February 26, 2007 **ASX & TSX: WSA**

News Release

WESTERN AREAS FIRST PRODUCTION
31 DECEMBER 2006 HALF YEAR REPORT

The Board of Western Areas is pleased to release the first Financial Report containing production from the Flying Fox Mine.

On 26 October 2006 the first development ore in the upper part of the mine was intersected and on 21 December the first parcel of 1,300 tonnes at 2.9% Ni was processed through the LionOre Lake Johnson plant 90km east of Flying Fox. Pleasingly, this first ore achieved the targeted 90% recovery and reconciled positively against the T Zero reserve ore block model.

The first parcel of ore was from the T Zero North reserve of 12,200 tonnes at 4.1% Ni. The costs and grade of this first parcel of ore reflect that it came from the top of the mine and was diluted by being extracted from a 3m by 3.5m development drive at T Zero North.

A second development drive to T Zero North has now been developed and is also producing high grade massive sulphide ore. The first access to the T Zero South deposit is also due for completion before the end of February. This will enable ore extraction from three areas of the mine which should see production ramp up to 3,000 tonnes ore per month in April 2007 and 5,000 tonnes per month by June 2007.

The updated life of mine banking model confirms that Flying Fox the T1 and T5 ore reserves (with no credit for T4) remains on track for a production cost of around $US 2/lb nickel.

For the past three years, the Company has built up the high grade mineral resource at Flying Fox which now contains over 90,000 tonnes of nickel. This does not include the T4 massive sulphide zone where an initial resource is expected to be announced in March. Additional drilling is required at T4 to extend the area of high grade mineralization tested to date.

The July to December 2006 half year saw a number of achievements for the company:

- First nickel ore production from Flying Fox and for Western Areas
- $A80 million refinance by the ANZ Banking Group with no additional hedging required. This refinancing also enables the potential for payment of dividends in 2008.
- $A45 million rights issue that was more than 90% taken up by existing shareholders and a $C24 million placement in Toronto to seed the North American listing
- Close out of 772 tonnes of nickel hedging from Flying Fox which reduced hedging to only 2,103 tonnes nickel
- Reserve announcements and upgrades at T Zero and T5 deposits at Flying Fox and significant progress on the Diggers South pre feasibility study.
- High grade massive nickel sulphide intersections at the Diggers South deposit and at the 100% owned Koolyanobbing North Project, 200km north of Flying Fox.
- Acquisition of 14% of Mustang Minerals Corp. Western Areas assisting Mustang with a pre feasibility study to bring the Maskwa nickel deposit in Manitoba into production

For 2007 Western Areas remains on track to ramp up production at Flying Fox, complete the full feasibility study for Diggers South, define an ore reserve at T4, explore for other Flying Fox type deposits in the area and test the potential for a "T6" deposit at Flying Fox.

Commentary on the 31 December 2006 Half Year Report

The first 1,300 tonnes processed generated revenue at spot nickel prices of $A0.996 million with costs of $A(0.551) generating an operating profit of $A0.445M.

Royalty and interest income were in line with the increased cash balances and increased Black Swan royalty payments. Employee benefits have increased from 2005 reflecting additional corporate employees in mine planning, geology and commercial reflecting increased activity from bringing the mine into production.

In line with the announcements on the $C24 million placement in December, hedging contracts for 772 tonnes were closed out for a loss of A$9.604 million. With nickel prices continuing to rise strongly, this is a significantly better result than would be achieved today. At 31 December 2006 Western Areas now only has 2,103 tonnes hedged at an average price of $US4.71\lb due in 2007\08. The company may look to close out this hedging early as cash is generated from spot sales during the next six months.

Other expenses were in line with 2005 costs.

-ENDS-

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WESTERN AREAS NL

ABN 68 091 049 357

SECOND QUARTER AND HALF YEAR REPORT

31 DECEMBER 2006

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MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis of the Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the historical consolidated financial statements and press releases of WSA.

The consolidated financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001, AASB 134 "Interim Financial Reporting", Urgent Issues Group 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 2006 annual financial report and any other public announcements made by Western Areas NL during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The financial report covers the Consolidated Entity of Western Areas NL and its controlled entities (the "Consolidated Entity"). Western Areas NL is a listed public company, incorporated and domiciled in Australia. The accounting policies adopted are consistent with those of the previous financial year, however due to the commencement of production and the subsequent right to receive revenue from mined ore, accounting policies related to the treatment of inventories and the recognition of revenue have become relevant.

In addition to these Australian requirements further information has been included in the interim consolidated financial statements for the six months ended 31 December 2006 in order to comply with applicable Canadian security law, as the company is listed on the Toronto Stock Exchange.

The effective date of this report is 21 February, 2007.

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

Forward Looking Statements

The following MD&A discussion may contain forward-looking statements that involve numerous risks and uncertainties. Actual results of the Company could differ materially from those discussed in such forward-looking statements as a result of the risks and uncertainties inherent in the business.

The Company disclaims any intention or obligation to update or revise the forward looking statements whether as a result of new information or change in business circumstance.

Background

Western Areas is an international mid-tier nickel sulphide producer with a proven track record in mining and exploration. The Company's core asset is the 100% owned Forrestania Nickel Project, located 400km east of Perth, Western Australia.

WSA's primary nickel deposit at Forrestania, Flying Fox, is one of the highest grade nickel deposits in the world. Analyst estimates predict initial ore sourced from Flying Fox's T1 zone will be at a rate of 7-10kt/month while the deeper T5 zone will enable ore production to increase to 14-16kt/month.

With a feasibility study already well underway, WSA plans to bring a second mine, Diggers South, into production adding another estimated 4-5,000 tpa nickel.

Further upside exists through WSA's positive exploration results at the 90km Forrestania nickel belt and its growing exposure to international advanced nickel projects. The Company has acquired a stake in Mustang Minerals (TSXV: MUM), a junior Canadian nickel explorer developing the prospective Maskwa Nickel Deposit in Manitoba. WSA is one of only two nickel companies listed on both the Australian and Toronto Stock Exchanges. (ASX & TSX: WSA)

MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly Overview

Flying Fox – Mine Production

The first development ore from the T Zero (North) ore body was treated by LionOre in December. The development ore consisted of high grade massive sulphide diluted by waste rock from the main ore drive.

The second ore drive into T Zero (North) has intersected ore earlier than anticipated. This ore drive provides access to the widest part of the deposit and will enable mechanised mining to increase the rate of ore extraction. The size of future ore shipments is expected to increase rapidly as development is expanded at T Zero (North) and ore is accessed at T Zero (South) and the underlying T1 orebody.

The main decline has been redesigned and moved into the footwall of the T Zero (South) where ore extraction is expected to commence at the end of February. The decision to move the decline from the dolerite dyke has had immediate benefits with increased advance rates and no significant water inflows.

One outstanding feature of Flying Fox compared with other nickel mines is that the four deposits discovered to date (T Zero, T1, T4, and T5) are all accessible from one decline which should result in substantial capital and time savings over the life of the mine.

Flying Fox – Exploration and Mineral Resources

Flying Fox Mine

Drilling during the quarter was focused on defining an initial mineral resource for the T Zero (South) deposit. The Company announced an Indicated Mineral Resource of 36,500 tonnes at an average grade of 3.6% nickel containing approximately 1,300 tonnes nickel on January 16, 2007. This announcement included all the relevant Mineral Resource Parameters.

Although not large, T Zero (South) is located adjacent to the current decline and should enable continuous and profitable production at relatively low capital cost. Drilling is in progress to test for potential extensions to the southern tenement boundary and to the underlying T1 deposit.

Flying Fox - Mineral Resource Update

Flying Fox Deposit	Category (JORC)	Tonnes	Nickel grade (Ni%)	Contained Ni (tonnes)
T Zero North (*)	Indicated Mineral Resource	8,600	7.0%	600
T Zero South (*)	Indicated Mineral Resource	36,500	3.6%	1,300
T1 (**)	Indicated Mineral Resource	285,900	5.9%	16,900
T1/T2	Inferred Mineral Resource	29,700	5.7%	1,700
T4	*resource drilling required			
T5 (***)	Indicated Mineral Resource	862,100	6.8%	58,790
T5	Inferred Mineral Resource	164,400	6.8%	11,220
	Total	1,387,200	6.5%	90,510

(*) Includes a combined probable reserve of 51,200 tns at an average grade of 3.0% nickel containing 1,550t Ni.
(**) Includes a probable reserve of 314,500 tns at an average grade of 4.8% nickel containing 15,000t Ni.
(***) Includes a probable reserve of 843,000 tns at an average grade of 5.9% nickel containing 49,700t Ni.

MANAGEMENT DISCUSSION AND ANALYSIS

Flying Fox Deeps ("T6 target")

Western Areas is considering a number of options to test the potential for extensions below the large and high grade T5. Previously announced intersections (down hole widths) in the deepest part of T5 include:

- 16.1m @ 9.7% nickel
- 21.8m @ 5.7% nickel
- 13.0m @ 9.2% nickel
- 10.3m @ 8.0% nickel

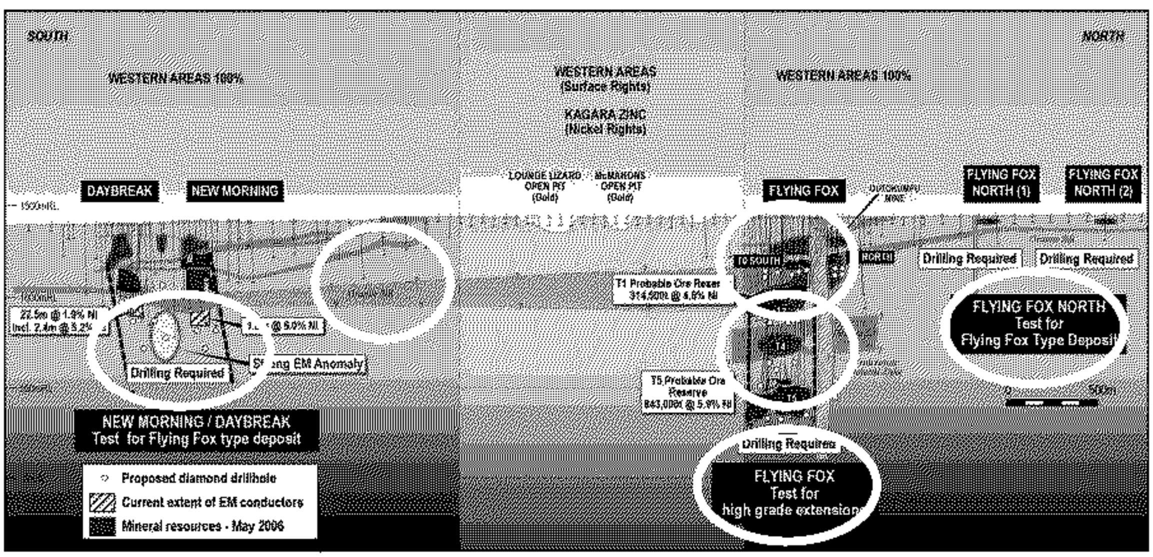
This is a priority target for Western Areas with extensive mine infrastructure already being established at shallower levels in the Flying Fox mine.

New Morning/Daybreak

Drilling is planned to test below the main horizontal granite intrusion for potential repetitions of the Flying Fox 'T5 type' deposit, down plunge from the New Morning and Daybreak deposits. New Morning and Daybreak are located 3km south of the Flying Fox mine. High grade mineral resources have been already defined along a 600m strike length at New Morning and Daybreak, above the granite.

Flying Fox North

Further drilling is planned to test below two nickel/copper geochemical anomalies 1km north of Flying Fox. Three widely spaced drill holes intersected iron sulphide mineralisation near the prospective contact but did not intersect the main granite intrusion as expected. The iron sulphides may be marginal to a nickel mineralised channel and a program of deeper drilling is planned to test this potential and to locate the granite which is associated with high nickel grades at Flying Fox.



Longitudinal Projection – 5km long – Targets
New Morning \ Daybreak – Flying Fox (T Zero, T4, T6) – Flying Fox North

MANAGEMENT DISCUSSION AND ANALYSIS

Diggers South Deposit

Throughout the quarter, diamond drilling continued to test for extensions to the previously announced mineral resource. Diggers South contains approximately 30,500 tonnes of contained nickel with the majority in the high confidence Indicated Mineral Resource category. Previous mining by Outokumpu at the Digger Rocks mine produced approximately 28,000 tonnes of nickel in concentrate.

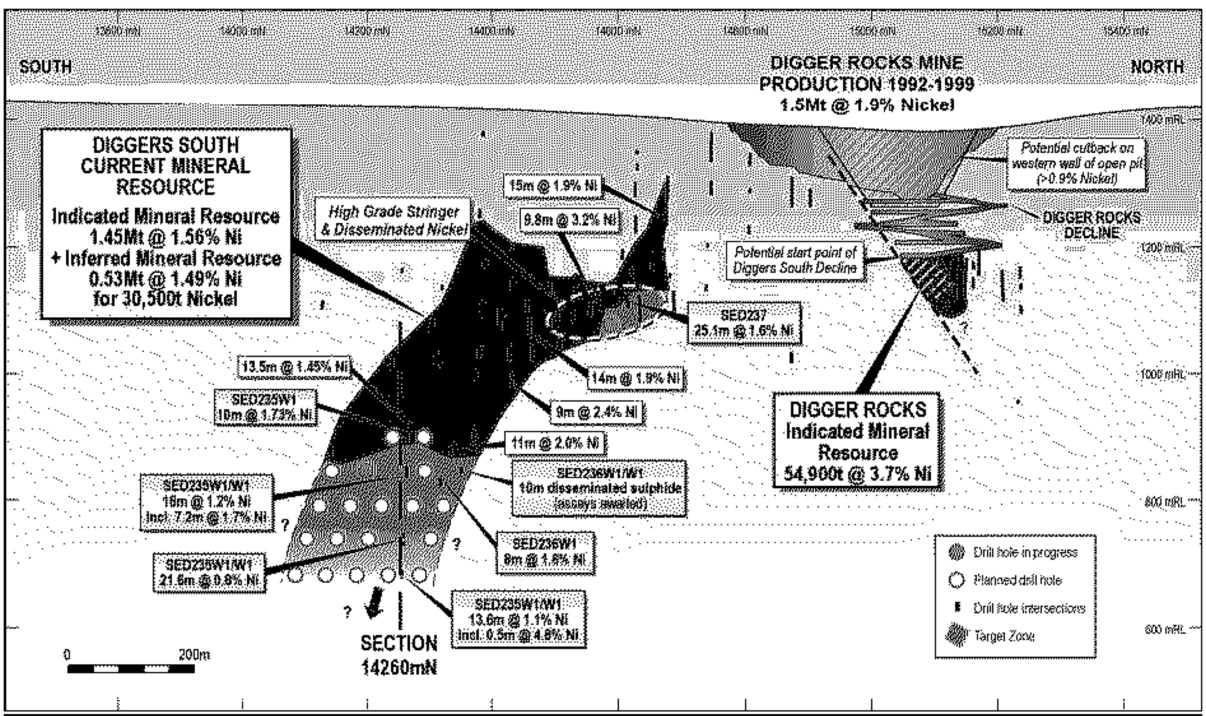
The PFS is evaluating the potential to use the Digger Rocks underground mine development to access Diggers South (refer to following longitudinal projection). The PFS is due for completion in April, when a decision will be made to progress with a full feasibility study leading to mining at the earliest date. A decision to proceed with Diggers South will impact on the size of the nickel concentrator to be located at Cosmic Boy, midway between Flying Fox and Diggers South.

A recent drill hole, SED 237, designed to test the northern margin of the deposit intersected 25.1m @ 1.6% nickel from 285.8m down hole depth. This is the widest down hole width of disseminated mineralisation intersected at Diggers South to date. In addition, drill hole SED 235 W1/W1 intersected wide zones of disseminated nickel sulphide and an unexpected interval of massive sulphide extending up to 200m below the existing mineral resource. The massive sulphide interval (announced previously) assayed 0.5m @ 4.8% nickel.

SED 235 W1/W1 is considered significant for a number of reasons:

1. It extends Diggers South mineralisation well below previous drilling
2. The massive sulphide is near two untested down hole EM anomalies

Another interval of 0.5m massive sulphide has been reported in a current drill hole at Diggers South at approximately 800mRL. No further details have been provided from site at this stage.



Diggers South Deposit – longitudinal projection showing recent drill hole intersections (drill hole intersections are shown as down hole widths)

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER AUSTRALIAN NICKEL PROJECTS - EXPLORATION

Lake King JV (WSA earning 70%) - Nickel Hill Prospect
Nickel Hill is located 45km southwest of Diggers South and adjacent to a major road leading to the Forrestania Nickel Project. A surface geochemical survey in late 2006 identified a 300m long anomaly with highly anomalous nickel, copper and PGE values occurring in a favourable geological setting for massive nickel sulphides. A recent Induced Polarisation ("IP") survey confirmed a highly conductive source coincident with the geochemical anomaly. A drilling program designed to test the Nickel Hill IP anomaly is due to commence in early February.

Koolyanobbing North JV (WSA 100%) - Jocks Dream North Prospect
The Koolyanobbing JV is located approximately 200km north of Forrestania. An IP survey has identified a number of strong conductors north along strike from a previously announced drill hole intersection of 1m @ 4.0% nickel. An initial program of reverse circulation drilling to test the IP anomalies has commenced and results are expected to be released in early February. This is expected to be followed up by a program of deeper diamond drilling to test the potential for significant mineralisation in this area.

MUSTANG MINERALS CORP

On November 15, 2006 Western Areas announced that it had acquired 13% of Mustang Minerals for C$3 million at C$0.35 per share with warrants to acquire a further 6.9% (to 19.9%) for C$2 million at C$0.45 per share. Mustang's main asset is the 100% owned Maskwa nickel deposit located in an area of excellent infrastructure in eastern Manitoba. On 23 January 2007, Mustang announced the results of a scoping study on open pit mining the Maskwa deposit. The main outcomes of the scoping study are:

- An increase in the Mineral Resource to over 9 million tonnes
- A projected NPV at 10% of C$90 million (using nickel at US$7/lb and copper at $US2/lb)
- An after tax IRR of 43%

Western Areas is assisting Mustang to complete the PFS with the aim of bringing Maskwa into production as soon as possible.

CORPORATE ACTIVITIES

Company Expansion in Canada

Western Areas sees a significant opportunity to quickly move up the ranks in the Canadian resources market and within its increasingly international peer group. The TSX listing offers the Company access not only to the abundant financial resources of the North American markets but also to investors with a deep understanding of the resource sector.

The investment in the Canadian nickel junior explorer, Mustang Minerals, offers WSA exposure to one of the most promising nickel projects in Canada – the 100% owned Maskwa nickel deposit. Maskwa is located 150km from Winnipeg Manitoba in an area of established infrastructure and a scoping study is in progress for an open pit mine. It contains an Indicated Mineral Resource of 9.0 million tonnes at 0.65% nickel and 0.13% copper containing approximately 58,000 tonnes of contained nickel and 11,700 tonnes of contained copper (43-101 compliant).

The Company is currently evaluating other advanced nickel opportunities and had a team of five staff and contractors in Canada during January to progress this strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

Refinancing and Nickel Hedging

WSA currently has 166.1 million shares on issue and an additional 6.89 million options at various exercise prices and expiry dates. The Company recently refinanced an A$80 million debt facility with the Australian and New Zealand Banking Group Limited (ANZ) without the requirement for any mandatory hedging, leaving WSA's total hedging contracts for only 2,100t nickel. With this debt facility secured and a A$45 million equity raising completed in October 2006, the Flying Fox project is fully funded.

During the quarter, WSA also completed a C$24m equity financing in North America with Sprott Securities and BMO Capital Markets. Proceeds will contribute to the financing of the Flying Fox mine expansion, projects and corporate acquisitions, increasing exploration drilling at Forrestania and for general corporate purposes. The placement substantially improved the profile of Western Areas in North America.

MANAGEMENT DISCUSSION AND ANALYSIS

Selected Financial Information for the Quarter

Income Statement

	Three Months Ended 31 December		Six Months Ended 31 December	
	2006 A$ 000's	2005 A$ 000's	2006 A$ 000's	2005 A$ 000's
Sales	996	-	996	-
Cost of Sales	(551)	-	(551)	-
Gross Profit	445	-	445	-
Other income	597	293	696	343
Employee benefit expenses	(1,311)	(293)	(1,437)	(574)
Finance costs	(43)	(18)	(50)	(32)
Exploration expenditure impairment loss	(1,523)	(1,480)	(1,523)	(1,480)
Derivative loss	(9,604)	-	(9,604)	-
Administration expenses	(650)	(853)	(1,973)	(1,500)
Loss before income tax	(12,089)	(2,351)	(13,446)	(3,243)
Income tax benefit	4,192	501	5,039	1,002
Net loss attributable to members of the parent entity	**(7,897)**	**(1,850)**	**(8,407)**	**(2,241)**
Loss per Share	(4.96)	(1.45)	(5.63)	(1.79)
Diluted loss per share	(4.96)	(1.43)	(5.63)	(1.77)

<u>Results for the six months ended 31 December 2006</u>

Gross profit of $0.4m for the half year was achieved with the commencement of nickel ore mining and ore sales from the Flying Fox mine.

Other Income has increased $0.4m for the period due to increased royalty payments from LionOre related to the Black Swan Nickel Project.

The close-out of some nickel hedging contracts resulted in a $9.6m realised hedge loss for the period, a liability which had previously been recognised in the statement of financial position.

Employee benefit expenses have increased from the same period in the prior year due to a greater number of employee and director options that are required to be expensed under AIFRS. This increase is also a result of the increase in staff at Western Areas in line with the growth and development of the company.

WSA's growth as a company has seen administration expenses increase to $2.0m. The activities for the half year include the completion of a $45 million rights issue as well as increased corporate costs due to the transition of the company from explorer to producer.

The increased loss position for the half year resulting from higher expenditure as well as the retirement of some hedge contracts has resulted in the income tax benefit increasing to $5.0m for the six months ending.

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the three months ended 31 December 2006

Gross profit of A$0.4m for the quarter was achieved with the commencement of nickel ore mining and ore sales from the Flying Fox mine.

Revenue for the quarter increased to $0.3m due to larger royalty payments received from the Black Swan Nickel Project which was more than three times the previous quarter's figure.

During the quarter ended 31 December 2006 some derivative contracts were retired out resulting in a $9.6m hedge loss for the three month period. This contributed to the overall loss position before income tax benefit for the quarter of $12.1m compared with the same period last year of $2.4m. Accordingly, the income tax benefit for the 2006 December quarter was significantly higher than in 2005 due to the larger loss position.

Administration expenses for the period were $0.2m less than the same period last year as a result of the timing of significant corporate activities (TSX listing) at the end of the same period last year.

Balance Sheet

	31 December 2006 A$ 000's	30 June 2006 A$ 000's
Assets		
Current Assets	27,189	3,585
Non Current Assets	145,850	104,127
Total Assets	173,039	107,712
Liabilities		
Current Liabilities	34,742	16,313
Non Current Liabilities	50,909	38,301
Total Liabilities	85,651	54,614
Net Assets	87,388	53,098
Equity		
Total Equity	87,388	53,098

Current assets have increased to $27.2m primarily due to increased cash balances that resulted from significant capital raisings that occurred toward the end of the first half. The funds from this will be utilised to fund mine development, exploration activities and administration costs related to the ongoing operation of Western Areas.

Non current assets have increased by $41.7m to $145.9m which predominantly resulted from net expenditure of $18.8 incurred on mine development for the Flying Fox mine, exploration & evaluation costs for the quarter net totalling $5.3m and a net investment in plant and equipment of $7.6m for the half year ending 31 December 2006. An increase in the deferred tax asset from $4.4m to $9.2m, resulting from the loss for the period, also increased non-current assets for the period.

Current liabilities have risen to $34.7m. This is attributable to the increase in creditors and accrued expenses at the end of the half year from the end of the prior year. In addition, Other Financial Liabilities has increased to $24.6m resulting from unrealised liabilities recognised for Base Metal hedging contracts.

Non current liabilities increased to $50.9m. This has resulted from increased unrealised liabilities recognised for hedging contracts due to the stronger spot nickel price compared with June 2006. Long term borrowings have decreased slightly as a result of a portion of the September rights issue funds being used to retire some of the existing project debt facility. This was conducted in conjunction with the refinancing of that facility with a more corporate style facility with ANZ.

MANAGEMENT DISCUSSION AND ANALYSIS

Statement of Changes in Equity

	Six months ended 31 December 2006 A$ 000's	Six months ended 31 December 2005 A$ 000's
Total Equity 1 July	53,098	43,507
Movement in issued capital	69,228	26,211
Movement in Reserves	(26,538)	(1,170)
Loss for the six months ended 31 December	(8,400)	(2,241)
Total Equity 31 December	87,388	66,307

Issued capital has increased due to the company completing a $45m rights issue late in September and a C$24m private placement on the TSX during December 2006. In addition, approximately 136,000 options were converted at various prices during the half year.

The movement in reserves is due to a net fair value adjustment that related to the unrealised loss on the marked to market value of the company's hedge book (see Off Balance Sheet/Financial Instruments for a description of hedge commitments). All hedges are treated as cashflow hedges in line with AIFRS. The movement in this balance was also related to the fair value revaluation of WSA's investment in Mustang Minerals. The option equity reserve increased by $0.5m which was the value of the share based payment expense for the period.

The loss for the six months ended 31 December 2006 increased to $8.4m due to the realised hedge loss recognised combined with increased administration overhead costs due to the growth of the company.

Cashflow Statement

	Three Months Ended 31 Dec		Six Months Ended 31 Dec	
	2006 A$ 000's	2005 A$ 000's	2006 A$ 000's	2005 A$ 000's
Net Cashflow from Operating	(12,316)	(1,052)	(13,030)	(2,055)
Net Cashflow from Investing	(19,787)	(11,019)	(31,374)	(22,079)
Net Cashflow from Financing	50,600	27,505	64,558	41,855
Net Cashflow	18,497	15,434	20,154	17,721
Cash at Bank	**22,650**	**20,724**	**22,650**	**20,724**

MANAGEMENT DISCUSSION AND ANALYSIS

Results for the six months ended 31 December 2006

Operating cash expenditure of $13.0m was higher than the same period in the previous year primarily due to the settlement of some hedge contracts during the half year with a value of $9.6m. In addition, finance costs increased for the half year due to a higher average balance of finance facilities resulting in larger interest costs.

Investing cashflows have increased to A$31.4m in the current half year (Dec 2005: A$22.1m). This is due to increased capital expenditure related to the Flying Fox mine in conjunction with expenditure for investment in other entities.

Financing activities have increased by A$22.7m mainly as a result of the share issue completed during the half year. Proceeds from borrowings were much higher than the same time last year, however this was offset by a similar increase in repayment of borrowings, having a net effect. Borrowing costs were also higher than the same period in prior year due to additional costs associated with the restructure of the debt finance.

Results for the three months ended 31 December 2006

Operating cash expenditure increased to $13.0m due to a significant increase in cash payments made to suppliers and employees. This has resulted from increased costs including settlement of some hedge contracts during the quarter with a value of $9.6m. Administration and employee costs have also increased in line with WSA's growth as a company.

Investing cashflows have increased by $8.8m from the same period last year. This is mainly due to increased capital expenditure with the progress of the mine decline, as well as the investment in Mustang Minerals which took place during the quarter. Expenditure on non-current assets has also increased from the same period last year with increased expenditure on plant and equipment at the Flying Fox mine.

Cashflows from financing have increased to $50.6m for the quarter because of the inflow of funds from the $45m share issue which commenced in the previous quarter. The repayment of the finance facilities with the CBA, Investec and Westpac Bank were offset by the restructure finance from the ANZ Bank.

Subsequent Events

Subsequent to the end of the half year ended 31 December 2006:

- On January 9, 2007 a partial restructure of the hedge book has seen 828 tonnes of nickel restructured to the following financial year (FY 2008). The close out and reset costs on the restructured tonnes was historically rolled into the new hedge contracts.

Statement of Operations by Segments

The Consolidated Entity operated predominantly in the mineral mining and exploration industry in Australia.

Share Capital

	As at 8 Feb 2007
Outstanding Shares	166,136,512
Options issued but unexercised	6,688,000
Total	172,824,512

All the unexercised options are unlisted.

Finance Activities, Liquidity and Capital Resources

During December 2006, WSA refinanced the existing A$80 million project finance facility with a new corporate style facility provided by the ANZ Banking Group Limited ("ANZ"). The new facility provides WSA with greater flexibility and the potential to pay dividends earlier than the original Facility structure allowed.

The Company has the following financing facilities available to it:

	Amount available under the Facility (A$ millions)	Undrawn Portion of Facility (A$ millions)
Primary Finance Facilities:		
- ANZ Cash advance facility	A$70.0	A$41.4
- ANZ Cost over run facility	A$10.0	A$10.0
Total Primary Debt Facility	A$80.0	A$51.4
- Performance Bond Facility(1)	A$2.0	A$0.8
Total Corporate Finance Facilities	A$82.0	A$52.2
TOTAL	**A$82.0**	**A$52.2**

Notes:
(1) The Performance Bond Facility is provided solely by ANZ Bank.

As set forth in the table above, approximately A$28.6 million has been drawn from the total corporate finance facility of $80.0 million provided by ANZ. Access to the remaining portion of the facility is conditional upon the Company operating the Flying Fox mine in accordance with development plans approved by the aforementioned banking institutions and the Company being in compliance with the operational and financial covenants and warranties specified under the facility.

At 31 December 2006 the Company had $25.2 million in cash and receivables with $10.0 million in creditors and accruals.

As at 31 December 2006 WSA's long term debt obligations are as follows:

Contractual Obligations (in A$'000)	Payments due by Period				
	Total	Less than 1	1 - 3 years	4 - 5 years	After 5 years
Long Term Debt(1)	80,000	-	30,000	50,000	-
Finance Leases(2)	202	120	82	-	-
Operating Leases(3)	379	146	233	-	-
Insurance Premium Funding	162	162	-	-	-
TOTAL	**80,743**	**428**	**30,315**	**50,000**	-

Notes:

(1) The above table is based on the contracted amortisation dates for the ANZ facilities. The table does not include the Performance Bond facility as this has no fixed repayment date.
(2) Represents finance leases executed for light vehicles at the Forrestania Project.
(3) Represents rent at the Perth Corporate office and Canadian Branch Office.

Related Party Transactions

There were no material related party transactions during the December 2006 quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

Off Balance Sheet Transactions/Financial Instruments

The Company has entered into forward sales agreements for 2,103 tonnes of nickel from the Flying Fox mine at an average price of US$14,955 per tonne for delivery in fiscal year 2007 & 2008. The Company has also entered into US$/A$ forward exchange contracts to convert the US$ payments which are to be received in fiscal years 2007, 2008 under these nickel forward sales agreements. This effectively creates an A$ nickel hedge of anticipated revenues from 2,103 tonnes of nickel production in these three years. Details of these hedges are as follows:

	Fiscal Year 2007	Fiscal Year 2008	**TOTAL**
Nickel Tonnes Sold	1,328	775	**2,103**
US Price (US$/tonne)	13,036	13,302	**13,134**
US$ Value (US$'000)	17,312	10,309	**27,621**
US$ Currency Hedges (US$'000)	17,312	10,309	**27,621**
Exchange Rates	$0.7435	$0.7314	**$0.7389**
Effective Nickel Price (A$/tonne)	**23,285**	**14,094**	**37,379**

Based on the current Mineral Reserve for the Flying Fox mine, the above nickel hedging represents less than 5% of the contained nickel. The Company's policy is to monitor the state of the global nickel market and the forward prices that are obtainable. The Company aims to achieve an appropriate balance between price and currency risk management strategies whilst maintaining exposure to the spot nickel market.

As at 31 December 2006 the marked to market value of the above forward contracts was a negative A$43.6 million (this valuation being based on a spot nickel price of US$15.43 per pound, or US$34,025 per tonne, and a US$/A$ exchange rate of 0.79135 which were the then current spot price and exchange rate).

None of the hedging contracts shown above are subject to margin calls. If the Company fails to deliver the required product - being nickel or US Currency - on the maturity date of each contract then it will need to renegotiate or close out and settle the relevant contract. This will result in either a cash gain or loss to the Company depending upon the market price of nickel or the US$/A$ exchange rate at that point in time.

The Company has not entered into any other financial contracts or instruments such as derivatives transactions or forward sales, or other instruments and has no other long-term commitments outstanding.

Due to the delays in the access to the T1 deposit, some of the early forward sales contracts will be restructured in the near future to realign the expected production profile to that of the forward sale agreements. See subsequent events commentary above.

Significant Accounting Estimates

Management is required to make various estimates and judgements in determining the reported amounts of assets and liabilities, revenues and expenses for each period presented and in the disclosure of commitments and contingencies. The significant areas where management uses estimates and judgments in preparing the consolidated financial statements are the determination of carrying values and impaired values of exploration assets.

Internal Controls

The company has made no change to its internal controls over financial reporting since 30 June 2006 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

WESTERN AREAS NL

ABN 68 091 049 357

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2006

INTERIM FINANCIAL REPORT
DIRECTORS' REPORT

The directors submit the financial report of the consolidated entity for the half-year ended 31 December 2006. Unless noted, all amounts in this report refer to Australian dollars.

Directors

The names of the company's directors in office during the half year and until the date of this report are as below. Unless noted, directors were in office for this entire period.

David Cooper	(Non Executive Chairman – appointed as Chairman 28 August 2006)
Julian Hanna	(Managing Director and Chief Executive Officer)
Robin Dunbar	(Non Executive Director)
Terence Streeter	(Non Executive Director)
Craig Oliver	(Finance Director – appointed 8 December 2006)
David Boyer	(Non Executive Chairman – resigned 28 August 2006)

Company Secretary

Craig Oliver

Review of Operations

Please refer to the management discussion and analysis for a detailed review of operations.

Auditor's Independence Declaration

The Auditor's Independence Declaration to the directors of Western Areas NL on page 34 forms part of the Director's Report for the half year ended 31 December 2006.

Rounding of Amounts

The amounts contained in this report and in the half year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Board of Directors.

Julian Hanna
Managing Director

Perth, 21 February 2007

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Notes	Six months ended 31 December 2006 $'000	2005 $'000
Sales	2	996	-
Cost of sales		(551)	-
Gross profit		445	-
Other income	2	696	343
Employee benefits expenses		(1,437)	(574)
Finance costs	3	(50)	(32)
Impairment of non-current assets	3	(1,523)	(1,480)
Realised derivative losses		(9,604)	-
Administration expenses		(1,973)	(1,500)
Loss before income tax		(13,446)	(3,243)
Income tax benefit		5,039	1,002
Loss for the period		**(8,407)**	**(2,241)**
Attributable to:			
Equity holders of the parent		(8,407)	(2,241)
Minority interest		-	-
Loss for the period		**(8,407)**	**(2,241)**
Basic loss per share (cents per share)		(5.63)	(1.79)
Diluted loss per share (cents per share)		(5.63)	(1.77)

The accompanying notes form part of these financial statements.

Please note: For quarterly comparatives please see the MD&A preceding these financial statements

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	Consolidated Entity	
		31 Dec 2006 $'000	**30 Jun 2006 $'000**
Current Assets			
Cash and cash equivalents		22,650	2,496
Trade and other receivables		2,507	1,008
Inventories		67	-
Other current assets		1,965	81
Total Current Assets		27,189	3,585
Non-Current Assets			
Property, plant & equipment	5	21,957	14,313
Exploration & evaluation	6	52,390	47,058
Mine development	7	56,977	38,222
Deferred tax assets		9,442	4,402
Other financial assets		5,084	132
Total Non-Current Assets		145,850	104,127
Total Assets		173,039	107,712
Current Liabilities			
Trade and other payables		9,646	7,099
Short term borrowings	9	282	105
Short term provisions		223	206
Other financial liabilities		36,569	8,903
Total Current Liabilities		46,720	16,313
Non-Current Liabilities			
Long term borrowings	9	28,712	30,833
Long term provisions		1,028	993
Other financial liabilities		9,191	6,475
Total Non-Current Liabilities		38,931	38,301
Total Liabilities		85,651	54,614
Net Assets		**87,388**	**53,098**
Equity			
Issued capital	13	147,739	78,511
Reserves		(40,618)	(14,080)
Accumulated losses		(19,740)	(11,333)
Total Parent Entity Interest		**87,381**	**53,098**
Minority interests		7	-
Total Equity		**87,388**	**53,098**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Issued Capital $'000	Prospectus Expenses $'000	Option Reserve $'000	Hedge Reserve $'000	Accum. Losses $'000	Minority Interest	**Total Equity $'000**
Total Equity at 1 July 2005	**52,315**	**(2,990)**	**648**	**31**	**(6,497)**	**-**	**43,507**
Shares issued during the period	28,487						**28,487**
Share issue expenses incurred		(2,276)					**(2,276)**
Share based payments expense			48				**48**
Loss on cash flow hedges				(1,218)			**(1,218)**
Loss attributable to the members of the parent entity					(2,241)		**(2,241)**
Total Equity at 31 Dec 2005	**80,802**	**(5,266)**	**696**	**(1,187)**	**(8,738)**	**-**	**(66,307)**
Total Equity at 1 July 2006	**83,776**	**(5,265)**	**1,085**	**(15,165)**	**(11,333)**	**-**	**53,098**
Shares issued during the period	72,193						**72,193**
Share issue expenses incurred		(2,965)					**(2,965)**
Share based payments expense			519				**519**
Loss on cash flow hedges				(27,057)			**(27,057)**
Loss attributable to the members of the parent entity					(8,407)	7	**(8,400)**
Total Equity at 31 Dec 2006	**155,969**	**(8,230)**	**1,604**	**(42,222)**	**(19,740)**	**7**	**87,388**

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Six Months Ended 31 December 2006 $'000	2005 $'000
Cash Flows From Operating Activities		
Cash receipts in the course of operations	356	74
Cash payments to suppliers & employees	(12,026)	(1,787)
Interest received	449	214
Finance costs	(1,809)	(556)
Net Cash Used in Operating Activities	**(13,030)**	**(2,055)**
Cash Flows From Investing Activities		
Purchase of non-current assets	(9,028)	(3,950)
Mine development expenditure	(12,448)	(9,782)
Exploration & evaluation activities	(6,285)	(8,347)
Acquisition of subsidiaries	(202)	-
Investment in other entities	(3,411)	-
Net Cash Used in Investing Activities	**(31,374)**	**(22,079)**
Cash Flows From Financing Activities		
Proceeds from borrowings	71,631	25,381
Repayment of borrowings	(73,682)	(10,157)
Proceeds from issue of shares	72,157	28,487
Finance lease principal repayments	(44)	(31)
Borrowing costs	(2,539)	(433)
Payments for share issue costs	(2,965)	(2,276)
Share issue oversubscription	-	884
Net Cash From Financing Activities	**64,558**	**41,855**
Net increase / (decrease) in cash held	20,154	17,721
Cash at beginning of financial period	2,496	3,003
Cash as at 31 December	**22,650**	**20,724**

The accompanying notes form part of these financial statements.

Please note: For quarterly comparatives please see the MD&A preceding these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 1: Basis of Preparation

The consolidated financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001, AASB 134 "Interim Financial Reporting", Urgent Issues Group 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 2006 annual financial report and any other public announcements made by Western Areas NL during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The financial report covers the Consolidated Entity of Western Areas NL and its controlled entities (the "Consolidated Entity"). Western Areas NL is a listed public company, incorporated and domiciled in Australia.

The accounting policies adopted are consistent with those of the previous financial year, however due to the commencement of production and the subsequent right to receive revenue from mined ore, accounting policies related to the treatment of inventories and the recognition of revenue have become relevant as follows:

(a) Revenue Recognition – Nickel Ore

Revenue from the sale of nickel ore is recognised when the risks and rewards of the ore pass to the buyer, currently being the point at which the ore is delivered on site to the buyer or as otherwise agreed between Western Areas and the buyer. Revenue is recognised at estimated sales value. The estimated sales value is determined by reference to the estimated metal content, metal recovery, the metal price and exchange rate. An adjustment is made to reflect the final sales value when determined.

(b) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories on hand by the method most appropriate to each class of inventory with the majority being valued on an average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Reporting Basis and Conventions

This half year report has been prepared on an accrual basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Note 2: Revenue

	Consolidated Entity	
	31 Dec 2006 $'000	31 Dec 2005 $'000
- Sales	996	-
- Interest received	398	209
- Royalty received	466	134
- Loss on sale of asset	(168)	-
Total Income	**1,692**	**343**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 3: Loss from Ordinary Activities

	Notes	Consolidated Entity 31 Dec 2006 $'000	Consolidated Entity 31 Dec 2005 $'000
The following expense items are relevant in explaining the financial performance for the interim period:			
- Depreciation of non-current assets		351	83
- Rental expenditure - operating leases		67	62
- Impairment of non-current assets		1,523	1,480
- Realised hedge losses		9,604	-
- Borrowing costs expensed:			
Interest expense – borrowings		1,839	894
Interest expense - finance leases		8	8
Other borrowing costs		2,538	452
Total borrowing costs		4,385	1,354
Less: interest expense capitalised	7	(1,797)	(889)
Less: borrowing costs capitalised		(2,538)	(433)
Total Borrowing Costs Expensed		50	32

Note 4: Dividends

No dividends have been declared or paid during this half year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 5: Property, Plant and Equipment

	Consolidated Entity	
	31 Dec 2006 $'000	30 Jun 2006 $'000
Property – at cost	5,758	5,688
Accumulated depreciation	(307)	(166)
	5,451	5,522
Plant & equipment – at cost	16,885	8,958
Accumulated depreciation	(616)	(465)
	16,269	8,493
Plant & equipment under lease	355	353
Accumulated depreciation	(118)	(55)
	237	298
Total Property, Plant & Equipment - at Cost	22,998	14,999
Accumulated Depreciation	(1,041)	(686)
Total	**21,957**	**14,313**

Assets Pledged as Security

The property, plant and equipment are assets over which a mortgage has been granted as security over project loans. The terms of the mortgage preclude the assets from being sold or being used as security for further mortgages without the permission of the existing mortgagor.

Assets under lease are pledged as security for the associated lease liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 5: Property, Plant and Equipment (Cont)

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 period:

	Consolidated Entity $'000
Property	
Written down value at the beginning of the period	5,522
- Additions	69
- Depreciation expense	(140)
Written down value at the end of the half year	**5,451**
Plant & Equipment	
Written down value at the beginning of the period	8,493
- Additions	7,927
- Depreciation expense	(151)
Written down value at the end of the half year	**16,269**
Plant & Equipment under Lease	
Written down value at the beginning of the period	298
- Additions	2
- Depreciation expense	(63)
Written down value at the end of the half year	**237**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Consolidated Entity	
	31 Dec 2006 $'000	30 Jun 2006 $'000
Note 6: Exploration & Evaluation		
Exploration & Evaluation Expenditure.		
- At cost	56,650	51,212
- Impairment loss	(4,260)	(4,154)
Total Exploration and Evaluation	**52,390**	**47,058**

Movement in carrying amount:

Movement in the carrying amounts for exploration and evaluation expenditure between the beginning and the end of the current interim period:

	Consolidated Entity $'000
Exploration & Evaluation Expenditure	
Written down value at the beginning of the period	47,058
- Expenditure	7,122
- Tenement acquisition	7
- Tenements sold	(367)
- Stamp Duty Refund	(88)
- Impairment loss	(1,342)
Written down value at the end of the period	**52,390**

Carry Forward Exploration & Evaluation Expenditure

The recovery of the costs of exploration and evaluation expenditure carried forward is dependent upon the discovery of commercially viable mineral and other natural resource deposits and their development and exploration or alternatively their sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Notes	Consolidated Entity	
		31 Dec 2006 $'000	30 Jun 2006 $'000
Note 7: Mine Development			
Development Expenditure			
- At cost		48,506	34,051
- Capitalised restoration costs		918	918
- Capitalised interest	7 (a)	4,086	2,289
- Capitalised borrowing costs		3,501	964
- Amortisation		(34)	-
Total Mine Development		**56,977**	**38,222**

(a) The carrying value of development expenditure includes the associated interest costs on the project loan that have been incurred to 31 December 2006. Capitalised interest will be amortised over the reserves of the Flying Fox project.

Movement in carrying amount:

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

	Consolidated Entity $'000
Development Expenditure	
Written down value at the beginning of the period	38,222
- Additions	14,454
- Capitalised interest	1,797
- Capitalised borrowing costs	2,538
- Amortisation	(34)
Written down value at the end of the period	**56,977**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 8: Acquisition of subsidiaries

As reported in the September 2006 quarterly report, in July 2006 the consolidated entity acquired 77.8% of Polar Gold Pty Ltd which in turn owned 96% of Kola Mining.

The purchase price was allocated as follows:

	Consolidated Entity	
	31 Dec 2006 $'000	31 Dec 2005 $'000
Purchase consideration	202	-
Assets and liabilities acquired at acquisition date:		
Cash	28	-
Receivables	1	-
Property, plant & equipment	2	-
Other current assets	1	-
Payables	(12)	-
Goodwill on consolidation	182	-
Total	**202**	-

Note 9: Borrowings

	Notes	31 Dec 2006 $'000	31 Dec 2005 $'000
Current			
Lease liability	8 (b)	120	95
Insurance premium funding		162	10
		282	**105**
Non-Current			
Corporate Borrowings	8 (a)	28,631	30,682
Lease liability	8 (b)	81	151
		28,712	**30,833**

(a) During the quarter a new corporate style banking facility was established with the ANZ Banking Group Ltd. The existing project loan facility provided by Commonwealth Bank of Australia, Investec Australia Ltd and Westpac Institutional Banking was repaid in full.

The carrying value of assets secured under the project loan is as follows:

	31 Dec 2006 $'000	31 Dec 2005 $'000
Project loan		
Mine development	48,506	34,051
Property, plant & equipment	16,255	8,729
	64,761	**42,780**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 9: Borrowings (cont.)

The terms of the project facility are typical of normal commercial borrowing contracts.

(b) The lease liability is secured over the assets under the lease. The finance leases have an average term of 4 years and an average implicit discount rate of 7.38%. Refer note 5 for the carrying value of the assets under lease.

Note 10: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date except as follows:

- Polar Gold Pty Ltd, a 78% owned subsidiary of WSA, is subject to a US$1 million payment contingent on the successful acquisition and mine development of a project that is related to Polar Gold's subsidiary. At present neither the acquisition nor development have occurred.

Note 11: Subsequent Events

Subsequent to the end of the half year ended 31 December 2006:

- On January 9, 2007 a partial restructure of the hedge book has seen 828 tonnes of nickel restructured to the following financial year (FY 2008). The close out and reset costs on the restructured tonnes was historically rolled into the new hedge contracts.

Note 12: Statement of Operations by Segments

The Consolidated Entity materially operated predominantly in the mineral exploration industry in Australia.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 13: Contributed Equity

a) Issued capital

	31 Dec 2006 $'000	30 June 2006 $'000
Ordinary shares fully paid	**147,739**	**78,511**

b) Movements in issued capital

	31 December 2006	
	Number of Shares	$'000
Balance at beginning of the financial period	140,397,678	78,511
- Issued via rights issue (paid up) (i)	17,550,834	45,592
- Issued via private placement (ii)	8,000,000	26,366
- Issued via option conversions (iii)	136,000	235
- Transaction costs relating to share issues	-	(2,965)
Balance at end of the financial period	**166,084,512**	**147,739**

	30 June 2006	
	Number of Shares	$'000
Balance at beginning of the financial year	119,994,344	49,325
- Issued via share placements	17,725,000	29,869
- Issued via option conversions	2,678,334	1,592
- Transaction costs relating to share issues	-	(2,275)
Balance at end of the financial year	**140,397,678**	**78,511**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 13: Contributed Equity (Cont)

Notes on movement in issued capital during the current financial period

(i) In October 2006, 17,550,834 shares at A$2.60 were issued in accordance with a 1 for 8 rights issue.

(ii) In December 2006, 8,000,000 shares at C$3.00 were issued on the TSX.

(iii) During the half year the following options were exercised:

Date	-- Option Terms (Exercise Price & Maturity) --		Total ($)
	$1.30 July '08	$2.75 May '09	
2006:			
August 18	9,000	-	11,700
September 14	36,000	-	46,800
October 26	33,000	-	42,900
November 2	-	40,000	110,000
December 5	18,000	-	23,400
TOTAL	**96,000**	**40,000**	**234,800**

c) Share Options on Issue

The following options were outstanding at 31 December 2006:

	-- Option Terms (Exercise Price and Maturity) --				
	$1.30 July 08	$2.75 May 09	$3.20 May 09	C$4.00 Nov 07	**TOTAL**
Opening balance	535,000	2,960,000	-	-	3,495,000
Options issued	-	-	1,600,000	2,000,000	3,600,000
Options lapsed	(69,000)	-	-	-	(69,000)
Options exercised	(96,000)	(40,000)	-	-	(136,000)
Closing balance	**370,000**	**2,920,000**	**1,600,000**	**2,000,000**	**6,890,000**

The $1.30, $2.75 & $3.20 options vest on the following terms; 1/3 vest on the grant date itself, a further 1/3 12 months after the grant date and the final 1/3 24 months after the grant date. The C$4.00 options were issued as part of the private placement onto the TSX. These are fully vested at the date of issue.

d) Terms and Conditions of Contributed Equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Western Areas NL, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the consolidated entity 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 2006 and of their performance for the six months ended on that date; and

      (ii) complying with Accounting Standard 134 "Interim Financial Reporting" and Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Julian Hanna
Director

Dated 21 February 2007

AUDITOR INDEPENDENCE DECLARATION

Grant Thornton

Grant Thornton Western Australian Partnership
ABN 21 965 022 882
Chartered Accountants, Business Advisers and Consultants

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Western Areas NL and its controlled entities for the half year ended 31 December 2006, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON WESTERN AUSTRALIAN PARTNERSHIP
Chartered Accountants

CYRUS PATELL
Partner

Dated this 21st February 2007

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INDEPENDENT AUDIT OPINION

Grant Thornton

Grant Thornton Western Australian Partnership
ABN 21 965 022 882
Chartered Accountants, Business Advisers and Consultants

Independent Audit Report

To Members of Western Areas NL

Scope

The Interim Financial Report and Directors' Responsibility
The interim financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the interim financial statements, and the directors' declaration for the consolidated entity for the half year ended 31 December 2006. The consolidated entity comprises both Western Areas NL (the company) and the entities it controlled during that half year.

The directors of the company are responsible for the preparation and true and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the interim financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the interim financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the interim financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001, a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

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Grant Thornton

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the interim financial report; and

- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by the directors or management.

We have read the other information in the interim report to determine whether it contained any material inconsistencies with the interim financial report.

Independence

In conducting our audit, we followed the applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the interim financial report of Western Areas NL and its controlled entities is in accordance with:

a) the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half year ended on that date; and

   ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

GRANT THORNTON WESTERN AUSTRALIAN PARTNERSHIP
Chartered Accountants

CYRUS PATELL
Partner

Perth, WA

Dated this 21st day of February 2007

FORM 52-109F2 - Certification of Interim Filings

I, Craig Oliver, Chief Financial Officer of Western Areas NL, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Western Areas NL. (the issuer) for the interim period ending 31 December, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

Date: 21 February 2007

Craig Oliver
Chief Financial Officer

FORM 52-109F2 - Certification of Interim Filings

I, Julian Hanna, Managing Director of Western Areas NL, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Western Areas NL. (the issuer) for the interim period ending 31 December, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

Date: 21 February 2007

Julian Hanna
Managing Director