


**APPENDIX 4D**
**Interim Financial Report for the half year ended 31 December 2017**
**20 February, 2018**
**ASX: WSA**
**Reporting Period**

The reporting period is the half year ended 31 December 2017. The previous corresponding period is 31 December 2016.

**Results for announcement to the market**

		% Change		Amount A\$'000
Revenue from ordinary activities	Up	2.1%	to	115,812
Profit from ordinary activities after tax attributable to members of Western Areas Ltd	Up	579.5%	to	3,506
Net Profit attributable to members of Western Areas Ltd	Up	579.5%	to	3,506

**Dividends**

The Directors did not declare a dividend for the half year ended 31 December 2017. No dividends were declared for the half year ended 31 December 2016.

**Total dividend per security**

	Current year	Previous year
Ordinary securities	0.0 cents	0.0 cents

**Net Tangible Asset Backing**

	Current half	Previous half
The net tangible assets per security	176.8 cents	159.9 cents

The statement of financial position, balance sheet, cashflow statement and associated notes are contained in the financial statements in the attached Interim Financial Report for the period ended 31 December 2017. Other detailed commentary on the variation between the results for the half year ended 31 December 2017 and the comparative period is provided in the Directors Report of the Interim Financial Report.

**Investments in Controlled Entities**

Wholly Owned and Controlled Subsidiaries of Western Areas Ltd:

- BioHeap Ltd
- Australian Nickel Investments Pty Ltd
- Western Areas Nickel Pty Ltd
- Western Platinum NL

**APPENDIX 4D****Interim Financial Report for the half year ended 31 December 2017****Investments in Associates & Joint Ventures**

Associates of Western Areas Ltd did not contribute to the result of the consolidated group for the half year ended 31 December 2017.

Associates of Western Areas Ltd:

- Mustang Minerals Inc. 12.1% (Canadian Entity)

**Audit Review & Accounting Standards**

This report is based on Consolidated Financial Statements that have been subject to a half year review by the Company's Auditor.

All entities incorporated into the Consolidated Group's result were prepared under AIFRS.

Date: 20 February 2018

A handwritten signature in blue ink, appearing to read 'DL Lougher', is positioned above a horizontal line.

Daniel Lougher

Managing Director



**INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED  
31 DECEMBER 2017**

**WESTERN AREAS LTD**



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**CORPORATE DIRECTORY****Directors**

Ian MacIver (Chairman)  
Daniel Lougher  
David Southam  
Richard Yeates  
Craig Readhead  
Tim Netscher  
Natalia Streltsova

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth WA 6000

**Company Secretary**

Joseph Belladonna

**Stock Exchange**

Australian Stock Exchange  
Code : WSA

**Registered Office**

Level 2, 2 Kings Park Road  
West Perth WA 6005  
Phone (08) 9334 7777  
Fax (08) 9486 7866

**Solicitors**

Ashurst Australia  
2 The Esplanade  
Perth WA 6000

**Auditors**

Crowe Horwath Perth  
Level 5, 45 St Georges Terrace  
Perth WA 6000

**Treasury Advisers**

KPMG Treasury  
235 St Georges Terrace  
Perth WA 6000

**Bankers**

ANZ Banking Group Limited  
77 St Georges Terrace  
Perth WA 6000

**Risk Advisors**

Willis CKA Risk Solutions  
Level 4  
88 William Street  
Perth WA 6000

## DIRECTORS' REPORT

The Directors submit the Western Areas Limited (WSA or the Company) financial report of the consolidated entity for the six months ended 31 December 2017.

The consolidated financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001, AASB 134 "Interim Financial Reporting", Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the 30 June 2017 annual financial report and any other public announcements made by Western Areas during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The financial report covers Western Areas and its controlled entities (the "Consolidated Entity"). Western Areas is a listed public company, incorporated and domiciled in Australia. The accounting policies adopted are consistent with those of the previous financial year.

The effective date of this report is 20 February 2018.

All amounts in this discussion are expressed in Australian dollars unless otherwise identified.

### Auditor's Declaration

The lead auditor's independence declaration under s307C of the Corporations Act 2001 is set out on page 13 for the half-year ended 31 December 2017.

### Directors

The names of the Company's directors in office during the six months ended and until the date of this report are as below. Unless noted, directors were in office for this entire period.

<b>Ian MacIver</b>	Independent Chairman
<b>Daniel Lougher</b>	Managing Director and Chief Executive Officer
<b>David Southam</b>	Executive Director
<b>Richard Yeates</b>	Independent Director
<b>Craig Readhead</b>	Independent Director
<b>Tim Netscher</b>	Independent Director
<b>Natalia Streltsova</b>	Independent Director

### Company Secretary

<b>Joseph Belladonna</b>	Chief Financial Officer and Company Secretary
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## REVIEW OF OPERATIONS

The first half of the financial year has seen consistent operational performance with a continued focus on cost management. When compared to the prior corresponding period, there was a higher realised nickel sales price, which is a combination of a stronger nickel price and new and improved offtake contracts. These factors have resulted in improved financial metrics for the Company and an enhanced Net Profit after Tax (NPAT) result. Importantly, the Company remains in a sound financial position with no debt, with the ability to internally fund its development and growth initiatives.

The Company continued to develop its organic growth projects during the half, with the Mill Recovery Enhancement Project ("MREP") construction being completed on time and on budget and now entering the commissioning stage. The Company's other main growth asset, the Odysseus deposit, is now expected to be a larger and longer mine life project than originally announced.

Market interest in nickel opportunities remains strong and whilst our two organic growth projects are different in nature, the MREP utilising the Company's world class bacterial processing technology and the second being the development of a new underground mine, a common thread between the two has been the substantive interest from the electric vehicle battery sector in securing nickel products from these growth projects.

### 31 December 2017 Half Year Operating Metrics:

- Lost Time Injury Frequency Rate of Zero.
- Combined mine production of 282,927 ore tonnes at an average nickel grade of 4.2% for 11,825 (26.1M lbs) nickel tonnes.
- The Cosmic Boy concentrator processed 316,090 tonnes of ore at 4.0% head grade at 87% recovery to produce 10,865 (24.0m lbs) tonnes of nickel in concentrate.
- Total nickel sales comprised 69,751 tonnes of concentrate containing 10,614 (23.4m lbs) tonnes nickel.
- Continued focus on cost reduction initiatives delivering excellent average unit cash cost of nickel in concentrate of A\$2.49/lb (US\$1.94/lb).

### 31 December 2017 Half Year Financial Metrics:

- Sales revenue of A\$115.8m.
- Average realised price of nickel increased by 3% to A\$6.81/lb.
- Reported Net Profit After Tax (NPAT) of A\$3.5m.
- Operating cashflow of A\$31.6m.
- Cash at bank was A\$132.6m, with sales receivables totalling A\$21.5m.

On behalf of the Board



**Daniel Lougher**

**Managing Director**

Dated 20 February 2018

**CONSOLIDATED INCOME STATEMENT****For The Six Months Ended 31 December 2017**

	Notes	Consolidated Entity 6 months ended	
		Dec 2017 \$'000	Dec 2016 \$'000
Sales		115,812	113,432
Operating costs		(72,065)	(75,870)
Depreciation and amortisation		(31,538)	(33,644)
Other income		1,779	4,656
Finance costs		(961)	(924)
Employee benefit expense		(5,823)	(4,817)
Foreign exchange gain		552	485
Administration and other expenses		(2,243)	(2,932)
Care and maintenance expense		(726)	(512)
Share based payments		(1,383)	(1,457)
Realised derivative gain		481	-
Share of loss of associate accounted for using the equity method		-	(441)
<b>Profit / (Loss) before income tax</b>		<b>3,885</b>	<b>(2,024)</b>
Income tax (expense) / benefit		(379)	2,540
<b>Profit for the half year</b>		<b>3,506</b>	<b>516</b>
<b>Profit is attributable to:</b>			
Owners of Western Areas Ltd		<b>3,506</b>	<b>516</b>
Basic earnings per share (cents per share)		<b>1.29</b>	<b>0.2</b>
Diluted earnings per share (cents per share)		<b>1.27</b>	<b>0.2</b>

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For The Six Months Ended 31 December 2017**

	Notes	Consolidated Entity 6 months ended	
		Dec 2017 \$'000	Dec 2016 \$'000
Profit for the half year		3,506	516
<b>Other comprehensive profit / (loss), net of tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of hedging instruments		(126)	(242)
Changes in fair value of available for sale financial assets		23,236	(277)
Exchange differences on translation of foreign controlled entities			-
<b>Total comprehensive profit / (loss) for the half year</b>		<b>26,616</b>	<b>(3)</b>
<b>Total comprehensive profit / (loss) attributable to:</b>			
Owners of Western Areas		<b>26,616</b>	<b>(3)</b>

The accompany notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As At 31 December 2017**

	Notes	Consolidated Entity	
		31 Dec 2017 \$'000	30 June 2017 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		132,552	140,294
Trade and other receivables		21,452	19,182
Inventories		24,666	21,280
Derivative financial instruments		444	420
<b>Total Current Assets</b>		<b>179,114</b>	<b>181,176</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		89,825	82,884
Intangible assets		506	506
Exploration & evaluation expenditure		91,173	87,157
Mine properties		150,276	155,813
Financial assets at fair value through other comprehensive income	5	34,633	11,396
<b>Total Non-Current Assets</b>		<b>366,413</b>	<b>337,756</b>
<b>Total Assets</b>		<b>545,527</b>	<b>518,932</b>
<b>Current Liabilities</b>			
Trade and other payables		28,381	26,345
Borrowings		128	170
Provisions		3,882	3,323
Derivatives		149	-
<b>Total Current Liabilities</b>		<b>32,540</b>	<b>29,838</b>
<b>Non-Current Liabilities</b>			
Borrowings		304	304
Provisions		24,189	23,544
Deferred tax liabilities		6,409	5,902
<b>Total Non-Current Liabilities</b>		<b>30,902</b>	<b>29,750</b>
<b>Total Liabilities</b>		<b>63,442</b>	<b>59,588</b>
<b>Net Assets</b>		<b>482,085</b>	<b>459,344</b>
<b>Equity</b>			
Contributed equity		442,963	442,963
Other reserves		46,137	21,447
Retained earnings		(7,015)	(5,066)
<b>Total Equity</b>		<b>482,085</b>	<b>459,344</b>

The accompany notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the Six Months Ended 31 December 2017**

	Issued Capital	Capital Raising Expenses	Share Based Payment Reserve	Hedge Reserve	Investment Reserve	Accumulated Profit/(loss)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>TOTAL EQUITY AT 1 JULY 2016</b>	459,184	(16,221)	24,528	171	(9,296)	(24,365)	434,001
<b>COMPREHENSIVE INCOME</b>							
Profit for the period						516	516
Other comprehensive income for the period				(242)	(277)		(519)
<b>Total comprehensive income for the period</b>				<b>(242)</b>	<b>(277)</b>	<b>516</b>	<b>(3)</b>
<b>TRANSACTIONS WITH OWNERS</b>							
Share based payments expense			1,457				1,457
Deferred Tax on Performance Rights			347				347
<b>TOTAL EQUITY AT 31 DECEMBER 2016</b>	<b>459,184</b>	<b>(16,221)</b>	<b>26,332</b>	<b>(71)</b>	<b>(9,573)</b>	<b>(23,849)</b>	<b>435,802</b>
<b>TOTAL EQUITY AT 1 JULY 2017</b>	459,184	(16,221)	27,677	420	(6,650)	(5,066)	459,344
<b>COMPREHENSIVE INCOME</b>							
Profit for the period						3,506	3,506
Other comprehensive income for the period				(126)	23,236		23,110
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				<b>(126)</b>	<b>23,236</b>	<b>3,506</b>	<b>26,616</b>
<b>TRANSACTIONS WITH OWNERS</b>							
Share based payments expense			1,383				1,383
Deferred Tax on Performance Rights			197				197
Dividends paid						(5,455)	(5,455)
<b>TOTAL EQUITY AT 31 DECEMBER 2017</b>	<b>459,184</b>	<b>(16,221)</b>	<b>29,257</b>	<b>294</b>	<b>16,586</b>	<b>(7,015)</b>	<b>482,085</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS****For The Six Months Ended 31 December 2017**

	Notes	Consolidated Entity 6 months ended	
		Dec 2017 \$'000	Dec 2016 \$'000
Cash flows from operating activities			
Receipts from customers		107,757	121,620
Payments to suppliers and employees		(74,915)	(84,929)
Interest received		1,225	703
Royalties paid		(3,971)	(4,517)
Other receipts		510	212
Interest paid		(10)	(7)
Realisation on settlement of derivatives		1,032	485
<b>Net cash inflow from operating activities</b>		<b>31,628</b>	<b>33,567</b>
Cash flows from investing activities			
Payments for property, plant and equipment		(13,508)	(1,344)
Proceeds from sale of shares		-	5,719
Proceeds from sale of property, plant and equipment		4	-
Mine development expenditure		(15,172)	(4,706)
Exploration & evaluation expenditure		(4,990)	(5,036)
<b>Net cash outflow from investing activities</b>		<b>(33,666)</b>	<b>(5,367)</b>
Cash flows from financing activities			
Borrowing cost		(100)	-
Finance lease payments		(149)	(133)
Dividends paid to company's shareholders		(5,455)	-
<b>Net cash outflow from financing activities</b>		<b>(5,704)</b>	<b>(133)</b>
Net (decrease) / increase in cash and cash equivalents held		(7,742)	28,067
Cash and cash equivalents as at the beginning of the period		140,294	75,706
<b>Cash and cash equivalents at end of the half year</b>		<b>132,552</b>	<b>103,773</b>

The accompanying notes form part of these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For The Six Months Ended 31 December 2017****Note 1: Statement of compliance and Basis of preparation****Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

**Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Note 2: Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**Note 3: Subsequent Events**

There are no events or circumstances that have arisen since the half-year ended 31 December 2017 that have significantly affected or may significantly affect the operation of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in the subsequent financial years other than as disclosed elsewhere in this report.

**Note 4: Statement of Operations by Segments****Identification of reportable segment**

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

**Basis of accounting for purposes of reporting by operating segments***Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors, as the chief decision maker, is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**Note 5: Fair value of financial instruments**

		Consolidated Entity Fair value as at	
		Dec 2017 \$'000	June 2017 \$'000
Financial assets through other comprehensive income			
- Kidman Resource		32,767	10,631
- Mustang Minerals		1,866	765
		<b>34,633</b>	<b>11,396</b>

Kidman Resources is listed on the Australian Securities Exchange and was valued at the closing price on the last date of trade for the Half Year ended 31 December 2017.

Mustang Minerals is listed on the Toronto Stock Exchange as was valued at the closing price on the last date of trade for the Half Year ended 31 December 2017.

**AUDITOR'S INDEPENDENCE DECLARATION****AUDITOR'S INDEPENDENCE DECLARATION**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Western Areas Ltd and its controlled entities for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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**CROWE HORWATH PERTH**

A handwritten signature in blue ink, appearing to be 'Cyrus Patel'.

**CYRUS PATELL**  
Partner

Signed at Perth, 20 February 2018

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**INDEPENDENT AUDITOR'S REPORT****INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF WESTERN AREAS LTD AND ITS CONTROLLED ENTITIES****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Western Areas Ltd and its controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Western Areas Ltd and its controlled entities financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Western Areas Ltd and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Western Areas Ltd and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

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**CROWE HORWATH PERTH**

A handwritten signature in blue ink, likely belonging to Cyrus Patel.

**CYRUS PATELL**  
Partner

Signed at Perth, 20 February 2018

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**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting";
- 2) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'DL Lougher'.

**Daniel Lougher**

**Managing Director**

Dated 20 February 2018