

JANUARY 25<sup>th</sup>, 2013

ASX: WSA

## News Release

**NEW HIGH GRADE NICKEL DISCOVERY AT FORRESTANIA**

Western Areas Ltd (ASX:WSA, Company) is very pleased to announce a significant new discovery of high grade nickel sulphides below the existing high grade New Morning deposit.

Key highlights include:

- ✓ **2.7m interval containing massive and stringer sulphides;**
- ✓ **Preliminary Niton estimates returning an average grade of 5.5% nickel over the intercept, including 2.1m @ 6.9% nickel (refer to disclaimer); and**
- ✓ **Sulphides intercepted are of coarse grained nature, with a significant presence of pentlandite, and lack of arsenic, which is analogous to the nearby Flying Fox mineralisation (Figure 1 below).**

Assay results are being expedited from the drill core to confirm nickel grades.

The Company's first priority is to complete a down hole electro-magnetic (DHEM) survey this weekend. Based on these results a further drill program will be aimed at finding the centre of the lava channel which could host high grade massive sulphides similar to Flying Fox.



Figure 1: Mineralised drill core from NMD 177 showing massive nickel sulphides

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Western Areas Managing Director, Dan Lougher, said the Company was extremely encouraged by the results.

“Although drilling is clearly at an early stage, with one high grade drill hole to date, our inspection of the drill core indicates remarkable similarity to the positioning and style of the Flying Fox T5 high grade orebody.”

“We will await the outcome of the DHEM over the weekend, and if the next few drill holes return additional high grade intercepts, we have the drill rigs and funds already available to quickly accelerate the rate of drilling at this new target,” said Mr Lougher.

New Morning is located midway between Western Areas’ Flying Fox and Spotted Quoll mines (Figure 2). Drilling has been in progress for several months to target possible extensions directly below New Morning at an equivalent position to the T5 mineralisation below the T3 Fault at Flying Fox.

The intersection in drill hole NMD 177 consists of an 2.7m interval from 1238.1m down hole depth. The intersection includes a zone of massive sulphide with an upper zone of stringer sulphides before intersecting granite and footwall sediments (Figures 2 and 3).

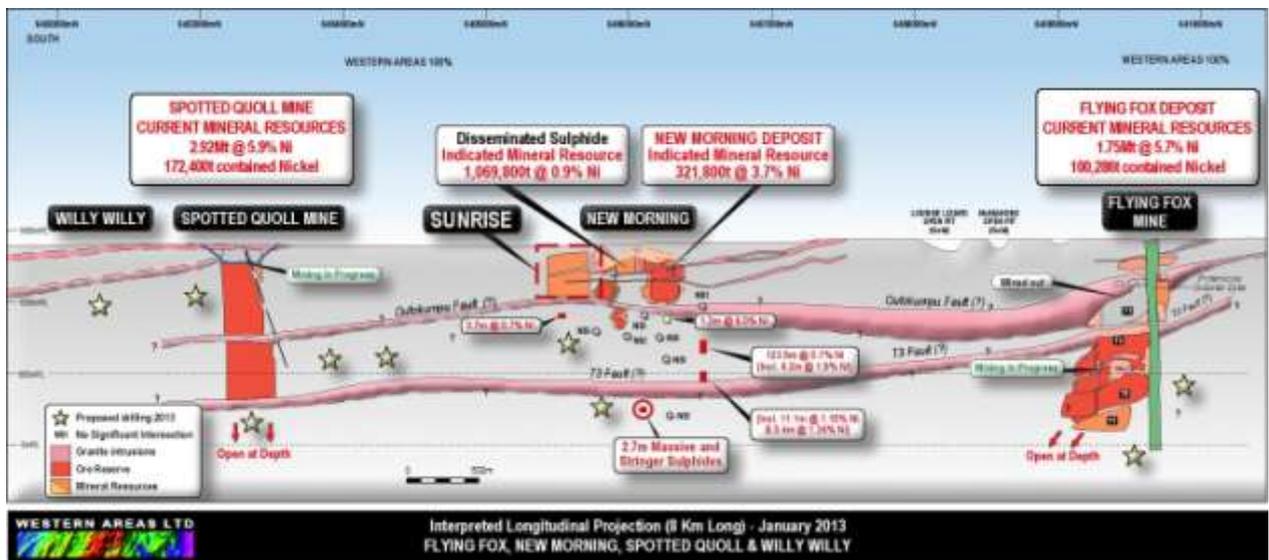


Figure 2: Interpreted Long Projection of the Footwall contact between Spotted Quoll and Flying Fox



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**DISCLAIMER AND QA-QC STATEMENT:** Note: The nickel and copper grade estimates for drill hole NMD 177 quoted in this release are indicative only and have been estimated using systematic readings using a NITON XLt 592 portable XRF analyser.

Mr Adrian Black from geological consultants Newexco Services Pty Ltd (“Newexco”) is 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, down hole surveys employed a north seeking gyroscopic instrument; comprehensive density database; high assay confidence with systematic QA/QC procedures; and validated database. .

The information within this report as it relates to exploration results or mineral resources is based on information compiled by Mr Charles Wilkinson. Mr Wilkinson is a member of AusIMM and is a full time employee of the Company. Mr Wilkinson has 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 a Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.’ Mr Wilkinson consents to the inclusion in the report of the matters based on the information in the context in which it appears.

**FORWARD LOOKING STATEMENT:** This release contains certain forward-looking statements. Examples of forward-looking statements used in this release include: “Sulphides intercepted are of coarse grained nature, with a significant presence of pentlandite, and lack of arsenic, which is analogous to the nearby Flying Fox mineralisation”, and, “Based on these results a further drill program will be aimed at finding the centre of the lava channel which could host high grade massive sulphides similar to Flying Fox”.

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.

This announcement does not include reference to all available information on the Company or the Forrestania Nickel Project or the New Morning deposit 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.

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