



Activities Report

For the period ending 30 June 2008

Western Areas is an Australian-based nickel sulphide explorer and producer listed on the ASX and TSX. Western Areas is targeting annual production of 35,000 t of nickel from four mines by 2011 at the 100% owned Forrestania Nickel Project, 400km east of Perth. Western Areas is also a substantial nickel explorer with an annual budget of A\$30 million for a wide range of projects in Australia and Canada.

The first mine, 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. 104,600 tonnes of nickel. The 2008 target is to increase mineral resources at Flying Fox to 150,000 tonnes of contained nickel.

Mining is in progress from the Flying Fox T1 ore body with production expected to reach 8,000 tonnes nickel in CY 2008. Production is scheduled to ramp up to 14,000 tpa nickel in 2010. A decision to construct an ore haulage shaft has potential to increase production to 20,000 tpa nickel.

A feasibility study is underway for an open pit mine at the high grade Spotted Quoll deposit, 6km south of Flying Fox. A scoping study indicates production of 8,000 tpa nickel at a cash cost of ~US\$1.50/lb. Drilling is testing extensions below 200m depth.

Site works have commenced to bring a third mine into production at Diggers South. Permitting has been received for the first stage of development and underground production is expected to commence in mid 2009 with a target of 6,000 tpa nickel in concentrate. A contract has also been let for the first stage of development of the Cosmic Boy mine 20km south of Flying Fox.

ASX & TSX code: WSA

Shares on issue: 167m shares, 5m options. **Market capitalisation:** A\$1.7Bn @ \$10.00 per share.

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The June Q was another period of significant progress towards achieving target production of 35,000 tpa nickel at less than \$US3 per pound in concentrate from four mines by 2011.

Flying Fox is on track to produce more than 8,000 tonnes of nickel in concentrate in CY 2008 and 14,000 tonnes in CY 2009 at low cash costs with the decision on a shaft due this year. Production during the quarter was at forecast rates with 55,573 tonnes of ore invoiced at an average grade of 4.3% nickel. The capital mine development at T1 was completed and production has ramped up to an average 800 tonnes nickel in concentrate per month. A decision was made to fast track Spotted Quoll towards open pit production and surface development works commenced at Diggers South. Both of these deposits are expected to commence production in 2009.

Drilling added 47,000 tonnes of nickel to the high grade resource inventory at Forrestania with initial mineral resources at the Flying Fox T4 and Spotted Quoll deposits. Construction has commenced on the Stage One nickel concentrator at Cosmic Boy and the expansion of the accommodation village to 500 rooms.

Western Areas is operating eight mine development and infrastructure projects and a \$30M exploration program. To manage and fund this growth, the management team has been strengthened with a number of key appointments, contracts have been awarded for site work and further enhancements have been made to the debt and equity structures of the Company.

Highlights during the June quarter were:

Mine Production:

- Flying Fox reached target ore production of 20,000 tonnes ore per month and is on track to produce the target 8,000tpa nickel in concentrate for CY 2008.
- Invoiced production for the quarter was 55,573t at 4.3% Nickel and cash costs were A\$2.15 per lb nickel in concentrate, in line with forecasts.

Mine Development:

- Flying Fox decline achieved record 400m advance for the quarter. The decline is now below T1 and is expected to intersect the T4 deposit in the December Q.
- Scoping study for an ore haulage shaft at Flying Fox (in addition to the decline) has been received and a decision is expected in the September Q.
- Scoping study for initial open pit at Spotted Quoll indicates a very robust project producing up to 8,000 tpa nickel in concentrate pa. Initial permitting is underway.
- 40ha evaporation pond under construction at Diggers South to enable dewatering of the Outokumpu open pit and underground mine during the next six months.
- Ongoing work on the nickel plant includes construction of concentrate storage shed, offices, ROM pad and foundations for the crusher and flotation circuits.
- The village is fully occupied and the expansion to 500 rooms by January 2009 is a priority. Buildings are being delivered in stages to meet this expansion.

Exploration and Mineral Resources:

- Addition of T4 and Spotted Quoll has increased total Forrestania mineral resources to 287,000 t contained nickel. Further increases expected at T4 and Spotted Quoll.
- Drilling below Spotted Quoll intersected 18.3m @ 10.4% nickel. Four drill rigs are testing extensions and potential for a substantial underground mine.
- September Q drilling priorities are: Spotted Quoll, Flying Fox T4 extensions, T7 EM target (in progress) and new EM conductors south of Spotted Quoll.
- Exploration success at regional nickel projects – Koolyanobbing and Sandstone.

1. FLYING FOX MINE PRODUCTION

Production Statistics - Flying Fox

	Dec Qtr	Mar Qtr	Jun Qtr
Flying Fox - Ore Tonnes Mined			
Tn's	23,018	28,759	56,284
Ni %	2.94%	2.97%	4.15%
Ni Tonnes Mined	677	855	2,335
Flying Fox - Ore Tonnes Invoiced			
Tn's	21,713	28,779	55,573
Ni %	2.88%	2.74%	4.29%
Ave. Recovery	88.3%	86.9%	91.4%
Ni Tonnes in Concentrate	553	685	2,178

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	Jun Qtr
Group Cost/lb			
Mining Cost (*)	A\$/lb 2.89	3.25	1.62
Haulage	A\$/lb 0.33	0.38	0.20
Milling	A\$/lb 0.46	0.55	0.31
Admin	A\$/lb 0.51	0.30	0.11
By Product Credit	A\$/lb (0.04)	(0.09)	(0.09)
Cash Cost Ni in Con (***)	A\$/lb 4.16	4.40	2.15
Cash Cost (Ni in Con/lb)	US\$/lb (**)	3.70	3.98
		2.05	

(*) 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\$0.9508)

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreement.

Mining during the June Q focussed on the ramp up of production from the T1 ore body with minor additional production coming from the T Zero ore body. The majority of ore from T1 was extracted as development ore from the 984, 973, 970 and 945 ore drives (Figure 4). By the end of June Q five ore drives had been developed into the upper and central sections of T1.

A total of 56,284 tonnes at an average grade of 4.2% nickel were mined from T1 and T Zero during the quarter. This represents an increase of 173% in nickel metal tonnes from the March Q with cash costs of A\$2.15 per lb nickel in concentrate.

Ore milling continued at Norilsk's Lake Johnson concentrator with 59,750 tonnes at 4.2% nickel milled during the June Q. Invoiced production was 55,573 tonnes at 4.3% nickel. The total project to date tonnes milled stands at 144,274 tonnes for a total of 4,794 nickel tonnes at end of the June Q.

Operating development will continue into the lower levels of T1 whilst the existing ore drives will be set up for stoping operations. These stoping areas will provide high grade ore for the next 12 months. The major capital development for T1 mining is complete.



Figures 1 and 2: Loading Flying Fox nickel concentrate onto a ship at Esperance Port for export to Finland.

2. MINE DEVELOPMENT AND INFRASTRUCTURE

Western Areas has announced a target to produce 35,000t of nickel in concentrate from Forresteria by 2011. The majority of this production is expected to come from the Flying Fox, Spotted Quoll and Diggers South deposits with smaller contributions from planned mines at Cosmic Boy and New Morning.

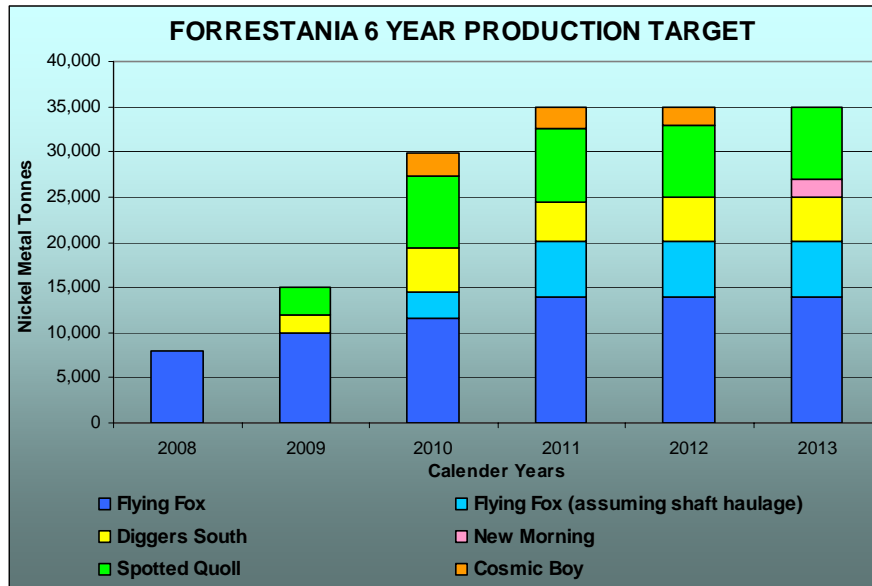


Figure 3: Forresteria 6 Year Production Targets based on current mineral resources, feasibility studies, production estimates and assumptions of potential mineral resource extensions. (Refer to Disclaimer at end of release).

Progress during the June Q 2008 towards achieving target production is as follows:

Flying Fox Mine

The mine decline achieved record advance rates during the quarter and is now at 570m vertical depth and below the T1 ore body. Ground conditions are very good and the mine remains dry. During the September Q the decline will extend below the T3 Fault where two parallel declines will extend 400m across to the T4 deposit. The twin declines are required for ventilation and egress. The decline is expected to access the top of the T4 and T5 orebodies in the December Q 2008 and December Q 2009 respectively. As part of the capital infrastructure for T5 an intake raise bore shaft is planned down to T4, commencing in early 2009.

Flying Fox Shaft Study

The scoping study for the ore haulage shaft indicates that the preferred option from a timing and capex point of view is to utilise the proposed intake fresh air raise bore to hoist ore and waste rock from the top of T4. The proposed ore haulage shaft can then be extended at a later date down to the top of T5 and will have an internal diameter of ~ 4.8m.

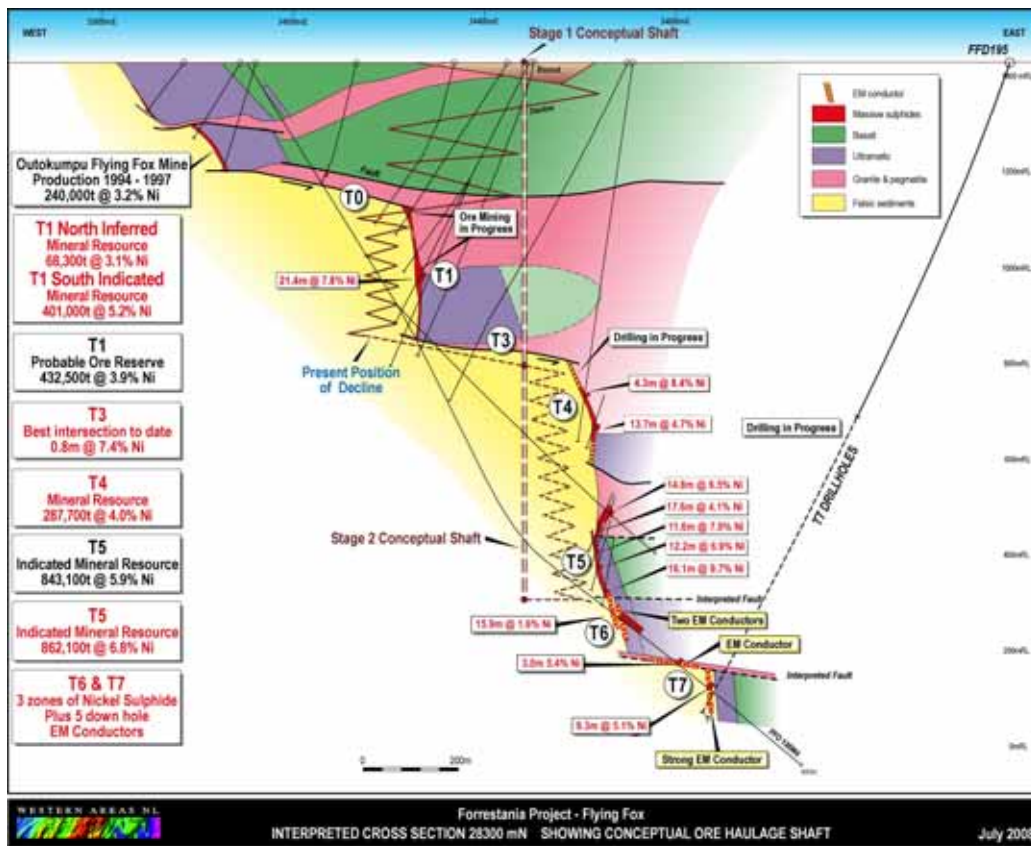


Figure 5: Interpreted cross section of Flying Fox showing conceptual ore haulage shaft.

Spotted Quoll

On May 16, Western Areas released the results of a scoping study for an initial 160m deep open pit mine at Spotted Quoll. Assuming industry standard mining costs, conservative ore dilution factors and metallurgical recoveries based on test work to date, the conceptual open pit at Spotted Quoll has the potential to generate the following net cash flow over a four year mine life:

Assumed nickel price	Potential net cash flow
US\$8/lb nickel	A\$220M
US\$10/lb nickel	A\$305M
US\$12/lb nickel	A\$380M

- **The estimated average diluted mine grade for the life of mine is 5.1% nickel**
- **Estimated C1 Cash Costs of less than \$US1.50/lb**
- **Estimated annualised production rate of approximately 8,000 tpa nickel**
- The potential cash flow does not include any by product credits (copper, cobalt)
- Assumed smelter/refinery charges are based on Western Areas current offtake terms
- The study includes A\$25M for pre strip and A\$5M for other infrastructure capital
- No royalty payments or discount rate has been applied to the cash flow estimates
- Metallurgical test work, geotechnical drilling and pit optimisation are ongoing

Western Areas is taking all steps to fast track Spotted Quoll into production in 2009. Meetings are being held with environmental authorities as the first stage in the permitting process and a Mining Application is expected to be submitted for approval in the September Q.

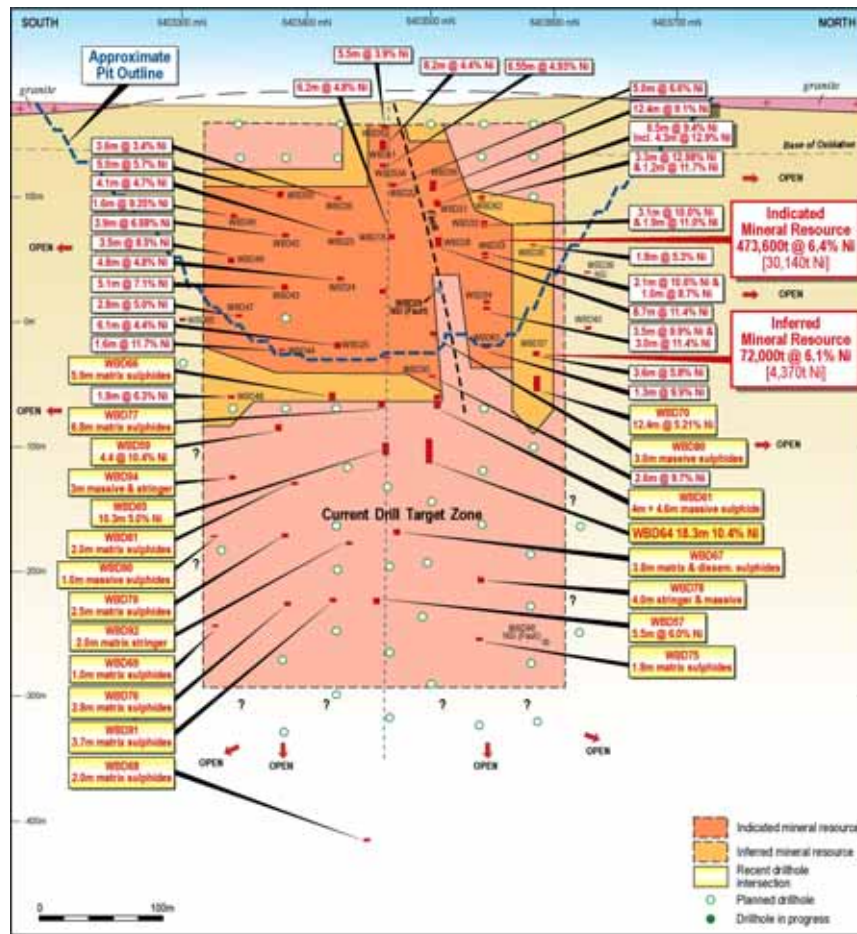


Figure 6: Interpreted Long section of Spotted Quoll showing conceptual open pit outline and current drill holes.

Diggers South

Geotechnical, hydrological and resource confirmation drilling was conducted as part of the feasibility study during the June Q. Contracts were awarded for surface infrastructure works to allow dewatering of the Digger Rocks open pit mine and for the construction of a 40ha evaporation pond (on the same site as Outokumpu's previous evaporation pond, Figure 8). Mining tender documents are being prepared for the rehabilitation work and development of the Digger Rocks decline.

A 250m deep dewatering bore was completed down into the old Diggers Rocks decline (Figure 7) to enhance dewatering of the old mine workings. Dewatering of the mine is expected to commence in the September Q. Preliminary indicative offers have been received from a number of parties to purchase the nickel concentrate produced from Diggers South.

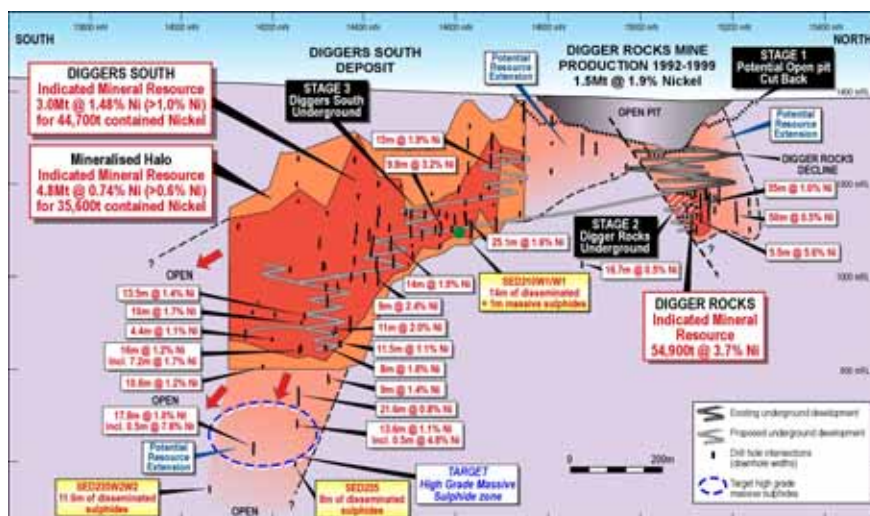


Figure 7: Diggers Rocks/South Cross Section



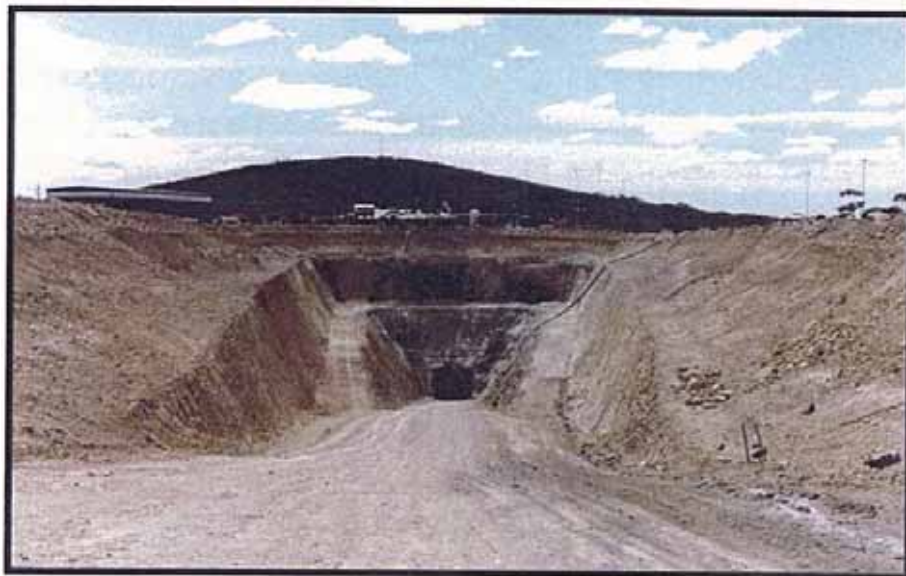
Figure 8: Constructing evaporation pond for dewatering Diggers South mine.

Cosmic Boy

A contract has been awarded to excavate the old Outokumpu box cut (Figure 9) to allow access to the Cosmic Boy underground mine. Material excavated from the boxcut will be used to build the ROM pad at the Cosmic Boy nickel concentrate plant. Work is scheduled to commence in the September Q.

The current Indicated Mineral Resource is 180,900 tonnes at 2.8% nickel containing 5,000 tonnes nickel. Western Areas is also evaluating additional mineralisation within the mine environment with the aim of converting this to further Mineral Resources.

Cosmic Boy Mine was Outokumpu's biggest mine and produced 1.9 million tonnes at 2.0% nickel.



Cosmic Boy decline portal to underground mine 1994

Figure 9: Cosmic Boy Portal – planned to be excavated and rehabilitated in September Q

Concentrate Plant

GR Engineering has commenced work on Stage One of concentrate plant at Cosmic Boy. The project is on target for commissioning in the March Q 2009. Approximately 25 people are currently on the construction site and this will increase to 70 during the September Q.



Figure 10: Concentrate plant site with ore bin on LHS, concentrate shed on RHS, footings for flotation plant and ROM pad in centre and back ground.

3. MINE SAFETY AND ENVIRONMENT

Safety

Safety continues to be a priority at the Forrestania site. One LTI (Lost time injury) was sustained on a surface drilling rig during the quarter. Fortunately no long term injury resulted from this LTI. As a consequence several safety meetings were held with all drilling operators, geologists and drilling contractor management.

The emergency response team has 23 members who are all in the process of being trained in all required disciplines for emergency preparedness. Training for this quarter included, Fire, Vehicle Ex, BG4 & Mine Gases and First Aid.

Environment

During the quarter the Digger Rocks/Diggers South Mining Proposal was approved for construction by Department of Industry and Resources (DoIR). The Works Approval to construct Digger Rocks dewatering infrastructure was received from Department of Environment and Conservation (DEC)

Western Areas has signed an agreement to sponsor the Quoll at the Perth Zoo. A preliminary site assessment by DEC and University of Western Australia into the feasibility for conducting a Western Quoll monitoring program and student project at Forrestania was carried out.

The annual environmental site inspection by DoIR was undertaken in June 2008 with no major concerns raised.

Approvals were received for an expanded drilling program at Spotted Quoll for further resource and geotechnical work. The initial environmental impact scoping study was undertaken at Spotted Quoll with all potential impacts identified so that they can be effectively mitigated or managed. Consultation was undertaken with DoIR, DEC, Wilderness Society, Conservation Council and The Wildflower Society and no major concerns were raised.

4. MINERAL RESOURCES AND EXPLORATION PROJECTS

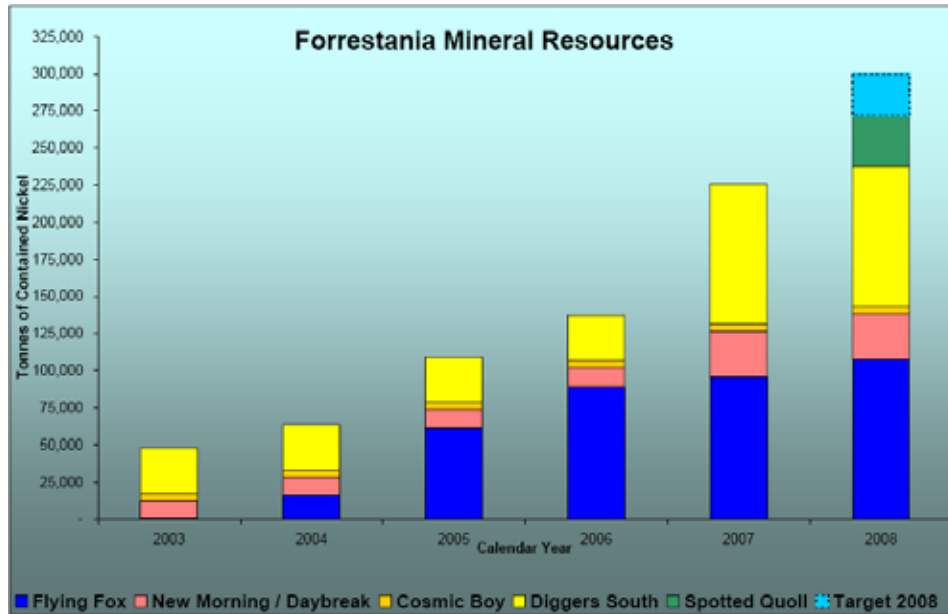


Figure 11: Growth of Forrestania Mineral Resources over 6 years. Showing target of 300,000 t nickel in CY 2008

During the quarter the T4 initial Mineral Resource was announced for 315,200 tonnes at an average grade of 4.1% Nickel, containing 12,810 tonnes nickel.

The addition of T4 as a large, high grade deposit has the potential to have a significant positive impact on the profitability and mine life at Flying Fox. At present T4 is not included in any of Western Areas production schedules or financial models. The main decline is expected to be in a position to access T4 in the December Q 2008, so the conversion of the mineral resource to an ore reserve is a high priority for the Company. Minimal additional capital expenditure is required to bring T4 into production. The decline is already designed to be located in the footwall of T4 and is factored into the development cost to access the T5 ore body.

The T4 mineral resource remains open in several areas, notably down dip towards the underlying T5 deposit at the southern end of T4 in an area where recent drill hole intersections include 13.3m @ 8.4% nickel. Drilling is ongoing to define the full extent and continuity of the T4 deposit and to upgrade it to Indicated Mineral Resource category. A revised mineral resource estimate for T4 is likely to be announced before the end of 2008.

The addition of T4 increases the total contained nickel in Mineral Resources at Flying Fox by 14% to approximately 107,650 tonnes nickel. The Company's target is to increase total Mineral Resources at Flying Fox to 150,000 tonnes contained nickel by the end of 2008.

The initial mineral resource is based on results of surface diamond drillholes up to April 2008. The mineral resource estimate was prepared by independent consultants, SRK Consulting.

<i>Mineral Resource Statement 20th May 2008 - Flying Fox T4 Deposit - above lower cut-off of 2% Ni and lode true width above 1.0m</i>									
	Measured			Indicated			Inferred		
	Tonnes	Ni (%)	Ni (tonnes)	Tonnes	Ni (%)	Ni (tonnes)	Tonnes	Ni (%)	Ni (tonnes)
TOTAL	-	-	-	27,500	4.5	1,250	287,700	4.0	11,560

Flying Fox Exploration

A recently revised interpretation of Flying Fox highlights the potential for continuous high grade massive and disseminated sulphide over a much larger area than previously considered (Figure 4).

Below the T1 ore body where mining is in progress, strong mineralisation appears to be continuous over more than 700m vertical extent from the top of T4 to the current limit of drilling at T7. The area of mineralisation width at Flying Fox increases from 350m (at the Outokumpu mine level) to at least 450m in width (at the T5 level). The increase in width at T5 coincides with the base of the main flat lying granite intrusion and the potential for significant strike extensions remains effectively untested in this area.

Drilling at Flying Fox during the September Q will be focussed on the following areas:

- One underground drill rig is testing T1.
- Two drill rigs will test T4\T5.
- One drill rig is testing the T7 deposit – current depth 800m – target 1400m.

Spotted Quoll

Four drill rigs currently operating at the Spotted Quoll deposit has further extended the down dip extent of the mineralisation.

Recent intersections outside the current mineral resource include the high grade results listed below. In addition, WBD 068 (the deepest drill hole at Spotted Quoll to date) intersected 2m of matrix sulphides at 450m vertical depth. It is interesting to note that the deepest drilling at Spotted Quoll is now only as deep as the top of the first major ore body at Flying Fox, T1.

Reference	Width	From (Down Hole Depth)
WBD 57	5.5m @ 6.0% nickel	341.6m
WBD 61	4.0m plus 4.6m of massive sulphide	209.9m
WBD 62	3.3m @ 12.9% nickel plus 1.2m @ 11.7% nickel	63.9m
WBD 63	1.3m @ 9.9% nickel	170.1m
WBD 65	10.3m @ 5.0% nickel	234.1m

These results confirm the excellent continuity of the deposit below the conceptual open pit and the potential for a significant increase in the size of the mineral resource. Locations of the recent drill hole intersections are shown in Figure 6.

Western Areas is looking at a number of initiatives to increase the rate of exploration along the Western Nickel Belt. The high powered surface Fluxgate EM survey (the same technology that was used by Newexco to discover the Spotted Quoll deposit) has been carried out over the southern part of the Western Nickel Belt during the June quarter.

Preliminary results from the EM survey identified three discrete EM anomalies south of Spotted Quoll. These anomalies occur in favourable geological settings and warrant drilling to test whether potential exists for deposits similar to Spotted Quoll. Permits have been received and drilling will commence as soon as possible.

5. WESTERN AREAS REGIONAL EXPLORATION PROJECTS

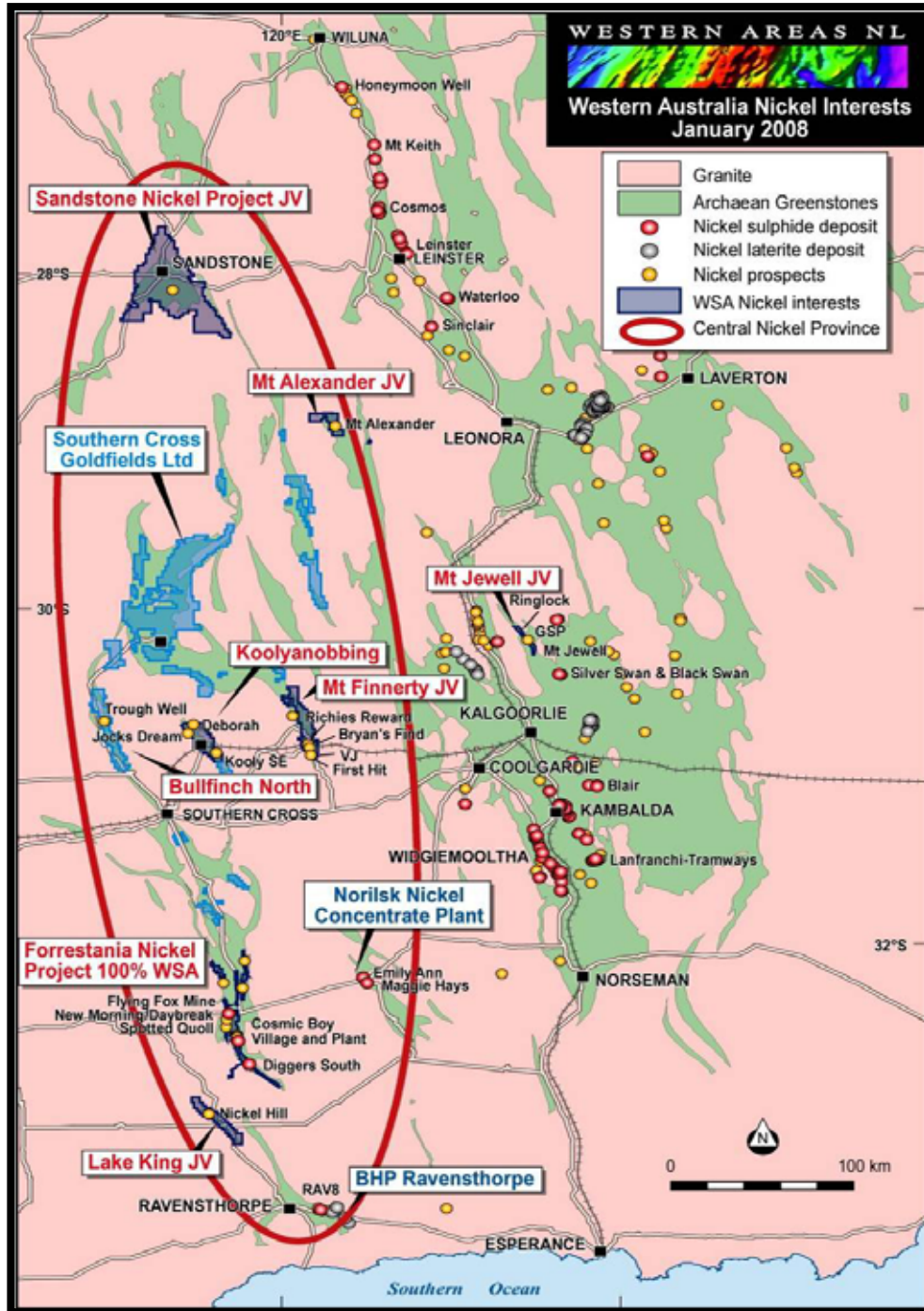


Figure 12: Regional Nickel Province showing Western Areas projects, joint ventures and other interests.

Koolyanobbing Nickel Project – Exploration Drilling (WSA 100% of Nickel rights)

Assay results have been received for two diamond drill holes below a 500m long nickel sulphide zone discovered in the 1970s and extended by Western Areas in 2006 using a combination of IP surveys and RC drilling. Both holes intersected massive and stringer sulphides.

The assay results from these intersections are:

- KNDD002 0.2m @ 5.3% nickel from 265m
- KNDD003 0.2m @ 3.8% nickel from 253m

Although the intersections are narrow they are considered significant because of the high nickel grades and continuity of the mineralization. Potential exists for a significant deposit at depth.

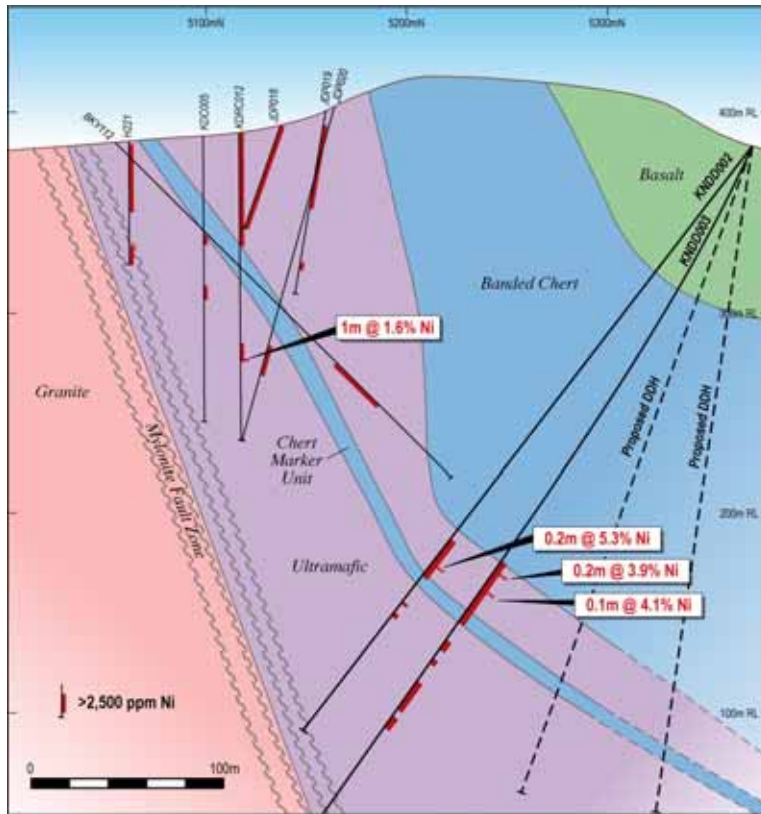


Figure 13: Interpretative Cross Section of Koolyanobbing North showing recent intersections and planned drilling.

Drilling to test down plunge from recent intersections (figure 13) is planned in the December Q. The drilling target is primary massive nickel sulphide mineralisation in structurally controlled deposits similar to the Spotted Quoll deposit.

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 Forrestania. The area was last explored for nickel by WMC in the 1970's.

Permitting and planning of a RAB drilling program testing the prospective basal ultramafic contact is in progress for the program to be undertaken in the September Q. In addition a RC drilling program will be undertaken to test the anomalous nickel values in MFR064 (MFR064 (226250mE 6591400mN) intersected 25m @ 0.91% Ni (up to 31ppb PGE) from 6m) and two IP anomalies which were identified west of the interpreted basal ultramafic contact.

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 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 September Q.

Lake King JV (WSA earning 70% interest)

Permitting applications have been submitted to conduct drilling of a number of IP anomalies and to follow up previous drill intercepts in the September Q. Previous drill hole LKR006 intersected 15m @ 0.4% nickel including 1m @ 0.8% nickel at 190m depth, indicating potential for economic grades.

Mt Alexander BHP JV (WSA 25%)

BHP Billiton has advised Western Areas that down hole EM has been completed on the two mineralised drill holes and drilling is expected to resume at the Cathedrals Prospect in the September Q. The Company looks forward to reporting further results from this exciting project.

6. CANADIAN NICKEL PROJECTS AND INTERESTS

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

Western Areas is exploring for large, multi million tonne deposits, similar to the nickel/copper ore bodies mined by Sherritt Gordon. Lynn Lake is one of Canada's largest historic nickel, copper and cobalt producers. Sherritt-Gordon mined approximately 22 million tons of ore at an average grade of 1% nickel and 0.5% copper, producing approximately 166,100 tonnes nickel, 94,800 tonnes copper and 1,700 tonnes cobalt.

Additional drilling has been completed at the Melville prospect at Lynn Lake during the June Q testing the continuity of the recently intersected Melville mineralisation on the option claims and the source of the large, coincident magnetic/VTEM anomalies directly north of Melville.

The recent drilling program has returned a number of sulphide intervals. Assay results for these intervals are awaited.

To further delineate potential mineralisation in and around the Melville prospect an IP geophysical survey has commenced. Results of the survey are expected in July 2008.

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

Mustang Minerals announced on 26 June 2008 that the prefeasibility study was completed for the Company's Maskwa Nickel Project compiled by Micon International Limited with Met-Chem Canada Inc, Wardrop Engineering Inc and Golder Associates was positive. The study was based on an open pit mineral resource of approximately 8 million tonnes at an average grade of 0.64% nickel with copper and PGM credits. The proposed project envisages a 2,750 tonnes per day open pit mine and milling operation producing an average of 9.2 million (payable) pounds of nickel per year in concentrate and other credits including platinum group metals, copper and cobalt.

Micon concluded that "the Maskwa Project contains an economic mineral reserve and warrants continued development to the full feasibility stage." Mustang is now moving forward aggressively with a feasibility study and permitting activities for the Maskwa Project.

7. CORPORATE AND FINANCING

Appointments

In May, Western areas announced the appointments of Mr Dan Lougher to the Board as Executive Operations Director and Mr Joe Belladonna as Financial Controller and Joint Company Secretary. Mr Lougher brings a strong background in mining and project development to Western Areas and his main role is to oversee the implementation of the Company's production strategy. Mr Belladonna is a CPA qualified accountant with more than five years senior resource experience in Western Australia.

Bond Cash Settlement, Buyback and Changes to Terms

On 2 July 2007 Western Areas issued a \$A225M 8% 5 Year Convertible Bond at a 45% premium. The Bonds are quoted in the Singapore Stock Exchange. Please refer to the Western Areas release dated 29 June 2007 for the Bond Conditions "Conditions".

On 26 June 2008 Western Areas announced that it has received notices to convert 46 out of 900 Bonds from holders. Western Areas has elected to pay all of these bondholders in cash to satisfy in full the conversion right and no shares in Western Areas will be issued pursuant to these notices to convert. Western Areas announced that it will continue to monitor the market in which the Bonds trade and may in the future enter the market to buy back and cancel Bonds should the timing and conditions be favourable.

Since this announcement Western Areas has bought back a further 4 Bonds. Accordingly at 30 June 2008 there remains 850 Bonds with the principal amount owing reduced from \$A225M to \$A212.5M.

Additionally with the introduction of IFRS (International Accounting Standards), Western Areas has identified that the cash settlement option under the Conditions could impact the accounting profit by mark to market adjustments in the value of the Bonds. This may introduce volatility to the financial results of the Company, which among other things, could impact financial ratios and covenants and the capacity of Western Areas to pay dividends to shareholders. To negate the impact of mark to market adjustments, Western Areas has modified the Conditions to delete the Cash Settlement Option, with effect from 27 June 2008, such that all conversion notices after that date will be settled in shares.

ANZ Debt Facility and Cash Balances

Western Areas has negotiated with the ANZ Bank to restructure the existing \$A80M ANZ Debt Facility from a Project Style Facility to a Corporate Style Facility. The \$A80M ANZ Facility is drawn to \$A54M and at 30 June 2008 Western Areas has cash of ~\$A140M.

Dividend Policy and Capital Management

Western Areas has announced a Dividend Policy of 50% of Net Profit after Tax. The Board is looking forward to the 31 December 2008 half year report and hopes to be in a position to declare the first dividend in January 2009.

Now that Flying Fox has reached steady state production and is cashflow positive and the Company has mapped out and costed its development strategy the Board is reviewing other capital management strategies to further add value to shareholders.

-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.

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FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements including nickel production targets. 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 statement include "The June Q was another period of significant progress towards achieving target production of 35,000 tpa nickel at less than \$US3 per pound in concentrate from four mines by 2011" and "the company is planning be in a position to declare the first dividend in January 2009".

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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FOR DISSEMINATION IN THE U.S**

Western Areas NL Ore Reserve / Mineral Resource Table - 30 June 2008

Deposit	Tonnes	Grade Ni%	Ni Tns	JORC Classification
Ore Reserves				
1. Flying Fox Area				
T1 South	355,668	3.9	13,705	Probable Ore Reserve
T5	843,000	5.9	49,700	Probable Ore Reserve
2. 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	3,307,668	2.8	94,205	Probable Ore Reserve
Mineral Resources				
1. Flying Fox Area				
T1 South - Core	268,085	5.9	15,930	Indicated Mineral Resource
T1 South - Halo	74,108	1.9	1,398	Indicated Mineral Resource
T1 North	68,300	3.1	2,100	Inferred Mineral Resource
T4	27,500	4.5	1,250	Indicated Mineral Resource
	287,700	4.0	11,560	Inferred Mineral Resource
T5 Massive Zone	862,100	6.8	58,800	Indicated Mineral Resource
	164,400	6.8	11,220	Inferred Mineral Resource
T5 Disseminated Zone	197,200	0.9	1,590	Indicated Mineral Resource
	357,800	1.0	3,460	Inferred Mineral Resource
Total Flying Fox	2,307,193	4.7	107,308	
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				
	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	
Beautiful Sunday				
	480,000	1.4	6,720	Indicated Mineral Resource
TOTAL FLYING FOX AREA	5,476,693	3.3	179,238	
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 ROCKS	10,028,200	1.0	99,570	
TOTAL WESTERN AREAS RESOURCES	15,880,793	1.8	287,758	