposits, also associated with a number of VTEM conductors in southern margin of the west lobe of the intrusion, include Parisien Lake and Bullfrog.

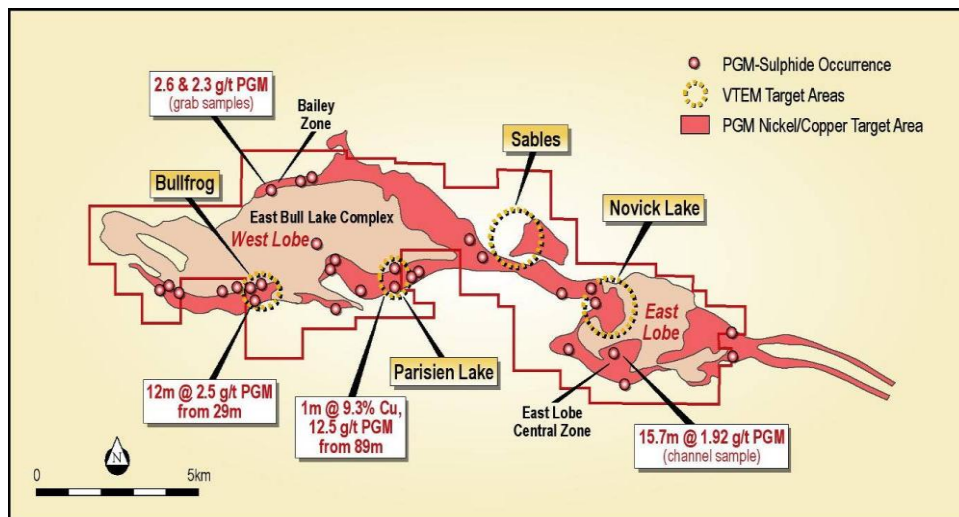


Figure 5: Simplified geology of East Bull Lake intrusion showing and locations of known copper/nickel sulphide and PGM mineralisation based on surface samples and drilling

Once the final ZTEM data has been received the data will be integrated with the existing VTEM and aeromagnetic data. Planning is underway for additional ground based EM surveys (MLEM and FLEM) over the areas of interest prior to a diamond drilling program expected to be undertaken late in the Sep-early Dec Q to test the potential targets.



WSA Geologist Charles Wilkinson and Mustang Geologist Dave Stevenson in Canada

11. CORPORATE AND FINANCING

Cash Balance and Working Capital

At 30 June 2011, Western Areas had an unaudited A\$209M in cash, which is a \$55M increase in cash from the previous quarter (March Q A\$154.2M). Nickel sales receivables were valued at A\$14.6M at the end of June (subject to nickel sales price revaluations). Total cash plus nickel sales receivables is A\$223.6M (March Q was A\$208.8M).

In situ nickel metal in ore and concentrate stockpiles was 6,169 tonnes of nickel metal with a value at cost of A\$27.6M at the end of the June Q. These stockpiles are subject to plant recoveries, processing, smelting and refining costs.

Dividends

The Company paid a \$0.10/share interim dividend on 28 March 2011. In conjunction with the release of the full year accounts Western Areas will be in a position to advise the details of the final dividend for the full year.

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 approximately 25% of the expected nickel sales per month hedged out for a maximum of 12 months.

At quarters end the nickel hedge book consisted of zero cost collars with an average floor price of US\$10.04/lb with upside participation to US\$12.44/lb. The company believes this is a prudent approach to secure future profitability and cashflow while providing 75% exposure to the spot nickel price. Details of hedges as at 30 June 2011 are as follows:

Hedging Details	Fiscal 2012
Nickel Hedging Collar Style Options	
Ni Tonnes Sold	3,300
US\$ Price / Tonne Call	27,429
US\$ Price / Tonne Put	22,141
Foreign Exchange Contracts	
US\$ Sold	-
US\$ Rate	-

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

Convertible Bonds

The restructure of the A\$225M of convertible bonds due in July 2012 during the December quarter last year left the Company holding 3 convertible bonds with a manageable and staggered maturity profile as follows:

- CB1 - A\$105.5M due in July 2012 with a 8.0% coupon (convert strike price of A\$7.94)
- CB2 - A\$125.0M due in July 2015 with a 6.4% coupon (convert strike price of A\$6.61)
- CB3 - A\$110.2M due in July 2014 with a 6.4% coupon (convert strike price of A\$7.71)

Western Areas has created a bond repayment fund which has A\$70M allocated to date and will progressively be accrued until the July 2012 repayment date for CB1. All of Western Areas Convertible Bonds are quoted on the Singapore Stock Exchange.

Debt Facilities,

The ANZ loan Facility (A\$80M) continues to remain undrawn as at the date of this report.

-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, 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 “The Board remains focused on returns to shareholders and anticipates the final dividend will exceed the interim 10 cent dividend paid for the half year ending 31 December 2010.”, and “The aim of this Stage Two drilling is to add 40,000 to 60,000 tonnes nickel to Spotted Quoll.”, and “the carbon tax is not expected to materially impact operations”, and “the Jinchuan offtake contract is now scheduled to be completed in the March Q 2012 “ and “”, and “With the (spotted Quoll) decline development being ahead of forecast, first ore is expected to be mined late in the Dec Q 2011”, and “Three large ponds capable of evaporating 50 litres water per second” and “The target is to define 100,000 tonnes of contained nickel at the R1 deposit, FinnAust Mining’s first mineral resource” and “The target is for FinnAust to list within 12 months from the first meeting, and possibly as early as October/November 2011”.

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 - 30 June 2011

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	4,100	2.8	110	Probable Ore Reserve
T4	184,300	4.0	7,380	Probable Ore Reserve
T5	707,900	6.2	43,920	Probable Ore Reserve
2. Spotted Quoll				
	171,300	4.6	7,920	Probable Ore Reserve
	1,725,000	4.1	70,200	Probable Ore 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	4,901,600	3.3	160,330	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South	70,400	4.0	2,820	Indicated Mineral Resource
	35,200	4.9	1,720	Inferred Mineral Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource
	12,700	4.8	610	Inferred Mineral Resource
T4	234,300	4.9	11,400	Indicated Mineral Resource
	23,200	3.9	920	Inferred Mineral Resource
T5 Massive Zone	966,800	6.0	57,940	Indicated Mineral Resource
	24,500	4.5	1,110	Inferred Mineral Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
	357,800	1.0	3,460	Inferred Mineral Resource
T6	-	0.0	-	Inferred Mineral Resource
T7	93,700	4.8	4,500	Inferred Mineral Resource
Total Flying Fox	2,061,200	4.3	87,970	
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				
	1,494,600	5.9	88,290	Indicated Mineral Resource
	231,300	6.4	14,760	Inferred Mineral Resource
Total Spotted Quoll	1,725,900	6.0	103,050	
Beautiful Sunday				
	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT	6,411,000	3.6	228,440	
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	16,815,100	2.0	336,960	