

22 February, 2022

### Reporting Period

The reporting period is the half year ended 31 December 2021. The previous corresponding period is 31 December 2020.

### Results for announcement to the market

		% Change		Amount A\$'000
Revenue from ordinary activities	Up	48.3%	to	181,959
Profit from ordinary activities after tax attributable to members of Western Areas Ltd	Up	256.9%	to	18,777
Net Profit attributable to members of Western Areas Ltd	Up	256.9%	to	18,777

### Dividends

No interim dividend has been declared in respect of the half year ended 31 December 2021.

### Net Tangible Asset Backing

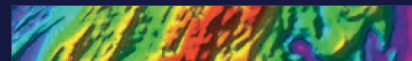
	Current half	Previous half
The net tangible assets per security	233.1 cents	209.5 cents

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 2021. Other detailed commentary on the variation between the results for the half year ended 31 December 2021 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
- Western Areas Employee Share Trust

**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 2021.

Associates of Western Areas Ltd:

- Panoramic Resources Limited 19.9%
- Metal Hawk Limited 6.3%

**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.

The announcement was authorised for release by the officer below.

Date: 22 February 2022

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Daniel Lougher

Managing Director

**WESTERN AREAS LTD**



**INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED  
31 DECEMBER 2021**



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**CORPORATE DIRECTORY****Directors**

Ian Macliver (Chairman)  
Daniel Lougher  
Richard Yeates  
Tim Netscher  
Natalia Streltsova  
Yasmin Broughton

**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 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**

Fenchurch Insurance  
Level 3  
22 Delhi Street  
West Perth WA 6005

## 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 2021.

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 2021 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 22 February 2022.

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

### Dividends Paid or Recommended

In respect of the financial year ended 30 June 2021, the Board of Directors did not declare any dividends.

No interim dividend has been declared in respect of the half year ended 31 December 2021.

### Rounding of amounts

The company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### Auditor's Declaration

The lead auditor's independence declaration under s307C of the Corporations Act 2001 is set out on page 17 for the half-year ended 31 December 2021.

### 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>Richard Yeates</b>	Independent Director
<b>Tim Netscher</b>	Independent Director
<b>Natalia Streltsova</b>	Independent Director
<b>Yasmin Broughton</b>	Independent Director

### Company Secretary

<b>Joseph Belladonna</b>	Chief Financial Officer and Company Secretary
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## DIRECTORS' REPORT

### Significant Events After Balance Sheet Date

Subsequent to the announcement on 16 December 2021, the Group is progressing the information to be included in the Scheme booklet, including the Independent Expert's Report. There were no other material events subsequent to 31 December 2021 and up until the authorisation of the financial statements for issue, requiring a disclosure in the interim financial report, other than those that have been disclosed elsewhere in the financial statements.

## REVIEW OF OPERATIONS

### 31 December 2021 Half Year Operating Metrics:

#### *Forrestania Nickel Operation*

- Combined mine production of 240,680 ore tonnes at an average nickel grade of 3.3% for 7,941 nickel tonnes. Nickel production in ore increased half on half due to higher average grades mined in particular from Spotted Quoll and increased ore tonnes mined.
- The Cosmic Boy concentrator processed 299,541 tonnes of ore at 3.1% head grade at 85% recovery to produce 7,829 tonnes of nickel in concentrate
- Total nickel sales comprised 60,674 tonnes of concentrate containing 8,473 tonnes of nickel.

#### *Cosmos Nickel Operation*

- The Odysseus Project is advancing to plan with 2.7km of underground development completed.
- First nickel ore was intersected during the half.
- The connection of the power station with the Goldfields gas pipeline was completed and the gas supply contract executed with the power station operating in dual fuel mode.
- The first Dora primary fan (850kW) was commissioned increasing the primary ventilation airflow from 180 to 250m<sup>3</sup> per second when combined with the northern fan (350kW).
- Construction of the winder house was near completion at the end of the half with the completion of the electrical fit-out expected early in the second half.
- Back reaming of the first leg of the haulage shaft was completed in the half and the pilot drilling of the second leg of the shaft (350m) was completed with nominally no deviation from the centre line.

### 31 December 2021 Half Year Financial Metrics:

- Sales revenue of A\$182.0m.
- Average realised price of nickel was A\$12.57/lb – Pre-payability.
- Reported Profit After Tax (NPAT) of A\$18.8m.
- Operating cashflow of A\$66.0m.
- Cash at bank was A\$142.6m.
- Net cash outflow of A\$8.4m includes capital expenditure of A\$51.1m invested into the development of Cosmos and A\$9.1m into exploration.

## Corporate

During the period, the company announced it had entered into a Scheme Implementation Deed ("SID") with IGO Limited ("IGO") under which a wholly owned subsidiary of IGO, IGO Nickel Holdings Pty Ltd ("IGO Nickel"), will acquire 100% of the share capital of Western Areas by way of scheme of arrangement.

If the Scheme is implemented, each Western Areas shareholder on the Scheme Record Date will receive a cash amount of A\$3.36 per Western Areas share ("Scheme Consideration"). The Scheme Consideration implies an equity value on a 100% fully diluted basis of approximately A\$1,096 million, and represents a 35.5% premium to Western Areas' undisturbed closing share price of A\$2.48 per Western Areas share on 18 August 2021, the day prior to Western Areas announcing it was in preliminary discussions with IGO regarding a potential change in control transaction.



The Directors of Western Areas unanimously recommend that Western Areas shareholders vote in favour of the Scheme at the Scheme meeting, in the absence of a Superior Proposal and subject to an independent expert concluding in the Independent Expert's Report (and continuing to conclude) that the Scheme is in the best interests of Western Areas shareholders. Subject to those same qualifications, each member of the Western Areas Board intends to vote, or cause to be voted, all Western Areas shares held or controlled by them in favour of the Scheme.

A scheme booklet containing important information in relation to the Scheme and the Scheme Meeting is expected to be sent to Western Areas shareholders in March 2022. The Scheme is subject to (among other things) approval by Western Areas shareholders at the Scheme Meeting, which is anticipated to be held in April 2022.

The Company executed documentation establishing a secured A\$75m Revolving Credit Facility ("RCF") with Commonwealth Bank of Australia ("CBA"). Western Areas continues to work through completion of the final customary conditions precedent prior to the availability of the first funding drawdown, mostly related to third party consent deeds to enable the establishment of the CBA security position over the project tenements, the remaining outstanding deeds are expected to be completed throughout February 2022. At the end of the half year the Company had cash at bank of \$142.6m maintaining a sound financial position with no debt and the ability to fund development and growth initiatives.

### **Forrestania Nickel Operation**

The Forrestania Operation nickel production was impacted by lower average mined grade and recoveries during the period. The Flying Fox mine reflected the variability in grade which was expected at the maturing mine. At Spotted Quoll mined grades improved compared to the previous half as ore production was predominantly sourced from long-hole stoping with minimal ore development. Sales revenue was impacted by a higher nickel price and increased volume due to a reduction in stockpiles compared to the corresponding period. As a result, sales revenue increased by 48%.

### **Cosmos Nickel Operation**

Construction and development activities for the long-life Odysseus mine reached a number of important milestones during the half. The shaft raise bore, which commenced 630 meters of back reaming in January 2021, has broken through to surface in September and the pilot drilling of the second leg of the shaft (350m) was also completed in the half with nominally no deviation from the centre line. Back reaming of the lower section has commenced ahead of schedule. Construction of the winder house was near completion at the end of the half while the sub-brace structure civil construction was completed. Underground development (Decline, Return Airways and stockpiles) of 2.7km was completed during the half, including 0.5km of decline development, with first nickel ore intersected during the period.

Surface works including the dual fuel power station and the assembly of the 850kW primary ventilation fan was completed and commissioned during the half. Furthermore, refurbishment and upgrade works have commenced on the Cosmos concentrator to expand the concentrator to 900ktpa.

On behalf of the Board



**Daniel Lougher**  
**Managing Director**

Dated 22 February 2022



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 31 December 2021

	Notes	Consolidated Entity 6 months ended	
		Dec 2021 \$'000	Dec 2020 \$'000
Revenue from contracts with customers	5	181,959	122,712
Operating costs		(100,751)	(87,814)
Depreciation and amortisation		(44,602)	(38,893)
Other income		349	347
Finance costs		(1,058)	(822)
Employee benefit expenses		(7,826)	(5,048)
Foreign exchange gain / (loss)		1,302	(415)
Administration and other expenses		(2,030)	(2,277)
Share based payments		(1,198)	(1,178)
Realised derivative loss		(210)	(2,289)
<b>Profit / (loss) before income tax</b>		<b>25,935</b>	<b>(15,677)</b>
Income tax (expense) / benefit		(7,158)	3,713
<b>Profit / (loss) for the half year</b>		<b>18,777</b>	<b>(11,964)</b>
<b>Other comprehensive profit net of tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of hedging instruments		(554)	(742)
Changes in fair value of financial assets net of tax		34,004	17,508
<b>Total comprehensive profit for the half year</b>		<b>52,227</b>	<b>4,802</b>
Basic earnings / (loss) per share (cents per share)		<b>5.84</b>	<b>(4.35)</b>
Diluted earnings / (loss) per share (cents per share)		<b>5.76</b>	<b>(4.35)</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As At 31 December 2021**

	Notes	Consolidated Entity	
		31 Dec 2021 \$'000	30 June 2021 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		142,631	151,052
Trade and other receivables		43,673	22,724
Inventories		25,938	36,445
<b>Total Current Assets</b>		<b>212,242</b>	<b>210,221</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		151,316	145,522
Right of use asset	6	18,906	19,780
Intangible assets		506	506
Exploration & evaluation expenditure		139,837	133,988
Mine properties	7	251,114	233,115
Financial assets at fair value through other comprehensive income	8	112,645	63,771
<b>Total Non-Current Assets</b>		<b>674,324</b>	<b>596,682</b>
<b>Total Assets</b>		<b>886,566</b>	<b>806,903</b>
<b>Current Liabilities</b>			
Trade and other payables		59,273	53,342
Lease liabilities	9	8,550	8,484
Provisions		6,798	6,583
Derivative financial instruments through other comprehensive income		1,015	461
<b>Total Current Liabilities</b>		<b>75,636</b>	<b>68,870</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	9	12,633	13,213
Provisions		49,122	50,937
Deferred tax liabilities		60,315	38,448
<b>Total Non-Current Liabilities</b>		<b>122,070</b>	<b>102,598</b>
<b>Total Liabilities</b>		<b>197,706</b>	<b>171,468</b>
<b>Net Assets</b>		<b>688,860</b>	<b>635,435</b>
<b>Equity</b>			
Contributed equity		542,794	542,794
Other reserves		104,047	69,399
Retained earnings		42,019	23,242
<b>Total Equity</b>		<b>688,860</b>	<b>635,435</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For The Six Months Ended 31 December 2021**

	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 2019</b>	460,057	(16,221)	36,071	1,265	11,039	33,699	525,910
<b>COMPREHENSIVE INCOME</b>							
Loss for the period						(11,964)	(11,964)
Other comprehensive income for the period				(742)	17,508		16,766
<b>Total comprehensive income for the period</b>				<b>(742)</b>	<b>17,508</b>	<b>(11,964)</b>	<b>4,802</b>
<b>TRANSACTIONS WITH OWNERS</b>							
Share Issue	645						645
Share based payments expense			1,178				1,178
Deferred Tax on Performance Rights			(205)				(205)
Dividends paid						(2,102)	(2,102)
Dividend Reinvestment Plan						(645)	(645)
<b>TOTAL EQUITY AT 31 DECEMBER 2020</b>	<b>460,702</b>	<b>(16,221)</b>	<b>37,044</b>	<b>523</b>	<b>28,547</b>	<b>18,988</b>	<b>529,583</b>
<b>TOTAL EQUITY AT 1 JULY 2021</b>	560,702	(17,908)	38,300	(461)	31,560	23,242	635,435
<b>COMPREHENSIVE INCOME</b>							
Profit for the period						18,777	18,777
Other comprehensive income for the period net of tax				(554)	34,004		33,450
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				<b>(554)</b>	<b>34,004</b>	<b>18,777</b>	<b>52,227</b>
<b>TRANSACTIONS WITH OWNERS</b>							
Share based payments expense			1,198				1,198
<b>TOTAL EQUITY AT 31 DECEMBER 2021</b>	<b>560,702</b>	<b>(17,908)</b>	<b>39,498</b>	<b>(1,015)</b>	<b>65,564</b>	<b>42,019</b>	<b>688,860</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS****For The Six Months Ended 31 December 2021**

	Notes	Consolidated Entity 6 months ended	
		Dec 2021 \$'000	Dec 2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		162,699	121,778
Payments to suppliers and employees		(93,795)	(86,923)
Interest received		179	623
Royalties paid		(6,560)	(5,320)
Other receipts		141	37
Interest paid		(460)	(16)
Realisation on settlement of derivatives		1,091	(2,705)
Income Tax Refund		2,707	-
<b>Net cash inflow from operating activities</b>		<b>66,002</b>	<b>27,474</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(14,779)	(14,411)
Loss from sale of assets		(19)	2
Investments in Listed Companies		(160)	(500)
Mine development expenditure		(44,084)	(46,205)
Exploration & evaluation expenditure		(9,669)	(8,754)
<b>Net cash outflow from investing activities</b>		<b>(68,711)</b>	<b>(69,868)</b>
<b>Cash flows from financing activities</b>			
Borrowing cost		(863)	-
Finance lease payments		(323)	(283)
Finance lease payments – Right of use Assets		(4,526)	(2,041)
Dividends paid to company's shareholders		-	(2,102)
<b>Net cash outflow from financing activities</b>		<b>(5,712)</b>	<b>(4,426)</b>
Net decrease in cash and cash equivalents held		(8,421)	(46,820)
Cash and cash equivalents as at the beginning of the period		151,052	144,792
<b>Cash and cash equivalents at end of the half year</b>		<b>142,631</b>	<b>97,972</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 2021

#### Note 1: Basis of Preparation

The interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with the *Corporations Act 2001*(Cth) and Australian Accounting Standard AASB 134 *Interim Financial Reporting* (AASB 134). Compliance with AASB 134 ensures compliance with International Accounting Standard IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB).

This interim financial report comprises the consolidated financial report of Western Areas Limited (WSA or the Company) and the entities it controlled at the end of, or during the half year ended 31 December 2021 (the Consolidated Entity).

The interim financial report does not include all the disclosures of the type that are normally included in the Consolidated Entity's annual financial report. Accordingly, this report is to be read in conjunction with the Consolidated Entity's annual financial report for the year ended 30 June 2021 and any public announcements made by the Consolidated Entity during the reporting period in accordance with the continuous disclosure requirements issued by the Australian Securities Exchange (ASX).

In accordance with *ASIC Legislative (Rounding in Financial/Directors' Reports) Instrument 2016/191*, amounts in the Directors' Report and in the interim financial report have been rounded to the nearest thousand Australian dollars (\$) unless otherwise indicated.

The accounting policies adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Consolidated Entity's annual financial report for the year ended 30 June 2021

#### i. Critical accounting estimates and significant judgements

The preparation of this interim financial report in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Consolidated Entity's accounting policies.

Areas of estimation uncertainty and the basis of key judgements applied by management in preparing the interim financial report are consistent with those that were applied and disclosed in the annual financial report for the year ended 30 June 2021.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes that the estimates used in preparing the interim financial report are reasonable. It is however reasonably possible that future outcomes that are different from the Consolidated Entity's assumptions and estimates at 31 December 2021, other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, could require an adjustment to the carrying amounts of the reported assets and liabilities in future reporting periods.

**Note 1: Basis of Preparation (Continued...)****ii. Coronavirus (COVID-19) impact**

Coronavirus (COVID-19) continued to impact global economies and equity, debt and commodity markets which resulted in several support actions by governments and regulators. Where applicable, the impact of COVID-19 has been incorporated into the determination of the Consolidated Entity's results of operations and measurement of its assets and liabilities at the reporting date. The Consolidated Entity's processes to determine the impact of COVID-19 for this interim financial report are consistent with the processes disclosed and applied in its 30 June 2021 financial reports. Those processes have identified that there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions resulting from Coronavirus (COVID-19).

**iii. New Australian Accounting Standards and amendments to Australian Accounting Standards and interpretations that are either effective in the current period or have been early adopted**

The amendments made to existing standards that were mandatorily effective or have been early adopted for the annual reporting period beginning on 1 July 2021 did not result in a material impact on this interim financial report. There were no new Australian accounting standards that were mandatorily effective or have been early adopted for this interim financial report.

**iv. Comparatives**

Where necessary, comparative information has been re-presented to conform to changes in presentation in the current period.

**Note 2: Contingent Liabilities and Commitments**

There has been no change in contingent liabilities and commitments, other than capital expenditure commitments disclosed in Note 10, since the last annual reporting date.

**Note 3: Events After the Reporting Date**

Subsequent to the announcement on 16 December 2021, the Group is progressing the information to be included in the Scheme booklet, including the Independent Expert's Report.

There were no other material events subsequent to 31 December 2021 and up until the authorisation of the financial statements for issue, requiring a disclosure in the interim financial report, other than those that have been disclosed elsewhere in the financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### 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 Chief Executive Officer and his executive team (the Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

Operating segments are identified by the Chief Operating Decision Maker as operating mine sites that are located in different regulatory and economic environments. As such the group operates in one operating and business segment, namely exploration, development and production of nickel from its West Australian mining operations.

Financial information is reported to the Chief Executive Officer and Board as a single segment and all significant operating discussions are based upon analysis of the Group as one segment. The financial results of this segment are equivalent to the financial statements of the Group as a whole.

#### Basis of accounting for purposes of reporting by operating segments

##### *Accounting policies adopted*

Except for those mentioned in Note 1 or unless otherwise stated, 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: Revenue from contracts with customers

	Consolidated Entity	
	Dec 2021 \$'000	Dec 2020 \$'000
Revenue from nickel concentrate sales	181,821	122,426
Other income	138	286
	<b>181,959</b>	<b>122,712</b>

Sale of nickel concentrate is recognised when the customer obtains control of the concentrate as this is when the consolidated entity has satisfied its performance obligations under a valid sales contract.

### Note 6: Right of use asset

	Consolidated Entity	
	Dec 2021 \$'000	June 2021 \$'000
Land and buildings – right of use	2,966	2,966
Less: Accumulated depreciation	(1,411)	(1,110)
	<b>1,555</b>	<b>1,856</b>
Equipment – right of use	26,913	23,084
Less: Accumulated depreciation	(9,562)	(5,160)
	<b>17,351</b>	<b>17,924</b>
Total right of use asset	29,879	26,050
Accumulated depreciation	(10,973)	(6,270)
<b>Total</b>	<b>18,906</b>	<b>19,780</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 6: Right of use asset (continued...)****Movement in carrying amounts:**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current half:

	Consolidated Entity	
	Dec 2021 \$'000	June 2021 \$'000
<b>Right of Use Asset – land and buildings</b>		
Written down value at the beginning of the year	1,856	2,458
- Additions	-	-
- Depreciation expense	(301)	(602)
Written down value at the end of the half	<b>1,555</b>	<b>1,856</b>
<b>Right of Use Asset – equipment</b>		
Written down value at the beginning of the year	17,924	-
- Additions	3,829	23,084
- Depreciation expense	(4,402)	(5,160)
Written down value at the end of the half	<b>17,351</b>	<b>17,924</b>

The consolidated entity leases land and buildings for its offices under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The equipment provided under the underground mining service and general site works contracts are recognised as right-of-use assets for the period that the equipment is made available for use.

The consolidated entity leases office equipment which are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

**Note 7: Mine Properties**

Capitalised development expenditure consists of:		
- Mine development	320,427	280,789
- Acquisition of mining assets	59,796	59,796
- Exploration expenditure transfer	83,000	81,000
- Deferred mining expenditure	471,935	467,211
- Capitalised restoration costs	33,268	35,385
- Capitalised interest	11,175	11,175
- Accumulated amortisation	(728,487)	(702,241)
Total Mine Development	<b>251,114</b>	<b>233,115</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****Note 7: Mine Properties (Continued...)****Movement in carrying amount:**

Movement in the carrying amounts for mine development expenditure between the beginning and the end of the current period:

**Development Expenditure**

	Consolidated Entity Fair value as at	
	Dec 2021 \$'000	June 2021 \$'000
Written down value at the beginning of the year	233,115	169,288
- Additions	44,362	96,551
- Exploration expenditure transfer	2,000	-
- (Decrease)/Increase in restoration provision	(2,117)	17,427
- Amortisation charge for the year	(26,246)	(50,151)
Written down value at the end of the half	<b>251,114</b>	<b>233,115</b>

**Note 8: Financial Assets**

Opening Balance	63,771	33,920
- Acquisition of investment in listed entity	160	500
- Changes in fair value through other comprehensive income	48,714	29,351
	<b>112,645</b>	<b>63,771</b>

The company maintained its 19.9% interest in Panoramic Resources Ltd for the half year with the investment valued at \$110.2m at 31 December 2021. As at 31 December 2021, the investment in Metal Hawk was valued at \$0.7m.

**Note 9: Lease Liabilities**

Current	8,550	8,484
Non-current	12,633	13,213
	<b>21,183</b>	<b>21,697</b>

**Note 10: Capital Expenditure Commitments**

No later than one year	93,270	9,806
Later than one year and not later than five years	5,399	1,691
	<b>98,669</b>	<b>11,497</b>

Continuing with the development of the Odysseus Project at Cosmos, the Group has committed to the following capital expenditure in the following calendar year. Erection of the headframe and equipping of the shaft, construction of the permanent cooling plant, raisebore drilling of the second leg of the haulage shaft and central ventilation rise at Odysseus and the refurbishment and upgrade of the Cosmos Concentrator.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 11: Financial Instruments Measured at Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Disclosure of fair value measurements is by level of the following fair value measurement hierarchy:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At 31 December 2021, the Group does not have any Level 3 financial instruments.

The following table presents the fair value measurement hierarchy of the Group's financial assets and liabilities carried at fair value at 31 December 2021 and 30 June 2021.

Consolidated entity – at 31 December 2021	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets:</b>				
Financial assets at fair value through other comprehensive income				
- Equity securities	112,645	-	-	112,645
<b>Total Assets</b>	<b>112,645</b>	<b>-</b>	<b>-</b>	<b>112,645</b>
<b>Liabilities:</b>				
Financial derivative liabilities	-	(1,015)	-	(1,015)
<b>Total Liabilities</b>	<b>-</b>	<b>(1,105)</b>	<b>-</b>	<b>(1,105)</b>

Consolidated entity – at 30 June 2021	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Assets:</b>				
Financial assets at fair value through other comprehensive income				
- Equity securities	63,771	-	-	63,771
<b>Total Assets</b>	<b>63,771</b>	<b>-</b>	<b>-</b>	<b>63,771</b>
<b>Liabilities:</b>				
Financial derivative liabilities	-	(461)	-	(461)
<b>Total Liabilities</b>	<b>-</b>	<b>(461)</b>	<b>-</b>	<b>(461)</b>

Note: There is an active market for the Group's listed equity investments.  
The carrying value of other financial liabilities approximate fair value.

**AUDITOR'S INDEPENDENCE DECLARATION****AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF WESTERN AREAS LIMITED**

As lead auditor for the review of the half-year financial report of Western Areas Ltd for the half-year ended 31 December 2021, 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.

This declaration is in respect of Western Areas Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "Sean McGurk".

**Crowe Perth**

A handwritten signature in black ink, appearing to read "Sean McGurk".

**Sean McGurk**  
Partner

Signed at Perth, 22 February 2022

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**INDEPENDENT AUDITOR'S REPORT****INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WESTERN AREAS LTD****REPORT ON THE HALF-YEAR FINANCIAL REPORT****Conclusion**

We have reviewed the accompanying half-year financial report of Western Areas Ltd (the Company) and its subsidiaries (collectively the Group) which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and 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.

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the half-year financial report of the Group is not in accordance with the requirements of the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

**Directors' responsibility for the half-year financial report**

The directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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**INDEPENDENT AUDITOR'S REPORT (CONTINUED...)**

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 other 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.

A handwritten signature in dark ink, appearing to read "Sean McGurk".

**Crowe Perth**

A handwritten signature in dark ink, appearing to read "Sean McGurk".

**Sean McGurk**  
Partner

Signed at Perth, 22 February 2022

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 7 to 16 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 2021 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



**Daniel Lougher**

**Managing Director**

Dated 22 February 2022