WESTERN AREAS NL

Activities Report



For the period ending 30th September 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 1.85Mt at average grade of 4.10% nickel containing approx. 75,260 nickel tonnes. Drilling is continuing to intersected high grade nickel up to 600m down dip below the current ore reserve e at Spotted Quoll.

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 10,000tpa nickel in concentrate, with Jinchuan for a total 25,000t nickel in concentrate.

The Board remains focused on the core business of low cost, long life nickel production 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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Strong Mine Production and excellent Exploration Results

Western Areas is able to report another period of strong mine production and nickel sales in the September Q. Excellent drilling results have also been reported from below the Flying Fox and Spotted Quoll Mines, providing encouragement that the Company can achieve its short term goal to extend mine life at both these key deposits to ten years. In addition, exploration at a number of projects in Australia, Canada and Finland has identified a number of exciting targets which are planned to be drilled in the December Q.

Results for the quarter have provided a positive start to the new financial year and despite recent volatility in markets and metal prices, the Company is in a strong position. Western Areas is one of Australia's lowest cost nickel producers with solid cash flows, a sound balance sheet, and outstanding assets managed by an experienced and dedicated team.

During the Quarter, shareholders received a final dividend (to 30 June 2011) of 15 cents per share to bring the total for the past year to 25 cents This represents a yield of around 5% based on the recent share price. The Board remains focused on generating returns to shareholders and on creating growth through continuing exploration success.

Combined mine production for the September Q was 7,658 tonnes (16.9M lbs) nickel at an average grade of 4.9% nickel. In addition, there were 8,132 tonnes of contained nickel in ore and concentrate stockpiles at the end of the quarter.

Average **cash cost for nickel in concentrate was US$2.29/lb (A$2.20/lb)** for the September Q. The average closing LME nickel price for the Q was US$10.00/lb at an exchange rate of AUD/USD of 1.05 compared with US$11.02/lb and an exchange rate of AUD/USD of 1.06 for the June Q.

September Q 2011 Highlights

1. Production from Flying Fox mine (excluding Lounge Lizard) was **95,647 tonnes mined at 4.5% nickel for 4,258 tonnes (9.4M lbs) contained nickel.**
2. Production from the Tim King Pit at Spotted Quoll was **59,955 tonnes mined at 5.7% nickel for 3,400 tonnes (7.5M lbs) contained nickel.**
3. **20,769 tonnes contained nickel** has been mined from the Tim King Pit to date. First production from Spotted Quoll underground mine is expected in December.
4. **134,413 ore tonnes were milled to produce 6,413 tonnes (14.1M lbs) nickel in concentrate**. Average plant recovery was 93.4%, against a forecast of 89.9%.
5. **Average cash cost** (before smelting/refining charges) was **US$2.29/lb nickel**, below long term guidance of US$2.50/lb, despite the impact of a strong AUD.
6. Total **nickel sales during the September Q were 33,633 tonnes of nickel concentrate** containing approximately 4,751 tonnes (10.5M lbs) nickel.
7. Western Areas announced that a **tender process to sell 25,000 tonnes of nickel in concentrate** is expected to be complete at the end of November.
8. Drilling at the Flying Fox T6 deposit, 100m below the T5 Ore Reserve intersected **34.7m (true width ~9m) at 8.9% nickel**.
9. **Cash at Bank plus receivables totalled $223 million** at 30 September.
10. Geophysical survey at **East Bull Lake JV** in Canada has identified several large potential conductors below 300m. Drilling planned to commence in December Q.
11. **FinnAust Mining** (79% WSA) is planning follow up drilling to test previous significant nickel/copper intersections at the Tormala gabbro intrusion in Finland.
12. Western Areas won the **Emerging Exporter Award** in Western Australia.

1. MINE SAFETY AND ENVIRONMENT

Safety

There was one Lost Time Injury (LTI) and six Medical Treated Injuries (MTI) during the September Q. Safety training continues to play an important role in reducing incidents on site. Hazard identification exercises are now being promoted at all safety meetings. Job Safety Analysis (JSA) training and Incident Reporting are being scheduled for all work groups on site. Senior First Aid training was provided for 8 site personnel. Open circuit, closed circuit and vehicle extrication training packages developed on site have all been signed off by Curtin University providing Forrestania the ability to train and certify personnel in-house.

The Emergency Response Team continues to train on a weekly basis. Recent training has covered vehicle extrication, first aid scenarios and rope rescue. Six personnel completed the 5 day Closed Circuit breathing apparatus (BG4) course in August.

Staff member participating in rope rescue training

Environment

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

A focus during the reporting period has been to continue to develop an innovative approach to minimising adverse dust impacts on Declared Rare Flora species *Eucalyptus steedmanii* (DRF) located in close proximity to the Spotted Quoll mine at Forrestania.

Western Areas' agreement for funding of the Eastern Wheatbelt Biosecurity Group was formalised during the reporting period. The funding will assist the local community in dealing with the serious environmental and economical threat posed by feral animals in the area, particularly wild dogs. As a stakeholder in the Great Western Woodland, our company is keen to be proactive in dealing with these environmental issues.

Progressive rehabilitation of the Spotted Quoll nickel mine was undertaken covering an area of over 9 Ha.

Placing habitat logs on waste dump

Native Euclayptus seedling on waste dump

2. MINE AND MILL PRODUCTION AND CASH COSTS

Tonnes Mined		2010/2011 Dec Qtr	Mar Qtr	Jun Qtr	2011/2012 Sep Qtr
Flying Fox					
Ore Tonnes Mined	Tn's	96,635	77,205	88,873	95,647
Grade	Ni %	4.6%	5.4%	4.8%	4.5%
Ni Tonnes Mined	Tn's	4,459	4,132	4,236	4,258
Spotted Quoll					
Ore Tonnes Mined	Tn's	56,696	53,819	69,133	59,955
Grade	Ni %	6.2%	6.1%	6.3%	5.7%
Ni Tonnes Mined	Tn's	3,500	3,268	4,325	3,400
Total - Ore Tonnes Mined	Tn's	153,331	131,024	158,006	155,602
Grade	Ni %	5.2%	5.6%	5.4%	4.9%
Total Ni Tonnes Mined	**Tn's**	**7,959**	**7,400**	**8,561**	**7,658**
Tonnes Milled and Sold		**Dec Qtr**	**Mar Qtr**	**Jun Qtr**	**Sep Qtr**
Ore Processed	Tns	123,027	126,383	138,513	134,413
Grade	%	5.4%	5.4%	5.3%	5.1%
Ave. Recovery	%	90%	92%	93%	93%
Ni Tonnes in Concentrate	**Tns**	**5,976**	**6,226**	**6,783**	**6,413**
Ni Tonnes in Concentrate Sold	Tns	5,594	6,813	6,497	4,751
Ni Tonnes in Ore Sold	Tns	507	119	830	357
Total Nickel Sold	**Tns**	**6,101**	**6,932**	**7,327**	**5,108**
Stockpiles					**Sep Qtr**
Ore	Tns	92,405	91,599	97,334	109,969
Grade	%	4.4%	4.8%	5.1%	4.8%
Concentrate	Tns	13,052	7,047	8,653	19,903
Grade	%	14.1%	14.0%	14.1%	14.3%
Contained Ni in Stockpiles	**Tns**	**5,906**	**5,418**	**6,169**	**8,132**
Financial Statistics		**Dec Qtr**	**Mar Qtr**	**Jun Qtr**	**Sep Qtr**
Group Production Cost/lb					
Mining Cost (*)	*A$/lb*	1.36	1.66	1.72	1.60
Haulage	*A$/lb*	0.08	0.09	0.08	0.09
Milling	*A$/lb*	0.40	0.33	0.39	0.35
Admin	*A$/lb*	0.19	0.17	0.14	0.18
By Product Credits	*A$/lb*	(0.02)	(0.02)	(0.02)	(0.02)
Cash Cost Ni in Con (***)	***A$/lb***	**2.01**	**2.23**	**2.31**	**2.20**
Cash Cost Ni in Con/lb (***)	***US$/lb (**)***	**1.99**	**2.24**	**2.45**	***2.29***
Exchange Rate US$ / A$		**0.99**	**1.00**	**1.06**	***1.05***

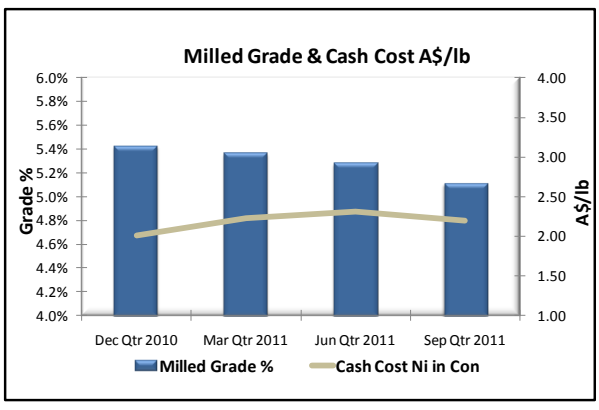
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

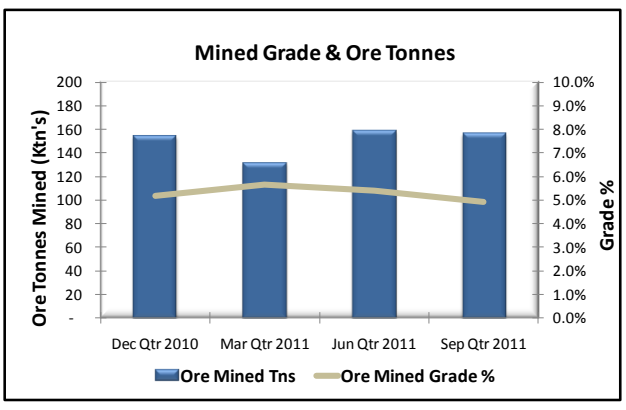
(**) US$ FX for Relevant Quarter is RBA ave daily rate (Sep Qtr = A$1:US$1.05)

(***) 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 95,647 tonnes of ore at an average grade of 4.5% for 4,258 tonnes of nickel was mined from the Flying Fox mine during the September Q. Ore production split for the quarter was as follows; T1: 5,904 tonnes; T4: 7,187 tonnes and T5: 82,556 tonnes. Ore production was 8% higher than the June Q due to continued excellent development tonnages being delivered from multiple T5 headings. Ore grades were slightly lower due to increased ore development in the T5 area. Ore grades are expected to increase in future quarters.

Long hole production continued in the 900 level at T1 and also at the 709, 655N and 567 levels in T4. Remaining ore stocks were retrieved from the high grade T5 – 455 stope. Additional ore was sourced from 14 different ore development levels in the Flying Fox mine. Benching from the 335N and 335S, along with flatback production from the 730N and 490 levels also made significant contributions to the quarterly ore hoist.

345S Ore Drive T5 – 5m wide face with 8.0% nickel grade

385N Ore Drive T5 – 5m wide face with 7.4% nickel grade

Spotted Quoll – Tim King Open Pit

A total of 59,955 tonnes of ore at an average grade of 5.7% for 3,400 tonnes of nickel was mined from the Tim King pit during the September Q. Ore production was ahead of budget due to higher ore tonnes identified from in pit grade control drilling (compared to the ore reserve) and the mining contractor was slightly ahead of schedule.

The open pit advanced 15 vertical metres for the quarter for a total movement of 0.27 million bank cubic metres ("bcm") mined. The Tim King pit reached 110 vertical metres from the surface with a final design depth of 140 vertical metres to be achieved by the March Q, 2012.

At the end of the quarter there was a total of 55,602 tonnes of transitional ore at an average grade of 5.2% nickel containing 2,686 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

134,413 tonnes of ore at 5.1% nickel were milled for the September Q with the Cosmic Boy concentrator producing 44,861 tonnes of concentrate grading 14.3% nickel for 6,413 nickel tonnes. Concentrator metallurgical recovery averaged 93.4% with 98% plant availability which is an outstanding achievement.

An additional 14,910 tonnes of ore from the Lounge Lizard agreement with a grade of 3.7% nickel was also milled during the September Q bringing the combined milled tonnage (WSA and LL) to 149,323 tonnes. On the 19th of August 2011 the Concentrator processed its one millionth tonne of ore since commissioning in February 2009.

At the end of the quarter, 109,969 tonnes of ore at an average grade of 4.8% nickel containing over 5,278 nickel tonnes were stockpiled at site awaiting treatment at Cosmic Boy. This represents approximately two months of mill feed and provides flexibility for blending ore to enable selection of an optimal mill head grade.

During the September Q an engineering study on a proposed concentrator upgrade was completed. For approximately $10M the concentrator capacity can be increased by 35% to 750,000tpa. A decision to proceed with this upgrade will be made once a review of the Life of Mine plan is completed in the December Q.

Cash Costs

The cash cost of nickel in concentrate (excluding smelter/refinery charges and royalties) during the September Q was **US$2.29/lb** nickel. This was an excellent result being a US$0.16/lb improvement on the previous quarter and US$0.21/lb below long term guidance.

3. NICKEL SALES

A total of 33,633 tonnes of concentrate containing 4,751 tonnes of nickel was delivered to BHP Billiton's smelter at Kambalda and Jinchuan's smelter in China during the September Q (excluding Lounge Lizard concentrate sales). In addition, 357 tonnes of nickel in oxide ore was sold to Minara Resources Ltd to complete this agreement.

Concentrate stockpiles at Cosmic Boy contained 1,783 tonnes of nickel metal at the end of September. An additional 7,679 tonnes of concentrate containing 1,063 tonnes of nickel metal was stored at Esperance Port ready for shipment to China in early October. Shipments have been increased in the December Q to reduce concentrate stocks by 31 December.

The Jinchuan offtake contract is scheduled to be completed in February 2012. Western Areas is conducting a tender process for the next contract and has short listed a number of interested parties for further discussion.

4. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine Development

The main Streeter decline has advanced to a depth of 1096m and has recommenced advance as a low priority heading. With all major capital development effectively completed, lateral development of the lower T5 and T6 ore bodies continues to be a scheduling priority. A transfer of focus from development to production ore sources will occur over the coming quarter as the first sustained T5 stoping sequence comes online (Figure 1).

The 334 RL diamond drill drive cuddy is currently being utilised to delineate potential extensions to the lower T5 and T6 ore bodies.

A significant infrastructure milestone was achieved in late September when both stages of the 4.0m diameter Fresh Air Primary Ventilation Shaft were successfully completed by RUC Cementation Mining Contractors. This project was conducted over a 15 month period and final commissioning is scheduled for the coming quarter. The shaft will provide sufficient primary ventilation to ensure future production targets can be achieved.

The ventilation shaft has also been designed for hoisting ore in the event that significant additional ore reserves are defined below the T5 deposit at the Flying Fox mine.

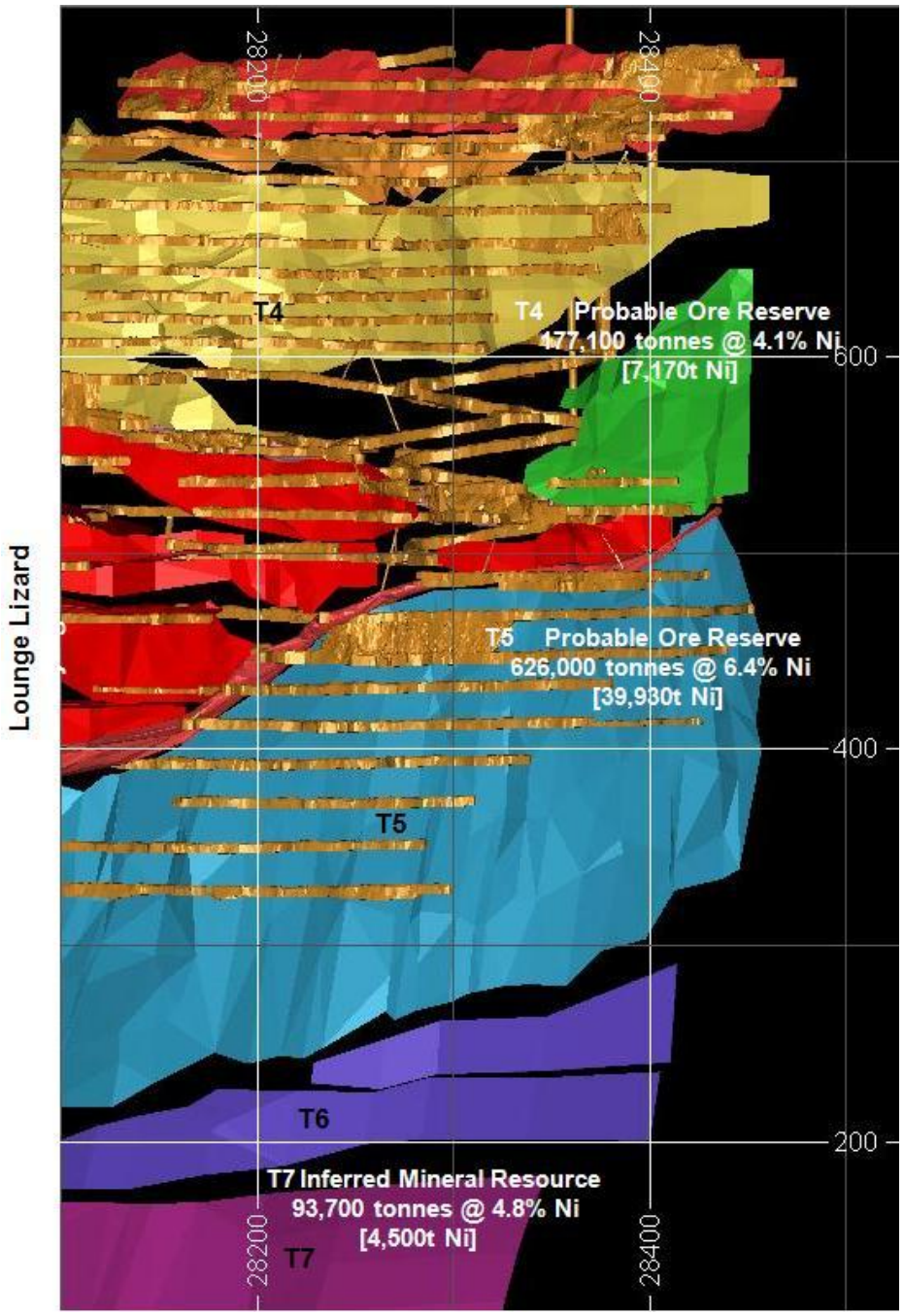


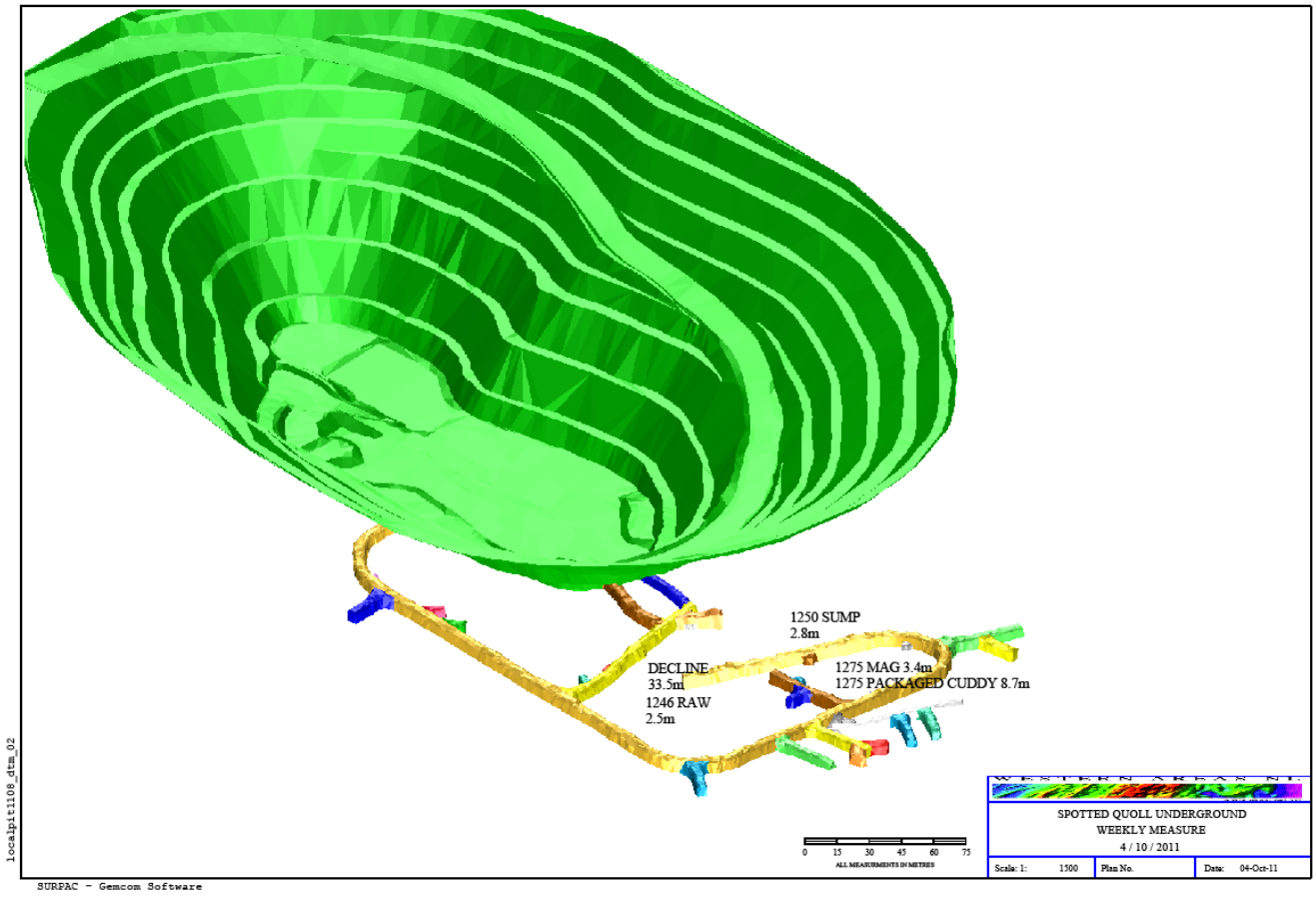
Figure 1: Longitudinal projection of Flying Fox Mine (T4 to T7 Deposits)

Spotted Quoll – Underground Mine

Development of the Hanna decline progressed well during the quarter. The decline has reached 1250mRL which is 150m below the surface. Total development of 701m for the quarter exceeded forecast by 14%.

Primary ventilation fans have been commissioned and dewatering infrastructure is on schedule with the primary pump station excavation completed and commissioning scheduled for late November. Work on the Stage 2 main power reticulation continued during the quarter with life of mine earth grids and concrete works completed to site the control rooms and transformers.

A scoping study is underway to review the potential to increase production from the Spotted Quoll underground mine from the current 10,000tpa rate outlined in the feasibility study to a new target of up to 15,000tpa nickel in ore. First ore from the Spotted Quoll underground mine is expected to be mined in December.



Underground development at the Hanna Decline at Spotted Quoll

Diggers South Project

The scoping study continued to evaluate alternative mining options for Diggers South during the September Q. A mine design and preliminary schedule was created for a modified Sub Level Caving layout. Other alternatives will be evaluated over the next two quarters as further details are derived from the current drilling program.

Mossco Farm Evaporation Ponds

Forrestania's dewatering network is now complete with the commissioning of the Mossco Farm Evaporation Ponds. The pipeline and pumping network is capable of sustained dewatering from the operating mines at up to 150 litres per second. The recently commissioned evaporation ponds can be expanded in the event that dewatering requirements increase.

5. FORRESTANIA MINERAL RESOURCES AND ORE RESERVES

Flying Fox

Underground diamond drilling continued during the September Q with a second drill rig for infill grade control drilling added in September. Drilling focused on resource definition and resource extension within the lower T5 and T6 deposit areas.

Several significant drill hole intersections were reported in October within the T6 deposit. Mineralisation at T6 occurs within pegmatite fault zones as well as sub-vertical contact mineralisation. Outstanding results include drill hole FUG692 which intersected **34.7m at an average grade of 8.9% nickel**. (Refer Figure 2).

The intersection in FUG692, which has an interpreted true width of 9m, occurs at approximately 1200m vertical depth, 120m below the current decline. There is currently no mineral resource estimate for T6.

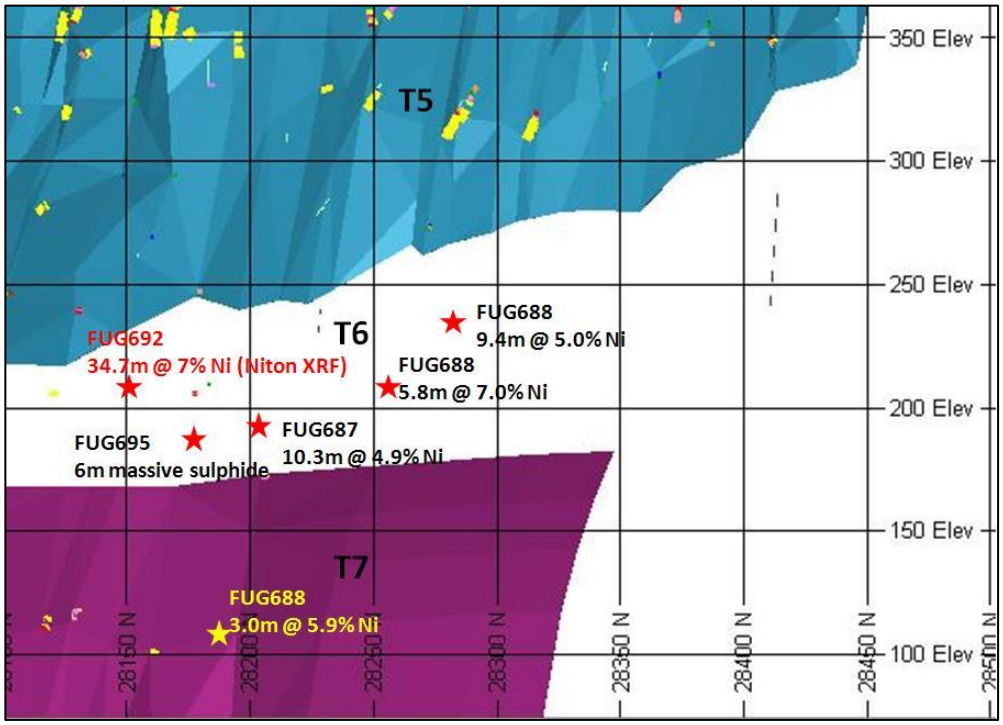


Figure 2: Recent High Grade Intersections within Flying Fox T6 and T7 Zones

Significant intersections from the T6 deposit during the quarter include:

FUG687 298.1-308.4m	10.3m	@ 4.9% Ni	(4.5m TW)
FUG688 171.6-181.0m	9.4m	@ 5.0% Ni	(4.3m TW)
FUG688 210.7-216.5m	5.8m	@ 7.0% Ni	(3.5m TW)
FUG692 234.0-269.0m	**34.7m**	**@ 8.9% Ni**	**(9.0m TW)**
FUG695 282.0-288.0m	6.0m	massive sulphide	(3.0m TW)

Spotted Quoll

The final grade control drilling program to define ore to the designed final floor of the Tim King Pit is scheduled to commence in October. Mining has continued to hoist additional ore material over and above the Ore Reserve. Approximately 55,000 tonnes of additional ore has been recovered from open pit mining to date, containing approximately 4,840t nickel above the original Ore Reserve estimate.

Ongoing drilling below the Stage One Underground Ore Reserve (where underground mine development is in progress) is continuing to produce high grade intersections. Three surface drill rigs are testing Stage Two between 450m to 1,000m vertical depth.

Assay results from a number of drill holes are awaited however results include: an intersection in drill hole WBD181W2W2W2 of **3.3m @ 8.3% nickel** near the southern boundary of the Stage Two deposit (refer previous releases) and an intersection in drill hole WBD182W2W1W1 of **4.7m @ 4.9% nickel**. An initial Mineral Resource estimate for Stage Two is expected in the December Q (refer Figure 3).

Spotted Quoll open pit operations

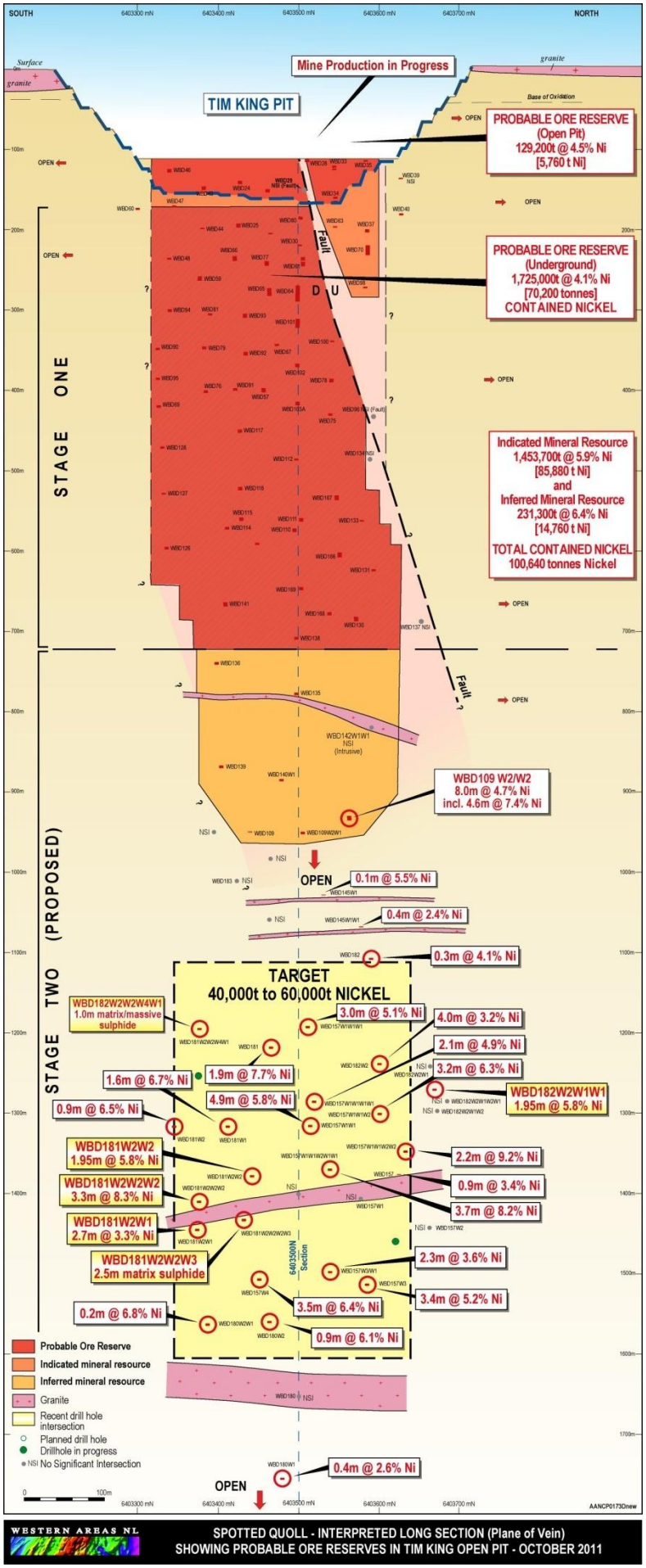


Figure 3: Spotted Quoll – Interpreted Long Section (Plane of Lode) showing Stage Two target zone

6. BIOHEAP

The BioHeap Stage 2 study has commenced with the aim of maximising profitability and operational life of the current projects being evaluated. Options to be studied include partial and total concentrate leaching to produce a range of concentrate products with a view to increasing overall nickel recovery. This includes a review of possible treatment options for low grade deposits within the Forrestania Project.

Metallurgical testwork conducted on samples of nickel/zinc/copper sulphide ore from the Rautavaara 'R1' deposit in Finland has successfully been completed. Western Areas is planning to conduct more metallurgical testing on ore from the R1 deposit. Additional metallurgical dill holes have been completed and samples have been dispatched for testing at BioHeap's Perth facility. Resource extension drilling at R1 is ongoing with the target to define 100,000 tonnes of contained nickel.

The fit-out of the new BioHeap laboratory in Perth is proceeding well. Fabrication of laboratory equipment is complete and is undergoing commissioning.

A review of the research and development of the BioHeap technology is ongoing with the aim of broadening the application of Bioheap™. The Company is considering a number of opportunities to expand Western Areas' 100% owned BioHeap™ business both in Australia and offshore.

7. OTHER FORRESTANIA EXPLORATION

As detailed earlier, exploration drilling has been focused on evaluating potential for deeper extensions to the Flying Fox and Spotted Quoll deposits with a view to extending the combined life of these operations to at least 10 years. Resource extension drilling has also commenced at the Diggers South deposit.

Diggers South

The extensional drilling program at Diggers South commenced late last quarter with one surface drill rig. Five drill holes have been completed to date targeting extensions of the Diggers South mineralisation. The majority of Diggers south mineralisation dips to the west. Further drilling is planned to determine the nature of the faulted stratigraphy and how that impacts on down plunge mineralisation

The initial drilling traverse at Diggers South, 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 drill hole completed to date intersected **0.7m @ 7.0% nickel** from 822.2m down hole depth (announced previously).

Other Forrestania Projects

At the Mt Gibb joint venture (35km south east of Cosmic Boy), Western Areas is conducting a diamond drilling program to test six EM anomalies located approximately 25km south of Western Areas' proposed Diggers South nickel mine at Forrestania.

The second drill hole in this program intersected a 1.5m interval with multiple veins of massive sulphide with **nickel grades up to 5.1% nickel** (estimated using a portable XRF Niton analyser). The nickel mineralisation appears to be remobilised into a sheared basalt host. It is unclear if this sulphide is the source of the EM anomaly and a down hole EM survey will be carried out to identify conductors in the area. Formal assays are required to confirm the nickel grades and drilling is ongoing.

Drilling also continued at a number of prospects in the southern part of the Forrestania area, including the Hatters Hill and South Iron Cap (12km south of Cosmic Boy).

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.

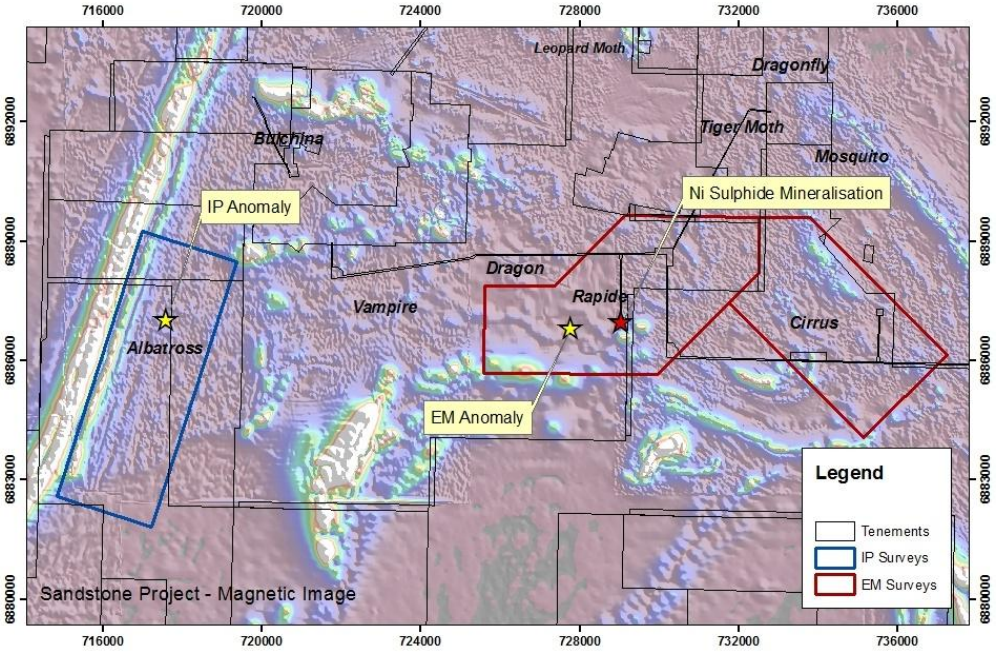


Figure 4: Sandstone magnetic image showing location of recently defined geophysical anomalies

The current exploration program involves bedrock drilling and extensive surface geophysical surveys over the 250 square km area of interpreted ultramafics considered prospective for nickel. Two geophysical anomalies have recently been identified in the central and western portion of the project area. These anomalies are:

- *EM Anomaly.* 1.7km west of a zone of disseminated nickel sulphide mineralisation intersected in 2010. The anomaly is at the interpreted contact of a cumulate ultramafic sequence

- *IP Anomaly.* Located approximately 9.5km west of the EM anomaly. The IP anomaly has been modelled as a discrete, moderately chargeable zone in an area of cumulate ultramafic and sedimentary rocks.

These geophysical anomalies are planned to be drilled as a priority during the December Q, with the rig presently on site drilling the first hole at the EM anomaly. The IP survey team will then move to the western part of the project area to help focus further drilling.

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

Western Areas have executed an agreement with Southern Cross Goldfields Limited (ASX: SXG – "SXG") to acquire 70% of SXG's nickel rights across much of its 3,300km^2 tenement holding in the Marda and Southern Cross regions of Western Australia. The SXG tenement package covers a large part of the north western portion of the 'Central Yilgarn Nickel Province'.

Initial work is proposed to commence within the Bullfinch North area, where previous exploration resulted in the identification of multiple nickel sulphide targets including Trough Well, Lady Agnes and Sirius. At Trough Well, previous drilling intersected multiple zones of nickel sulphides over a strike length of 800m within a classic Kambalda-style setting. Drilling includes historic shallow intersections of 14m @ 2.7% Ni and 5m @2.4% Ni and more recently a deeper hole intersected 20m @ 0.62% Ni including 4m @ 1.41% Ni.

9. FINNAUST MINING Plc

Background

Western Areas currently owns 79% of FinnAust Mining Plc with the other 21% 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.

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 objective to define significant mineral resources at shallow depth.

FinnAust's other main exploration targets are 'Outokumpu Type' massive sulphide deposits and Gabbro hosted nickel copper sulphide deposits. 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.

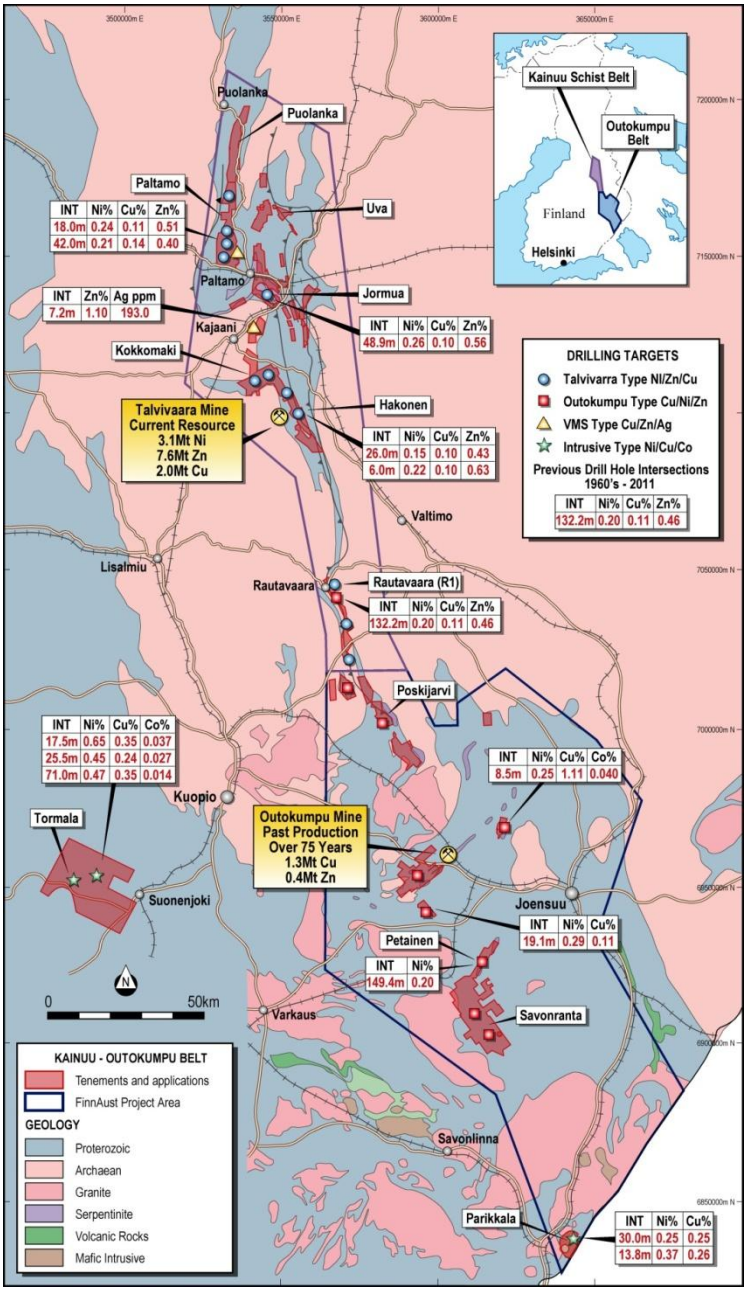


Figure 5 showing FinnAust Mining holdings in Finland and location of mines and major mineral occurrences

Current Drilling Program

Resource extension drilling was completed during the September Q 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 (a revised Mineral Resource for the R1 deposit is expected in the December Q).

Drilling is also in progress at the Paltamo Project, 120 km northwest of FinnAust's Rautavarra R1 deposit. Recent, widely spaced drilling has provided highly anomalous results from the Paltamo P5 prospect within significant widths (150m to 200m wide) of mineralised sulphidic black schist.

Preliminary analysis, using a portable XRF analyser (Niton), has defined two styles of mineralisation in drill holes at T5. These are:

- upper Zinc/Nickel/Copper zone up to 120m downhole width
- lower Manganese/Zinc zone (to 4.5% Mn) up to 80m downhole width.

Assays are awaited to confirm the tenor of the mineralisation in the recent drilling. Drilling is continuing at P5 to define the extent of the mineralised black Schist.

Drilling is then planned to shift 200km south to test a number of priority copper targets in the Outokumpu Project area. FinnAust is also applying for permits to enable drilling to commence at the Tormala Project (100km west of Outokumpu). This drilling will follow up previous significant nickel/copper intersections within a large, interpreted Gabbro intrusion at Tormala.

10. CANADIAN EXPLORATION

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

During the June Q 2011, Western Areas completed an extensive geophysical survey (ZTEM) over the 20km long East Bull lake mafic intrusive complex, 80km west of Sudbury in Ontario. Previous surface sampling and drilling around the margins of the two main intrusions has intersected significant, sulphide hosted nickel, copper and PGM mineralisation at shallow depth (refer to June Q 2011 report and previous Western Areas and Mustang Minerals Corp releases).

Preliminary interpretation of the ZTEM data has identified several large ZTEM responses extending from approx 300m and 1500m depth (Figure 6). These responses may represent conductive geological contacts which are interpreted to occur at the base of the western and eastern intrusions. Drilling is required to test the source of these responses and determine if they are associated with sulphide mineralization. A diamond core drilling program is planned to commence in the December quarter as soon as access is finalised.

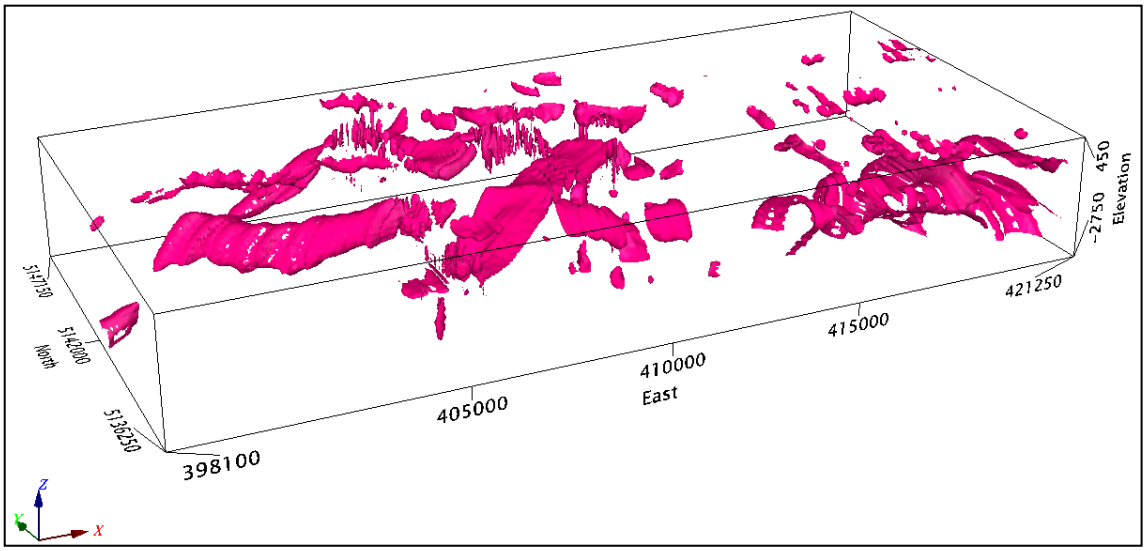


Figure 6: Interpreted ZTEM conductivity iso-surface anomalies within 20km long East Bull Lake intrusive complex

11. CORPORATE AND FINANCING

Cash Balance and Working Capital

At 30 September 2011, Western Areas had an unaudited A$206M in cash (June Q A$209M) and nickel sales receivables valued at A$17.3M (subject to nickel sales price revaluations). Total cash plus nickel sales receivables is valued at A$223.3M (June Q A$223.6M).

Due to the timing of nickel shipments to China the contained nickel metal in ore and concentrate stockpiles increased to 8,132 tonnes with a value at cost of A$41.0M at the September Q end. These stockpiles are subject to plant recoveries, processing, smelting and refining costs. Since the end of the quarter significant quantities of the nickel concentrate have already been exported and will report into the December Q sales.

Dividends

The Company declared a final dividend of $0.15/share on 22 August 2011 (paid 3 October) bringing the full year (FY11) dividend paid to shareholders to $0.25/share. This places Western Areas' as one of the higher yielding stocks on the ASX at around 5%.

Debt Facilities

The ANZ Loan Facility has been renegotiated and at the date of this report was in the final stages of document execution. The key terms of the new facility agreement include a funding limit of $125m available for broad corporate purposes, maturity at 31 March 2014 at what the Company believes is a very competitive interest margin. The revised facility also includes a performance bond facility and hedging lines. The revised larger facility adds extra flexibility into the Company's funding options while maintaining the simplicity of a single bank structure. The facility continues to remain undrawn as at the date of this report.

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$10.05/lb with upside participation to US$12.64/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 September 2011 are as follows:

Hedging Details	Fiscal 2012
Nickel Hedging Collar Style Options	
Ni Tonnes Sold	2,400
US$ Price / Tonne Call	27,876
US$ Price / Tonne Put	22,156
Foreign Exchange Contracts	
US$ Sold	-
US$ Rate	-

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$7.73)
- 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 has created a bond repayment fund, through its cash investments, which has A$80M 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.

-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 "providing encouragement that the Company can achieve its short term goal to extend mine life at both these key deposits to ten years" , and "The Board remains focused on generating returns to shareholders and on creating growth through continuing exploration success", and "The 334 RL diamond drill drive cuddy is currently being utilised to delineate potential extensions to the lower T5 and T6 ore bodies", and "First ore from the Spotted Quoll underground mine is expected to be mined in December ".

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.

Western Areas NL Ore Reserve / Mineral Resource Table - 30 September 2011

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	1,000	**2.8**	30	Probable Ore Reserve
T4	177,100	**4.1**	7,170	Probable Ore Reserve
T5	626,000	**6.4**	39,930	Probable Ore Reserve
2. Spotted Quoll	129,200	**4.5**	5,760	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	**4,767,300**	**3.2**	**153,890**	**Probable Ore Reserve**
Mineral Resources				
1. Flying Fox Area				
T1 South	68,000	**4.0**	2,690	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	227,700	**4.9**	11,130	Indicated Mineral Resource
	23,200	**3.9**	920	Inferred Mineral Resource
T5 Massive Zone	895,200	**6.0**	53,310	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	**1,980,600**	**4.2**	**82,940**	
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	1,453,700	**5.9**	85,880	Indicated Mineral Resource
	231,300	**6.4**	14,760	Inferred Mineral Resource
Total Spotted Quoll	**1,685,000**	**6.0**	**100,640**	
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL WESTERN BELT	**6,289,500**	**3.5**	**221,000**	
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	**16,693,600**	**2.0**	**329,520**	