Western Areas Closes Out Royalty Obligation to Outokumpu

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PERTH, AUSTRALIA -- (Marketwire - Dec. 22, 2011) - The Board of Western Areas (TSX:WSA) (ASX:WSA) is pleased to announce the Company has reached agreement to close-out its ongoing royalty arrangements with Outokumpu Mining Australia Pty Ltd (Outokumpu) for US$30m (tax effective price US$21m). The agreement is payable in two instalments, with US$15m payable this month and US$15m due 12 months later.

As a consequence, all future production and resource extensions from Flying Fox and Spotted Quoll mines will now be free of the royalty payment which is 2% of Net Smelter Return (sales revenue net of transport costs). Western Areas Managing Director, Mr Julian Hanna said, "We are pleased to remove any ongoing royalty payments to Outokumpu at an effective outlay of US$21m. During the 2010/11 financial year the Company paid royalties to Outokumpu of US$8.8m. We believe this is a 'win-win' outcome for the two companies".

"Any new discovery and subsequent mining operation in the Forrestania region was previously subject to the Outokumpu royalty. Therefore deposits such as Diggers South, New Morning, Cosmic Boy and the other exciting targets in our extensive tenement portfolio are now exempt which should improve the economics of these projects."

Pursuant to the agreement, royalty obligations to Outokumpu ceased on 30 September 2011.

Western Areas has no other royalty obligations outside of the standard WA State Government regime.

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: "all future production and resource extensions from Flying Fox and Spotted Quoll mines will now be free of the royalty payment" and "Therefore deposits such as Diggers South, New Morning, Cosmic Boy and the other exciting targets in our extensive tenement portfolio are now exempt which should improve the economics of these projects". 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 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.

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