



22 February, 2017

ASX: WSA

Reporting Period

The reporting period is the half year ended 31 December 2016. The previous corresponding period is 31 December 2015.

Results for announcement to the market

		% Change		Amount A\$'000
Revenue from ordinary activities	Up	7.1%	to	113,432
Profit from ordinary activities after tax attributable to members of Western Areas Ltd	Up	103.0%	to	516
Net Profit attributable to members of Western Areas Ltd	Up	103.0%	to	516

Dividends

The Directors did not declare a dividend for the half year ended 31 December 2016. No dividends were declared for the half year ended 31 December 2015.

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	159.9 cents	170.3 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 2016. Other detailed commentary on the variation between the results for the half year ended 31 December 2016 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

Equity Accounted Associates of Western Areas Ltd:

- FinnAust Mining Plc 22.9% (United Kingdom Entity)

**APPENDIX 4D****Interim Financial Report for the half year ended 31 December 2016****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 2016.

Associates of Western Areas Ltd:

- Mustang Minerals Inc. 19.9% (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: 22 February 2017

Daniel Lougher

Managing Director



**INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2016**

WESTERN AREAS LTD



CONTENTS

CORPORATE DIRECTORY	3
DIRECTORS REPORT	4
REVIEW OF OPERATIONS	5
CONSOLIDATED INCOME STATEMENT	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS.....	10
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS	11
AUDITORS INDEPENDENCE DECLARATION	13
INDEPENDENT AUDITORS' REPORT	14
DIRECTORS' DECLARATION	16

CORPORATE DIRECTORY**Directors**

Ian Macliver (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
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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 2016.

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 2016 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 2017.

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 2016.

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.

Ian Macliver	Independent Chairman
Daniel Lougher	Managing Director and Chief Executive Officer
David Southam	Executive Director
Richard Yeates	Independent Director
Craig Readhead	Independent Director
Tim Netscher	Independent Director
Natalia Streltsova	Independent Director (Appointed 1 January 2017)

Company Secretary

Joseph Belladonna	Chief Financial Officer and Company Secretary
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REVIEW OF OPERATIONS

Western Areas is pleased to report that the first half (“H1”) included a number of achievements and milestones that assisted with significantly improved financial results and will underpin the future of the Company. These included zero lost time injuries, an increase in the realised nickel price, mine grade performance above plan, record Spotted Quoll nickel output, improved offtake terms for the next three years and early encouragement from the exploration activities at Cosmos.

31 December 2016 Half Year Operating Metrics:

- Lost Time Injury Frequency Rate of Zero.
- Combined mine production of 302,099 ore tonnes at an average nickel grade of 4.4% for 13,224 (29.2M lbs) nickel tonnes.
- The Cosmic Boy concentrator processed 314,759 tonnes of ore at 4.1% head grade at 89% recovery to produce 11,607 (25.6m lbs) tonnes of nickel in concentrate.
- Total nickel sales comprised 75,282 tonnes of concentrate containing 11,437 (25.2m lbs) tonnes nickel.
- Continued focus on cost reduction initiatives delivering excellent average unit cash cost of nickel in concentrate of A\$2.44/lb (US\$1.84/lb).

Western Areas notes that post 31 December 2016, there has been significant volatility in the nickel price following geo-political decisions in Indonesia and the Philippines. We do not expect the issues surrounding the differing positions of these countries to be resolved in the short term, but do expect to see clarity in the coming months. However, we are encouraged by other fundamentals such as the continuing growth in production of 300 series stainless steel in China, which is the stainless steel series with the highest nickel content, together with the growing battery market of which nickel is one of the key inputs.

31 December 2016 Half Year Financial Metrics:

- Sales revenue of A\$113.4m (Dec 2015: A\$105.9m)
- Average realised price of nickel increased by 16% to A\$6.59/lb (Dec 2015: A\$5.70/lb)
- Reported Net Profit After Tax (NPAT) of A\$0.5m (Dec 2015: A\$20.0m NLAT)
- Operating cashflow of A\$33.6m (Dec 2015: A\$14.6m)
- Cash at bank was A\$103.8m (June FY16 A\$75.7m).

Following the fall in the average January 2017 nickel price from December 2016 post the export ban relaxation announcement from Indonesia, NPAT was adversely impacted by A\$2.9m due to a quotational price (QP) adjustment.

The A\$28.1 free cashflow increase for H1 FY17 was predominantly driven by an increased realised nickel price compared to the prior half and the Company’s partial sell down of its shareholding in FinnAust Mining Plc.

On behalf of the Board



Daniel Lougher
Managing Director

Dated 22 February 2017

CONSOLIDATED INCOME STATEMENT**For The Six Months Ended 31 December 2016**

	Notes	Consolidated Entity 6 months ended	
		Dec 2016 \$'000	Dec 2015 \$'000
Sales		113,432	105,947
Cost of sales		(109,514)	(109,255)
Other income	2	4,656	1,763
Finance costs		(924)	(753)
Employee benefit expense		(4,817)	(4,815)
Foreign exchange gain		485	9
Administration and other expenses		(2,932)	(3,849)
Care and maintenance expense		(512)	(344)
Share based payments		(1,457)	(955)
Impairment Losses		-	(6,963)
Write off of non-current assets		-	(6,778)
Share of loss of associate accounted for using the equity method		(441)	-
Loss before income tax		(2,024)	(25,993)
Income tax benefit		2,540	5,957
Profit / (Loss) for the half year		516	(20,036)
Profit / (Loss) is attributable to:			
Owners of Western Areas Ltd		516	(17,053)
Non controlling interests	2	-	(2,983)
		516	(20,036)
Basic earnings / (loss) per share (cents per share)		0.2	(8.6)
Diluted earnings / (loss) per share (cents per share)		0.2	(8.6)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For The Six Months Ended 31 December 2016**

	Notes	Consolidated Entity 6 months ended	
		Dec 2016 \$'000	Dec 2015 \$'000
Profit / (Loss) for the half year		516	(20,036)
Other comprehensive loss, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of hedging instruments		(242)	498
Changes in fair value of available for sale financial assets		(277)	(696)
Exchange differences on translation of foreign controlled entities		-	1,124
Total comprehensive loss for the half year		(3)	(19,110)
Total comprehensive loss income attributable to:			
Owners of Western Areas		(3)	(16,127)
Non controlling interests	2	-	(2,983)
		(3)	(19,110)

The accompany notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2016

	Notes	Consolidated Entity	
		31 Dec 2016 \$'000	30 June 2016 \$'000
Current Assets			
Cash and cash equivalents		103,773	75,706
Trade and other receivables		20,941	29,275
Inventories		14,702	14,761
Derivative financial instruments		-	171
Total Current Assets		139,416	119,913
Non Current Assets			
Property, plant and equipment		87,624	96,365
Intangible assets		506	506
Exploration & evaluation expenditure		85,140	80,360
Mine properties		163,783	183,579
Financial assets at fair value through other comprehensive income		599	1,281
Investments accounted for using the equity method		5,016	7,164
Total Non Current Assets		342,668	369,255
Total Assets		482,084	489,168
Current Liabilities			
Trade and other payables		15,850	22,723
Borrowings		137	196
Provisions		3,447	3,363
Derivative financial instruments		71	-
Total Current Liabilities		19,505	26,282
Non Current Liabilities			
Borrowings		108	123
Provisions		22,300	22,649
Deferred tax liabilities		4,369	6,113
Total Non Current Liabilities		26,777	28,885
Total Liabilities		46,282	55,167
Net Assets		435,802	434,001
Equity			
Contributed equity		442,963	442,963
Other reserves		16,688	15,403
Retained earnings		(23,849)	(24,365)
Total Equity		435,802	434,001

The accompany notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the Six Months Ended 31 December 2016**

	Issued Capital	Capital Raising Expenses	Share Based Payment Reserve	Hedge Reserve	Investment Reserve	Convertible Note Reserve	Foreign Exchange Reserve	Accumulated Profit/(loss)	Sub- Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
TOTAL EQUITY AT 1 JULY 2015	384,184	(14,248)	22,267	(223)	(9,623)	19,145	1,191	(7,473)	395,220	5,895	401,115
COMPREHENSIVE INCOME											
Profit for the period								(17,053)	(17,053)	(2,983)	(20,036)
Other comprehensive income for the period				498	(696)		1,124		926		926
Total comprehensive income for the period				498	(696)		1,124	(17,053)	(16,127)	(2,983)	(19,110)
TRANSACTIONS WITH OWNERS											
Share based payments expense			955						955		955
Deferred Tax on Performance Rights			(23)						(23)		(23)
Transfer of Convertible Note Reserve						(19,145)		19,145			
Dividends paid								(9,337)	(9,337)		(9,337)
TOTAL TRANSACTIONS WITH OWNERS	384,184	(14,248)	23,199	275	(10,319)	-	2,315	(14,718)	370,688	2,912	373,600
OTHER TRANSACTIONS											
Non controlling interest in reverse acquisition										212	212
TOTAL EQUITY AT 31 DECEMBER 2015	384,184	(14,248)	23,199	275	(10,319)	-	2,315	(14,718)	370,688	3,124	373,812
TOTAL EQUITY AT 1 JULY 2016	459,184	(16,221)	24,528	171	(9,296)	-	-	(24,365)	434,001	-	434,001
COMPREHENSIVE INCOME											
Profit for the period								516	516		516
Other comprehensive income for the period				(242)	(277)				(519)		(519)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				(242)	(277)			516	(3)		(3)
TRANSACTIONS WITH OWNERS											
Share based payments expense			1,457						1,457		1,457
Deferred Tax on Performance Rights			347						347		347
TOTAL EQUITY AT 31 DECEMBER 2016	459,184	(16,221)	26,332	(71)	(9,573)	-	-	(23,849)	435,802	-	435,802

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For The Six Months Ended 31 December 2016**

	Notes	Consolidated Entity 6 months ended	
		Dec 2016 \$'000	Dec 2015 \$'000
Cash flows from operating activities			
Receipts from customers		121,620	109,135
Payments to suppliers and employees		(84,929)	(70,049)
Interest received		703	543
Royalties paid		(4,517)	(8,874)
Other receipts		212	170
Interest paid		(7)	(4,042)
Realisation on settlement of derivatives		485	1,133
Income tax paid		-	(13,412)
Net cash inflow from operating activities		33,567	14,604
Cash flows from investing activities			
Payments for property, plant and equipment		(1,344)	(6,660)
Proceeds from sale of shares		5,719	-
Proceeds from insurance refund of property, plant and equipment		-	1,584
Mine development expenditure		(4,706)	(19,086)
Exploration & evaluation expenditure		(5,036)	(9,955)
Purchase of Cosmos Nickel Complex		-	(11,500)
Net cash outflow from investing activities		(5,367)	(45,617)
Cash flows from financing activities			
Repayment of borrowings		-	(125,000)
Finance lease payments		(133)	(123)
Dividends paid to company's shareholders		-	(9,337)
Net cash outflow from financing activities		(133)	(134,460)
Net increase / (decrease) in cash and cash equivalents held		28,067	(165,473)
Cash and cash equivalents as at the beginning of the period		75,706	195,355
Cash and cash equivalents at end of the half year		103,773	29,882

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 2016****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 parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report have been rounded to the nearest \$1,000.

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 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Note 2: Other Income

During December 2016, Western Areas sold 14.6% of its stake in United Kingdom based Associate, FinnAust Mining Plc, for proceeds of \$5.3M. As a result, a profit on partial sale of investment of A\$3.6M was recognised in the Income Statement. As a result of the share sale, Western Areas' interest in the Associate has decreased to 22.9% at 31 December 2016. The Group continues to apply the equity method of accounting for this investment. FinnAust Mining Plc was deconsolidated on 8 March 2016.

Note 3: Contingent Liabilities

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

Note 4: Subsequent Events

The Company continued delivery into the two existing offtake sales agreements with Jinchuan Group and BHP Nickel West, which were due to expire on 31 December 2016. During the half, these contracts were extended by one month to 31 January 2017 to facilitate the offtake tender process being undertaken.

In November 2016, the Company entered into the following Offtake Contracts:

A new 3 year Offtake Contract with BHP Nickel West (BHPNW) effective 1 February 2017 to deliver up 10,000 tonnes of nickel contained in concentrate per annum with a 30,000 tonne aggregate limit.

A new 3 year Offtake Contract with Tsingshan Group (Tsingshan), through its associated entity Golden Harbour Pte Ltd, effective 1 February 2017 to deliver up 10,000 tonnes of nickel contained in concentrate per annum.

Apart from the above, there are no events or circumstances that have arisen since the half-year ended 31 December 2016 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 5: 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.

AUDITORS 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 2016, 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.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to be "Cyrus Patell".

CYRUS PATELL

Partner

Signed at Perth, 22nd February 2017

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INDEPENDENT AUDITORS' 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 2016, 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 2016 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 2016 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.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

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

CYRUS PATELL

Partner

Signed at Perth, 22nd February 2017

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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 2016 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 22 February 2017