



Activities Report

For the period ending 31 March 2008

Western Areas is an Australian-based nickel sulphide explorer and producer listed on the ASX and TSX.

The Company's core asset is the 100% owned Forrestania Nickel Project, located 400km east of Perth.

The primary discovery, Flying Fox, is one of the highest grade nickel deposits in the world. Total Mineral Resources comprise 1.5 million tonnes at an average grade of 6.2% nickel containing approx. 95,600 tonnes of nickel. The 2008 target is to increase mineral resources at Flying Fox to 150,000 tonnes of contained nickel.

Production is in progress from the two shallowest Flying Fox ore bodies, T Zero and T1. Production from these deposits is expected to reach 8,000 tonnes nickel in CY 2008. Production is scheduled to ramp up to 14,000 tpa nickel as the T4 and T5 deposits are brought into production at Flying Fox.

A full feasibility study is underway to bring a second mine into production at Diggers South. Permitting is well advanced and the target for a decision to mine is the end of the June Q.

The first mineral resource from the Spotted Quoll deposit discovered in October 2007 was announced on 18 April 2008. This comprises a total 545,600 tonnes at an average grade of 6.3% nickel to 200m depth. Drilling during the June Q will test from 200m to 400m depth at Spotted Quoll.

A pre feasibility study for the New Morning deposit is also in progress.

The Company is exploring seven nickel projects extending over 500km from the Sandstone JV in the north to the Lake King project in the south.

ASX & TSX code: WSA

Shares on issue: 166m shares, 5m options, **Market capitalisation:** A\$1.5Bn @ \$9.00 per share undiluted

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The March Q 2008 was another period of significant growth in Western Areas with excellent progress in most areas including mine production, development and exploration. With the recent discovery of Spotted Quoll 6km south of Flying Fox, the Company now owns two of the highest grade nickel deposits in the world with outstanding potential for new discoveries along the 25km long Western Nickel Belt.

Western Areas has announced target production of 35,000 tonnes of nickel in concentrate p.a. by 2011 from five separate mines at the Forrestania Nickel Project which would place the Company in the world's top 10 nickel producers. All nickel is unhedged since the start of the June Q to coincide with the ramp up of production.

Corporately the Dividend Policy of 50% of net profit after tax was announced during the quarter. Western Areas has \$A149M cash, \$A13M in receivables and an \$A82M debt facility which is drawn to \$A54M and is fully funded to develop all planned projects.

Mine Production:

- Flying Fox is on schedule to reach the target 8,000tpa nickel in concentrate in its first full year of production. Four ore drives established into the T1 ore body with high grade ore being extracted from several surfaces.
- Invoiced production for the March Q was 28,800 tonnes at 2.7% nickel. This is in line with expectations that the March Q production would compare to the December Q. A major ramp-up in production is underway.
- Cash costs were A\$4.48/lb nickel in concentrate. The grade in the March Q reflects production from T Zero and lower grade ore drives developed into T1.
- Production during the second half of April ramped up to an average 1,000 tonnes ore per day at an average grade of 4.3% nickel. Ore production at these rates is expected to continue for the next 12 months from the wider zones in T1.

Development:

- Contract awarded to GR Engineering to construct the Stage One concentrator at Cosmic Boy. The plant is due to be commissioned in March Q 2009.
- Scoping study for a shaft at Flying Fox expected to involve a two stage raise bore shaft with capacity to increase ore haulage at reduced costs from deeper deposits.
- Permits were approved for evaporation ponds to dewater the Diggers South deposit to develop Western Areas second nickel mine. The pre feasibility study is complete pending securing short term offtake contracts for the concentrate.
- Cosmic Boy village to be expanded to 400 rooms to accommodate the work force to construct the concentrate plant and develop the Diggers South mine.

Exploration:

- First mineral resource for Spotted Quoll comprises a total 545,600 tonnes at 6.3% nickel for 34,500 tonnes contained nickel to 200m depth. Recent intersections below the current mineral resource include 18.3m @ 10.4% nickel.
- Spotted Quoll highlights the potential for further discoveries along the 25km Western Nickel Belt. A surface EM survey in the June Q will test for new conductors along the 10km contact extending south from Spotted Quoll.
- Extensional drilling at Flying Fox produced a record intersection for the T4 deposit in drill hole FFD 193 W4/W2 with 13.3m @ 8.4% nickel from 832.5m.
- New high grade nickel/copper/PGE discovery announced at the Mt Alexander joint venture with BHP Billiton (WSA 25% interest) and a new nickel/copper discovery announced at Lynn Lake in Manitoba, Canada.

1. FLYING FOX MINE PRODUCTION

Production Statistics - Flying Fox			
		Dec Qtr	Mar Qtr
Flying Fox - Ore Tonnes Mined			
tns		23,018	28,759
Ni %		2.94%	2.97%
Ni Tonnes Mined		677	855
Flying Fox - Ore Tonnes Invoiced			
tns		21,713	28,779
Ni %		2.88%	2.74%
Ave. Recovery		88.3%	86.9%
Ni Tonnes in Concentrate		553	685
Note. Grade and recovery estimates are subject to change until the final assay data is received in accordance with the OTCPA agreement.			
Financial Statistics - Flying Fox			
		Dec Qtr	Mar Qtr
Group Cost/lb			
Mining Cost (*)	A\$/lb	2.89	3.25
Haulage	A\$/lb	0.33	0.38
Milling	A\$/lb	0.46	0.55
Admin	A\$/lb	0.51	0.30
Cash Cost in Ni Con		A\$/lb	4.19
Cash Cost Ni in Con		US\$/lb (**)	3.73
			3.99
(*) Mining Costs are net of deferred waste costs and inventory stockpile movements			
(**) US\$ FX for the Relevant Quarter is the RBA average daily rate. (March Qtr = AUD\$1:US\$0.9061)			

Mining during the March Q continued in the Flying Fox T Zero and T1 ore bodies. T Zero mining was mainly from the 1140 and 1130 stoping blocks. T1 production was focussed in the 1010 and 955 stope blocks along with ore development being driven in on the 945, 970 and 984 levels (Figure1). Ground conditions in the mine continue to be very good and the mine remains dry.

A total of 10,008 tonnes at 3.5% Ni and 18,751 tonnes at 2.7% Ni were mined from T Zero and T1 respectively. The majority of T1 ore was derived from the narrower, upper part of T1 carrying higher dilution with the T Zero ore being extracted from higher grade stoping blocks.

The March Q saw an increase of 26% in nickel metal tonnes from the December Q with cash costs of A\$4.48 per lb nickel in concentrate compared with A\$4.19 in the December Q. The higher unit cost can be attributed to the marginally lower milled grade and correspondingly lower recoveries of these ore parcels as well as mining costs associated with establishing development to access the T1 ore body.

A significant amount of waste development was carried out during the quarter to provide access to the large stoping blocks in the central part of the T1 ore reserve (Figure 7). This area will be extracted using primary and secondary long hole stoping methods which will result in a lower unit cost per tonne of ore.

Ore milling continued at Norilsk's Lake Johnson concentrator with 28,779 tonnes at 2.7% nickel milled during the March Q. This brings the total project to date milled tonnes to 95,140t at 2.8% nickel for a total 2,600 tonnes nickel to the end of the March Q.

Production during the second half of April has ramped up in accordance with the schedule with an average 1,000 tonnes ore per day produced at an average grade of 4.3% nickel. This is the result of increasing ore development in wider parts of the T1 ore reserve on the 970 and 945 levels. Ore drive development will continue in conjunction with ore stoping which will increase during the June Q. This area of the T1 ore body is expected to provide consistently high grade ore for the next 12 months.



Figure 1: Massive sulphide with an average grade of 6.2% nickel exposed in a 5.2m wide ore drive at T1.

2. MINE DEVELOPMENT AND INFRASTRUCTURE

Capital infrastructure at the Flying Fox mine is in line with budget. The main decline which is currently at 535m below surface should reach the bottom of T1 in the September Q and access the T4 deposit in the December Q 2008. Ground conditions are very good and conditions remain dry.

The Flying Fox shaft scoping study is well advanced with the final report due in the June Q. The hoisting shaft will be designed in conjunction with a fresh air intake rise which is required for mining at T5.

The contract for construction of the Cosmic Boy concentrator was awarded to GR Engineering Services. Site earthworks are complete (Figure 2) with civil work due to start in early May. The 250,000 tonnes per annum plant (Stage1) will be completed in December and commissioned in February 2009. Engineering design work for the 700,000 tonnes per annum Stage 2 plant is in progress. A technical review is also being carried out to evaluate a further expansion of the plant to treat ore from Spotted Quoll.



Figure 2: Cosmic Boy concentrate plant site showing water storage and Cosmic Boy mine boxcut which is being excavated to provide fill for the plant ROM pad and access to remnant ore in the mine.

Feasibility studies for the Diggers South project are ongoing with site works due to commence in the June Q. Initial works will involve the construction of an evaporation pond to de-water the Digger Rocks open pit which will allow rehabilitation of the existing decline down to the remaining resource at Digger Rocks and access to the take off for the Diggers South mine decline.

A mining scoping study has commenced on the newly released Spotted Quoll mineral resource to evaluate the potential for an initial open pit mine, followed by an underground mine. This project will be fast tracked to a feasibility study with the target of commencing production in the second half of 2009



Figure 3: Aerial Photograph of Cosmic Boy Village – currently 280 en-suite rooms

3. MINE SAFETY AND ENVIRONMENT

High mine safety standards are being maintained at Flying Fox with **91 LTI free days** reported to 30 March. There is an increased focus on safety by the mining contractor Barmenco Mining.

Western Areas employs two Occupational Health and Safety (OHS) / Emergency Response (ER) coordinators on site. The 24 members of the OHS and ER teams had a very productive quarter and conducted regular safety and mines rescue training. Comprehensive safety procedures have been put in place at the mine and in the village.

Mines Rescue Training over this quarter involved First Aid, Rope Rescue, Underground search and rescue and Fire Fighting. Accredited courses over the past quarter were a BG4 and Emergency course.

There were no significant environmental incidents reported during the quarter for the Forrestania Nickel Project. Significant developments in the environmental department during the quarter include:

- Diggers South mining proposal approvals received in April. Initial dewatering operations to commence in June Q
- Environmental assessments underway at Spotted Quoll to allow for the preparation of a mining proposal document
- Western Areas has acquired a farm 10km west of Diggers South. Baseline survey for establishing evaporation ponds on the farm completed in April and Mining Proposal to be submitted in May
- Flying Fox mine dewatering rate has dropped from 42L/sec to 36L/sec during the quarter and continues to drop (installed dewatering capacity 120L/sec)
- Mining Proposal has been submitted to allow for the next expansion of the Cosmic Boy Village and the Cosmic Boy airstrip

4. MINERAL RESOURCES AND EXPLORATION PROJECTS

Spotted Quoll

The most significant recent exploration event was the announcement of the first mineral resource estimate at the Spotted Quoll deposit, 6km south of Flying Fox. The mineral resource comprises a total of 545,600 tonnes at an average grade of 6.3% nickel for 34,500 tonnes contained nickel from 30m to 200m depth. The majority (87%) is in the higher confidence Indicated Mineral Resource category. Details of the parameters used in estimating this mineral resource are included in the release on 18 April 2008.

Drilling is now focused on testing extensions to Spotted Quoll between 200m and 400m depth. On 28 April, Western Areas announced a record drill hole intersection at Spotted Quoll. WBD 64 intersected **18.3m at an average grade of 10.4% nickel from 231.4m depth**. The intersection in WBD 64 has an estimated true width (“ETW”) of 10m. Four additional drill holes completed along a 160m strike length on either side of WBD 64 also intersected significant widths of sulphides. These are from south to north:

- WBD 59 : 4.5m matrix sulphide from 223.5m down hole depth (ETW 2.6m)
- WBD 66 : 5.9m matrix sulphide from 205.0m down hole depth (ETW 3.4m)
- WBD 65 : 8.3m matrix sulphide from 236.2m down hole depth (ETW 4.7m)
- WBD 70 : 11.3m - zones of massive sulphide from 192.8m depth (ETW 6.4m)

These five intersections are located approximately 40m below the first mineral resource and support the Company’s opinion that Spotted Quoll has the potential to rival Flying Fox as a large, continuously mineralised, high grade nickel deposit. As a result of the discovery of Spotted Quoll in October 2007, Western Areas now owns two of the highest grade nickel deposits in the world.

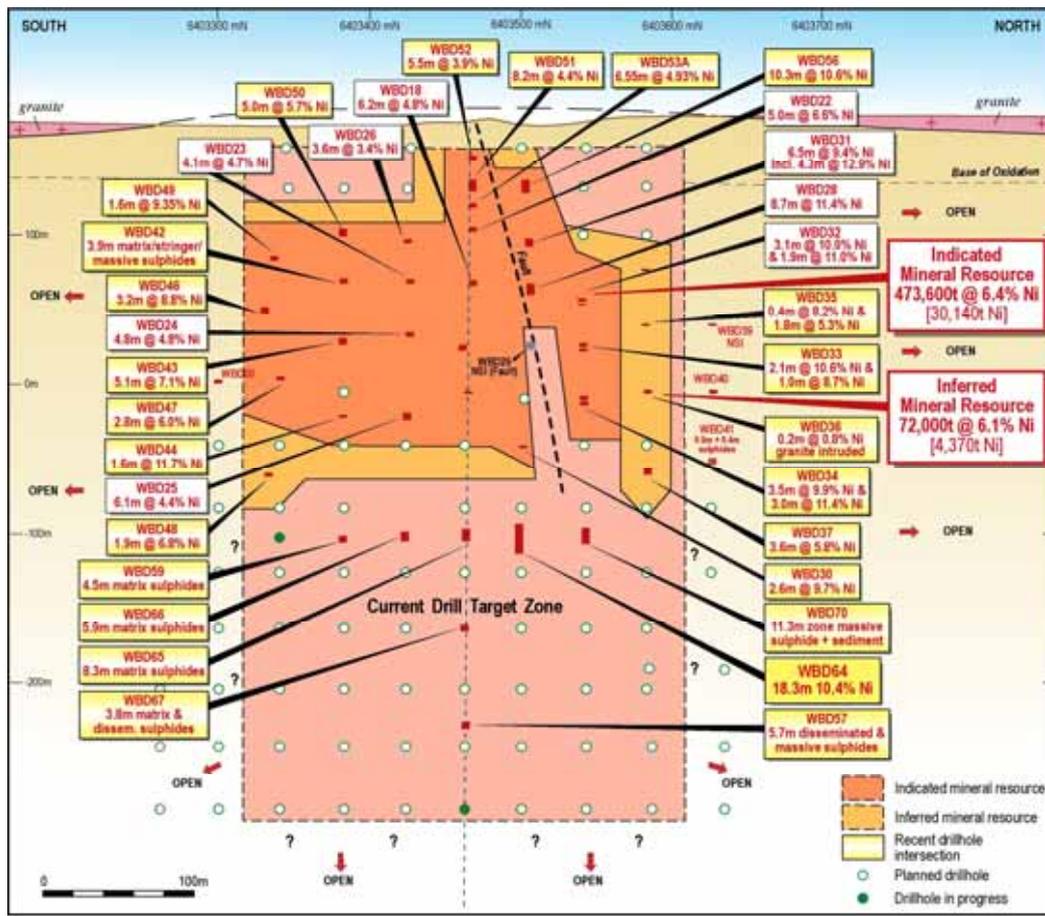


Figure 4: Interpreted Longitudinal Section of Spotted Quoll (along the plane of the deposit)
Note: drill hole intersections are shown as down hole widths

Total current mineral resources at the Forrestania Nickel Project have increased to 256,600 tonnes contained nickel (Table 1). Western Areas has previously announced a target to increase total mineral resources at Flying Fox to 300,000 tonnes contained nickel by the end of December 2008 (Figure 5).

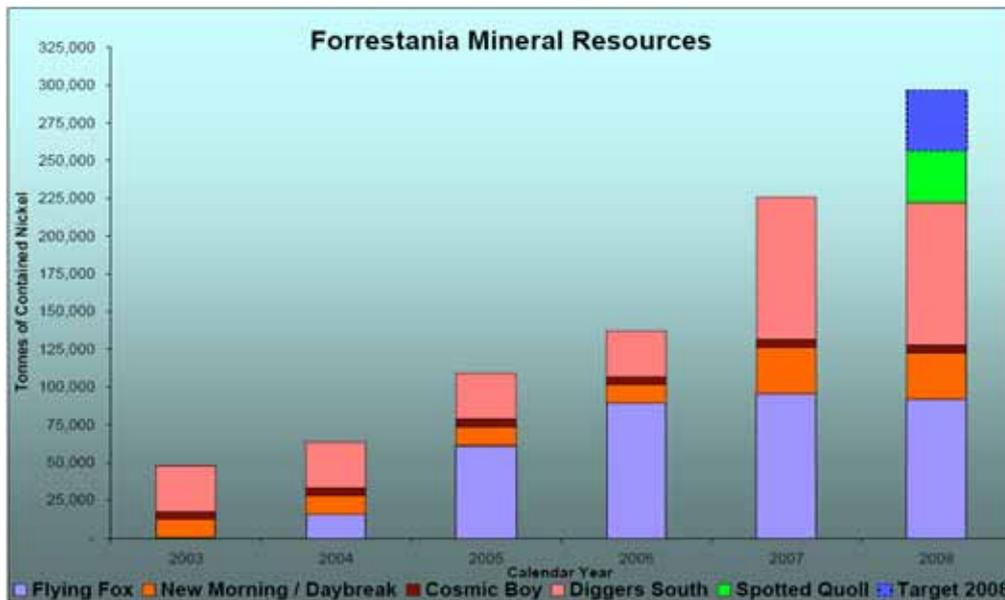


Figure 5: Total current Mineral Resources at Forrestania

Flying Fox Mine

The first mineral resource estimate for the Flying Fox T4 deposit is expected in the June Q. Two drill rigs have been drilling at T4 for the past 12 months and recent results have been very encouraging. On 28 April, Western Areas announced a record intersection at T4 with FFD 193 W4/W2 which intersected **13.3m at an average grade of 8.4% nickel from 832.5m depth**. The location of FFD 193 W4/W2 is shown on the updated longitudinal projection included in this report (Figure 7).

Drilling is now focussing on the southern part of the T4 deposit which is still untested for 150m down to the underlying T5 ore body. Drilling is also testing the continuity of the T5 deposit into the underlying T6 deposit. Western Areas is still awaiting environmental approval to clear a new drill site at Flying Fox to position a drill rig to test the centre of the T7 EM conductor. Two previously announced drill holes which intersected the southern margin of the T7 conductor intersected zones of massive sulphide with assays in excess of >9% nickel. T7 is considered to be one of Western Areas best drilling targets.

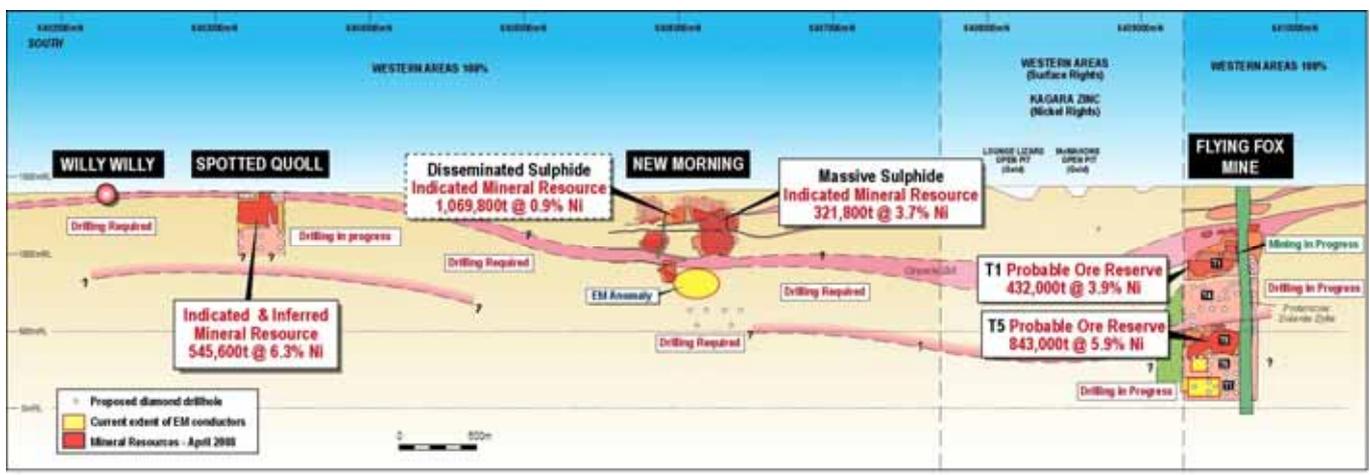


Figure 6: Interpreted Long section extending 6km from Spotted Quoll to Flying Fox mine in the central part of the Western Nickel Belt

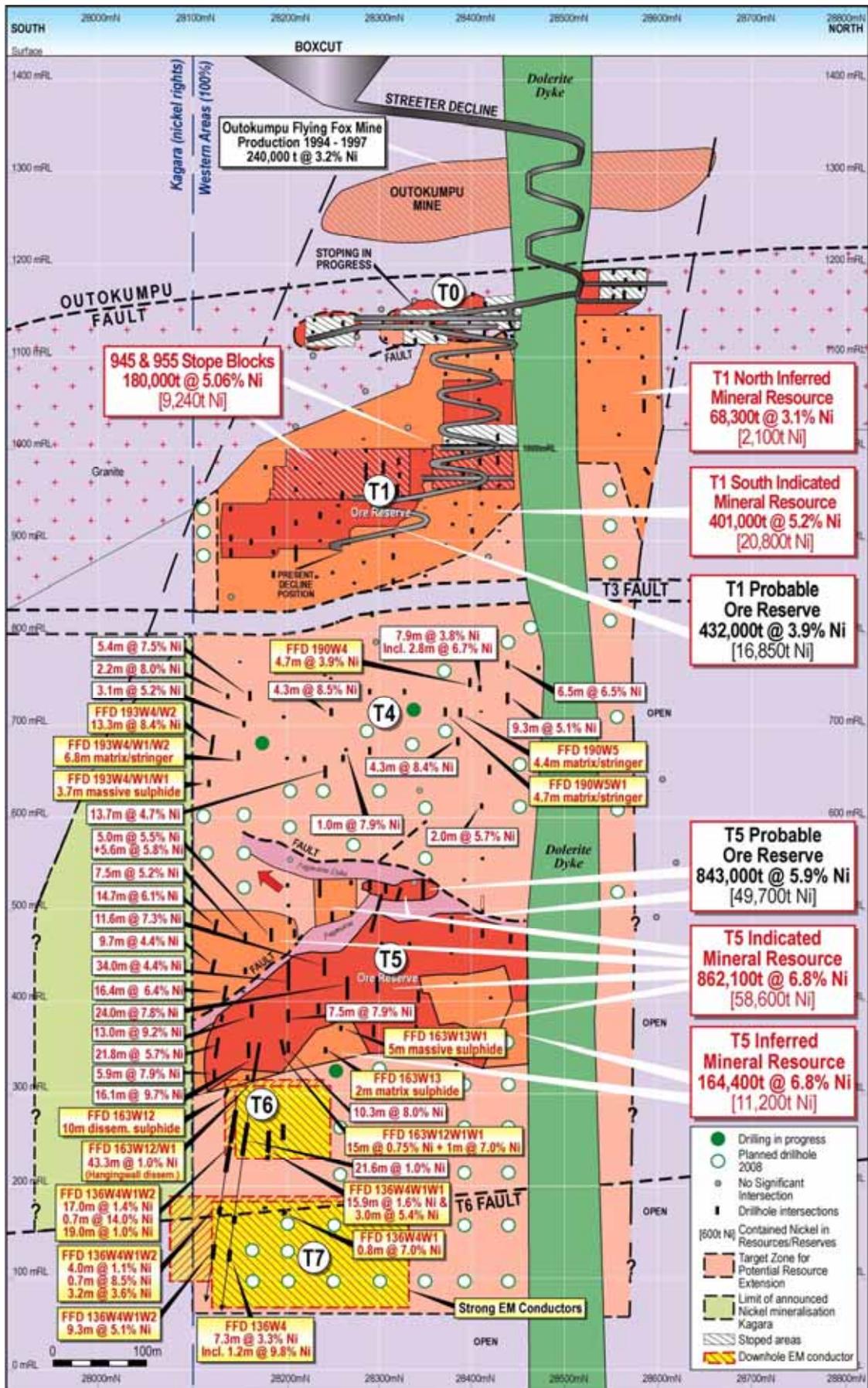


Figure 7: Interpreted Long Project of Flying Fox Note: Drill hole intersections are down hole widths

Table 1: FORRESTANIA HIGH QUALITY ORE RESERVES AND MINERAL RESOURCES

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
T Zero South	4,100	2.6	100	Probable Ore Reserve
T1 South	412,305	3.9	16,260	Probable Ore Reserve
T5	843,000	5.9	49,700	Probable Ore Reserve
TOTAL WESTERN AREAS ORE RESERVES	1,259,405	5.2	66,060	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T Zero South	2,900	3.5	100	Indicated Mineral Resource
T1 South - Core	295,400	6.1	18,040	Indicated Mineral Resource
T1 South - Halo	81,700	1.9	1,580	Indicated Mineral Resource
T1 North	68,300	3.1	2,100	Inferred Mineral Resource
T4	-	-	-	Pending
T5	862,100	6.8	58,800	Indicated Mineral Resource
T5	164,400	6.8	11,220	Inferred Mineral Resource
T6				Pending
T7				Pending
Total Flying Fox	1,474,800	6.2	91,840	
New Morning / Daybreak				
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource
Massive Zone	93,100	3.5	3,260	Inferred Mineral Resource
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource
Disseminated Zone	659,200	0.9	5,780	Inferred Mineral Resource
Total New Morning / Daybreak	2,143,900	1.4	30,700	
Spotted Quoll				
	473,600	6.4	30,140	Indicated Mineral Resource
	72,000	6.1	4,370	Inferred Mineral Resource
Total Spotted Quoll	545,600	6.3	34,510	
TOTAL FLYING FOX AREA				
	4,164,300	3.8	157,050	
2. Cosmic Boy Area				
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource
TOTAL COSMIC BOY AREA	180,900	2.8	5,050	
3. Diggers Area				
Diggers South - Core	3,000,000	1.5	44,700	Indicated Mineral Resource
Diggers South - Halo	4,800,000	0.7	35,600	Indicated Mineral Resource
Digger Rocks - Core	54,900	3.7	2,030	Indicated Mineral Resource
Digger Rocks - Core	172,300	1.1	1,850	Inferred Mineral Resource
Digger Rocks - Halo	1,441,000	0.7	10,350	Inferred Mineral Resource
TOTAL DIGGERS AREA	9,468,200	1.0	94,530	
TOTAL WESTERN AREAS RESOURCES	13,813,400	1.9	256,630	

(This Mineral Resource Table does not include the Flying Fox T4, T6/T7 deposits and the Purple Haze, Seagull and Beautiful Sunday deposits. An initial Mineral Resource for T4 is expected in the June08 Quarter)

Significance of the recent Spotted Quoll Discovery

The discovery of the high grade Spotted Quoll deposit has opened up the potential for further discoveries of this type along the 25km long Western Nickel Belt at Forresteria (Figure 8). Drilling along the central 6km portion of the Western Nickel Belt (Figure 6) during the past five years has resulted in many outstanding intersections, including:

- | | |
|---------------|--|
| 1. WBD 064 | 18.3m @ 10.4% nickel (Spotted Quoll deposit) |
| 2. WBD 028 | 8.7m @ 11.4% nickel (Spotted Quoll deposit) |
| 3. FFD 133B | 21.4m @ 7.8% nickel (Flying Fox T1 deposit) |
| 4. FFD 163 W9 | 16.1m @ 9.7% nickel (Flying Fox T5 deposit) |
| 5. FFD 160 W2 | 24.0m @ 7.8% nickel (Flying Fox T5 deposit) |
| 6. NMD 126 | 20.0m @ 6.8% nickel (Daybreak deposit) |

(Note: Details of these drill hole intersections have been announced previously)

These intersections indicate that this is one of the most prospective and highest grade nickel camps in the world. Western Areas considers that the Western Nickel Belt is a major regional contact which separates the Southwest granite/gneiss terrain from the Kalgoorlie/Southern Cross greenstone terrain to the east.

The Company is currently reviewing data extending 10 km south of Spotted Quoll where a large part of the prospective contact is covered by flat lying granite intrusions similar to those overlying Spotted Quoll, Flying Fox and underlying New Morning (Figure 8). A high powered surface Fluxgate EM survey (the same technology that was used by Newexco to discover the Spotted Quoll deposit) will be carried out over the southern part of the Western Nickel Belt in the June quarter.

Western Areas is looking at a number of initiatives to increase the rate of exploration along the Western Nickel Belt. These include securing more surface diamond drill rigs (the Company currently has seven drill rigs on long term contracts), employing additional exploration geologists from overseas and doubling the capacity of the Cosmic Boy core yard to process and store the drill core and data from the project.



Drilling at Spotted Quoll

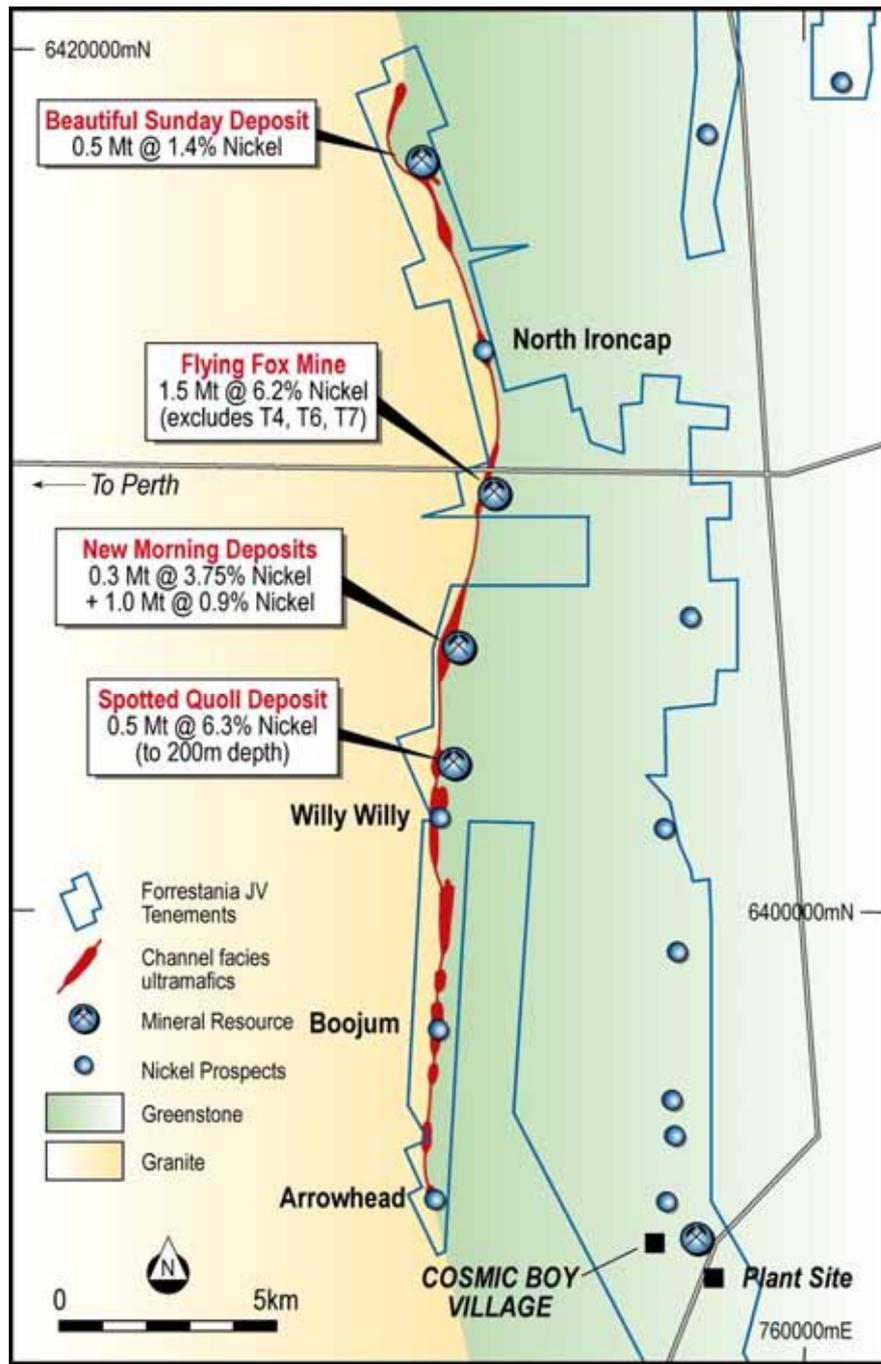


Figure 8: Simplified geology of the Western Nickel Belt showing an interpretation of the prospective ultramafic units (red) which are the primary host for the high grade nickel mineralisation

REGIONAL NICKEL PROJECTS

Western Areas has consolidated its substantial nickel interests in the ‘Central Yilgarn Nickel Province’ which extends approximately 500km from Sandstone to Ravensthorpe (Figure 9). Western Areas holds interests in seven nickel projects (including Forrestania) in the region which are all considered to have excellent potential for new discoveries.

During the March Q, Western Areas actively explored a wide range of targets at these regional projects. However the most significant result came from a new discovery by BHP Billiton at the Mt Alexander joint venture where Western Areas holds a 25% free carried interest to a decision to mine.

Mt Alexander Joint Venture (BHP Billiton 75%, Western Areas 25%)

On 11 March, Western Areas announced preliminary results from two diamond drill holes drilled by BHP Billiton at the Cathedrals Prospect. Both drill holes intersected high grade nickel/copper values associated with massive sulphide. Final assay results confirmed the two intersections and indicate that it is a new high grade nickel/copper/PGE discovery with significant exploration upside.

The two drill hole intersections are:

- MAD 012 : **4.0m @ 4.9% nickel, 1.7% copper and 3.9g/t total PGE** from 91.4m
- MAD 013 : **3.0m @ 3.8% nickel, 1.6% copper and 2.7g/t total PGE** from 56.3m

These early results are considered to be very encouraging for a number of reasons:

1. Both intersections consist of fresh massive sulphide at shallow depth
2. The mineralisation is completely open along strike and down dip
3. High grade nickel is associated with high copper and PGE values
4. Highest PGE assays are: 6.7g/t Palladium, 0.9g/t Platinum, 1.0g/t Rhodium
5. The geological setting shows similarities to the Flying Fox mine, 350km south

BHP Billiton has advised Western Areas that drilling is expected to resume at the Cathedrals Prospect in the June Q and the Company looks forward to reporting further results from this exciting project.

Sandstone Joint Venture (Western Areas earning 70% interest in nickel rights)

In November 2007, Western Areas announced an agreement to explore a large area of nickel prospective tenements in the Sandstone greenstone belt in a JV with Troy Resources NL. Western Areas can earn a 70% interest in nickel and related metals in a project with minimal previous nickel exploration. A number of areas returning elevated nickel and copper have been identified from the sampling of previous drilling targeting gold. Evaluation of these areas will continue in the June Q.

Southern Cross Goldfields Ltd (Western Areas is a substantial shareholder)

Western Areas transferred its interests in the Bullfinch North JV to a Polaris Metals NL related company, Southern Cross Goldfields Ltd (SXG) for one million shares and five million 20 cent options. In addition, Western Areas purchased five million shares in Southern Cross through the IPO listing and is currently the second largest shareholder in that company after Polaris. Southern Cross listed on the ASX on 20 March 2008 and is currently trading at a premium to the IPO price.

Southern Cross has extensive tenement holdings in the central part of the Central Yilgarn Nickel Province over greenstone belts which Western Areas considers prospective for nickel (Figure 9). Southern Cross Goldfields has commenced an extensive field program and we look forward to results being reported.

Koolyanobbing Nickel Project (Western Areas 100% of Nickel rights)

Compilation of the previous drilling continued. The target of the recent drilling is primary massive nickel sulphide mineralisation in structurally controlled deposits similar to the Spotted Quoll deposit.

Mt Finnerty JV (Western Areas earning 65% of Nickel rights)

Western Areas has a Heads of Agreement with Reed Resources Ltd to explore the Mt Finnerty greenstone belt, 200km NE of Forrestania. The area was last explored for nickel by WMC in the 1970's.

Exploration by Western Areas during the March Q consisted of logging and sampling RAB drill holes completed at the end of 2007. Highly anomalous nickel results were returned from one drill hole:

- MFR064 (226250mE 6591400mN) intersected 25m @ 0.91% Ni (up to 31ppb PGE) from 6m

The anomalous nickel values in MFR064 are probably related to near surface lateritic enrichment however the isolated occurrence of this drill hole on the prospective footwall ultramafic contact warrants a follow up drilling program to test this target at depth. RC drilling is planned in the June Q.

A surface TEM survey was completed over a 3.5km strike length of the prospective contact at the Jonnie Dam Prospect. An IP survey was undertaken on four lines to test a number of weaker responses generated by the TEM. Two IP anomalies were identified west of the interpreted basal ultramafic contact and a follow up RC drilling program is planned in the June Q will test these anomalies.

Lake King JV (Western Areas earning 70%)

During the March Q, Induced Polarisation (IP) results from a follow-up geophysical survey at Nickel Hill Prospect extended the anomalous zone 200m southeast along strike. In a previously announced drilling program, drill hole LKR006 intersected 15m @ 0.4% nickel including 1m @ 0.8% Ni at 190m depth on line 67800N confirming the presence of nickel sulphides associated with the IP anomaly.

Drilling is planned in June to test for potentially economic grades associated with the IP anomaly.

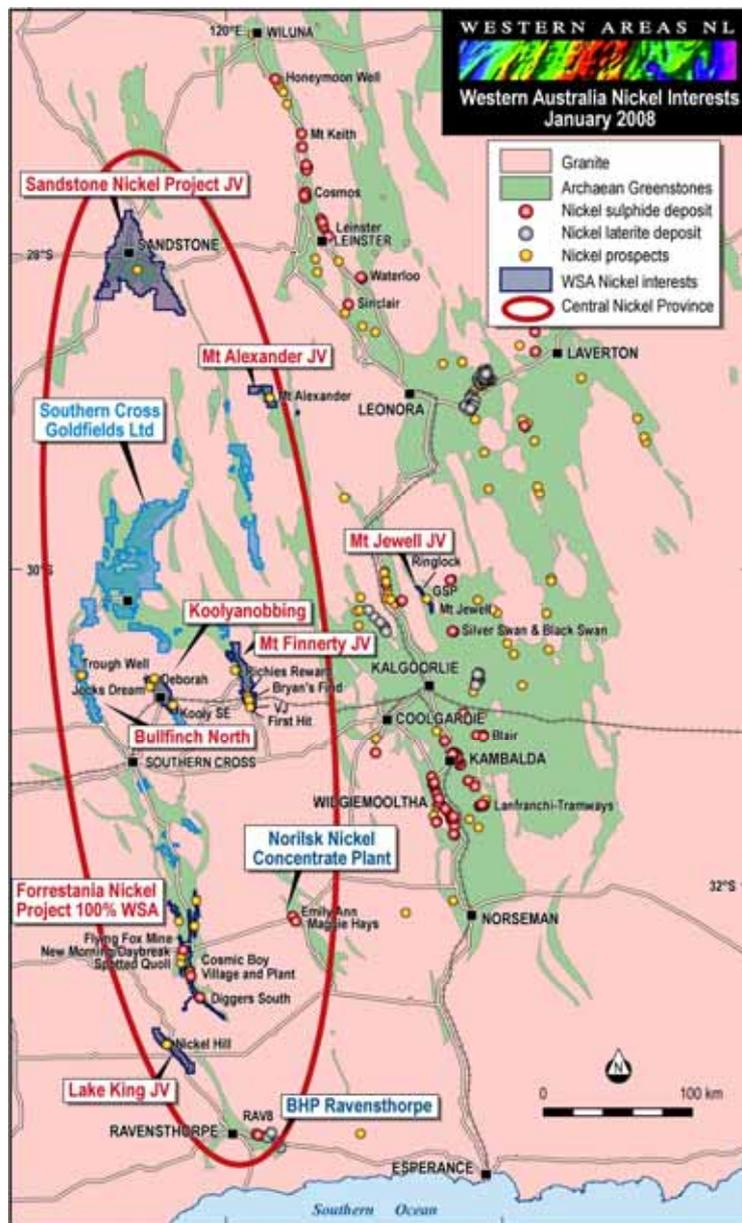


Figure 9: Central Yilgarn Nickel Province showing Western Areas projects, joint ventures and other interests.

CANADIAN NICKEL PROJECTS

Lynn Lake Project - Manitoba (Western Areas option to acquire 100%)

In April 2008 Western Areas announced significant nickel, copper and cobalt results from the first four diamond drill holes at the Melville prospect at Lynn Lake. The two most significant intersections are:

- LL015: 18m @ 1.5% nickel, 0.7% copper and 0.04% cobalt from 96m down hole depth.
- LL016: 14m @ 1.4% nickel, 0.7% copper and 0.03% cobalt from 72m down hole depth (incl: 5m @ 2.0% nickel, 0.7% copper 0.05% cobalt from 80m down hole depth).

Western Areas has since been notified by Canadian listed Independent Nickel Corp. that the four drill holes reported by Western Areas are located within an Independent Nickel mining lease. Western Areas has requested an independent survey of the lease boundary with results to be supplied to both companies.

If the independent survey confirms Independent Nickel's interpretation of the lease boundary:

- The two high grade nickel/copper intersections in drill holes LL015 and LL016 are located only 10m and 15m respectively from Western Areas option claims boundary.
- Further drilling is required to determine the strike direction and dip of the mineralisation intersected in LL015 and LL016. The mineralisation remains open along strike and at depth.
- The 500m wide zone of coincident magnetic/VTEM anomalies directly north of the Melville mineralisation is clearly located within Western Areas option claims (Figure 10).

The nickel/copper ore bodies mined by Sherritt Gordon were typically large, multi million tonne deposits. It is possible that Western Areas has intersected the edge of one of these deposits which has not been recognised previously. Western Areas plans to resume drilling in mid May to test:

- the continuity of the recently intersected Melville mineralisation on the option claims
- the source of the large, coincident magnetic/VTEM anomalies directly north of Melville

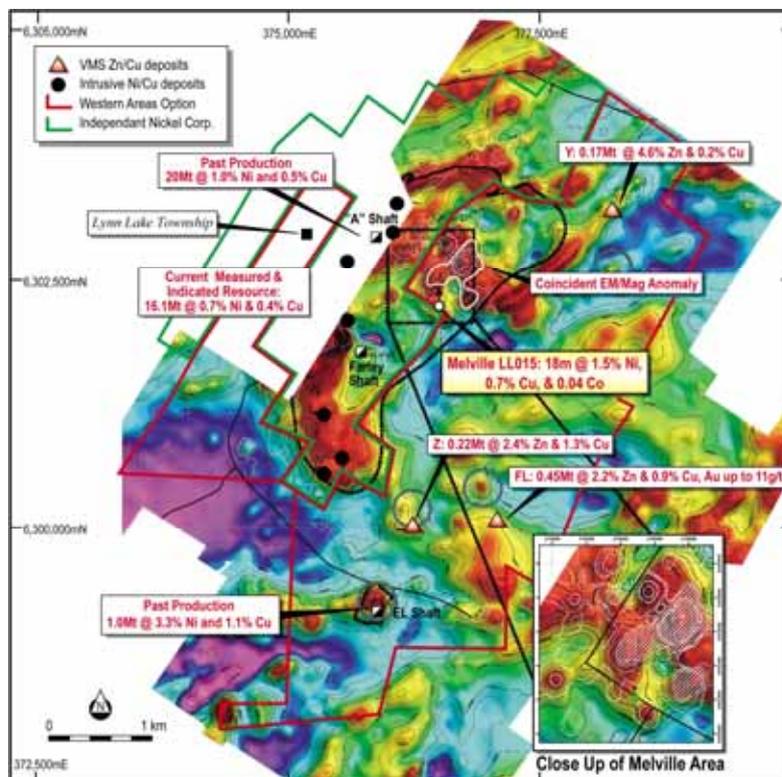


Figure 10: Image showing location of coincident Magnetic/VTEM anomalies at Melville (highlighted in white).

McBride Lake Project - Manitoba (Western Areas option to acquire 100%)

Western Areas is conducting a detailed helicopter-borne VTEM survey of the McBride Lake project 70km east of Lynn Lake. Previous explorers defined a high grade zinc rich VMS deposit which is open along strike. The survey commenced at the end of April and preliminary results are expected in mid May.

Depending on results, a drill rig is planned to be air lifted into the area to commence a drilling program.

Maskwa Project, Manitoba (Western Areas holds ~18% of Mustang Minerals Corp.)

Mustang is currently undertaking a pre-feasibility study for an open pit mine at the Maskwa nickel deposit in southern Manitoba. This is based on an open pit mineral resource of approximately 8 million tonnes at an average grade of 0.64% nickel with significant copper and PGM credits.

Independent mining consultants, Wardrop Consultants, is undertaking the mining and plant design and permitting applications for the project with the results due to be released in the June Q.

6. CORPORATE

Funding: Flying Fox operations are already cash flow positive. At 31st March, Western Areas holds \$A149M cash and \$A13M in receivables. There is also an \$A82M debt facility which is drawn to \$A54M. Western Areas is fully funded to execute all developments strategies in 2008 and 2009.

Hedging: All nickel is unhedged since the start of the June Q to coincide with the ramp up of production.

Dividend: The Dividend Policy is to pay both an interim and a final dividend of at least half the net profit after tax with the first eligible accounting period being the six months from July 2008 to December 2008.

7. WESTERN AREAS STAFF

The Board of Western Areas would like to welcome two new senior staff members to the Company.

Charles Wilkinson has joined Western Areas as General Manager of Exploration who takes on responsibility at an executive level for Western Areas \$30 million per annum exploration budget in Australia and Canada. Charles is a former nickel exploration manager in Australia and senior mine geologist with WMC in Western Australia and was for the past five years Managing Director of gold and base metal explorer Northern Star Resources Ltd.

Craig Fitzmaurice has joined Western Areas as Metallurgical Manager, initially responsible for the construction of the Cosmic Boy nickel concentrator. Craig was until recently Senior Project Manager with Norilsk Nickel, previously LionOre Australia and was responsible for managing the expansion of the Emily Ann nickel concentrator, 90km east of Forrestania.

Managing Director, Mr Julian Hanna, said "We are very pleased to have Charles and Craig join the team at Western Areas. There are now approximately 300 people directly involved in the Forrestania Nickel Project and on the various regional projects. The experience, skills, enthusiasm and hard work shown by this team is very impressive. We consider that Western Areas exploration, mining, development, management and administrative team is amongst the best in the industry."

-ENDS-

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QA-QC STATEMENT: 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, 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 mineral resources and mine development activities is based on information compiled by Mr John Haywood and Mr Julian Hanna of Western Areas NL. Mr Haywood and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Haywood and Mr Hanna 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 Hanna consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mr Hanna, Mr Black and Mr Haywood 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 including nickel production targets. An example of a forward looking statement used in this release is: “Western Areas has announced target production of 35,000 tonnes of nickel in concentrate p.a. by 2011 from five separate mines at the Forrestania Nickel Project which would place the Company in the world’s top 10 nickel producers”. 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 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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