

February 27, 2007

ASX & TSX: WSA

News Release

WESTERN AREAS STRIKES DEAL WITH REED RESOURCES TO EXPLORE FOR HIGH GRADE NICKEL AT MT FINNERTY

The Board of Western Areas is pleased to announce that the Company has executed a Heads of Agreement with Reed Resources Ltd (“Reed”) to explore three target areas at Mt Finnerty, 150km NE of Forresteria in Western Australia.

Under the terms of the agreement, Western Areas can earn up to 65% interest in the nickel rights by funding two stages of exploration on the MT Finnerty tenements which are granted and available for immediate work.

Exploration at Mt Finnerty will focus on **three clearly defined nickel sulphide target areas** which demonstrate the following:

1. Anomalous geochemical signatures (up to 1% nickel and 400ppm copper) in previous, shallow RAB drilling of strongly weathered ultramafic units
2. 4km long soil nickel anomaly (>250ppm nickel) and a coincident 2km long copper anomaly (>170ppm copper), revealed by recent reconnaissance soil lines over the intact basal contact
3. Favourable geological settings where intact basal contacts of high MgO ultramafic sequences with potential channel embayments are effectively untested by previous drilling.

Western Areas’ Managing Director, Mr Julian Hanna, said the agreement is consistent with the Company’s strategy to conduct exploration for high grade nickel sulphide deposits in highly prospective, yet under-explored areas in the Forresteria region.

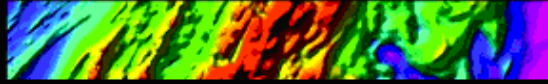
“We currently have substantial land holdings in the region,” said Mr Hanna.

“This agreement with Reed enables us to cast an even wider net for exploration opportunities within this highly mineralized region where Western Areas has built up considerable knowledge,” he said.

“Western Areas is actively exploring the region to supplement our production from the Flying Fox mine and anticipated production from a second mine at Diggers South,” said Mr Hanna.

Western Areas recently intersected 4% nickel in shallow drilling at its Koolyanobbing North Project (100%), located approximately 200km north of Forresteria. Diamond drilling is planned at this project as soon as a drill rig is available.

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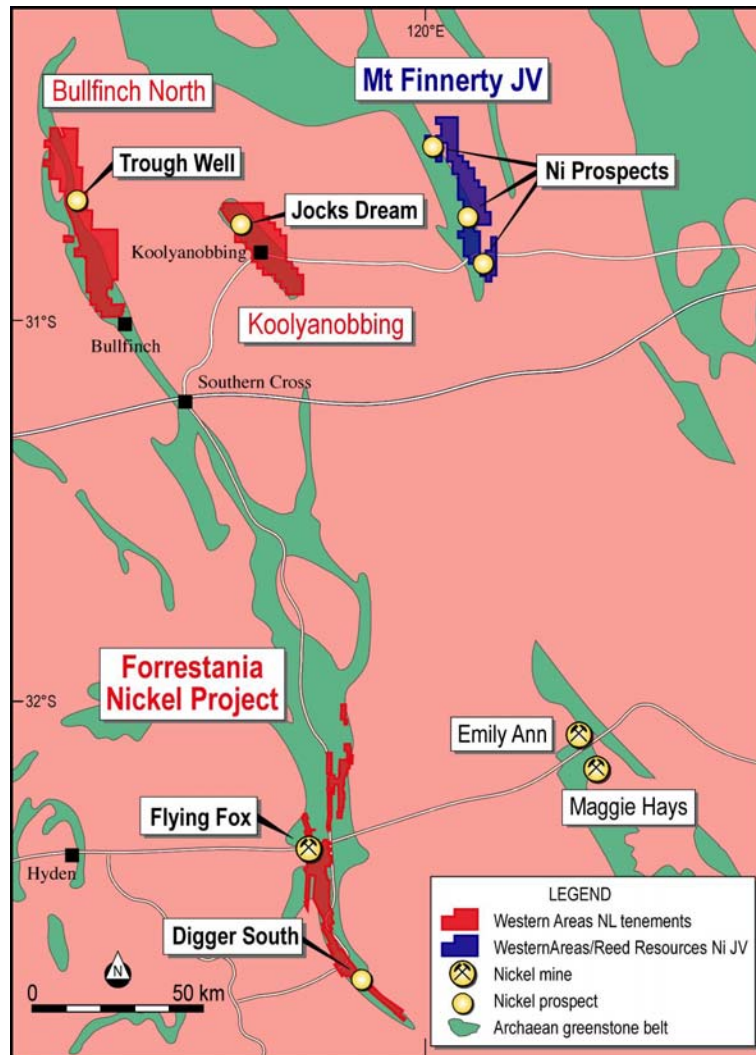


Additionally, the Company is earning 60% interest in the Koolyanobbing East Joint Venture. An IP survey at the Deborah prospect, completed in February, is expected to generate a number of drilling targets.

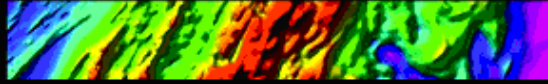
MT Finnerty Agreement

By spending \$1.5 million within a 3 year period at MT Finnerty, Western Areas can earn a 51% interest in the nickel rights to the tenements and an additional 14% interest in the second stage by spending a further \$1.5 million on the tenements. Western Areas can withdraw from the agreement at any time after reaching a minimum expenditure of \$200,000 on the tenements.

Western Areas intends to commence an exploration program at Mt Finnerty as soon as possible.



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The information within this report as it relates to exploration results is based on information compiled by Mr Julian Hanna who is a member of AusIMM and a full time employee of the Company. Mr Hanna has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as an 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 his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT: This release contains certain forward-looking statements. 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.

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.