

18 February, 2014

ASX: WSA

Reporting Period

The reporting period is the half year ended 31 December 2013. The previous corresponding period is 31 December 2012.

Results for announcement to the market

		% Change		Amount A\$'000
Revenue from ordinary activities	Down	10%	to	143,374
Profit from ordinary activities after tax attributable to members of Western Areas Ltd	Up	49%	to	3,184
Net profit after tax attributable to members of Western Areas Ltd	Up	49%	to	3,184

Dividends

	Amount per security	Franked amount per security	% CFI
Half year ended 31 December 2013			
Interim dividend	1.0 cents	1.0 cents	0%
Half year ended 31 December 2012			
Interim dividend	2.0 cents	2.0 cents	0%

Dividend payments

Date the 2013 half year dividend is payable	11 April 2014
Record date to determine entitlements to dividend	1 April 2014
Date final dividend was declared	18 February 2014

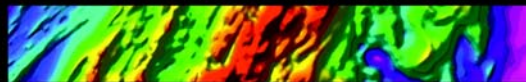
Total dividend per security (interim)

	Current year	Previous year
Ordinary securities	1.0 cents	2.0 cents

Total dividends paid or payable on all securities

On 22 February the Directors declares a fully franked interim dividend of 2 cents per share for the half year ended 31 December 2012.

On 18 February the Directors declares a fully franked interim dividend of 1 cent per share for the half year ended 31 December 2013.



APPENDIX 4D

Interim Financial Report for the half year ended 31 December 2013

Management Discussion and Analysis

Half Year - Results Summary			
	Dec'13	Dec'12	Change
	A\$M	A\$M	%
Revenue	143.4	159.0	(10%)
Gross Profit	27.8	28.9	(4%)
EBIT	19.1	17.4	10%
Profit before Tax	5.7	3.8	50%
Net Profit After Tax	2.7	2.1	29%

Consolidated revenue for the half year decreased by 10% (\$15.6 million) to \$143.4 million, while gross profit decreased by \$1.1 million to \$27.8 million. The decrease in revenue can mainly be attributed to the falling nickel price, while the continued focus on cost reduction and efficiency ensured the reduction in revenue had a lower impact on gross profit. Consolidated net profit after tax for the group amounted to \$2.7 million, which is an increase of \$0.6 million from the results reported for the half year ended 31 December 2012.

Half Year - Balance Sheet Summary			
	Dec'13	Jun'13	Change
	A\$M	A\$M	A\$M
Cash at bank	99.9	80.7	19.2
Current Assets	160.0	130.3	29.7
Total Assets	536.9	518.0	18.9
Current Liabilities	145.9	41.2	104.7
Total Liabilities	284.2	275.0	9.2
Net Equity	252.7	243.0	9.7

Cash at bank on 31 December 2013 totaled \$99.9 million. The increase of \$19.2 million for the period is mainly due to the cost saving efforts introduced by management as well as \$5.8 million of funds raised by the majority owned FinnAust Mining Plc which was listed on the London Alternative Investment Market in December 2013. The \$104.7 increase in current liabilities is due to the reclassification of the convertible bond of \$110.2M to current as it is payable in July 2014.

Half Year - Physical Summary				
		Dec'13	Dec'12	Change
Tonnes Mined	<i>Tns</i>	321,554	286,552	35,002
Nickel Grade (average)	%	4.9	5.0	(0.1)
Tonnes Milled	<i>Tns</i>	299,376	294,650	4,726
Milled Grade (average)	%	4.9	5.1	(0.2)
Recovery	%	89.0	91.0	(2)
Nickel in Concentrate	<i>Tns</i>	13,020	13,673	(653)
Nickel Sales in Concentrate	<i>Tns</i>	12,963	13,752	(789)

The 35ktn increase in ore mined can mainly be attributed to Spotted Quoll Underground ramping up to full production.

The nickel concentrator milled 299.4ktn for this half compared to the 294.7ktn for the corresponding period 2012/13.



APPENDIX 4D

Interim Financial Report for the half year ended 31 December 2013

Stockpiles

At the end of the half year there were 2.6ktn of concentrate, grading 15.8% nickel containing 0.4ktn of nickel stockpiled at the nickel concentrator.

Ore stockpiles ready for treatment at the Forrestania Project comprise 159.3ktn of ore at an average grade of 4.1% nickel comprising 6.5ktn of nickel.

Net Tangible Asset Backing

	Current half	Previous half
The net tangible assets per security	134.0 cents	129.5 cents

The statement of financial position, balance sheet, cashflow statement and associated notes are contained in the financial statements in the attached Half Year report for the period ended 31 December 2013. Other detailed commentary on the variation between the results for the half year ended 31 December 2013 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
- FinnAust Mining Plc 68% (United Kingdom Entity)
- Western Platinum NL
- Australian Nickel Investments Pty Ltd

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 2013.

Associates of Western Areas Ltd:

- Mustang Minerals Inc. 19.3% (Canadian Entity)
- Polar Gold Pty Ltd 78% (Australian 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: 18 February 2014

Daniel Lougher

Managing Director

WESTERN AREAS LTD



ABN 68 091 049 357

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2013

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CORPORATE DIRECTORY

Directors

Ian Macliver (Chairman)
Robin Dunbar
Julian Hanna
David Southam
Daniel Lougher
Richard Yeates

Company Secretary

Joseph Belladonna

Registered Office

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West Perth WA 6005
Phone (08) 9334 7777
Fax (08) 9486 7866

Auditors

Crowe Horwath Perth
Level 6
256 St Georges Terrace
Perth WA 6000

Bankers

ANZ Banking Group Limited
77 St Georges Terrace
Perth WA 6000

Share Registry

Australia

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000

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

Allion Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Treasury Advisers

KPMG
235 St Georges Terrace
Perth WA 6000

Risk Advisors

CKA Risk Solutions Pty Ltd
Level 4, 88 William Street
Perth WA 6000

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

The directors submit the financial report of the consolidated entity for the six months ended 31 December 2013.

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 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 2013 annual financial report and any other public announcements made by Western Areas Ltd during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The financial report covers Western Areas Ltd and its controlled entities (the "Consolidated Entity"). Western Areas Ltd 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 18 February 2014.

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 18 for the half-year ended 31 December 2013.

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	Non Executive Chairman (Elevated to Chairman on 28 November 2013)
Terence Streeter	Non Executive Chairman (Resigned on 28 November 2013)
Daniel Lougher	Managing Director and CEO
David Southam	Executive Director
Robin Dunbar	Non Executive Director
Richard Yeates	Non Executive Director
Julian Hanna	Non Executive Director

Company Secretary

Joseph Belladonna

REVIEW OF OPERATIONS

Western Areas (WSA or the Company) is pleased to report another strong half yearly performance on costs, operational metrics and positive free cashflow generation. Unit cash cost of production for the half year came in at A\$2.41/lb, being well below the guidance range of A\$2.80/lb to A\$2.90lb.

Consolidated cash at bank for the half increased by A\$19.2m to A\$99.9M. This includes A\$5.8m of funds held by the majority owned FinnAust Mining Plc which was listed on the London AIM in December 2013. Of the funds held by FinnAust, Western Areas contributed A\$3.2m to support the listing in December.

Total mine production for the half year was 15,697 tonnes of nickel in ore at an average head grade of 4.9% nickel, with the Flying Fox mine contributing 7,991 tonnes and Spotted Quoll mine 7,706 tonnes of nickel in ore. Concentrate sales were 12,963 tonnes of contained nickel for the half.

On 12 January 2014, the Indonesian government imposed a ban on the export of nickel laterite ore. The main industry to suffer from the ban will be Chinese Nickel Pig Iron (NPI) producers who are totally dependent on the importation of high grade laterite (1.8%-2%) from Indonesia to substitute nickel metal in the manufacture of stainless steel. WSA believes the ongoing ban should have a positive impact on the price of nickel going forward.

December Half 2013 Highlights:

1. Excellent safety performance with Lost Time Injury frequency rate (LTIFR) at 1.83.
2. Combined mine production of 15,697 tonnes (34.6M lbs) nickel at an average grade of 4.9% nickel.
3. Flying Fox mine production was 169,737 tonnes of ore mined at 4.7% for 7,991 tonnes (17.6M lbs) contained nickel, on target to meet full year forecast.
4. Spotted Quoll underground mine production was 151,817 ore tonnes at 5.1% for 7,706 tonnes (17.0M lbs) of contained nickel.
5. Total nickel sales comprised 86,561 tonnes of concentrate containing 12,963 tonnes (28.6M lbs) nickel.
6. Continued focus on cost reduction initiatives for the half resulted in an excellent result with average unit cash cost of nickel in concentrate of A\$2.41/lb (US\$2.22/lb), which is substantially better than guidance.
7. Exploration efforts continue in the New Morning area to delineate the extent of the mineralised zone below the T3 fault.
8. An updated mineral resource estimate was completed for Spotted Quoll, being 3.3Mt of ore at a grade of 5.5% nickel for 182,077 tn of nickel.
9. Drilling has commenced at the highly prospective tenements in the West Musgraves JV with Traka Resources Ltd, with early indications of promising sulphide mineralisation.

On behalf of the Board



Daniel Lougher
Director

Dated 18 February 2014

CONSOLIDATED INCOME STATEMENT

For The Six Months Ended 31 December 2013

	Notes	Consolidated Entity	
		6 Months ended 31 December	
		2013 \$'000	2012 \$'000
Sales		143,374	158,963
Cost of sales		(115,569)	(130,019)
Gross profit		27,805	28,944
Other income		1,003	805
Finance costs		(13,431)	(13,671)
Employee benefit expense		(4,054)	(3,926)
Foreign exchange (loss) / gain		(1,087)	1,140
Administration and other expenses		(2,669)	(3,520)
FinnAust reverse acquisition expenditure		(1,596)	-
Share based payments		(911)	(394)
Write-off of non-current assets		-	(5,946)
Realised derivative gains		-	1,049
Changes in fair value of derivatives		636	(719)
Profit before income tax		5,696	3,762
Income tax expense		(3,025)	(1,645)
Profit for the year		2,671	2,117
Profit is attributable to:			
Owners of Western Areas Ltd		3,184	2,132
Non controlling interests		(513)	(15)
		2,671	2,117
Basic earnings per share (cents per share)		1.6	1.1
Diluted earnings per share (cents per share)		1.6	1.1

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Six Months Ended 31 December 2013

Notes

Consolidated Entity

6 Months ended 31
December

2013 \$'000	2012 \$'000
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Profit for the year	2,671	2,117
Other comprehensive income, net of tax		
<i>Items that may be reclassified to profit or loss</i>		
Changes in fair value of hedging instruments	490	(143)
Changes in fair value of available for sale financial assets	55	(803)
Exchange differences on translation of foreign controlled entities	(839)	148
Total comprehensive income for the year	2,377	1,319
Total comprehensive income attributable to:		
Owners of Western Areas Ltd	2,890	1,334
Non controlling interests	(513)	(15)
	2,377	1,319

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As At 31 December 2013**

	Notes	Consolidated Entity	
		31 Dec 2013 \$'000	30 Jun 2013 \$'000
Current Assets			
Cash and cash equivalents		99,900	80,719
Trade and other receivables		19,240	18,610
Inventories		40,376	30,318
Derivative financial instruments		480	663
Total Current Assets		159,996	130,310
Non Current Assets			
Property, plant and equipment		106,394	112,110
Intangible assets		525	525
Exploration & evaluation expenditure		43,259	32,182
Mine properties		225,559	241,776
Available for sale financial assets		1,126	1,120
Interest in related parties		-	-
Total Non Current Assets		376,863	387,713
Total Assets		536,859	518,023
Current Liabilities			
Trade and other payables		33,526	36,911
Borrowings	6	107,571	104
Provisions	7	2,011	1,932
Current tax liabilities		2,203	324
Derivative financial instruments		595	1,906
Total Current Liabilities		145,906	41,177
Non Current Liabilities			
Borrowings	6	115,072	216,915
Provisions	7	12,520	6,298
Deferred tax liabilities		10,675	10,629
Total Non Current Liabilities		138,267	233,842
Total Liabilities		284,173	275,019
Net Assets		252,686	243,004
Equity			
Contributed equity		266,043	266,043
Other reserves		42,757	42,140
Retained earnings		(62,102)	(65,286)
Equity attributable to members of the parent entity		246,698	242,897
Non controlling interest		5,988	107
Total Equity		252,686	243,004

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For The Six Months Ended 31 December 2013

	Issued Capital \$'000	Capital Raising Expenses \$'000	Option Reserve \$'000	Hedge Reserve \$'000	Investment Reserve \$'000	Convertible Note Reserve \$'000	Foreign Exchange Reserve \$'000	Accumulated Profit \$'000	Sub-Total \$'000	Non- Controlling Interest \$'000	Total Equity \$'000
Total Equity at 1 July 2012	212,833	(10,222)	17,041	970	(6,765)	65,090	(597)	11,289	289,639	226	289,865
Comprehensive Income											
Profit for the period								2,132	2,132	(15)	2,117
Other comprehensive income for the period				(143)	(803)		148		(798)		(798)
Total comprehensive income for the period				(143)	(803)		148	2,132	1,334	(15)	1,319
Transactions with owners											
Share based payments expense			394						394		394
Shares issued during the year	50,000								50,000		50,000
Share issue expense		(1,465)							(1,465)		(1,465)
Dividends paid								(10,784)	(10,784)		(10,784)
Total transactions with owners	50,000	(1,465)	394					(10,784)	38,145		38,145
Other transactions											
Transfer of convertible note reserve on repayment						(32,132)		32,132			-
Total Equity at 31 December 2012	262,833	(11,687)	17,435	827	(7,568)	32,958	(449)	34,769	329,118	211	329,329
Total Equity at 1 July 2013	277,842	(11,799)	18,200	(490)	(9,390)	32,958	862	(65,286)	242,897	107	243,004
Comprehensive Income											
Profit for the period								3,184	3,184	(513)	2,671
Other comprehensive income for the period				490	55	-	(839)		(294)		(294)
Total comprehensive income for the period				490	55	-	(839)	3,184	2,890	(513)	2,377
Transactions with owners											
Share based payments expense			911						911		911
Dividends paid											
Total transactions with owners	277,842	(11,799)	19,111	-	(9,335)	32,958	23	(62,102)	246,698	(406)	246,292
Other transactions											
Non controlling interest in reverse										6,394	6,394
Total Equity at 31 December 2013	277,842	(11,799)	19,111	-	(9,335)	32,958	23	(62,102)	246,698	5,988	252,686

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For The Six Months Ended 31 December 2013**

	Notes	Consolidated Entity	
		Six Months Ended 31 December	
		2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers		136,234	157,745
Payments to suppliers and employees		(78,000)	(85,630)
Interest received		947	839
Royalties paid		(5,442)	(6,577)
Other receipts		6,042	263
Interest paid		(7,552)	(12,712)
Realisation on settlement of derivatives		(1,928)	1,616
Income tax paid		(1,100)	(7,468)
Net cash inflow from operating activities		49,201	48,076
Cash flows from investing activities			
Payments for property, plant and equipment		(1,982)	(14,333)
Rental Deposit		8	20
Mine development expenditure		(15,629)	(15,475)
Exploration & evaluation expenditure		(12,346)	(15,092)
Payment for termination of royalty agreement		-	(14,317)
Payment for acquisition of subsidiary		-	-
Net cash outflow from investing activities		(29,949)	(59,197)
Cash flows from financing activities			
Repayment of borrowings		-	(105,500)
Proceeds from issues of shares		-	50,000
Share issue transaction costs		-	(1,463)
Finance lease payments		(62)	(33)
Borrowing costs		(9)	(755)
Dividends paid to company's shareholders		-	(10,784)
Net cash outflow / inflow from financing activities		(71)	(68,535)
Net increase / (decrease) in cash and cash equivalents held		19,181	(79,656)
Cash and cash equivalents as at the beginning of the financial year		80,719	165,502
Cash and cash equivalents at end of the half year		99,900	85,846

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 2013****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 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

New accounting standards that are applicable for the first time for the December 2013 half-year report are:

- AASB 10 *Consolidated Financial Statements*,
- AASB 11 *Joint Arrangements*,
- AASB 13 *Fair Value Measurement*,
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*.

Under the new principles, the Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2013**Note 1: Statement of compliance and Basis of preparation (Continued...)**

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined not to have joint operations and joint ventures as per AASB11.

AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* have introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements.

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2013

Note 2: Dividends

Consolidated Entity

**Six Months Ended
31 December**

2013	2012
\$'000	\$'000

Dividends paid

2013 Nil (Final 30% partially franked and 70% unfranked ordinary dividend of 6 cents per share for the 2012 year)

-	10,784
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Dividends proposed

On 14 February 2014, the directors declared a fully franked interim dividend of 1 cent per share (2012: 2 cents fully franked) to the holders of fully paid ordinary shares in respect of the half year ended 31 December 2013, to be paid on 4 April 2014. This dividend has not been included as a liability in the financial statements.

1,968	3,937
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Note 3: Contingent Liabilities

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

Note 4: Subsequent Events

There are no events or circumstances that have arisen since the half-year ended 31 December 2013 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For The Six Months Ended 31 December 2013

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.

The Group operates primarily in nickel mining and exploration in Australia and exploration in Finland. The financial information in relation to the operations in Finland is not reported separately to the chief operating decision maker and as a result, the financial information presented in the income statement, statement of comprehensive income and statement of financial position is the same as that presented to chief operating decision maker.

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 operating decision maker are in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Note 6: Borrowings

Current

	31 December 2013 \$'000	30 June 2013 \$'000
Lease liability	189	104
Convertible bond	107,828	-
Convertible bond borrowing costs	(446)	-
	107,571	104

Non-Current

Convertible bonds	117,567	221,046
Convertible bond borrowing costs	(1,266)	(2,597)
Corporate loan facility borrowing cost	(1,591)	(1,809)
Lease liability	362	275
	115,072	216,915

The convertible bond transferred to current borrowings is in relation to the convertible bond to be repaid on 2 July 2014.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2013

Note 7: Provisions		31 December 2013 \$'000	30 June 2013 \$'000
Current			
Employee Entitlements	7 (a)	2,011	1,932
Non Current			
<i>Rehabilitation and restoration cost</i>			
Opening balance		6,298	6,096
Unwinding of discount		419	297
Rehabilitation expenditure incurred during the period		-	(95)
Additional rehabilitation provision raised		5,803	-
Closing balance	7 (b)	12,520	6,298

- (a) Employee entitlements relate to balance of annual leave and long service leave accrued by the Consolidated Entity's employees.
- (b) Rehabilitation and restoration cost relates to an estimate of restoration costs that will result from the development of the Forrestania Nickel Project. The current mine life is in excess of 10 years, after which time the rehabilitation activities will be undertaken.

Note 8: Fair Value Measurement of Financial Instruments

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2013

Note 8: Fair Value Measurement of Financial Instruments (Continued...)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December and 30 June 2013 on a recurring basis:

Consolidated Group

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
31 December 2013				
Financial assets:				
Available-for-sale financial assets	1,126	-	-	1,126
Derivative financial instrument	-	480	-	480
Total financial assets	1,126	480	-	1,606
Financial liabilities				
Derivative financial instruments	-	595	-	595
30 June 2013				
Financial assets:				
Available-for-sale financial assets	1,120	-	-	1,120
Derivative financial instrument	-	663	-	663
Total financial assets	1,120	663	-	1,783
Financial liabilities				
Derivative financial instruments	-	1,906	-	1,906

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2013****Note 8: Fair Value Measurement of Financial Instruments (Continued...)****(a) Valuation techniques used to derive level 2 and level 3 fair values**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2.

Note 9: Business Combination

As announced to the Australian Stock Exchange on 13 November 2013, FinnAust Mining PLC, an 84% owned subsidiary of the company, entered into an acquisition agreement with Centurion Mining PLC. In accordance with AASB 3 Business Combinations, provisional accounting has been adopted for the period ended 31 December 2013. In accordance with paragraph 45 of AASB 3, the company has 12 months from the acquisition date to complete the accounting for this business combination.

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 2013, 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 cursive script that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in cursive script that reads "Sean McGurk".

SEAN MCGURK
Partner

Signed at Perth, 18 February 2014

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 condensed statement of financial position as at 31 December 2013, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed 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*, 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 2013 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*.

INDEPENDENT AUDITOR'S REPORT (Continued...)*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 2013 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 cursive script that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in cursive script that reads "Sean McGurk".

SEAN MCGURK
Partner

Signed at Perth, 18 February 2014

DIRECTORS' DECLARATION

The directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 6 to 17 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 2013 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
Director

Dated 18 February 2014