



March 12, 2009

ASX & TSX: WSA

News Release

**WESTERN AREAS SECURES AGREEMENT AND A\$45M FINANCING
FOR NEW NICKEL OFFTAKE CONTRACT**

The Board of Western Areas is pleased to announce that the Company has executed a Heads of Agreement with BHP Billiton for a contract to sell up to 10,000 tonnes of nickel in concentrate per annum to a total of 75,000 tonnes nickel from the Forrestania Nickel Project. BHP Billiton has rights to negotiate an extension to the term of the contract. The new agreement with BHP Billiton is subject to final approvals and bank consent. Details of the contract are confidential.

The product to be sold to BHP Billiton will be a high grade blended concentrate produced at the Forrestania nickel concentrator, initially from Flying Fox and Spotted Quoll ore.

Flying Fox mine is currently producing approximately 1,000 tonnes of nickel per month from the T1 and T4 ore bodies. A decision to proceed with development of an initial open pit mine at Spotted Quoll and to expand the capacity of the Forrestania nickel concentrator is expected early in the June quarter. Expansion of the plant is required to process Spotted Quoll ore.

As a part of the offtake agreement, BHP Billiton will provide A\$45 million in financing to Western Areas, the majority of which is intended to be used for early development of Spotted Quoll and the plant expansion. Repayment of the financing will start in July 2012 and is subordinated to the Company's senior lender, the ANZ Bank.

The 10,000 tonnes of nickel in concentrate per annum to be sold to BHP Billiton represents only part of planned production at Forrestania. Western Areas is targeting between 20,000 and 25,000 tonnes nickel from Flying Fox and Spotted Quoll mines from 2010. Depending on the nickel price, potential exists to develop the proposed Cosmic Boy, Diggers South and New Morning mines which could further increase production from Forrestania between 2011 and 2013. Preliminary site works have already been completed at Cosmic Boy and Diggers South.

Western Areas is seeking a short term offtake contract for the balance of between 10,000 to 15,000tpa nickel in concentrate to be produced at Forrestania, commencing in 2010.

As announced on 12 February 2009, Western Areas can elect to remove 40% of the Flying Fox concentrate from 1 April 2009 (Option 1) and 100% of the Flying Fox concentrate from 1 January 2010 (Option 2) from the existing offtake agreement with Norilsk Nickel. Western Areas retains a right to continue selling nickel concentrate from Flying Fox (in excess of that sold into the BHP Billiton contract) to Norilsk under the terms of the original agreement.

Discussion

Western Areas Managing Director, Mr Julian Hanna said, "We think Western Areas represents a reliable long term nickel producer and we look forward to building a strong relationship with BHP Billiton. The new agreement provides significant benefits to Western Areas including terms which are an improvement over the existing agreement with Norilsk and substantial financing which can be directed towards increasing low cost nickel production at Forrestania".

THIS NEWS RELEASE IS NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR
DISSEMINATION IN THE U.S.



Mr Hanna added “the agreement with BHP Billiton is consistent with the Board’s earlier decision to split the Forrestania nickel sales into two contracts. This first contract is intended to lock in a long term revenue base for the Company. The other, which is yet to be negotiated, is intended to be a short term contract delivering more nickel concentrate on an annual basis”.



Flying Fox nickel concentrate (14% nickel grade) in Forrestania concentrate shed.

-ENDS-

For further details, please contact:

Julian Hanna
Managing Director – Western Areas NL
Telephone +61 8 9334 7777
Email: jhanna@westernareas.com.au

Paul Downie
Director – FD Third Person
Telephone +61 8 9386 1233 / 0414 947 129
Email: paul.downie@fdthirdperson.com.au

Craig Oliver
Finance Director – Western Areas NL
Telephone +61 8 9334 7777
Email: coliver@westernareas.com.au

Or visit: www.westernareas.com.au



COMPETENT PERSONS STATEMENT: The information within this report is based on information compiled by Mr Julian Hanna of Western Areas NL. Mr Hanna is a member of AusIMM and is a full time employee of the Company. Mr Hanna has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Hanna 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. These include: "A decision to proceed with development of an initial open pit mine at Spotted Quoll and to expand the capacity of the Forrestania nickel concentrator is expected early in the June quarter", and "the majority of which is intended to be used for early development of Spotted Quoll and the plant expansion", and "Western Areas is targeting between 20,000 and 25,000 tonnes nickel from Flying Fox and Spotted Quoll mines from 2010. Depending on the nickel price, potential exists to develop the proposed Cosmic Boy, Diggers South and New Morning mines which could further increase production from Forrestania between 2011 and 2013", and, "The other, which is yet to be negotiated, is intended to be a short term contract delivering more nickel concentrate on an annual basis". 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 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.

About Western Areas NL

Western Areas is mining and developing two of the world's highest grade and lowest cost nickel mines (Flying Fox and Spotted Quoll) and has completed initial surface development for two additional planned underground mines (Cosmic Boy and Diggers South) at the 100% owned Forrestania Nickel Project. Potential also exists to develop the high grade New Morning underground mine which is dependent on improved nickel prices.

The Company has completed construction of Stage One of the Forrestania nickel concentrator which is now fully commissioned. Western Areas expects to upgrade the nickel concentrator (with capacity of approximately 300,000tpa ore) in two stages to a target of 750,000tpa ore. The Stage Two upgrade is due for completion in the March Q 2010 to treat ore from Spotted Quoll mine. All other major infrastructure including a high quality village for 460 people, grid power, roads, water, tailings disposal, an airstrip etc is complete.

The site operations are managed by an experienced technical and management team. In 2008, Western Areas' exploration consultants Newexco were awarded the 'Australian Explorer of the Year Award' for the discovery of the Spotted Quoll deposit. Western Areas was also awarded the prestigious 'Digger of the Year Award' at the Diggers and Dealers conference in August 2008 for the successful development of the Flying Fox mine.

Western Areas is one of Australia's most active nickel explorers and is targeting to increase the total of high quality mineral resources at Forrestania to 400,000t Ni in 2009. In addition to the Forrestania Nickel Project, the Company has interests in six other nickel projects within the 500km long Central Yilgarn Nickel Province in Western Australia and a substantial nickel/copper/PGM exploration project west of Sudbury in Ontario, Canada.