



18th July, 2012

ASX & TSX: WSA

News Release

NEW HIGH GRADE NICKEL SULPHIDE DISCOVERY AT FORRESTANIA

The Board of Western Areas is pleased to announce a number of **significant intersections of nickel sulphides at the recently named Sunrise deposit**, some 300m south east of the high grade New Morning deposit, that represent a new nickel sulphide discovery at Forrestania.

Major highlights are:

- **Eleven of the fifteen diamond core holes drilled at Sunrise to date have intersected nickel sulphides (Figure 1)**
- **Mineralisation extends for 400m north-south and to a depth of at least 400m below surface and is open to the north and at depth**
- **Best intersections; - NMD 140 - 2.6m at 3.5% nickel and; NMD 149 - 4.6m at 3.7% nickel**
- **Sunrise deposit is located 300m south-east of the New Morning deposit (Figure 2) within the highly prospective Western Belt, which hosts the high grade Spotted Quoll and Flying Fox mines**
- **Sunrise and New Morning deposits lie between the existing Flying Fox and Spotted Quoll mines, presenting potential operating synergies (Figure 3)**

Drilling is currently testing deeper extensions of the mineralisation (NMD 154) below the granite/Outokumpu Fault, which is interpreted to have been offset 150m to the east.

DISCUSSION

Mineralisation is interpreted to be contained within ultramafic rocks that lie approximately 200m above the basal contact. All holes intersecting nickel sulphides do so at approximately the same stratigraphic level, confirming the continuity of the mineralisation.

The mineralised horizon is steeply dipping and generally comprised of two zones, which are between 1m to 4m wide, separated by about 10m - 20m. Downhole EM (DHEM) has been undertaken on all completed holes and the data is being used to determine the most prospective portions of the mineralisation.

Western Areas' Managing Director, Mr Dan Lougher said; "although drilling is at an early stage, our geologists are very excited by the results. The close proximity of Sunrise to the New Morning deposit enhances the potential viability of this area to become an additional production source at Forrestania."

He added, "These results are also considered highly significant as they demonstrate the presence of significant mineralisation at these previously untested stratigraphic horizons".



A full update on the company's production and other exploration activities will be given in the June quarterly report which is due for release in the week commencing 23 July 2012.

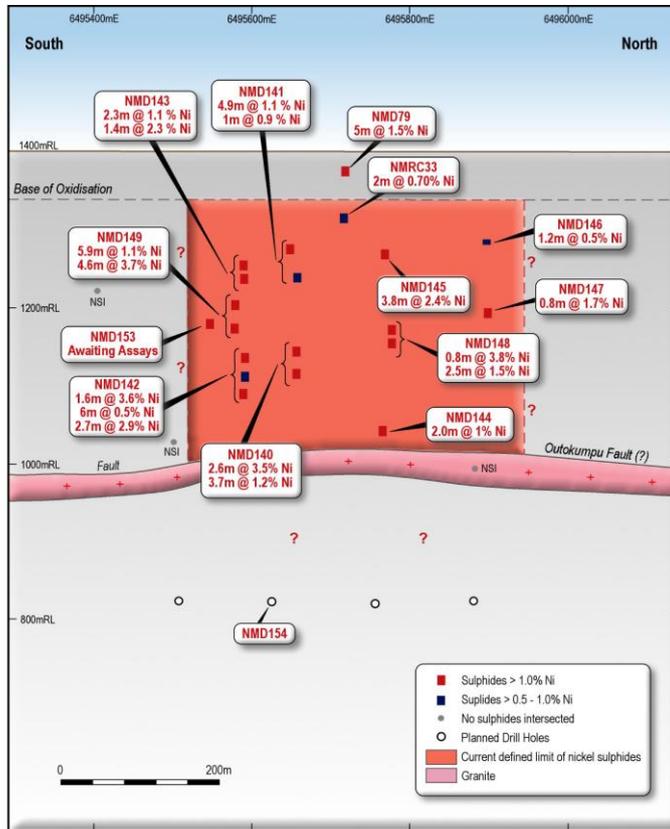


Figure 1: Interpreted Long Section of Sunrise mineralisation showing recent intercepts.

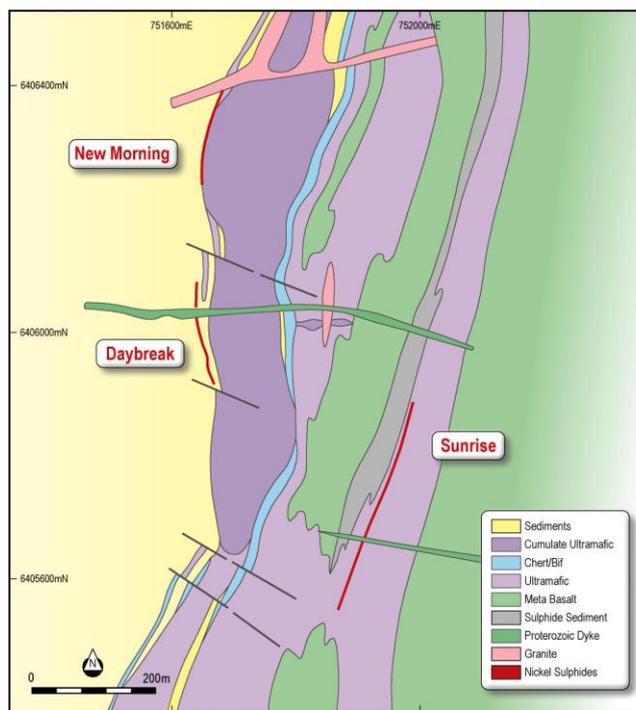


Figure 2: Geological plan showing Sunrise and New Morning mineralisation.

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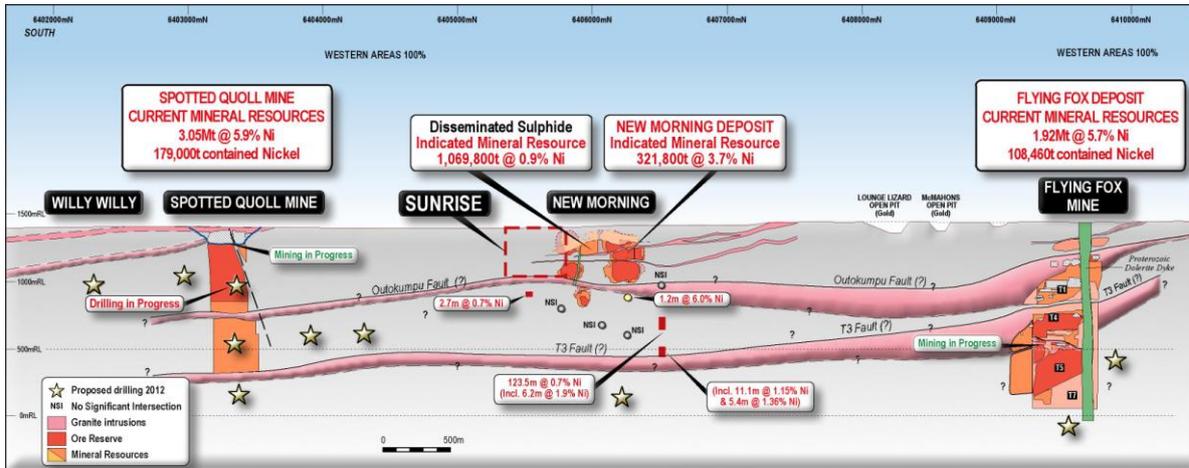


Figure 3: Interpreted Long Projection of the Western Belt footwall contact extending 6km from Spotted Quoll to Flying Fox.

-ENDS-

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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 NL are 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, 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 NL. 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: “The close proximity of Sunrise to the New Morning deposit enhances the potential viability of this area to become an additional production source at Forrestania”, and, “These results are also considered highly significant as they demonstrate the presence of significant mineralisation at these previously untested stratigraphic horizons”. 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 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.

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.

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