

# Western Areas Agrees One Year Offtake Contract With Jinchuan

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PERTH, AUSTRALIA -- (Marketwire - Nov. 30, 2011) - The Board of [Western Areas](#) (TSX:WSA) (ASX:WSA) is pleased to announce that following a competitive tender process, the Company has agreed key terms with Jinchuan Group Ltd to sell up to 15,000 tonnes of nickel in concentrate (FOB Port of Esperance) for a one year period. Both companies are now finalising documentation.

Western Areas Managing Director, Mr Julian Hanna said, "We are pleased to continue the strong relationship we have forged with China's largest nickel company. We have been selling nickel concentrate to Jinchuan since July 2010. The new contract commences in March 2012 and contains improved terms for Western Areas over the existing agreement." The terms of the new agreement with Jinchuan remain confidential.

Western Areas believes the short term nature of the contract places the company in an enviable position in having flexibility to negotiate future sales of nickel concentrate. Mr Hanna added, "We are seeing independent analysis indicating the nickel concentrate market is heading into a sustained period of short supply. Western Areas' ability to be a reliable supplier of high quality nickel concentrate provides a clear strategic advantage over our peers. We consider that in the current volatile market, the decision for a short term contract will be beneficial for the Company."

The tender process attracted bids from a number of major global operating and investing companies. Western Areas is encouraged by the potential for future strategic alliances with those companies for partnering certain Western Areas' projects in Australia and offshore.

Mr Hanna said, "By negotiating a short term contract with Jinchuan, Western Areas now has time to explore partnerships which can assist with the development of some of the Company's other assets and new mine opportunities."

During FY 2010/11 Western Areas sold a total of 25,055 tonnes of nickel in concentrate into the BHP Billiton and Jinchuan offtake agreements at a cash cost of US\$2.11/lb. This level of sales is targeted to continue for up to 10 years based on current production estimates. The Flying Fox and Spotted Quoll mines and Cosmic Boy concentrator are meeting all expectations in terms of tonnes and grade mined, concentrate specifications and metallurgical recoveries.

**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: "the short term nature of the contract places the company in an enviable position in having flexibility to negotiate future sales of nickel concentrate" and "We are seeing independent analysis indicating the nickel concentrate market is heading into a sustained period of short supply" and "By negotiating a short term contract with Jinchuan, Western Areas now has time to explore partnerships which can assist with the development of some of the Company's other assets and new mine opportunities" and "This level of sales is targeted to continue for up to 10 years based on current production estimates."

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.

## Contact Information

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

Western Areas NL  
Dan Louher  
Operations Director  
+61 8 9334 7777  
dlouher@westernareas.com.au

Western Areas NL  
David Southam  
Finance Director  
+61 8 9334 7777  
dsoutham@westernareas.com.au

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