



11 May, 2012

ASX & TSX: WSA

News Release

WESTERN AREAS PRODUCTION GUIDANCE UPDATE

Western Areas NL (“Western Areas”, ASX & TSX: WSA) is pleased to provide an update on expected production and sales figures for the financial year ending 30 June 2012 (FY12). The update arises following an internal review of the initial performance of the Spotted Quoll underground operations, which have exceeded expected performance.

As a result Western Areas has now upgraded mining and production guidance for FY12 to:

- An upgrade from 26,000 tonnes to approximately 30,000 tonnes of nickel in ore from mining;
- An upgrade from 24,000 tonnes to approximately 25,000 tonnes of nickel in concentrate produced after processing.

Western Areas expects to sell approximately 27,000 tonnes of nickel in concentrate for the year, 2,000 tonnes ahead of production due to a reduction in stockpiles. This expected mining, production and sales performance builds on Western Areas consistent operational performance over the preceding seven quarters.

Underground mine optimisation studies continue for the Spotted Quoll underground, with results expected in the current quarter. The study aims to identify potential increases in mine production from a Life of Mine average of 10,000 tonnes of nickel per annum, up to a potential maximum of 15,000 tonnes of nickel per annum.

Near term growth initiatives underway, including a significant exploration spend in the Forrestania belt adjacent to current producing assets, continue to return promising results.

Western Areas Managing Director, Dan Lougher, said that he was pleased to be able to confirm Western Areas expected to reach record performance levels for the year.

“Our assets continue to perform well on the operational front, our margins continue to be strong and we shortly expect to turn in our eighth consecutive quarter of consistent production results,” said Mr Lougher.

“The quality of our assets allows us to remain profitable throughout the nickel price cycle, and that remains true today. We continue to expect to meet our corporate goals and invest in future production upside through near mine exploration in Forrestania, further afield in Australia and through our Finnish and Canadian assets,” said Mr Lougher.

Western Areas balance sheet remains robust and will shortly see the retirement of A\$105.5 million of debt via the repayment of convertible bonds expiring on 2 July 2012. Western Areas plans to retire the bonds from existing cash reserves, but can also use undrawn debt facilities which are priced substantially lower than the existing convertible bond interest cost.

Western Areas expects to release its next quarterly production report (for the quarter ending 30 June 2012) in the week commencing 23 July 2012 and Full Year financial results in mid August 2012.

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For further details, please contact:

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

David Southam
Finance Director – Western Areas NL
Telephone +61 8 9334 7777
Email: dsoutham@westernareas.com.au

Shane Murphy
FTI Consulting
Telephone +61 8 9386 1233 / 0420 945 291
Email: shane.murphy@fticonsulting.com

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. These include: “Western Areas has now upgraded mining and production guidance for FY12 to: • An upgrade from 26,000 tonnes to approximately 30,000 tonnes of nickel in ore from mining; • An upgrade from 24,000 tonnes to approximately 25,000 tonnes of nickel in concentrate produced after processing”, and, “Western Areas expects to sell approximately 27,000 tonnes of nickel in concentrate for the year, 2,000 tonnes ahead of production due to a reduction in stockpiles.”, and, “our margins continue to be strong and we shortly expect to turn in our eighth consecutive quarter of consistent production results”. 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.