

WESTERN AREAS NL



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Western Areas NL

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PROJECT FINANCING FOR MINE DEVELOPMENT AT FORRESTANIA

The Board is pleased to announce that following a competitive process to assess a range of project financing alternatives, a mandate letter has been signed with the Commonwealth Bank of Australia ("Commonwealth Bank") to arrange funds to assist with the proposed mine development of the Forrestania Nickel Project.

Commonwealth Bank has offered an initial \$20 million loan facility which has already received credit approval. This reflects the bank's confidence in the robust economics indicated by the feasibility study on the Flying Fox T1 ore reserve.

The Commonwealth Bank facility is in addition to an existing loan facility of up to \$20 million negotiated with LionOre Australia (Nickel) Ltd. The LionOre facility is linked to an agreement for the sale of nickel products from Forrestania including ore and concentrate. Details of the LionOre agreement were announced on 23 June 2004.

One of the major benefits to Western Areas utilising the LionOre and Commonwealth Bank facilities is that neither party requires mandatory hedging of the nickel price for production from Flying Fox T1. This provides maximum flexibility to sell nickel products at the best possible price, calculated either with reference to the LME Settlement price at the time or at a suitable level of hedging which may be adopted by Western Areas in the future.

Mine development of the high grade Flying Fox T1 deposit is expected to commence in October once environmental approvals have been received.

Western Areas looks forward to working with Commonwealth Bank on this exciting project.

Julian Hanna,
Managing Director

10 September 2004

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.