



1 February 2013

ASX: WSA

News Release

**DOWN HOLE GEOPHYSICS CONFIRMS SIGNIFICANT CONDUCTOR AT
NEW MORNING WITH ASSAYS CONFIRMING HIGH NICKEL GRADES**

Western Areas Ltd (ASX: WSA, Company) is pleased to provide an update from ongoing exploration activities at the new high grade discovery at New Morning, within the company's flagship Forrestania Nickel Operation.

Highlights

- Assays have confirmed and extended the high grade discovery increasing the initial Niton estimate of 2.7m at 5.5% nickel to **3.0m at 6.3% nickel, including 2.4m at 7.6% nickel**;
- A down hole electro-magnetics survey (DHEM) has confirmed the company's initial expectation that the high grade discovery hole has only intersected the edge of the mineralised zone with **initial modelling indicating a plate approximately 150m x 250m** wide; and
- Forward work program being rapidly defined – initial steps to expand the discovery will see an **immediate second drill hole commenced from the parent hole**, targeted towards the centre of the modelled DHEM plate, followed by further DHEM tests to further refine targeting.

Western Areas Managing Director, Dan Lougher, said the Company was eager to follow up the recent geophysics and high grade assays with a sustained drilling program.

"We have previously stated that we believe the 6km between our two high grade mines of Spotted Quoll and Flying Fox are the most prospective for identifying a new high grade nickel deposit. Whilst drilling is still at an early stage, it is pleasing for the entire team to see the strategy starting to deliver results," said Mr Lougher.

"The Forrestania Nickel Operation is a fully developed brownfields site, with power, water, roads and associated infrastructure all located along the prospective 6km belt meaning that any new deposit can be turned into an operating mine quicker and cheaper than any new greenfield discovery".

"We look forward to providing the market with updates as we continue drilling at New Morning," said Mr Lougher.

Assays

Assays have now been received and have confirmed the high grade nature of the intercept, with improved intersection length and grade from the Niton measurements previously announced. **NMD177 now measures 3.0m at 6.3% nickel, including 2.4m at 7.6% nickel** (see Figure 1). Deleterious elements (principally arsenic) are very low, and similar to the levels seen at Flying Fox.

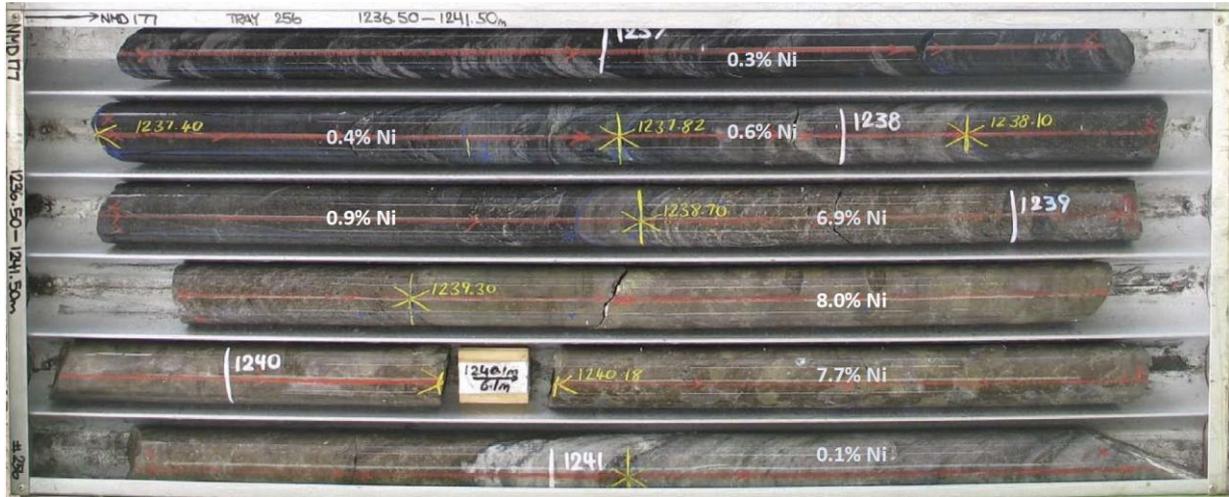


Figure 1: Mineralised drill core from NMD 177 showing high grade massive nickel sulphides

Down Hole Electro-Magnetics

A DHEM test has been conducted on the lower portion of NMD177 with Newexco implementing the geophysical survey. The initial interpretation of the data by Western Areas' exploration staff and Newexco indicates that a significant off-hole conductor exists to the south and slightly higher than the intersection announced. Whilst it is difficult to define the extent of the conductor from one hole, modelling of the DHEM data indicates a plate of approximately 150m by 250m. The DHEM data also indicates the current drill hole has not intersected the central portion of the plate, confirming our expectation that we may have only intersected the edge of this discovery (see figure 2).

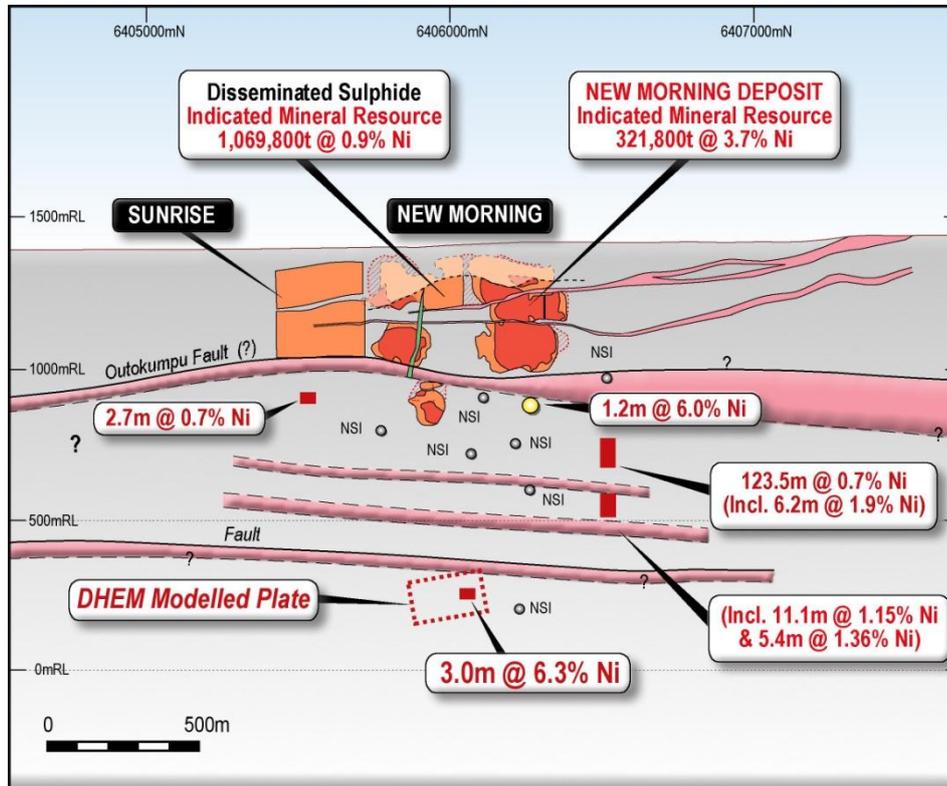


Figure 2, New Morning Long Section showing NMD177 and interpreted DHEM plate

**Ongoing Program**

The Company is now formulating the drilling strategy to assess the extent of the mineralisation intersected in the discovery hole. Initially the plan will be to wedge off the parent hole from the 700m level, to test the interpreted DHEM anomaly targeting some 60m-80m south of the current hole. Depending on the outcome of this drilling regime, together with further DHEM, the program will be refined.

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DISCLAIMER AND QA-QC STATEMENT: Mr Adrian Black from geological consultants Newexco Services Pty Ltd (“Newexco”) and Mr Charles Wilkinson of Western Areas Ltd are responsible for the verification and quality assurance of the Company’s exploration data and analytical results from the Forrestania Nickel Project. Mr Bill Amann from geological consultants Newexco Services Pty Ltd (“Newexco”) is responsible for the verification and quality assurance of the geophysical data used in this release. Surface diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument; 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 geological and drilling data is based on information compiled by Mr Charles Wilkinson of Western Areas Ltd. 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 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 form and 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: “any new deposit can be turned into an operating mine quicker and cheaper than any new greenfield discovery”, and, “The DHEM data also indicates the current drill hole has not intersected the central portion of the plate, confirming our expectation that we may have only intersected the edge of this discovery”.

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.