



June 7, 2012

ASX & TSX: WSA

News Release

SPOTTED QUOLL UNDERGROUND ORE RESERVES INCREASE BY 94%

The Board of Western Areas is pleased to announce that the updated Probable Ore Reserve for the Spotted Quoll underground has been increased to **3,095,500 tonnes at an average grade of 4.2% nickel containing approximately 131,360 tonnes nickel** (Figure 1).

This represents an **increase of 94% in reported contained nickel metal** compared to the figures last reported in the March 2012 Quarterly Report; and confirms the Spotted Quoll underground mine as a robust long life high grade operation.

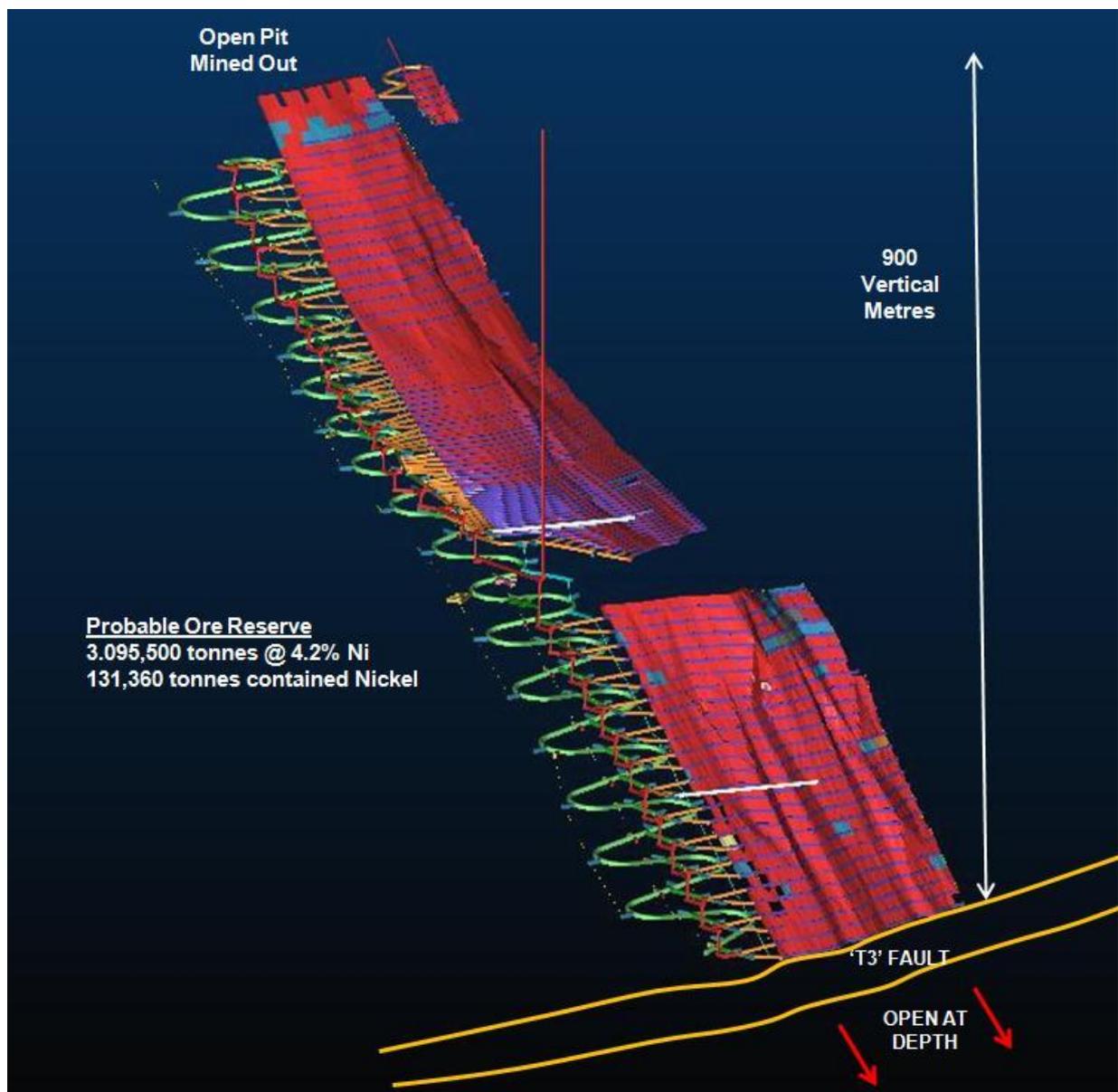


Figure 1: 3D View of Spotted Quoll showing updated underground mine design.

The revised Ore Reserve estimate for Spotted Quoll incorporates the deeper Mineral Resource extensions outlined in the ASX release of 4th January, 2012 and represents an 88% conversion (nickel tonnes) of the Indicated Mineral Resource of **2,484,200 tonnes at 6.0% for 149,500 nickel tonnes.**

Table 1: Ore Reserve Statement May 2012 - Spotted Quoll Deposit				
Deposit	Category	Tonnes	Grade (%Ni)	Contained Ni (tonnes)
Spotted Quoll Underground	Probable	3,095,500	4.2	131,360

Ore Reserve Parameters: The following parameters were used to estimate the Spotted Quoll Probable Ore Reserve.

Criteria	Explanation
<i>Mineral Resource estimate</i>	The estimation of the Spotted Quoll Underground Ore Reserve was based on the geological interpretation and model produced by John Haywood, Geology Manager for Western Areas in December 2011
<i>Study Status</i>	Life-of-mine design and schedule
<i>Cut-off Parameters & assumptions</i>	A stope cut off of 2.0% Ni was used with a minimum stoping width of 2.5m
<i>Mining Factors or assumptions</i>	Unplanned factors for stoping are 3% dilution and 95% mine recovery. No dilution factors and 100% mine recovery have been applied to all development. Where stope footwall angles are greater than 45 degrees, 15m level spacing (floor to floor) has been used. Where stope footwall angles are between 40 – 45 degrees, 7m level spacing has been used. Where the ore dips at an angle of less than 40 degrees, a drift and fill methodology has been used. A maximum stope strike length of 25m has been used.
<i>Other</i>	
<i>Classification</i>	Both Indicated and Inferred ore categories have been used to produce this life-of-mine design. Only Indicated Resource has been converted to Probable Ore Reserve.

Western Areas' Managing Director, Dan Lougher said "This reserve upgrade clearly demonstrates the world class nature of the Spotted Quoll deposit and positions the Spotted Quoll underground mine for a substantial increase in mine life."

Mr Lougher added, "This is the first step in advancing the mine and mill optimisation studies with results expected by the end of the June Q. The study aims to identify a potential increase in mine production at Spotted Quoll from a Life of Mine average of 10,000 tonnes, up to a potential maximum of 15,000 tonnes of nickel per annum and the timing of the potential increase in mill capacity."

Mining of the Stage 1 underground mine at Spotted Quoll commenced in 2011, with the decline development currently at 268 metres below surface. Ore drive development is well advanced with five ore drives completed or in progress. First stope production is imminent from the 1200 ore drive. Ore production from the underground mine currently totals approximately 41,700 tonnes @ 4.7% nickel for 1,950 tonnes contained nickel.

DISCLAIMER AND QA-QC STATEMENT:

Mr Adrian Black from geological consultants Newexco Services Pty Ltd ("Newexco") and Mr John Haywood of Western Areas are responsible for the verification and quality assurance of the Company's exploration data and analytical results from the Forrestania Nickel Project in respect of the Spotted Quoll Deposit. Diamond drill hole collar surveys used differential GPS, downhole surveys employed a north seeking gyroscopic instrument, Maxibor or Deviflex tool; 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 and blanks are routinely inserted in the sample stream for quality control, and 10% of samples are also submitted to an Umpire Laboratory for checks.

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 and Mr Dan Lougher of Western Areas NL. Mr Haywood and Mr Lougher are members of AusIMM and are full time employees of the Company. Mr Haywood and Mr Lougher 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 and Mr Lougher 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. These include: "This confirms the Spotted Quoll underground mine as a robust long life high grade operation" and "This is the first step in advancing the mine and mill optimisation studies with results expected by the end of the June Q. The study aims to identify a potential increase in mine production at Spotted Quoll from a Life of Mine average of 10,000 tonnes, up to a potential maximum of 15,000 tonnes of nickel per annum" and "First stope production is imminent from the 1200 ore drive".

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 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.

-ENDS-

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