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ASX & TSX: WSA

News Release

WESTERN AREAS ACQUIRES 100% OF LOUNGE LIZARD AND KAGARA'S NICKEL ASSETS

The Board of Western Areas is pleased to announce the Company has reached agreement with Kagara Limited ("KZL") to purchase 100% of Kagara Nickel Pty Ltd ("Kagara Nickel") including the high grade Lounge Lizard nickel deposit for A\$68 million. The Lounge Lizard deposit is located adjacent to Western Areas' 100% owned Flying Fox nickel mine at the Forrestania Nickel Project refer figure 1.

As per KZL's mineral resource statement announced on 20 September 2011, the Lounge Lizard deposit contains a high grade **Indicated Mineral Resource of 743,000 tonnes at a grade of 5.8% nickel for a total of 43,000 tonnes contained nickel**. In addition there is a published lower grade disseminated Indicated Mineral Resource of 4,428,000 tonnes at a grade of 0.8% nickel for 36,000 tonnes contained nickel. Kagara Nickel's other assets include over 300km² of tenement ground in the surrounding Forrestania project region, with many holdings situated immediately adjacent to existing Western Areas' Forrestania tenements.

The purchase of Kagara Nickel is subject to the final terms of the agreement being formally documented. This process is well advanced.

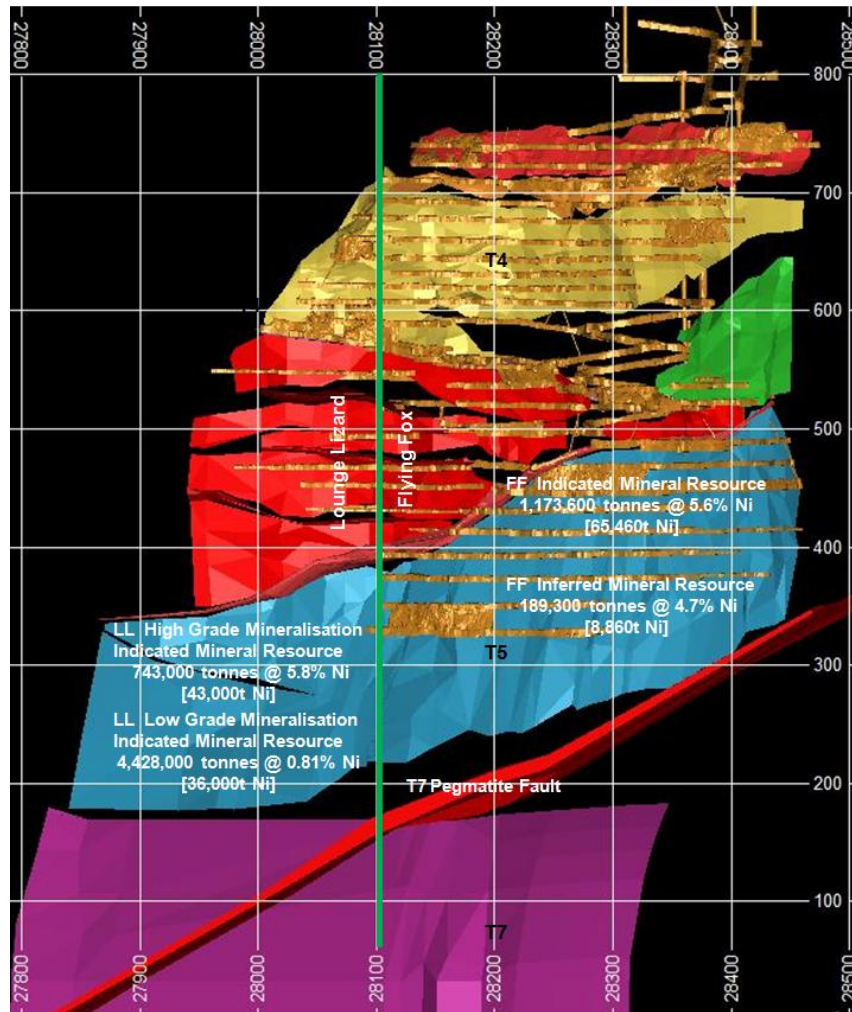
Commenting on the agreement Western Areas' Managing Director, Dan Lougher, said "that in my view the purchase of Kagara Nickel is a win-win for both KZL and Western Areas shareholders. Western Areas is the logical owner of Kagara Nickel, particularly the Lounge Lizard deposit, as we are best placed to extract maximum value from the assets," said Mr Lougher.

"We can now see the potential mine life for Flying Fox approaching 10 years and combined with the recent resource increase at Spotted Quoll, provides longevity to the Company's core operations. The consolidation of the Forrestania resources under the control of Western Areas should provide operating cost synergies and provide greater production flexibility."

"Our focus is now on completing the formal documentation expeditiously. Western Areas has the ability to fund the purchase price from either its cash reserves or established banking facilities," Mr Lougher added.

Western Areas currently mines, mills and sells the Lounge Lizard nickel concentrate utilising the existing Flying Fox infrastructure under a Project Agreement with KZL. As a result, Western Areas has a sound understanding of the Lounge Lizard operating costs, mineral resource and upside potential, and the Company believes the purchase represents exceptional value for shareholders.

Western Areas also adds the Kagara Nickel tenement package to the Company's existing 598km² of highly prospective tenements at Forrestania. This results in a combined tenement area of greater than 902km² that the Western Areas' skilled and experienced exploration team can explore for further high grade nickel discoveries in this highly prospective area.



(Figure 1) Combined Flying Fox and Lounge Lizard Long Section

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COMPETENT PERSONS STATEMENT: The information within this report is based on information compiled by Mr Daniel Lougher of Western Areas NL. Mr Lougher is a member of AusIMM and is a full time employee of the Company. Mr Lougher has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Lougher consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. These include: “The purchase of Kagara Nickel is subject to the final terms of the agreement being formally documented. This process is well advanced.”, and, “Western Areas is the logical owner of Kagara Nickel, particularly the Lounge Lizard deposit, as we are best placed to extract maximum value from the assets ”, and, “We can now see the potential mine life for Flying Fox approaching 10 years”, and, “consolidation of the Forrestania resources under the control of Western Areas should provide operating cost synergies and provide greater production flexibility”. 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.

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