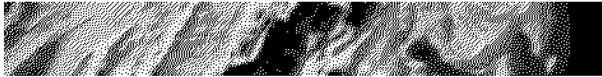


WESTERN AREAS NL



A.C.N. 091 049 357

Level 1, 11 Ventnor Avenue
West Perth, WESTERN AUSTRALIA, 6005
Ph: (08) 9486 7855 Fax: (08) 9486 7866

Website: www.westernareas.com.au
Email: jhanna@westernareas.com.au

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RESTRUCTURE OF FLYING FOX PROJECT FINANCE AND ACQUISITION OF SULPHIDE FLOTATION PLANT

The Board is pleased to announce three initiatives which are expected to make a significant contribution to the proposed expansion of the Forrestania Nickel Project and provide the basis for building Western Areas' profile as a substantial and profitable nickel producer.

This follows recent announcements detailing total current Mineral Resources for Flying Fox (T1, T2 and T5) of 946,000 tonnes at 6.5% nickel, containing approximately 62,000 tonnes of nickel.

1 Restructure of Stage One Finance

Western Areas has executed agreements with NM Rothschild and Sons (Australia) Ltd and Commonwealth Bank of Australia Ltd to restructure the finance facilities for the Stage One development of the Flying Fox mine. The total facility of \$37.2 million will initially be used to repay the existing \$11.5 million loan to LionOre Australia (Nickel) Ltd ("LionOre"). The LionOre loan has been used to finance the development of the Flying Fox T1 mine to date, complete the surface mine infrastructure (buildings, power, water disposal etc) and build the Cosmic Boy village.

The project refinancing not only provides ongoing funding for Stage One but also establishes a strong banking syndicate for the proposed Stage Two expansion of Forrestania. Subject to a successful outcome for the current feasibility study on the Flying Fox T5 deposit, the Stage Two mine development is expected to commence in mid 2006.

The project refinancing does not affect the existing agreement with LionOre by which Western Areas agrees to sell and LionOre agrees to purchase the first 75,000 tonnes of nickel, contained either in ore or concentrate from the Forrestania Nickel Project (the "Offtake Agreement").

2 Purchase of Sulphide Flotation Plant

Western Areas has executed an agreement to acquire the sulphide flotation plant from the Telfer gold mine in Western Australia for \$2 million. The purchase price represents a major saving on the replacement cost and includes dismantling the plant and transporting it to Perth. Components include the flotation cells, tanks, thickeners, concentrate filter, steel framework and buildings. Although second hand, the plant is in good condition and requires only minor modification.

Como Engineers Pty Ltd has been commissioned to dismantle the plant, locate crushing and grinding equipment and undertake a study to reconstruct these components at Forrestania. Assuming a positive outcome to this study and a decision to construct, the Telfer plant will form the core of a 250,000 tonnes per annum nickel concentrate plant to be built at Cosmic Boy. The design will allow for future expansion to treat ore from Flying Fox and other deposits (eg Diggers South).

A treatment plant will enable Western Areas to control and optimise nickel recoveries from different ore types and has the potential to make a substantial positive impact on operating costs, profitability and minelife. Under the terms of the Offtake Agreement, Western Areas retains the right to treat ore at LionOre's Emily Ann plant 90km from Forrestania until a plant is established at Cosmic Boy.

3 Proposed Secondary Listing of WSA

Western Areas is considering a secondary listing on the Toronto Stock Exchange ("TSX") and has appointed Toronto based Sprott Securities Inc to assist with this process.

This listing is being considered as a result of the strong interest shown by Canadian investors in Western Areas' high grade nickel resources and exploration potential. Canada is a world leader in nickel mining and the TSX is the leading stock exchange for global mining companies.

Update on Flying Fox T5 Drilling Program

Infill drilling of the first T5 resource announced on 5 July (630,000 t @ 6.9% nickel) is expected to be completed next week. The majority of drill holes in this program have intersected significant down hole widths of massive sulphides (up to 15m) for which assay results are awaited.

Drilling will soon move to test for extensions to T5 above and below the current resource and north of the dolerite dyke. A drilling program is also planned to test for extensions above the T1 deposit.

Results from recent T5 drill holes are expected to be released early next week.



The flotation circuit acquired as part of the Telfer sulphide plant

Julian Hanna,
Managing Director

26 July 2005

DISCLAIMER

This announcement does not include reference to all available information on 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 ASX releases and statutory reports and consult their professional advisers before considering investing in the Company.

The information in this report as it relates to the various agreements, geology and mineralisation was compiled by Mr Julian Hanna. Mr Hanna is a member of the Australian Institute of Mining and Metallurgy who is competent in the field of activity being reported and consents to the inclusion of this information in the form and context in which it appears in this report.