



Activities Report

For the period ending 30 June 2009

Western Areas is an Australian-based nickel sulphide explorer and producer listed on the ASX and TSX. Western Areas is ramping up annual production to a target of around 35,000t of nickel from several mines by 2011 at the 100% owned Forrestania Nickel Project, 400km east of Perth. Western Areas is also a substantial nickel explorer with advanced projects in Western Australia and Canada.

Mining is in progress at the Flying Fox T1 and T4 ore bodies where mine production for the 12 months to 30 June 2009 has exceeded the target of 10,000 tpa nickel. Production is scheduled to ramp up to 14,000 tpa nickel in 2011 and efficiencies are being introduced into the mine to increase production towards the target of 17,000 to 20,000 tpa nickel.

Permitting is well advanced for a second nickel mine, Spotted Quoll 6km south of Flying Fox. Total Mineral Resources comprise 2.0Mt at an average grade of 6.2% nickel containing approx. 125,460t nickel. Development scheduled to commence in the September Q 2009 with first production targeted in the March Q 2010. Deep drilling is also underway at Spotted Quoll to test for extensions to the current mineral resource.

Flying Fox and Spotted Quoll are expected to be two of the lowest cost nickel mines in the world. In addition, preliminary surface development work has been completed on the planned Cosmic Boy and Diggers South mines.

The Cosmic Boy nickel concentrator in the centre of the Forrestania project was officially opened on 24 March 2009 by the Western Australian Minister for Mines and Petroleum. The plant is now fully commissioned and the Board has approved plans to double the capacity of the plant to 550,000 tpa ore by March Q 2010.

ASX & TSX code: WSA

Shares on issue: 179m shares, 9m options. **Market capitalisation:** Approx A\$1.0Bn @ \$6.00 per share.

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The Board of Western Areas is able to report to shareholders that the June quarter was another period with outstanding results from production, ore processing, mine development and exploration. In addition, Western Areas announced a number of major strategic developments which are expected to have a long term and positive impact on the Company. As a result, the Board believes that Western Areas is in a very strong position to benefit from strengthening nickel prices and market conditions.

Highlights – Operations

1. 2,570 tonnes nickel mined during the quarter bringing the total for the past 12 months to 10,330 tonnes nickel mined, exceeding the target of 10,000 tonnes.
2. Average grade mined from Flying Fox was 4.3% nickel, a 16% increase over March Q. Average cash cost was US\$2.14/lb nickel, in line with expectations.
3. Metallurgical recovery averaged 90% nickel. Fine tuning of the Cosmic Boy plant has resulted in significantly improved recoveries to 93.5% for July.
4. Flying Fox mine development ahead of schedule with high grade ore now being mined at T1 and T4 deposits. T5 is on target to be reached in Dec Q 09.
5. Drilling identified significant extensions to the upper part of T5. Intersections include 13.2m @ 10.0% Ni, 12.3m @ 8.7% Ni, 5.3m @ 10.2% Ni.
6. Drilling in progress to test potential for extensions to Spotted Quoll below the current mineral resource of 2.0Mt @ 6.2% Ni containing 125,500t Ni.
7. Final permitting underway for initial Spotted Quoll open pit which should see development commence in August and first production in March Q 2010.
8. Board decision due in Sept. Q to double capacity of Cosmic Boy concentrator to 550,000tpa ore. Construction expected to commence in August.

Highlights – Strategic

1. Two year offtake contract signed to sell 25,000 tonnes nickel in concentrate to Jinchuan Group Ltd, China's largest nickel company, starting early 2010. As well as favourable terms, the agreement is expected to provide excellent exposure to the world's fastest growing nickel market. The Jinchuan contract is in addition to the existing contract with BHP Billiton for 10,000 tpa nickel.
2. Transition from the Norilsk offtake contract in February 2009 to the BHP Billiton contract (effective May) resulted in no nickel sales for three months, impacting June Q cash flows. Current site stockpiles of concentrate (~14% Ni) and ore (~4% Ni) contain approx. 3,500 tonnes nickel which will be sold into the BHP Billiton contract in a higher nickel price environment.
3. Agreement with Kagara Ltd on Lounge Lizard deposit adjacent to Flying Fox mine with initial payment of A\$20M received from Kagara. This consolidates one of the world's highest grade nickel mines with combined mineral resource >2.5Mt @ 5.5% nickel, containing approximately 140,000 tonnes nickel. Western Areas will manage all aspects of the mine and sell the concentrate.
4. Balance sheet strengthened during the June Q with A\$45M long dated loan from BHP Billiton, A\$20M payment from Kagara and A\$35M placement to Australian and offshore institutions. Majority of funds will be used to develop Spotted Quoll, expand the plant and increase the rate of exploration drilling.
5. Western Areas has already exceeded previously announced targets to reduce underground mining and surface drilling contractor costs by 10%.

1. MINE SAFETY AND ENVIRONMENT

Safety

There were no Lost Time Injuries at the Forrestania site during the June Q which reflects in the LTI frequency rate of 2.3, a significant reduction compared to the same time last year. The total incidence rate for the Nickel Industry sector stands at 4.5 compared to the Forrestania site incidence rate of 3.8. There were 3 Medically Treated Injuries (MTI) at Forrestania, 50% less than the previous quarter.

The Safety Department at Forrestania is continuously moving forward with a strong positive culture driving high standards on site. Safety meetings are held regularly on site with the core yard implementing their own meetings. This has had a positive impact on hazard identification and employee participation.

The emergency response team consists of 23 members who were trained in fire fighting techniques, Hazchem and BG4 during the quarter. Mercury Fire completed the normal six monthly inspections and provided recommendations for extra fire protection which has been implemented.

Four wheel drive training was completed in the June Q with a total of 68 employees attending.



Emergency response team training at site



Western Quoll 'Claudia' being released for radio tracking

Environment

The Environmental Department activities for the June Q consisted of submitting permit applications and following up approvals as well as onsite monitoring and auditing of activities to ensure compliance. No significant environmental incidents occurred during the June Q.

The main activities are listed below:

1. Western Areas received draft environmental approval from the Commonwealth Government for the Spotted Quoll project subject to compliance with set conditions. The draft conditions are in line with expectations. Final approval is expected in early August.
2. The Western Australian EPA Report for the Spotted Quoll project has been released (27th July). The EPA has recommended that the project can be approved subject to a number of conditions which are in line with expectations. The approvals process now proceeds through the appeals period and then to ministerial sign off of the recommended conditions.
3. All secondary approvals (e.g. Water Abstraction Licence, Works Approval etc) for Spotted Quoll are currently being assessed. It is envisaged that they will be granted following ministerial sign off for the project.
4. The Chuditch (Western Quoll) monitoring program at Forrestania has finished for 2009 and is likely to recommence in 2010 following further consultation with DEC. The program proved to be very beneficial and provided valuable information for the DEC on this previously unknown population. A research paper is being prepared for publication.

2. FLYING FOX MINE PRODUCTION

Production Statistics - Flying Fox

	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total
Flying Fox - Ore Tonnes Mined					
Tn's	43,813	71,740	77,501	59,098	252,152
Ni %	4.1%	4.3%	3.7%	4.3%	4.1%
Ni Tonnes Mined	1,812	3,116	2,833	2,570	10,331
Flying Fox - Ni Tonnes Produced					
Tn's	48,405	61,355	58,802	62,447	231,009
Ni %	3.8%	4.6%	3.5%	4.4%	4.1%
Ave. Recovery	91%	92%	87%	90%	90%
Ni Tonnes in Concentrate	1,688	2,573	1,805	2,435	8,501

Note. Grade and recovery estimates are subject to change until the final assay data is received in accordance with the offtake agreements.

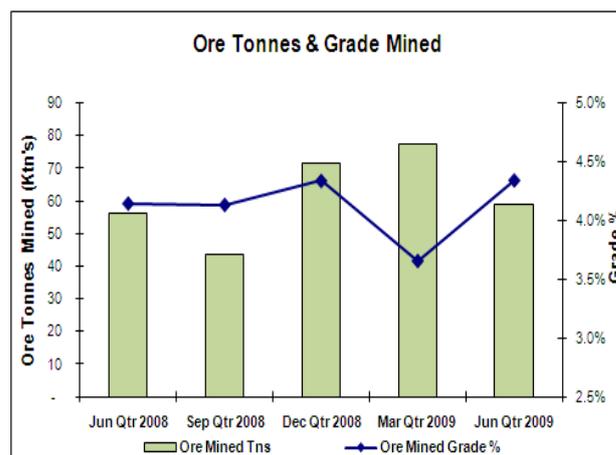
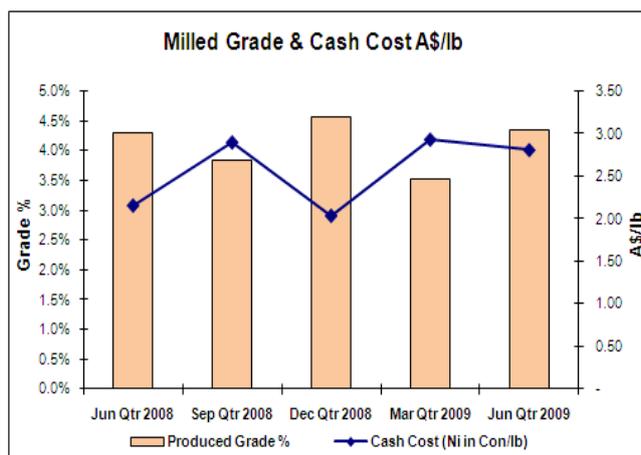
Financial Statistics - Flying Fox

	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	Total	
Group Cost/lb						
Mining Cost (*)	A\$/lb	2.28	1.46	1.92	2.02	1.89
Haulage	A\$/lb	0.23	0.20	0.26	0.11	0.20
Milling	A\$/lb	0.33	0.29	0.52	0.54	0.42
Admin	A\$/lb	0.13	0.13	0.25	0.15	0.16
By Product Credit	A\$/lb	(0.06)	(0.05)	(0.02)	(0.01)	(0.03)
Cash Cost Ni in Con (***)	A\$/lb	2.91	2.03	2.93	2.81	2.63
Cash Cost Ni in Con/lb (***)	US\$/lb (**)	2.59	1.36	1.98	2.14	1.96
Exchange Rate US\$/A\$		0.89	0.67	0.68	0.76	0.76

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements

(**) US\$ FX for Relevant Quarter is RBA ave daily rate (Jun Qtr = A\$1:US\$0.76)

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties.



A total of 59,100 tonnes of ore at 4.3% nickel (grade up 16% on the March Q) for 2,570 tonnes nickel was mined from the Flying Fox mine during the quarter. This brings the total tonnes of nickel mined for FY 08/09 to 10,330 tonnes, exceeding the target of 10,000 tonnes nickel.

Ore production for the June Q continued from the 945, 970 and 920 stopping areas as well as from ore development on the 886, 872, 862, 730 and 720 levels in the lower T1, T2 and T4 ore bodies.

The cash cost of nickel in concentrate (US\$2.14/lb) produced during the quarter excludes smelter/refinery charges and royalties. The US\$ cash cost was slightly higher than the March Q due to the increase in the US/AUD exchange rate from 0.68 to 0.76.

Western Areas awarded a new contract for mining and development of the T4, T5 and Lounge Lizard deposits to Barmenco Ltd. This new contract will result in significant cost savings for the Company.

Cosmic Boy Nickel Concentrator

The Cosmic Boy nickel concentrator is currently treating Flying Fox ore to produce high quality concentrate with an average grade of over 14% nickel.

A total of 62,447 tonnes of ore at 4.4% nickel was milled for the June Q with the Cosmic Boy concentrator producing 16,843 tonnes of concentrate grading 14.6% nickel. Concentrator

metallurgical recovery averaged 90% for the quarter. Ongoing plant optimisation work during the quarter further improved metallurgical recoveries to 92% in June and approximately 93.5% in July (Figure 1). There have been no material issues with the plant since commissioning in February.

Transport of concentrate from Cosmic Boy to BHP Billiton's operations at Kambalda commenced on 9th of May. During the June Q, 6,382 tonnes of concentrate was delivered to BHP Billiton.

In addition, 16,560 tonnes of concentrate grading 14.6% nickel and containing approximately 2,320 tonnes nickel was stockpiled at Cosmic Boy at the end of the quarter awaiting transport. Ramping up of trucking capacity is in progress to increase the supply of concentrate to Kambalda.

Approximately 27,750 tonnes ore at an average grade of 3.7% nickel containing over 1,000 tonnes nickel was also stockpiled awaiting treatment at Cosmic Boy at the end of the quarter.

The engineering study for the proposed upgrade of the plant to 550,000tpa ore has been completed and was approved by the Board in late July.



Cosmic Boy nickel concentrator



Loading concentrate at Cosmic Boy

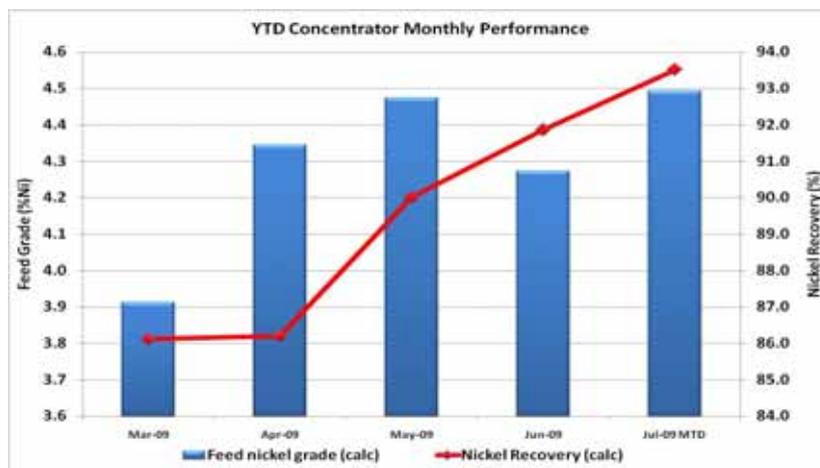


Figure 1: Monthly metallurgical recoveries from commencement of production at Cosmic Boy Concentrator

3. FORRESTANIA MINE DEVELOPMENT AND INFRASTRUCTURE

Flying Fox Mine

The main decline has advanced to 820m below surface as per the plan (refer figure 3). No geotechnical or water issues were encountered during the quarter and the decline is now well positioned to intersect the large, high grade Lewinsky ore body by the end of 2009.

Operating development was completed in the lower levels of T1, namely the 886, 872 and 862 levels with two new ore drives (720 and 730m RL) developed on the T4 ore body. Focus in the coming Q will be to access lower areas of the T4 orebody.

The surface infrastructure works for the twin Return Airway (RAW) raises were commenced during the quarter. The primary fans have been delivered and installed (Figure 2) which will complete the primary ventilation upgrade for the mine. Once established, further ventilation evaluations will be conducted to determine the start date for construction of the main air intake shaft.



Figure 2: Primary mine ventilation fans installed at Flying Fox

Lounge Lizard Agreement

On 11 May, Western Areas NL (“Western Areas”) and Kagara Ltd (“Kagara”) announced that they had executed a Heads of Agreement (“Agreement”) to enable Kagara’s Lounge Lizard nickel deposit to be mined using access from Western Areas’ Flying Fox decline.

The Agreement will result in the consolidation and development of one of Australia’s largest, high grade nickel mines with a combined Mineral Resource of over **2.5 million tonnes at an average grade of 5.5% nickel containing approximately 140,000 tonnes nickel.**

In addition to the high grade massive sulphide mineralisation there is a large volume of low grade disseminated mineralisation at Lounge Lizard and Flying Fox containing approximately 53,650 tonnes nickel in previously announced Mineral Resources (Table 1 and Table 2).

Expected benefits include:

- 1 Western Areas will receive substantial refunds of capital costs for developing the Flying Fox decline including an initial non refundable \$20M access fee payment from Kagara which was received in July.
- 2 The Agreement will enable Kagara to gain early nickel production from Lounge Lizard accessed from Flying Fox decline at an initial production rate of 50,000tpa ore
- 3 Production from Lounge Lizard is not expected to have any significant impact on the rate of production from Flying Fox
- 4 Flying Fox decline development costs will be shared pro rata based on relative tonnes of ore mined, increasing profitability for both parties
- 5 Western Areas will manage and operate all aspects of the combined Flying Fox/Lounge Lizard mine including production schedules and mining rates
- 6 Lounge Lizard ore will be treated at Western Areas’ Cosmic Boy nickel concentrator and concentrate will be sold into Western Areas’ nickel offtake agreements
- 7 Western Areas will charge a 20% management fee on all Kagara’s costs relating to development, production and ore treatment at Lounge Lizard
- 8 In the event that Kagara wishes to sell its nickel interest at Lounge Lizard, Western Areas will have a right of first refusal to match any offer from third parties

Drilling conducted by Kagara has confirmed that Western Areas high grade T4 and T5 ore bodies extend southwards across the Western Areas/Kagara tenement boundary (Figure 3). Work has already commenced on the 630RL drilling drive which will extend southwards from T4 towards Lounge Lizard. This will be used as an underground platform to drill out mineral resources and ore reserves in the upper part of T5 and at Lounge Lizard.

Table 1 – Lounge Lizard Mineral Resources reported by Kagara in announcement on 10 February 2009

Lounge Lizard	Deposit	Mineral Resource Category	Tonnes	Grade Ni%	Contained Ni tonnes
	Massive	Indicated	625,000	4.8	30,200
		Inferred	524,000	4.4	22,900
TOTAL	High Grade		1,149,000	4.6	53,100
	Disseminated	Indicated	4,497,000	0.8	35,000
		Inferred	1,904,000	0.7	13,600
TOTAL	Disseminated		6,401,000	0.8	48,600

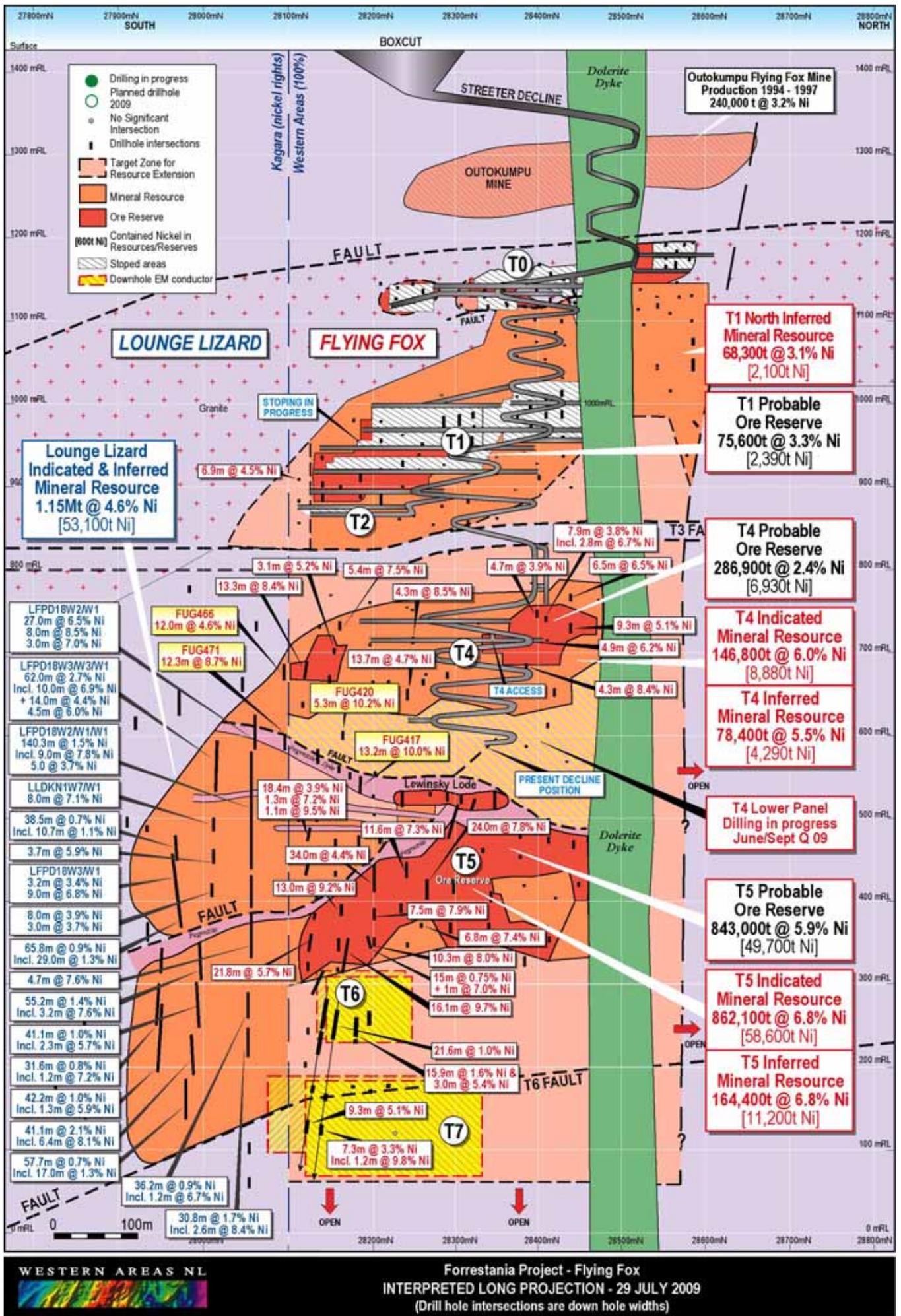


Figure 3: Interpreted longitudinal projection of Flying Fox Mine including Lounge Lizard deposit

Excellent potential remains to increase mineral resources at Flying Fox and Lounge Lizard and both companies are planning substantial surface and underground drilling programs to test this potential beyond the current limits of drilling. The approximate dimensions of Flying Fox and Lounge Lizard combined (T4/T5/T6) are 600 – 700m in width and at least 600m in vertical extent.

Western Areas also plans to resume drilling of the T7 deposit (below the T6 Fault) from underground when access permits. Early drilling to test a strong EM conductor in this area produced very encouraging intersections (announced previously) including 9.3m @ 5.1% nickel and 7.3m @ 3.3% nickel. The location of these drill hole intersections is shown on Figure 3.



Western Areas has increased expenditure on drilling since the nickel price increased above US\$6/lb

SPOTTED QUOLL DEPOSIT

Spotted Quoll - Open Pit Mine

The Spotted Quoll open pit mine is awaiting final environmental approvals and formal Board approval before site works proceed (Figure 4). Pending these approvals, the mining contract tender process for the open pit was completed during the quarter and a preferred contractor was selected. Further negotiations will take place before the contract is awarded in August 2009. The open pit has a scheduled life of 30 months including a pre-strip period of 6 months.

The contract will include all site establishment work such as a new haulage road, powerline corridor from Flying Fox and general mine site infrastructure. This approach will minimise costs and maximize the efficiency of implementation by reducing overheads and equipment mobilisation costs.

Intech Engineers has been selected as the engineering, procurement, construction and management contractor for the implementation of the new mining project. Detailed engineering work on the power, dewatering and civil works commenced during June.

Spotted Quoll – Underground Mine

Scoping for a Feasibility Study on the first stage of an underground mining operation at Spotted Quoll was conducted during June. The Underground Feasibility Study will focus on the currently defined **Indicated Mineral Resource of 880,700t @ 6.5 % Ni containing 57,375t nickel** (Figure 4).

The Study will target a completion date in August 2010 and will lead directly into the mining contract tendering and award process to ensure continuity of production from the Spotted Quoll deposit. The Feasibility Study will involve additional drilling for both geological and geotechnical requirements.

Diggers South Deposit

No site works were completed during the quarter. The site is on care and maintenance until a decision is made to proceed with mine development based on the improving nickel price and securing suitable offtake terms. Ground water monitoring is continuing at Diggers South and at the adjacent 40ha evaporation pond which will be required to assist dewatering of the Spotted Quoll mine, 35km to the north. A pipeline from Cosmic Boy to Diggers Rocks will commence in the September Q.

Cosmic Boy

No further work was carried out at Cosmic Boy during the quarter. A scoping study to re-enter the existing decline will be carried out in the second half of the year if the nickel price remains favourable.

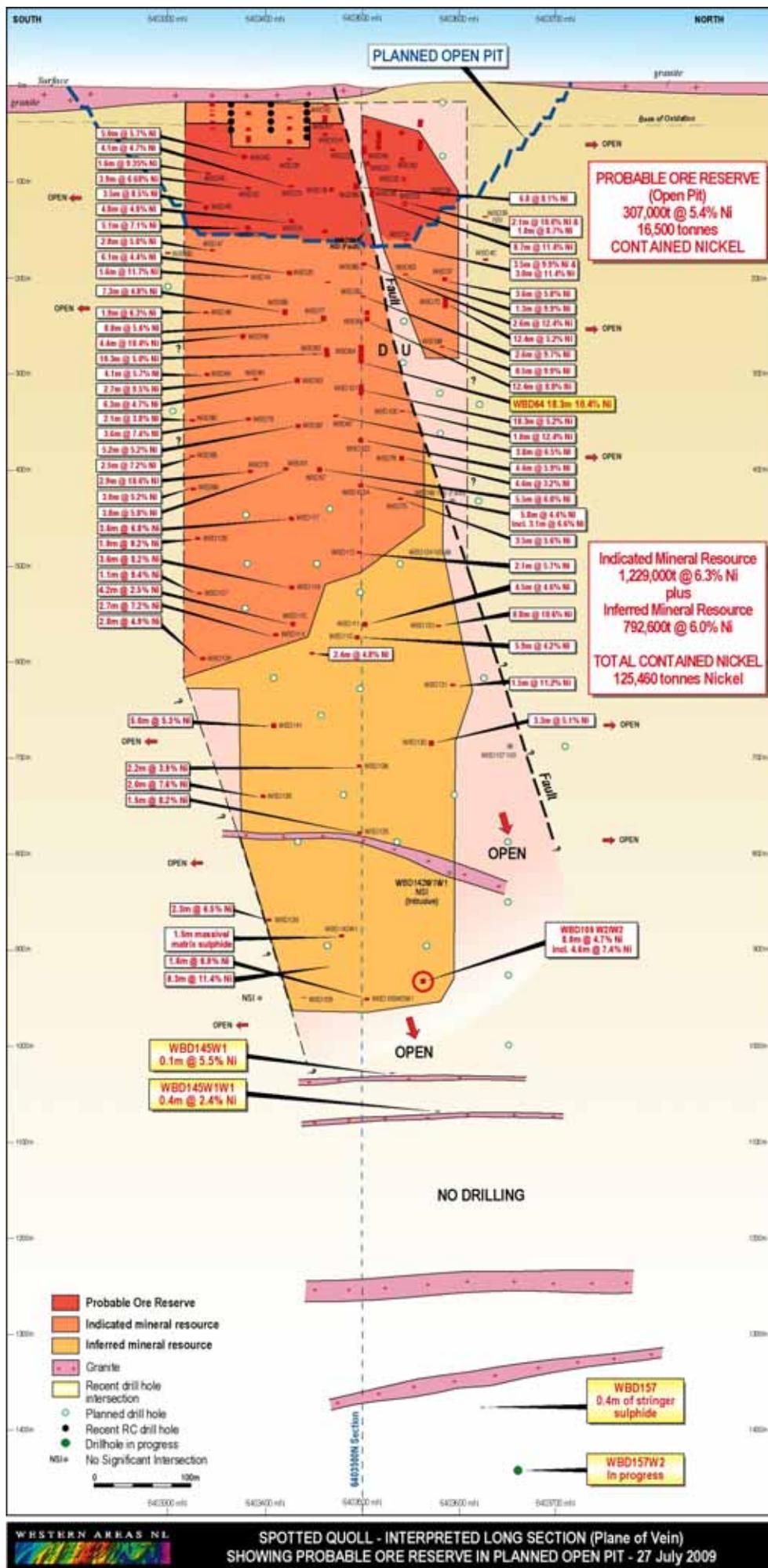


Figure 4: Spotted Quoll - Interpreted Long section (Plane of Vein) showing planned open pit

4. FORRESTANIA MINERAL RESOURCES

Flying Fox

Underground diamond drilling continued during the quarter at Flying Fox, testing the lower part of the T4 deposit and the upper parts of the T5 deposit. Drilling will continue throughout September Q and an update to the T4 / T5 ore reserve will be completed to assist in mine design and planning.

Total Mineral Resources at Forrestania including Kagara's high grade mineral resource at Lounge Lizard are approximately 400,000 tonnes contained nickel (refer to Table 1 and Table 2).

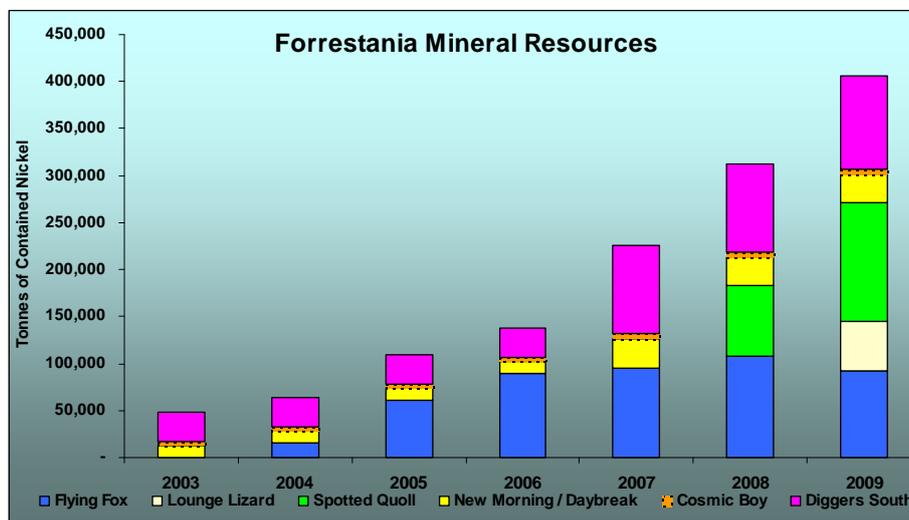


Figure 5: Growth of Forrestania Mineral Resources over 6 years

Note: This graph takes into account mining depletion of ore reserves from Flying Fox T1 and T4

Underground diamond drilling at Flying Fox during the June Q tested the lower part of the T4 deposit and the top of the T5 deposit. Significant downhole drill hole intersections from resource extension programs (outside the current mineral resource) include:

T4 Lower South

FUG417	2.9m	@	6.7% nickel	28190N, 603mRL
FUG418	4.5m	@	6.4% nickel	28182N, 536mRL
FUG419	1.7m	@	9.6% nickel	28154N, 621mRL
FUG420	5.3m	@	10.2% nickel	28159N, 607mRL
FUG421	3.9m	@	7.7% nickel	28127N, 621mRL
FUG423	3.5m	@	5.3% nickel	28129N, 588mRL
FUG440	7.9m	@	7.7% nickel	28184N, 619mRL

T5 Lewinsky South

FUG417	13.2m	@	10.0% nickel	28180N, 560mRL
FUG471	12.3m	@	8.7% nickel	28084N, 575mRL

Note: The intersection in FUG471 is located approximately 5m within the Kagara Lounge Lizard tenement and was drilled to test the continuity of the Lewinsky South pegmatite-hosted lode marking the T4 to T5 transition.

The locations of selected drill holes listed above are shown on Figure 3. Further drilling of the Lewinsky South lode and the T4 Lower South area is currently in progress, along with infill drilling of the main Lewinsky Lode. Mining is scheduled to ramp up in this area during the March Q 2010.

5. FORRESTANIA MINE PRODUCTION TARGETS

Western Areas is on track to meet production targets of around 9,000 tonnes nickel in 2009 and over 20,000 tonnes nickel in 2010. The Company has previously announced an overall target to produce up to 35,000tpa nickel from a number of mines at Forrestania including Flying Fox and Spotted Quoll deposits with additional potential production from the Diggers South, Cosmic Boy and New Morning deposits. Production from the three lower grade deposits is dependent on the nickel price.

Flying Fox mine exceeded the full year production target of 10,000 tonnes of nickel to 30 June 2009.

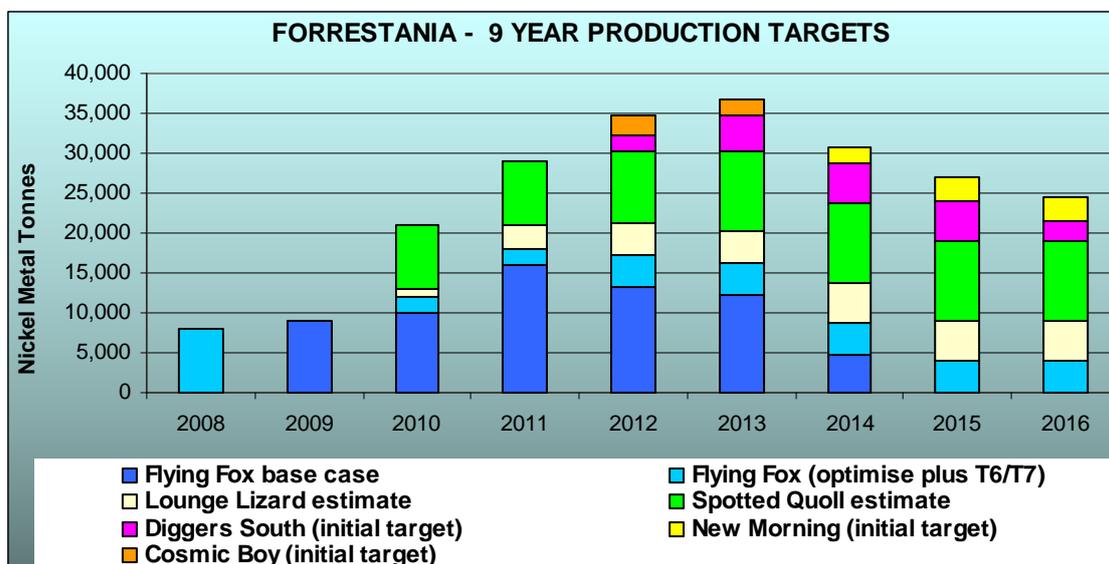


Figure 6: Forrestania 9 Year Production Targets including Lounge Lizard

Note: This graph represents WSA production targets based on an estimate of annual nickel production for six different deposits and includes assumptions and forward looking statements. Production targets may vary depending on a wide variety of factors including nickel price, future estimation of mineral resources and ore reserves, mining costs, geotechnical issues, environmental permitting and future mine development and production rates. Apart from Flying Fox, Spotted Quoll and Diggers South, production targets are not yet based on feasibility studies and may be varied at any time. Potential or existing investors should not rely on these targets as a basis to invest in Western Areas.

6. FORRESTANIA OFFTAKE CONTRACTS

On 8 July the Company announced an agreement with Jinchuan Group Ltd for a contract to sell up to 25,000 tonnes of nickel in concentrate over a two year period from the Forrestania Nickel Project. The contract commences in early 2010 and is expected to terminate in December 2011.

The two year contract with Jinchuan is consistent with Western Areas' plan to sell concentrate to major smelters within and outside Australia. The agreement with China's largest nickel company will also provide Western Areas with exposure to one of the world's fastest growing markets.

The first 10,000 tpa of nickel in concentrate from Forrestania up to a limit of 75,000 tonnes nickel is being sold to BHP Billiton under the existing offtake agreement announced on 12 March 2009. High grade nickel concentrate from Flying Fox is processed at BHP Billiton's smelter at Kalgoorlie, 300km from Forrestania. The balance of nickel not sold to BHP Billiton during 2010 and 2011 will be sold to Jinchuan under the new contract (Figure 7). Concentrate will be exported from Esperance.

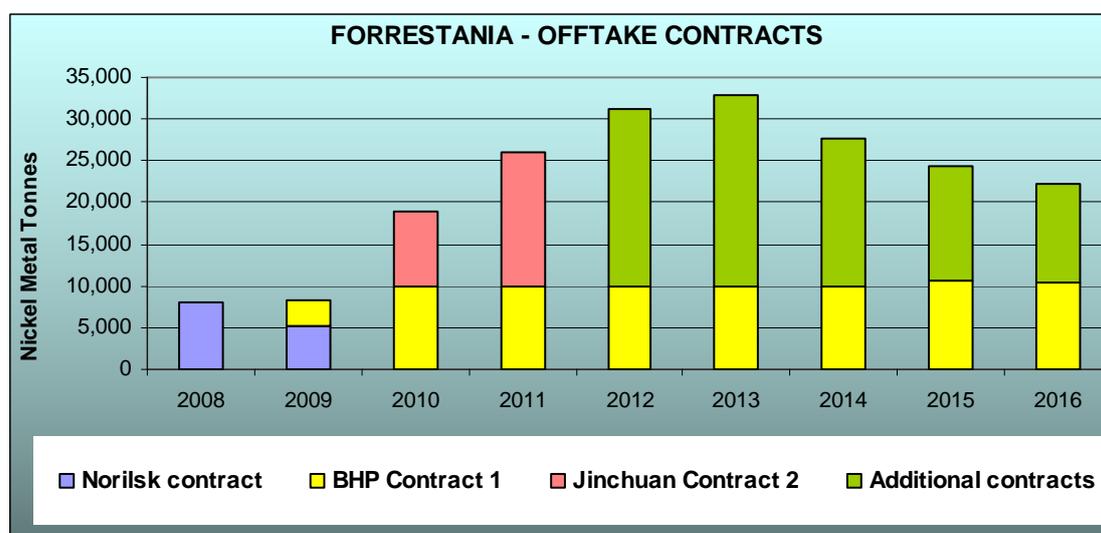


Figure 7: Forrestania concentrate offtake contracts based on current production estimates

Note: Forrestania Offtake Contracts graph (above) represents Western Areas' estimates based on annual nickel production targets from Flying Fox, initial potential production estimates from Lounge Lizard and preliminary estimates from the proposed Spotted Quoll, Diggers South, Cosmic Boy and New Morning mines. At this date, these production targets are not all based on ore reserves or feasibility studies or scoping studies and may be varied at any time. Potential or existing investors should not rely on the production targets used to determine the Offtake Contracts as a basis to invest in Western Areas NL.



Figure 8: Jinchuan Nickel Smelter, Gansu Province, China

7. FORRESTANIA EXPLORATION

Western Areas is undertaking a very active exploration program at Forrestania with two main aims:

- Define significant extensions to Flying Fox and Spotted Quoll
- Discover another Flying Fox or Spotted Quoll type deposit

A drilling program is underway to test the potential at Spotted Quoll below a number of granite intrusions intersected in WBD 145 W1 and WBD 145 W1/W1 (Figures 4, 9 and 10).

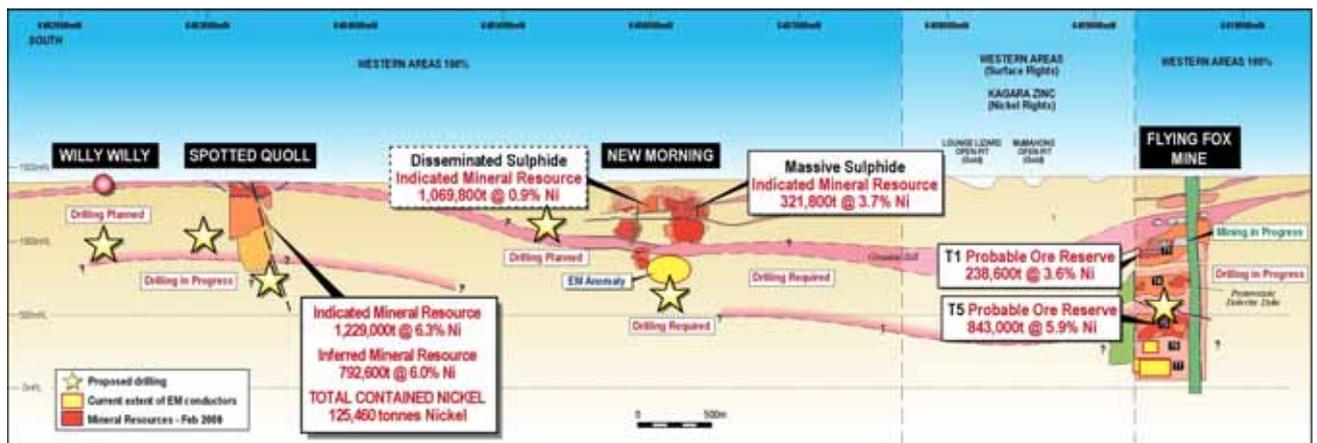


Figure 9: Interpretative long section extending 6km from Spotted Quoll north to Flying Fox

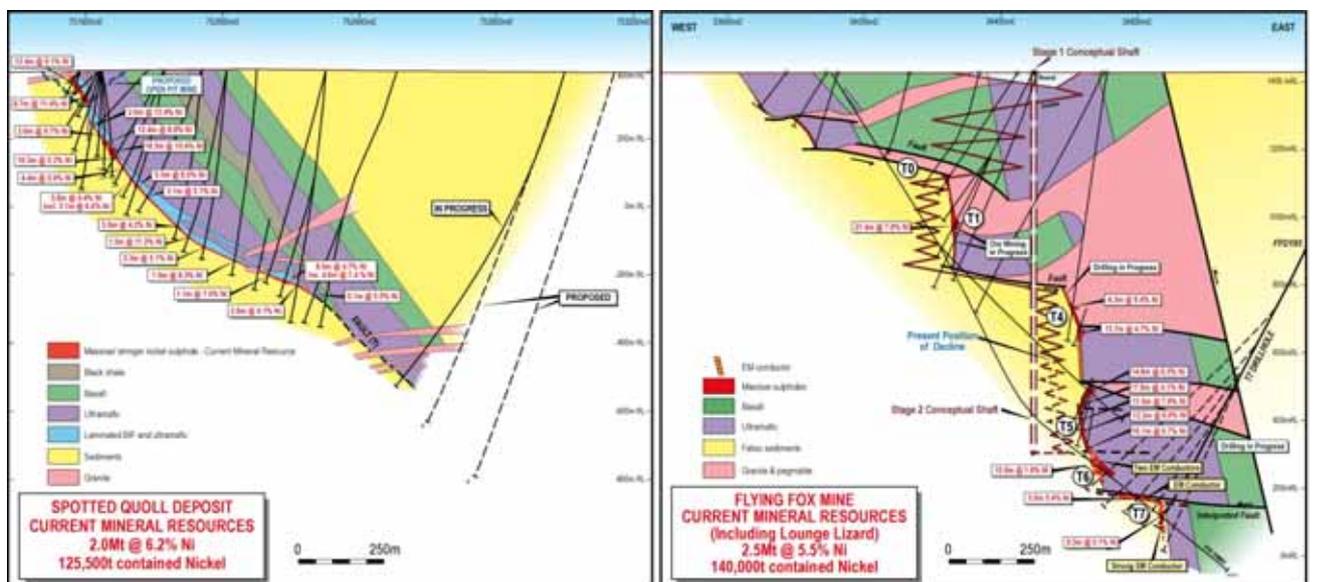


Figure 10: Interpretative cross sections through the Spotted Quoll and Flying Fox deposits at the same scale

Four diamond drill holes were completed below the mineral resource at Spotted Quoll during the quarter. Three of these drill holes, WBD 145W1, WBD 145 W1W1 and WBD 157 (Figure 4) intersected narrow intervals of high grade nickel up to 5.5% nickel, up to 400m below the mineral resource. These intersections are associated with a fault which appears to have offset the main deposit and drilling is now targeting a strong down hole EM conductor interpreted south of WBD 157.

Western Nickel Belt Exploration

A systematic drilling program continued along the highly prospective 25km long Western Nickel Belt to test for new nickel sulphide deposits associated with lava channels extending north and south of Spotted Quoll. Drilling during the quarter identified a new occurrence of nickel mineralisation near a known channel (C2 Channel) and also identified high grade nickel mineralisation (up to 9.5% nickel) associated with a previously unknown channel (Boojum South) at the southern end of the belt.

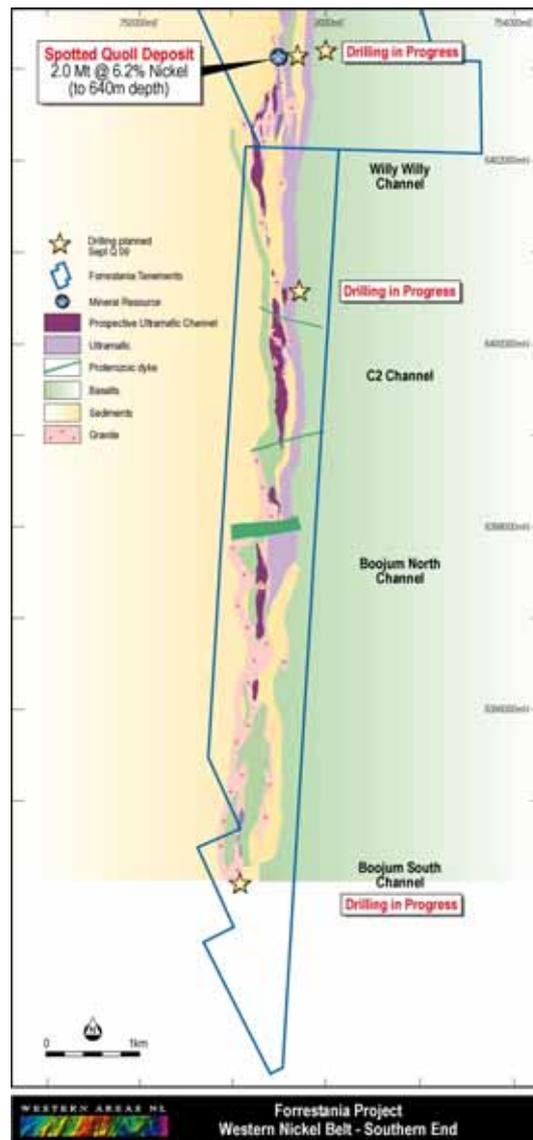


Figure 11: Southern part of Western Nickel Belt - Interpretative geology showing lava channels

Although exploration is at an early stage, the recent intersection of nickel sulphides at the following localities south of Spotted Quoll is very encouraging.

1. **C2 Channel:** At the base of a cumulate ultramafic unit, 3km south of Spotted Quoll. Drilling during the June Q north of a previously announced intersection in BD023 (0.8m @ 1.3% Ni and 942ppm Cu from 247.1m) intersected several intervals of mineralisation, including:

BD26 (90m below BD23)	0.5m @ 0.8% Ni from 317.5m depth
BD27 (100m north of BD023)	0.3m @ 0.9% Ni from 218.2m depth
BRC36 (200m north of BD23)	2.0m @ 0.5%Ni (Niton estimate) from 57m

Compilation of the drilling data and surface geophysics is underway to plan additional drilling.

2. **Boojum South Channel:** Work has also commenced to test the Boojum South area at the southern end of the Western Nickel Belt, 9km south of Spotted Quoll. Six drill holes on three traverses spaced 190m and 240m apart were drilled in the June Q. Results have been very encouraging with blebby and stringer sulphides intersected in two drill holes in a cumulate ultramafic sequence, below granite. No formal assay results are yet available however **preliminary Niton results include narrow zones up to 9.5% nickel.**

Down hole EM will also be undertaken to locate any anomalies which could be associated with massive sulphides. Drilling is in progress to follow up these encouraging early results.



Figure 12: Forrestania site based geological team

8. REGIONAL EXPLORATION

As a result of the increase in the nickel price during the past six months from around US\$4.50/lb to over US\$7/lb, the Board has decided to increase exploration activity at Western Areas' extensive regional nickel interests in Western Australia. These projects extend over 500km in the central part of the Yilgarn Craton and host several recently announced nickel discoveries outside Forrestania.

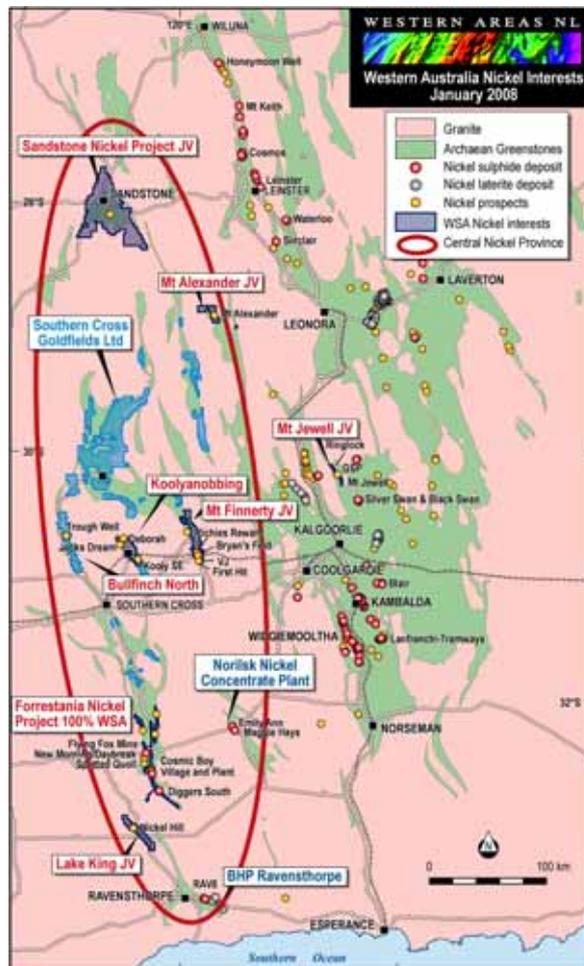


Figure 13: 500km Central Yilgarn Nickel Province showing Western Areas projects and other interests

Lake King JV (WSA earning 70% interest)

Drilling is underway to follow up a recent diamond drill hole LKD001 which intersected a number of ultramafic units, with a thin (1cm) vein of massive sulphide at 176m which averaged **9% nickel** (uncalibrated Niton analysis). LKD 001 was drilled 50m south of previously announced drill hole LKR006, which intersected **15m @ 0.4% nickel including 1m @ 0.8% nickel** at 190m depth.

Although narrow, the high grade intersections provide encouragement on the potential for a new discovery in an area with no previous known nickel exploration. Western Areas has a substantial tenement holding with several priority targets identified at the Lake King Joint Venture.

Sandstone Joint Venture (WSA 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 an area with minimal nickel exploration.

A RAB/RC drill program will commence in the Sep Q testing a number of areas with elevated nickel and copper values which were identified from sampling previous drill holes targeting gold.

Mt Finnerty JV (WSA earning 65% of Nickel rights from Reed Resources)

Western Areas has a Heads of Agreement with Reed Resources Ltd to explore the Mt Finnerty belt, 200km NE of Forresteria. Compilation of previous exploration is continuing to identify new targets.

9. CANADIAN EXPLORATION

East Bull Lake Project - Ontario (WSA earning 65%)

Western Areas has a joint venture with Mustang Minerals (TSX:MUM) to explore the East Bull Lake Project located 80km west of Sudbury, Ontario. Initial drilling of a VTEM anomaly at East Bull Lake, (Parisien Lake) in early 2008 yielded intersections including 1.1m @ 9.3% copper and 12.5g/t PGM from 89m down hole depth and 10m at 0.4% nickel at shallow depth. Historical drilling prior to Mustang's involvement intersected 0.5m @ 3.9% nickel in the central part of the intrusion.

Western Areas has targeted potential for sulphide hosted nickel-copper-PGM deposits associated with a number of VTEM conductors in three areas of the intrusive complex. During the June Q two diamond holes were drilled to test the Novick Lake and Sables VTEM conductors.

Novick Lake: Drill hole N1 intersected a predominantly gabbroic sequence to 390m followed by an anorthositic gabbro to anorthosite sequence to the end of hole (EOH 491m).

Sables: Drill hole S1 intersected a sedimentary sequence below 20m of gabbro with a mafic to gabbro anorthosite sequence from 115m to the end of hole (EOH 154m).

Evaluation of the results of the recently completed drillholes and down hole geophysics is in progress.

10. CORPORATE AND FINANCING

\$35.4M Capital Raising

On 14 May 2009 Western Areas announced completion of a share placement raising \$A35.4 million through the placement of 7 million ordinary shares at an issue price of \$A5.05 per share. The issue price represented a 3.6% discount to the closing share price of \$A5.24 per share on 13 May 2009.

The placement was significantly oversubscribed, with strong demand from existing domestic and international institutional shareholders. The placement was to support Western Areas' rapidly expanding nickel exploration and production and help underpin the growth strategy.

Debt Facilities, Cash Balance and Working Capital

The Company announced on 12 March 2009 that it had secured \$A45.0M loan from BHP Billiton as part of the new offtake agreement between the Company and BHP Billiton. With the commencement of production from the Cosmic Boy Concentrator and the delay in the transfer of nickel sales from Norilsk to BHP Billiton during the quarter, working capital in stockpiles has increased to \$A28.5M.

On 11 May 2009 the Company announced it had reached agreement with Kagara to enable Kagara's Lounge Lizard nickel deposit to be mined using access from Western Areas' Flying Fox decline. The agreement included a non-refundable \$A20.0M payment which was received on 12 July 2009.

At 30 June 2009 Western Areas had \$A80.2M in cash. The \$A80M ANZ Facility is drawn to \$A60M.

Hedging

Western Areas currently has foreign exchange collars for \$US7.5M (\$US2.5M for each of September, December 2009 and March 2010 quarters) with an average cap of \$0.78 and a floor of \$0.60. Western Areas will look to secure further short dated currency and nickel price hedging going forward.

Bond and Share Buyback

On 2 July 2007 Western Areas issued a \$A225.0M, 8%, 5 Year Convertible Bond at a 45% premium due in July 2012. The Bonds are quoted on the Singapore Stock Exchange. Please refer to the Western Areas release dated 29 June 2007 for the Bond Conditions.

The Company did not purchase any Bonds or Shares during the June Q. There remain 838 Bonds with the principal amount of \$A209.5M. The Board continues to review other capital management strategies to add value to shareholders.

-ENDS-

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QA-QC STATEMENT:

Mr Adrian Black from geological consultants Newexco Services Pty Ltd (“Newexco”) and Mr Charles Wilkinson from Western Areas 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 mineral resources and mine development activities is based on information compiled by Mr John Haywood, Mr Dan Lougher and Mr Julian Hanna of Western Areas NL. Mr Haywood, Mr Lougher and Mr Hanna are members of AusIMM and are full time employees of the Company. Mr Haywood, Mr Lougher 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, Mr Lougher 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.

FORWARD LOOKING STATEMENT:

This release contains certain forward-looking statements including nickel production targets shown in Figure 8. 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.

Examples of forward looking statements used in this report include: “major strategic developments which are expected to have a long term and positive impact on the Company”, and “the agreement is expected to provide excellent exposure to the world’s fastest growing nickel market”, and “Final approval is expected in late in early August”, and “Western Areas is on track to meet production targets of around 9,000 tonnes nickel in 2009 and over 20,000 tonnes nickel in 2010”, and “The Company has previously announced an overall target to produce up to 35,000tpa nickel from a number of mines at Forrestania”.

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. 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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Western Areas NL Ore Reserve / Mineral Resource Table - 30 June 2009					
Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification	Notes
Ore Reserves					
1. Flying Fox Area					
T1 South	75,564	3.3	2,385	Probable Ore Reserve	Depleted for mining
T4	286,893	2.4	6,926	Probable Ore Reserve	Depleted for mining
T5	843,000	5.9	49,700	Probable Ore Reserve	
2. Spotted Quoll					
	307,000	5.4	16,500	Probable Ore Reserve	Open Pit Reserve
3. Diggers Area					
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve	
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve	
TOTAL WESTERN AREAS ORE RESERVES	3,621,457	2.9	106,310	Probable Ore Reserve	
Mineral Resources					
1. Flying Fox Area					
T1 South	111,800	4.5	4,980	Indicated Mineral Resource	Dec 08 Resource
	35,200	4.9	1,720	Inferred Mineral Resource	Dec 08 Resource
T1 North	45,400	4.2	1,900	Indicated Mineral Resource	Oct 08 Resource
	12,700	4.8	610	Inferred Mineral Resource	Oct 08 Resource
T4	146,800	6.0	8,880	Indicated Mineral Resource	May 08 Resource
	78,400	5.5	4,290	Inferred Mineral Resource	May 08 Resource
T5 Massive Zone	906,500	6.7	60,750	Indicated Mineral Resource	Dec 08 Resource
	55,000	4.8	2,660	Inferred Mineral Resource	Dec 08 Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource	Mar 08 Resource
	357,800	1.0	3,460	Inferred Mineral Resource	Mar 08 Resource
Total Flying Fox	1,946,800	4.7	90,840		
New Morning / Daybreak					
Massive Zone	321,800	3.7	12,010	Indicated Mineral Resource	
	93,100	3.5	3,260	Inferred Mineral Resource	
Disseminated Zone	1,069,800	0.9	9,650	Indicated Mineral Resource	
	659,200	0.9	5,780	Inferred Mineral Resource	
Total New Morning / Daybreak	2,143,900	1.4	30,700		
Spotted Quoll					
	1,229,000	6.3	77,990	Indicated Mineral Resource	Dec 08 Resource
	792,600	6.0	47,470	Inferred Mineral Resource	Dec 08 Resource
Total Spotted Quoll	2,021,600	6.2	125,460		
Beautiful Sunday					
	480,000	1.4	6,720	Indicated Mineral Resource	
TOTAL WESTERN BELT	6,592,300	3.8	253,720		
2. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	
TOTAL COSMIC BOY AREA	375,900	2.4	8,950		
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	
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	
TOTAL DIGGERS AREA	10,028,200	1.0	99,570		
TOTAL WESTERN AREAS RESOURCES	16,996,400	2.1	362,240		

Table 2: Forrestania Mineral Resource and Ore Reserve Table