

WESTERN AREAS LTD



ANNUAL REPORT 2019

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HIGHLIGHTS

- 21.5kt contained nickel shipped to customers
- 20% increase in Net Profit after Tax of A\$14.3m
- Stronger year on year nickel price driving stronger financial performance
- 2 cent fully franked dividend declared
- A\$144m Cash at Bank - Strong debt free Balance Sheet
- Odysseus mine DFS completed – Decision to mine confirmed at the long life, low cost mining project
- Odysseus early works programme completed on time and on budget
- High grade premium nickel product being produced and sold into the EV battery market



Western Areas has Australia's highest grade nickel mines and is a low unit cash cost producer. Its main asset, the 100% owned Forrestania Nickel Operation, is located 400km east of Perth in Western Australia. Western Areas is also Australia's second largest independent sulphide nickel miner, producing approximately 22,000 to 25,000 nickel tonnes in ore per annum from its Flying Fox and Spotted Quoll mines - two of the lowest cost and highest grade nickel operations in the world.

An active nickel project developer at Cosmos and explorer at Western Gawler in Australia, the Company also holds exploration interests in Canada through shareholdings in Grid Metals Corp (TSXV:GRDM). Additionally, the Company has exposure to the emerging lithium market via an exploration joint venture with Kidman Resources Limited.

The Board remains focused on the core business of low cost, long life nickel production, new nickel discoveries and generating returns to shareholders. It has put in place the cost structure and capabilities to prosper throughout the cycle by adopting prudent capital management strategies and strict cost control.

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CORPORATE DIRECTORY

DIRECTORS

Ian Macliver (Chairman)
Daniel Lougher
Richard Yeates
Craig Readhead
Timothy Netscher
Natalia Streltsova

COMPANY SECRETARY

Joseph Belladonna

AUDITORS

Crowe Horwath
Level 5
45 St Georges Terrace
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COMPETENT PERSON'S STATEMENT:

The information within this report as it relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr Graeme Gribbin, Mr Andre Wulfse and Mr Marco Orunesu Preiata of Western Areas Ltd. Mr Gribbin is a member of AIG, Mr Wulfse is a Fellow of AUSIMM and Mr Orunesu Preiata is a member of AusIMM. They are all full-time employees of the Company. Mr Gribbin, Mr Wulfse and Mr Orunesu Preiata have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Gribbin, Mr Wulfse and Mr Orunesu Preiata consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FORWARD LOOKING STATEMENT:

This Annual Report contains certain forward-looking statements including nickel production targets. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. These forward looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. This Annual Report does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Area's other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

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Code: WSA

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CHAIRMAN'S LETTER

Ian Macliver Independent Non-Executive Chairman



Dear Fellow Shareholder,

On behalf of your Board of Directors, I am pleased to present to you the Annual Report for the financial year ended 30 June 2019. Western Areas has had a successful year operationally, meeting production guidance, advancing growth projects and conducting significant exploration activities across our tenement holdings.

The major highlight of the year was the decision to mine the Odysseus mine after results from the Definitive Feasibility Study (DFS) confirmed a robust and long life mining operation. The positive outlook for nickel demand has supported the Company's decision to mine, underpinned by the expectation of increased growth in the Electric Vehicle (EV) market and continued strong stainless steel production rates. Importantly, upside beyond the DFS case exists at Odysseus and is currently being explored which we look forward to reporting on in the coming year.

Western Areas also remains focused on controlling costs to further optimise its business to ensure we are in the best position to capitalise on the strengthening nickel market. Notably, we have maintained operational performance throughout the year, and Spotted Quoll and Flying Fox continue to produce consistent and reliable results. Western Areas has now successfully delivered guidance over many years.

Importantly, an increase in nickel tonnes sold to offtake customers combined with a stronger nickel price resulted in improved year on year financial outcomes for the group. This included a 20% increase in net profit after tax (NPAT), which reported at A\$14.2m, and declaration of a 2 cent per share dividend for shareholders.

The Group Balance Sheet remains strong, with A\$144.3m cash at bank and no debt. This combined with the Company's ability to generate strong operating cashflow enabled the advancement of significant organic capital growth projects throughout the year, including investment into the key growth project at the Cosmos nickel operation which totalled A\$35.2m and continued exploration activities across all project areas of A\$13.1m.

As stated, the Company has progressed the Odysseus mine located at the Cosmos nickel operation which will become Western Areas' second production centre. The DFS results show a larger, longer life project and first nickel ore is scheduled early in FY23. Odysseus will be one of the few nickel sulphide mines coming on-line just as forecast demand for class one nickel is expected to increase in the EV sector substantially. A strong start to the project has been made, with the early capital works now complete. In the year ahead the Company will focus on fully defining the upside beyond the DFS case, principally through the AM5 and AM6 ore bodies, as well as continued preproduction construction works, such as the haulage shaft equipment delivery and installation.

The Mill Recovery Enhancement Project (MREP) continued in ramp up mode during FY19. While production rates have been lower than anticipated, improvements to the MREP process has enabled production and sale of a new premium high-grade nickel sulphide precipitate product. A new twelve month offtake agreement for the MREP product has recently been completed with Sumitomo Metals and Mining Co., Ltd, a party that is associated with the EV battery supply chain.

The nickel market has remained volatile throughout the year closing over US\$6 per pound. As has been common in the past, the nickel price movements have appeared to be driven by geopolitical factors, such as rhetoric around tariffs or other politically driven trade measures, or speculation on policy changes in the large producing countries of Indonesia and the Philippines. However, the emerging EV battery market continues to gain momentum, which is set to reshape the future demand for nickel. Throughout the year the LME nickel stockpile has fallen to its lowest level since 2013, confirming that nickel supply remains in deficit. The Company is confident that a strengthening market will support our operations in FY20.

Looking forward, Western Areas will focus on further optimisation of our core business and strive to deliver consistent operational performance. The Company remains in a strong, debt-free, financial position to fund active exploration and pursue organic growth opportunities that strengthen our position in the market. Finally, Western Areas remains committed to providing a safe working environment for all our staff and contractors.

In closing, I would like to take this opportunity to thank all our staff, contractors and suppliers for their support throughout the year. The continued hard work and dedication demonstrated by all staff is instrumental to the ongoing success of Western Areas.

Ian Macliver
Independent Non-Executive
Chairman



MANAGING DIRECTOR'S REPORT

Daniel Lougher

The Company had a strong FY19, focussed on continuing to deliver reliable and consistent production from the Forrestania operations, whilst also making significant progress toward bringing the Odysseus mine into production after announcing the decision to mine, after strong results from the Definitive Feasibility Study (DFS).

Growth and exploration activities have been supported overall by a shift in the demand outlook for nickel as the electric vehicle (EV), and energy storage sectors continue to gain momentum. Maintaining stable and consistent operations at Forrestania remains a key performance indicator, which allows the Company to get the full benefit of prevailing nickel prices. Western Areas' continues to provide a safe working environment throughout its operations, while remaining efficient and productive.

The Forrestania operations delivered another year of reliable production in line with guidance, resulting in an increase in nickel sales of 21,483 nickel tonnes. With a year on year higher realised nickel price, the Company produced a solid financial result with an increase in revenue to A\$268.7m and a stronger profit at A\$14.2m.

The Odysseus mine, located at the Company's 100%-owned Cosmos nickel operation is the key focus of the Company's organic growth plans. Odysseus is an important asset for Western Areas and will be one of the few new global nickel sulphide operations coming online to deliver into the growing demand profile for nickel that is occurring globally. The Odysseus mine is underpinned by a robust DFS study that demonstrates long term financial returns and a mine life beyond ten years, with additional upside from deposits not included in the study.

As announced post year end, Western Areas completed the early capital works at the Odysseus mine on time and to budget. To date, the decline rehabilitation is complete down to the 10,000m RL pump station, with the pump station mechanical and electrical designs completed. In addition, the dismantling has begun of the purchased shaft headgear with winder delivery to Perth expected in the third quarter of FY20. With the early works complete, Western Areas can now advance to the next phase of the underground rehabilitation programme down to the AM5/6 orebodies, which will allow new decline development toward the Odysseus deposit.

The overall nickel market outlook has shifted positively as the EV and energy storage sectors continue to gain momentum. We have seen a significant increase in inbound off-take enquiries, and our partner, China's largest stainless-steel producer, Tsingshan, has strong growth plans which will require significant additional nickel units. This is reinforcing an industry-wide trend as the demand increases for stainless steel.

The demand for nickel from the battery market will reshape the nickel industry, and as a result, nickel sulphide supply will need to increase. Currently, around six per cent of the global market for nickel comes from the battery market, and this is expected to grow to 20% by 2025. With a positive outlook for nickel in both the short and long term, Western Areas is confident that we will be able to capitalise on this demand, particularly with the Odysseus mine coming online.

The Company has increased exploration throughout the year and continued to target new prospects and existing discoveries.

The Cosmos exploration strategy has a single focus, which is to add to the nickel mineral inventory by assessing and drill-testing high quality targets both proximal to existing deposits and within the surrounding tenement package. Expanding from a focus on the Neptune prospect in FY18, the Company has broadened its targeting envelope to assess the mineral potential of the entire interpreted prospective ultramafic channel at Cosmos, which extends from Neptune in the south through to Ajax on the northern margins, representing a target corridor of around 9km.

Western Areas completed several exploration activities at Western Gawler including several air-core drilling programmes which were designed to follow up conductive responses from Moving Loop Electromagnetic (MLEM) regional targets identified in 2018, along with prospect-scale drilling at Thunderdome, Mystic, Citadel and Crack in the Earth.

Western Areas executed a strategic agreement with Iluka for five leases covering an additional 5,070km² of prospective exploration tenure. This strategic agreement is a two-stage Farm-in earning up to 75% base and precious metals rights and effectively representing close to 100% of the highly prospective Fowler domain. During the year, Western Areas has established a series of exploration programs across this Farm-In and Joint Venture ground.

The Company owns 17.4m shares in Kidman Resources, as a result of transactions in recent years that were structured with the aim of generating value for the non-core lithium potential at Forresteria. Prior to the end of the financial year, the Company agreed to support a bid by Wesfarmers for Kidman at A\$1.90 per Kidman share with the bid also receiving the endorsement of the Kidman Board. Assuming Kidman shareholder approval of the Scheme, Western Areas will receive proceeds of approximately A\$33.1 million from the bid. Overall, the Kidman transactions have generated significant value from the lithium potential at Forresteria that was otherwise not highly valued by the market.

At Western Areas, safety is fundamental to our long-term success, and we believe that safe operations result in efficient operations. The Lost Time Injury Frequency rate for the year was 2.8.

Key safety management initiatives throughout the year included a comprehensive Health and Hygiene Risk Based Management Assessment. A site-wide Noise Audit was also conducted to assist in noise management plans. The Department of Mines, Industry Regulation and Safety (DMIRS) conducted an Emergency Preparedness Audit on Operations during the year with no significant defects recorded.

Practical training was also enforced throughout the year and Emergency Response Team (ERT) training focused on wildfire, rope rescue and rescue skills assessments, with several evacuation drills and mock emergency drills conducted.

A high standard of environmental management has been maintained across the Company during the financial year with no major reportable environmental incidents. The early works program commenced at Cosmos with dewatering of the existing workings continued and all water monitoring and compliance reporting obligations completed. A Mining Proposal was submitted to the Department of Mines, Industry Regulation and Safety (DMIRS) for approval of the Cosmos nickel operation including the Odysseus underground mine, new waste rock dump, shaft and associated infrastructure.

At Forresteria, baseline environmental studies for the New Morning Daybreak project were completed, including pump testing of a hydrological production bore-hole. Also, the Teddy Bear Mine Closure Plan was accepted by DMIRS, and several DMIRS program-of-work applications (PoW) were approved to allow exploration at Mt Hope and other areas.

Western Areas continued its commitment to its Corporate Social Responsibility (CSR) programme during the year, with a range of initiatives supported within the local communities. The Company extended sponsorship of the Perth Zoo Western Quoll enclosure plus the Western Shield wildlife recovery program by Parks and Wildlife WA. Company personnel joined Parks and Wildlife WA on a monitoring trip of the Dryandra Woodland conservation area where Woylie (extremely rare small kangaroo marsupials) populations were growing due to more intensive fox and feral cat management initiated by the program.

In addition, the Company continues to support the various primary schools, sporting clubs and community groups that surround the Forresteria operations.

The Company continued to work closely with the Tjiwarl Aboriginal Corporation, the traditional owners of the Cosmos project area. The Tjiwarl people were involved in aboriginal heritage surveys, heritage monitoring and contract earthworks on the Cosmos nickel operation. The company also engaged with the Ballardong people, the traditional owners in the Forresteria area and the Far West Coast Aboriginal Corporation (FWCAC) and the Aboriginal Lands Trust (ALT) in the Western Gawler area.

Looking ahead, the Company will continue to focus on providing a safe workplace and minimise our environmental impact throughout our operations. Western Areas' Forresteria operations continue to produce reliable and consistent results, and the Company is well placed heading into FY20.

In conclusion, the Company remains in a strong, debt-free, financial position to continue to fund its active growth projects, such as Odysseus mine, and exploration in the near term. Extensive exploration activities throughout the year, coupled with significant achievements from our early works program at Odysseus, demonstrate that Western Areas is continually striving to innovate and grow to remain competitive in the market. We will continue to run our Forresteria operations efficiently to ensure the Company is in a good position to capitalise on the strengthening nickel market.

Finally, I would like to take this opportunity to thank our Board, all our staff, contractors and suppliers for their support throughout the year.

Daniel Lougher
Managing Director
and Chief Executive Officer

	FY19	FY18
Lost Time Injury Frequency Rate (LTIFR)	2.8	0.9
Total Ore Mined (tns)	556,002	607,120
Average Mined Grade	4.2%	4.0%
Contained Nickel Mined (tns)	23,208	24,442
Total Ore Processed (tns)	610,487	616,598
Average Processed Grade	4.0%	4.0%
Average Recovery	88%	87%
Contained Nickel Processed (tns)	21,675	21,060
Nickel Sold (tns)	21,483	20,459
Average Nickel Price Received (US\$/tn)	12,322	12,875
Cash Costs before smelting/refining (A\$/tn)	2.98	2.63
Average Exchange Rate USD/AUD	0.72	0.77



OPERATIONS REVIEW

GROUP OVERVIEW

Western Areas is an Australian based high grade, low cash cost nickel producer. The Company is listed on the Australian Securities Exchange (ASX) under the ticker symbol "WSA" and has been a member of the ASX 200 for many years. The Company owns a 100% interest in both the Forrestania Nickel Operation ("Forrestania") and the Cosmos Nickel Operation ("Cosmos") which are both located in Western Australia.

The Company's main operational asset at Forrestania is located 400km east of Perth in Western Australia. Western Areas is a sulphide nickel miner producing approximately 22,000 to 25,000 nickel ore tonnes per annum from its Flying Fox and Spotted Quoll underground mines which are two of the lowest cost and highest grade nickel operations in the world.

The high grade nickel ore mined is processed through the Cosmic Boy Concentrator (CBC) and sold into offtake agreements with Tsingshan Group, China's largest stainless steel producer, for a minimum delivery of 10,000tpa nickel in concentrate and BHP Billiton for a further 12,000tpa.

The Company continues to foster innovation within the Group such as the recently constructed Mill Recovery Enhancement Project (MREP) at Forrestania's CBC that is commercialising the Company's 100% owned proprietary BioHeap™ bacterial leaching technology. The introduction of filtering and bagging infrastructure has now enabled production of a value added, high grade, nickel product which may potentially directly supply the emerging battery market.

Western Areas' primary growth asset is the Odysseus mine located at the Cosmos nickel operation. The decision to mine the Odysseus deposit was announced following completion of the definitive mining feasibility study, early works have been completed allowing the long life, low cost mine to develop.

The Company is an active base and precious metal explorer at both Cosmos and Forrestania, with significant interests in the Western Gawler area located in South Australia.

The Board remains focused on the core business of low cost, long life nickel production, new nickel discoveries and generating returns to shareholders. It has put in place the cost structure and capabilities to prosper through commodity price cycles that includes a prudent capital management strategy an opportunistic approach to joint venture opportunities and value based asset acquisition assessment.



STRUCTURE

Western Areas Ltd is a company limited by shares that is incorporated and domiciled in Australia. Western Areas Ltd has prepared a consolidated financial report incorporating the material entities that it controlled during the financial year. These are shown below along with the principal assets of each.

WESTERN AREAS SAFETY

There were three Lost Time Injuries (LTI) recorded during the year. Consequently, the LTI Frequency Rate increased from 0.9 to 2.2. The Total Recordable Injury Frequency Rate (TRIFR) increased from 8.6 to 10.5 at year end. TRIFR includes recordable injuries which require medical treatment, restricted duties or result in lost time across all operations.

Key safety management initiatives included updating the Health and Hygiene Management Plan, the Emergency Management Plan and the on-site Medical Providers (poison permit holder), plus completing a risk assessment into organisational factors affecting Mental Health and associated on-site newsletter articles.

The Department of Mines, Industry Regulation and Safety (DMIRS) conducted an Emergency Preparedness Audit on operations late in the year with no significant defects identified.

Emergency Response Team (ERT) training focused on team skills, underground search & rescue, firefighting and breathing apparatus. The on-site Emergency Response systems have been further aligned with the Australasian Inter-Service Incident Management System with site management undergoing associated training.

A summary detailing the LTI free days by operating department at year end is shown in the table below.

Department	LTI free days
Spotted Quoll UG mine	3,001
Cosmic Boy Village	2,708
Surface Haulage	1,916
Cosmos	1,368
Cosmic Boy Concentrator	296
Surface Exploration	282
Flying Fox UG mine	100

ERT FIRE-FIGHTING TRAINING EXERCISE



ENVIRONMENTAL ACTIVITIES

Forrestania

One minor environmental incident occurred during the year where a containment cap failure of a legacy buried pipeline resulted in a decant pH neutral water discharge (approximately one hectare) north of the Cosmic Boy Tailings Storage Facility. No surface drainage lines or wetlands were impacted by the spill and a vegetation monitoring program was implemented in line with best practice.

All regulatory commitments were completed, including environmental monitoring and submitting key environmental reports to the relevant state and federal departments, including water quality, groundwater level monitoring, declared rare flora, and rehabilitation monitoring.

The annual rehabilitation program commenced in June with the reshaping of the Spotted Quoll waste rock dump and drainage repairs to the Lounge Lizard waste rock dump. The programme includes topsoil spreading and deep ripping of the batters of the Spotted Quoll waste rock dump. Following the remedial earthworks, 24,000 seedlings will be planted by a specialist contractor over approximately 2.5ha in July which should benefit from winter rains.

Community

The Company extended sponsorship of the Perth Zoo Western Quoll enclosure plus the Western Shield wildlife recovery program by Parks and Wildlife WA. Company personnel joined Parks and Wildlife WA on a monitoring trip of the Dryandra Woodland conservation area where Woylie (extremely rare small kangaroo marsupials) populations were growing due to more intensive fox and feral cat management initiated by the program.

The Company continues to support the various primary schools, sporting clubs and community groups that surround the Forrestania operations.

Cosmos

Environmental compliance was maintained at a high standard throughout the year.

One environmental incident was reported in January where an open-pit dewatering transfer station overflowed due to the failure of an outlet pump. Western Areas self-reported the incident to the Department of Water and Environmental Regulation (DWER).

This was an isolated incident, and Western Areas immediately began an investigation to determine the cause and any subsequent impacts on the environment. Since the incident, pit dewatering at Cosmos has finished. Western Areas has an excellent track record with environmental management and safety, with no significant incidents recorded in the last 10 years.

The water management pond (WMP) network was expanded during the year with the construction of two WMP's 8 and 9. An extensive network of seepage recovery bores was installed around the WMP's to improve the seepage recovery network in the area.

Key environmental approvals were obtained from the state regulators during the year, i.e. DMIRS Mining Proposal for the Cosmos nickel operation, including the Odysseus underground mine, new waste rock dump, shaft and associated infrastructure; plus Department of Water and Environmental Regulation (DWER) for water management infrastructure.

The Company maintained its excellent relationship with the Tjiwarl Aboriginal Corporation with a number of aboriginal heritage surveys of exploration and key infrastructure areas completed, plus the Tjiwarl people were involved in heritage monitoring and the rehabilitation of completed exploration drill site.



THE COMPANY MAINTAINED ITS EXCELLENT RELATIONSHIP WITH THE TJIWARL ABORIGINAL CORPORATION

FLYING FOX MINE

There was 2,139m of total jumbo lateral development for the year. Nearly half (1,044m) was capital development, predominately access development (900m) to the four 'old Flying Fox' ore drives (between the 1220 and 1185 levels), which is a down-dip orebody extension below the legacy Outokumpu workings with the remainder (144m) was in the lower areas of T5.

Operating waste development (590m) was split between 258m of waste (predominately low grade or waste sections in ore drives) and 332 of paste-fill development to facilitate slot drilling.

Production for the year was sourced from the T5 orebody (460 to 215 levels) and predominately from long-hole stoping (86%) with the remainder from a combination of ore development and flatback stoping (460 level) over existing lateral development to rehabilitate areas in preparation for stoping.

FLYING FOX MINE INFRASTRUCTURE

There was a 13m vertical extension to the T5 escape-way ladder-way between the 200 and 180 levels. There was also 13m of capital vertical development at the 1170 level to establish primary flow-through ventilation and an escape-way ladder-way for the old Flying Fox stoping area.

SPOTTED QUOLL MINE

The advance of the Hanna Decline to a depth of 931m below the surface facilitated four 'Stage Two' ore drive accesses (600, 570, 540 and 510), which resulted in the establishment of eight ore drives (610, 595, 580, 565, 550, 535, 520 and 505) and commencement of the 480 access. The 'Stage Two' area of the mine is located below and laterally offset from the single-boom area (SBA).

Ore production was split almost evenly between the two stoping areas, i.e. twin boom jumbo area (TBA, Stage One and Two) and (SBA), with TBA production starting in the 675, 660, 627 and 595 levels and completed 1215, 944 and 932 levels.

Production from the SBA (920 to 710m RL) using specialist contractors completed the 871, 862, 837, 833 and 832 levels with ongoing production from the 920, 825, 819, 818, 804 and 795 levels. Smaller ore drive development (nominal 3.5m x 3.5m 'shanty' profile) was completed from the 767 to 747 levels with the 757 to 747 level development below SBA ore reserve boundary.

SPOTTED QUOLL INFRASTRUCTURE

The primary surface fan electrical and underground commissioning was completed early in the year with decommissioning of the four 90kW in-pit fans, increasing the total primary return airflows from 180m³/s to 200-250m³/s. The primary underground 756 magazine was commissioned and the 1280 primary underground magazine decommissioned prior to the primary ventilation system upgrade.

The underground primary ventilation RAW network was extended to the 510 level with the excavation of five vertical Return Air-ways (RAW) long-hole rises. The escape-way network necessary to continue 'Stage 2' stoping was extended, with escape ladder-ways installed in dedicated 1.0m raise-bore shafts from the 640 to 510 levels.

Other underground infrastructure established during the year is summarised below:

- The 722 Level underground sat-stat refuelling station was installed which reduced the return tramming distance of underground mobile equipment to refuel by 12km;
- The 750 underground air compressor and air receiver;
- The 600 level high voltage 11kV/1kV substation;
- The 745 remote stench gas activation unit; and
- The 645 and 545 sixteen person refuge chambers were added for the lower sections of the mine.

MINE AND MILL PRODUCTION AND CASH COSTS

TONNES MINED		FY19				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Flying Fox						
Ore Mined	Tonnes	58,699	59,309	56,386	57,213	231,607
Grade	Ni%	4.0%	4.3%	4.5%	4.2%	4.2%
Flying Fox Nickel Mined	Tonnes	2,330	2,574	2,550	2,381	9,835
Spotted Quoll						
Ore Mined	Tonnes	82,868	80,219	85,209	76,099	324,395
Grade	Ni%	4.3%	4.1%	4.1%	4.0%	4.1%
Spotted Quoll Nickel Mined	Tonnes	3,538	3,277	3,516	3,042	13,373
Total Ore Mined	Tonnes	141,567	139,528	141,595	133,312	556,002
Grade	Ni%	4.1%	4.2%	4.3%	4.1%	4.2%
Total Nickel Mined	Tonnes	5,868	5,851	6,066	5,423	23,208



FLYING FOX PRODUCTION

Flying Fox mined a total of 231,606 ore tonnes at an average grade of 4.2% nickel for 9,834 contained nickel tonnes. The total mined nickel exceeded mine plans due to diligent control of waste dilution that increased the overall ore grade. The Lounge Lizard ore tonnes mined for the year was 127,615 ore tonnes at a grade of 4.2% nickel for 5,329 nickel tonnes.

SPOTTED QUOLL PRODUCTION

Spotted Quoll mined a total of 324,395 ore tonnes at an average grade of 4.1% nickel for 13,373 contained nickel tonnes which surpassed last year as the highest annual production of both ore and nickel tonnes to date.

COSMIC BOY NICKEL CONCENTRATOR

The Cosmic Boy Concentrator (CBC) processed 610,487 tonnes of ore at an average grade of 4.0% nickel, despite its nameplate capacity of 550kt. A total of 146,549 tonnes of concentrate grading 14.8% nickel was produced containing 21,675 nickel tonnes with an average recovery of 89%.

The ability to process above nameplate is largely due to the well planned and executed preventative maintenance programme with 98.2% plant availability achieved for the year.

On the 8th February 2019, the CBC had its ten year anniversary and by year end had processed more than 5.6 million tonnes of ore and produced more than 230,000 tonnes of nickel in concentrate.

NICKEL SALES

The delivery of concentrates has been maintained into the two existing offtake agreements along with spot sales of the nickel sulphide precipitate product being produced from the Mill Recovery Enhancement Project (MREP). A total of 147,325 tonnes of concentrate was delivered containing 21,483 tonnes of nickel.

Other concentrate sales and marketing costs for FY19 included royalties at A\$0.24/lb and concentrate transport of A\$0.40/lb of nickel in concentrate delivered to customers.

COSMIC BOY NICKEL CONCENTRATOR

TONNES MILLED AND SOLD	FY19				YTD Total	
	Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr		
	tonnes	156,706	154,517	146,935	152,329	610,487
Grade	%	3.9%	4.0%	4.2%	4.0%	4.0%
Ave. Recovery	%	89%	88%	88%	88%	88%
Nickel in Concentrate Produced (i)	tonnes	5,379	5,415	5,448	5,433	21,675
Nickel in Concentrate Sold	tonnes	5,018	5,386	5,189	5,890	21,483

(i) Includes MREP Nickel tonnes produced.

COST OF PRODUCTION

The year to date cost of production stands at A\$2.98/lb, around the mid-point of the full year guidance range.

FINANCIAL STATISTICS		FY19				YTD
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	2.24	2.38	2.11	2.24	2.24
Haulage	A\$/lb	0.07	0.07	0.06	0.07	0.07
Milling	A\$/lb	0.49	0.51	0.48	0.46	0.48
Admin	A\$/lb	0.22	0.22	0.20	0.22	0.22
By Product Credits	A\$/lb	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Cash Cost Ni in Con (**)	A\$/lb	2.99	3.15	2.82	2.96	2.98
Cash Cost Ni in Con (**)	US\$/lb(**)	2.19	2.26	2.01	2.07	2.13
Exchange Rate US\$ / A\$		0.73	0.72	0.71	0.70	0.72

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements.

(**) US\$ FX for Relevant Quarter is RBA average daily rate.

(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties and concentrate logistics costs.

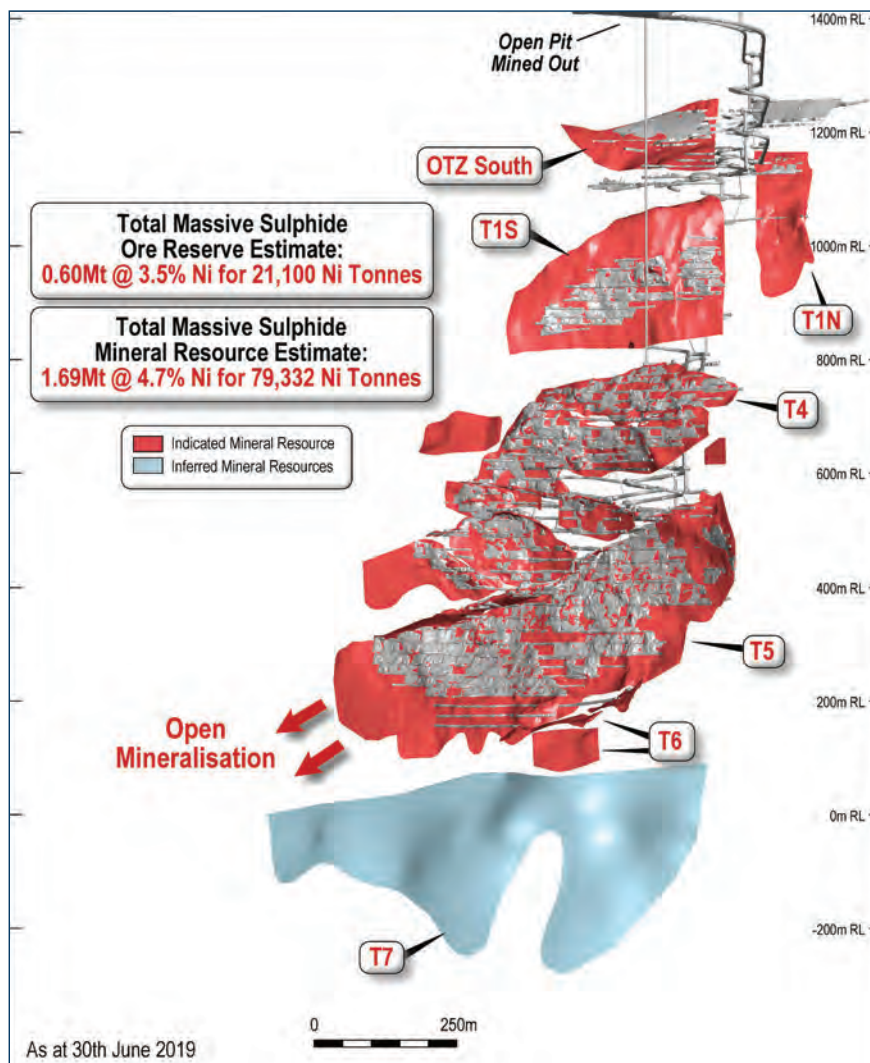
Note: Grade and recovery estimates are subject to change until the final assay data are received.

FLYING FOX MINERAL RESOURCES AND ORE RESERVES

The Flying Fox high grade Mineral Resource and Ore Reserve Estimates (depleted for mining) at the end of the financial year are as follows:

- Mineral Resource: 1.69 million tonnes of ore at a grade of 4.7% nickel for 79,332 tonnes of nickel; and
- Ore Reserve: 0.60 million tonnes of ore at a grade of 3.5% nickel for 21,100 tonnes of nickel

The longitudinal section shows the Flying Fox mine with mineral resources and ore reserves depleted for mining production during the year.



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SPOTTED QUOLL MINERAL RESOURCES AND ORE RESERVES

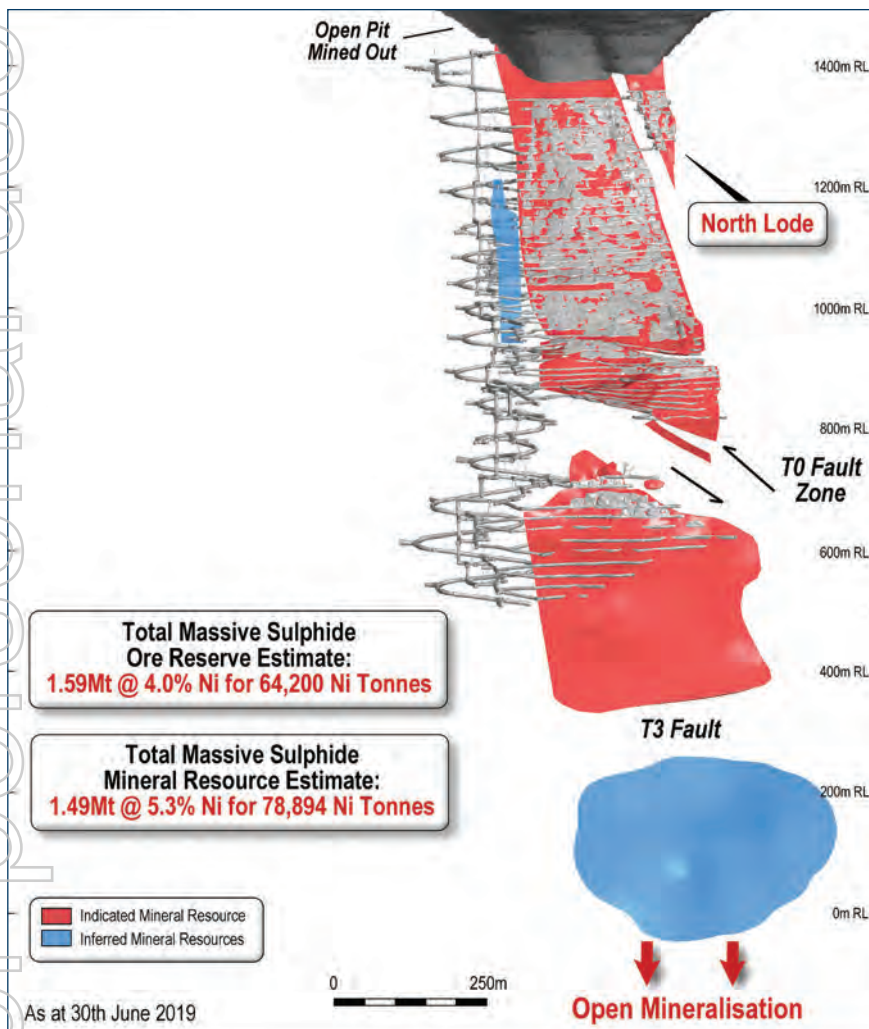
The Spotted Quoll Mineral Resource and Ore Reserve Estimates (depleted for mining) at the end of the financial year are as follows:

- Mineral Resource: 1.49 million tonnes of ore at a grade of 5.3% nickel for 78,894 tonnes of nickel: and
- Ore Reserve: 1.59 million tonnes of ore at a grade of 4.0% nickel for 64,200 tonnes of nickel

A surface diamond drilling resource extension program to investigate Stage 3 (below the T3 fault) mineralisation was completed during the year.

All of the drill-holes that reached target elevation intersected mineralisation resulting in the following change to the Inferred Resource.

	Old Stage 3 Resource Estimate			Updated Stage 3 Resource Estimate		
RESCAT	Ore Tonnes (t)	Grade (Ni %)	Ni Tonnes (t)	Ore Tonnes (t)	Grade (Ni %)	Ni Tonnes (t)
Inferred	116,367	2.6	3,060	118,464	4.9	5,745



Although the increase in grade from 2.6% to 4.9% is encouraging, the overall average thickness of the mineralised intersections was approximately 0.74m as a result of a hangingwall and footwall felsic intrusion that reduced the ore thickness. Further surface drilling is currently being planned to test a thicker north-east trending plunge that appears to extend beyond the current resource limits.

The longitudinal section shows the Spotted Quoll mine with mineral resources and ore reserves depleted for mining production during the year.

A SURFACE DIAMOND DRILLING RESOURCE EXTENSION PROGRAM TO INVESTIGATE STAGE 3 MINERALISATION WAS COMPLETED DURING THE YEAR



NEW MORNING / DAYBREAK RESOURCE

There was no change to the New should be Morning / Daybreak (NMDB) and Odysseus Mineral Resource during the year.

New Morning / Daybreak Open-Pit Feasibility Study

The New Morning / Daybreak Feasibility Study started in July with a summary below:

- The field component of the Flora and Fauna spring surveys (including stygofauna), waste rock characterisation and groundwater sampling were completed in September;
- The haul road bypass conceptual design was completed in August;
- Drilling of 14 geotechnical drill-holes to underpin the open-pit design were completed in December;
- Completion of the preliminary hydrological drilling program which included a single production bore-hole and one monitoring bore-hole in November;
- Twenty-four oxide bottle-roll leach tests were conducted to test the oxide ore leaching kinetics. Further work will investigate alternative methods to improve nickel recovery from the oxide zones.
- Metallurgical testing on the transition and primary zones is planned to commence in the next year.

COSMOS NICKEL OPERATION (“COSMOS”)

The early works program has been completed in-line with budget and cost targets (ASX release 5 July 2019) with several key milestones achieved:

- Decline rehabilitation completed down to the 10,000m RL pump station (500m below surface), with pump station mechanical and electrical designs complete;
- Dismantling of purchased shaft headgear and winder commenced and expedited in South Africa. Delivery to Perth expected in third quarter of FY20, to support hoisting shaft operations;
- All required tenders and contracts for ongoing works awarded or substantially complete; and
- Successful recruitment of experienced Project Manager and Construction Manager with extensive shaft construction experience.

Near-term Work Plan and Underground Infrastructure

Underground life of mine infrastructure works will continue in parallel with decline rehabilitation down to the AM5/6 orebodies and to the new take-off position for the Odysseus decline. Specific activities include:

- Construction and commissioning of the underground pump station (10,000m RL) and associated infrastructure early in the second quarter of FY20;
- Rehabilitation of the Alec Mairs twin declines down to the new Odysseus decline take-off, (adjacent to the AM5/6 orebodies) in the third quarter FY20;
- Delivery of the shaft headgear and winder from South Africa in the third quarter FY20;
- Completion of the mining design for the AM5/6 deposits in the second quarter of FY20; and
- A further 106 camp rooms to be upgraded (266 in total) during the first half of FY20, to cater for increased construction activity.

Shaft Project Engineering and Site Construction

The project progressed well with key activities outlined below:

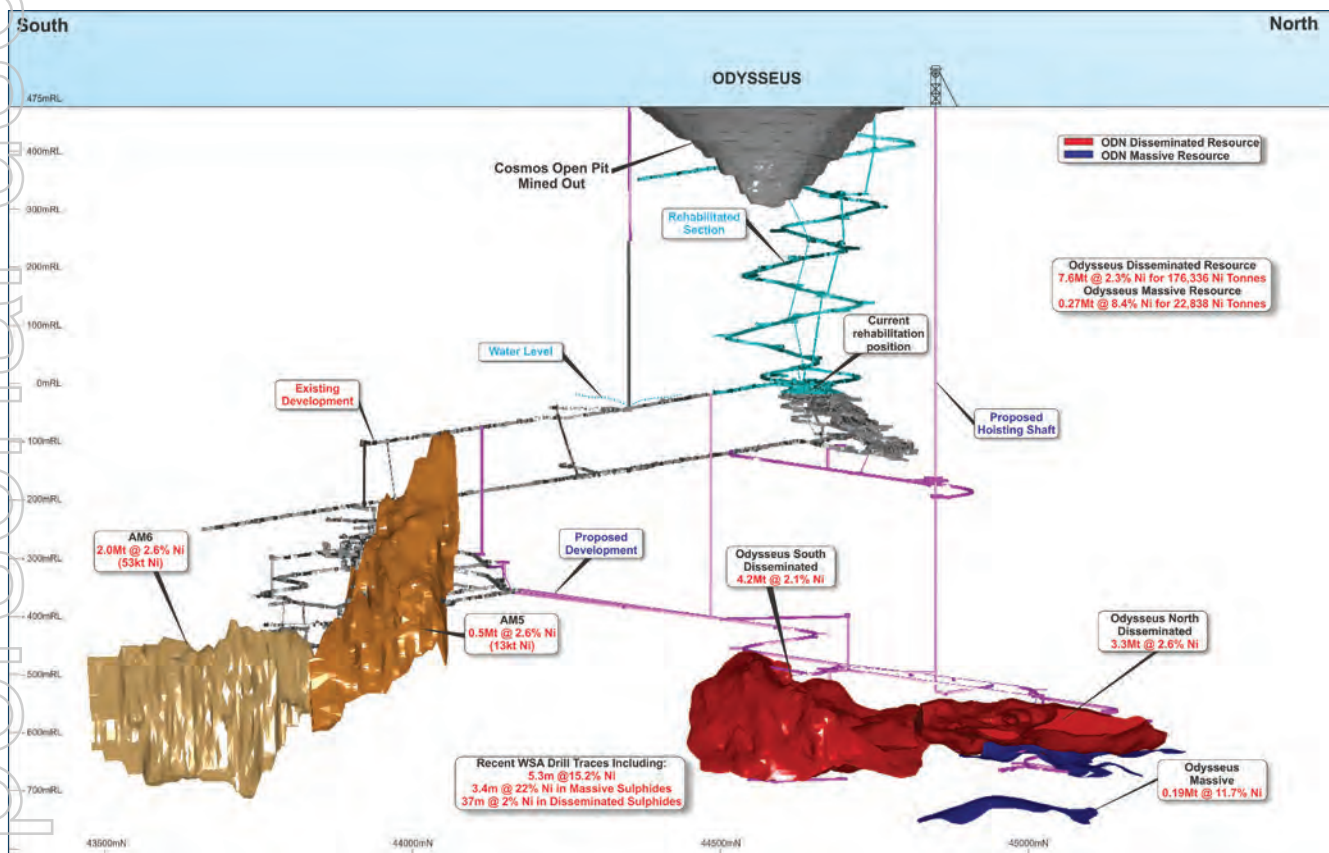
- Geotechnical logging of selected AM5/6 drill-cores was completed in July;
- The shaft geotechnical drill-hole was successfully completed (depth 1.2km), with deviation along the shaft axis within a 1.0m tolerance;

- The winder mechanical and electrical packages were awarded during the quarter, as well as a letter of intent (LOI) issued for the headframe structural package. Mobilisation of personnel to the South African mine-site has commenced;
- Following a successful heritage survey, the nearby Yakabindie sand deposit was drilled to test the resource extent and quality for use in paste fill; and
- A detailed engineering design (DED) of the shaft and materials handling systems.

MILL RECOVERY ENHANCEMENT PROJECT (MREP)

The MREP continued to ramp up operations during the year. The plant is producing the high-grade nickel sulphide product which has been sold successfully on a regular spot basis to companies producing nickel sulphate destined for the electric vehicle (EV) market.

Following year end a 12 month offtake agreement was completed with Sumitomo Metals and Mining, Ltd.



THE PLANT IS PRODUCING THE HIGH-GRADE NICKEL SULPHIDE PRODUCT WHICH HAS BEEN SOLD SUCCESSFULLY ON A REGULAR SPOT BASIS

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BIOHEAP LIMITED

The BioHeap management team has continued the marketing campaign to promote the BioHeap™ technology. Alliances and working relationships with research institutes, engineering firms and test work facilities continue to be formed and strengthened. BioHeap conducted testwork during the year for external companies who are interested in pursuing the technology for sulphide projects.

Laboratory

For the past 7 years, the BioHeap laboratory testing facilities have been located as part of CSIRO in Waterford, Perth. The lease for this laboratory was terminated in September 2018 and BioHeap has relocated to a new laboratory facility in the Technology/Industrial area of Canning Vale, Perth.

BioHeap has received several samples for testing using the BioHeap™ process as a result of discussions with potential parties interested in battery materials. BioHeap has also conducted support testwork for MREP and continues to test samples from Western Areas Forrestania operations.

New Morning / Day Break Leaching Testwork Programme

Additional test work is being undertaken looking at processes to recover nickel from the oxide zones. The BioHeap™ process will be tested as part of the next stage of evaluation on the deeper transition and primary ores from the New Morning / Daybreak deposits. This work will be undertaken during FY20, as part of the New Morning feasibility study.

Cosmic Boy Scats Leaching Testwork Programme

BioHeap has looked at a method to treat a waste stream from the Cosmic Boy Concentrator (CBC), known as 'scats'. This material is hard critical size pebbles that are ejected from the ball mill during processing. The scats also contain remnants of grinding media which would damage the CBC crushers if the scats were re-fed back into the concentrator. Hence the scats are stockpiled on site as a waste product.

The scats are of ideal size for a BioHeap™ leach (6-8mm) which would be a low cost method to recover the nickel locked in this material. To determine the extraction rate of nickel from the scats, BioHeap performed a column leach test programme. This test simulates the possible performance from a BioHeap™ leach.

The preliminary results indicate the material is a low acid consumer and initial leaching data has indicated that 70% of the total available nickel is expected to be extracted from the scats product.

Further columns commenced during FY19 to confirm operating conditions for the potential heap leach. Capital and operating cost estimates were commenced late in the year to establish a demonstration heap leach for the scats. This is expected to be approximately 20,000 t of scats and to commence build during FY20. The nickel rich solution obtained from the heap leach will add additional nickel into the metal recovery circuit of the MREP.



EXPLORATION

Western Areas continues to embrace a balanced exploration programme across its diverse portfolio of tenements. The Company has escalated its exploration activities in FY19, with an expansion of its regional exploration program through a strategic partnership in the Western Gawler region of South Australia. Complementing this regional work, with a strong portfolio of near-mine targets adjacent to existing and emerging nickel producing centres at both Forrestania and Cosmos, Exploration remains committed to assessing, testing and discovering new concentrations of nickel sulphide to support current and future mine operations.

The Cosmos exploration strategy has a single focus, which is to add to the nickel mineral inventory by assessing and drill-testing high quality targets both proximal to existing deposits and within the surrounding tenement package. Expanding from a focus on the Neptune prospect in FY18, the Company has broadened its targeting envelope to assess the mineral potential of the entire interpreted prospective ultramafic channel at Cosmos, which extends from Neptune in the south through to Ajax on the northern margins, representing a target corridor of around 9km.

Regional exploration saw a significant boost in both target inventory and exploration activity with the execution of a strategic agreement with Iluka Resource Limited covering a 5,070 km² of ground in the Western Gawler region of South Australia. Coupled with the existing tenure on the project, this agreement more than doubles the Company's interests in the project to 9,520 km² of contiguous ground covering the prospective Fowler Domain.

The Company maintains strong, practical relationships with project stakeholders, and particularly values its ongoing relationships with the Far West Coast Aboriginal Corporation (FWCAC) and the Aboriginal Lands Trust (ALT).

The nickel endowment of the Forrestania Nickel Belt has provided a solid foundation for the Company and the exploration strategy into FY19 reflects this, with a renewed focus on assessing near-mine opportunities for discovery and growth. The Western Ultramafic Belt, incorporating the producing centres of Spotted Quoll and Flying Fox, along with the resource inventory of New Morning, represents a significant exploration opportunity for the discovery of additional nickel sulphide mineralisation. The Company has maintained an elevated focus in assessing target opportunities across this belt in FY19, embracing innovative technologies to unlock new targeting horizons.

MT ALEXANDER JOINT VENTURE

(WSA 25% NON-CONTRIBUTING INTEREST)

With regard to E29/63 at Mt Alexander, Western Areas Limited is in a Joint Venture with St George Mining Limited (SGQ). SGQ is the Manager of the Project and has a 75% interest. WSA retains a 25% non-contributing interest in the Project until there is a decision to mine.

KIDMAN RESOURCES LIMITED FARM-IN AND JOINT VENTURE (LITHIUM)

Western Areas Limited continues its Farm-in and Joint Venture Agreement with Kidman Resources Limited covering the Company's northern group of tenements at Forrestania. Kidman has now entered into the third year within a Stage 1 opportunity to earn 50% lithium rights. Western Areas retains all non-lithium rights over this ground.

SOUTHERN CROSS GOLDFIELDS JOINT VENTURE

(WSA 100% NICKEL RIGHTS INTEREST)

In March 2018, Western Areas opted to relinquish its 70% nickel rights across all tenements that formed part of the original agreement, with the exception of tenements E77/1965 and E77/2091, where the Company negotiated to acquire the remaining 30%, bringing the total nickel rights ownership to 100%. E77/1965 and E77/2091 are contiguous with Western Areas Limited's pending tenement E77/2261, which lies at the northern end of the Parker Dome.

COSMOS NICKEL OPERATION

(100% WSA)

Since the acquisition of Cosmos from Xstrata Nickel Australasia Operations (XNAO) in October 2015, the Company has identified numerous near-mine targets considered highly prospective for their potential to host significant accumulations of nickel sulphides. Throughout FY18, the initial focus of these efforts was on a 1.5km corridor centred over the Neptune prospect located approximately 2km south of the previously mined Prospero-Tapinos deposit. Drill targeting continued at Neptune in FY19, along with a broadening of the focus area to incorporate an additional 2.5km corridor extending north from Prospero-Tapinos towards Alec Mairs.

The Neptune prospect is interpreted to contain the highest volume of cumulate ultramafic bodies within the Cosmos nickel operation. Continuing into early FY19, Phase 2 of drilling on the Neptune prospect was completed, with this component of the program designed to target the down-plunge extents of mineralisation previously intersected throughout FY18, while further testing the prospectivity of the host cumulate sequence along its northern flanks. Phase 2 works markedly advanced the geological understanding of this prospective ultramafic package, with significant findings throughout the period including;

- Further delineation of the prospective host sequence, identified to extend >1200m in strike length (north – south),
- Confirmation of additional thick sequences of high-tenor, disseminated nickel sulphide mineralisation (along with localised stringers-sulphide zones) with some notable results of 52.5m @ 0.70% Ni including 2.64m @ 1.56% Ni returned from WCD017 and 25m @ 0.79% Ni returned from WCD018, with the later numbers representing the northernmost intersections received to date at Neptune,
- Results of Down Hole Electromagnetic (DHEM) surveying completed in the December quarter, with two off-hole conductors identified, potentially representing semi-massive sulphides. These targets are planned for future drill testing in FY20.

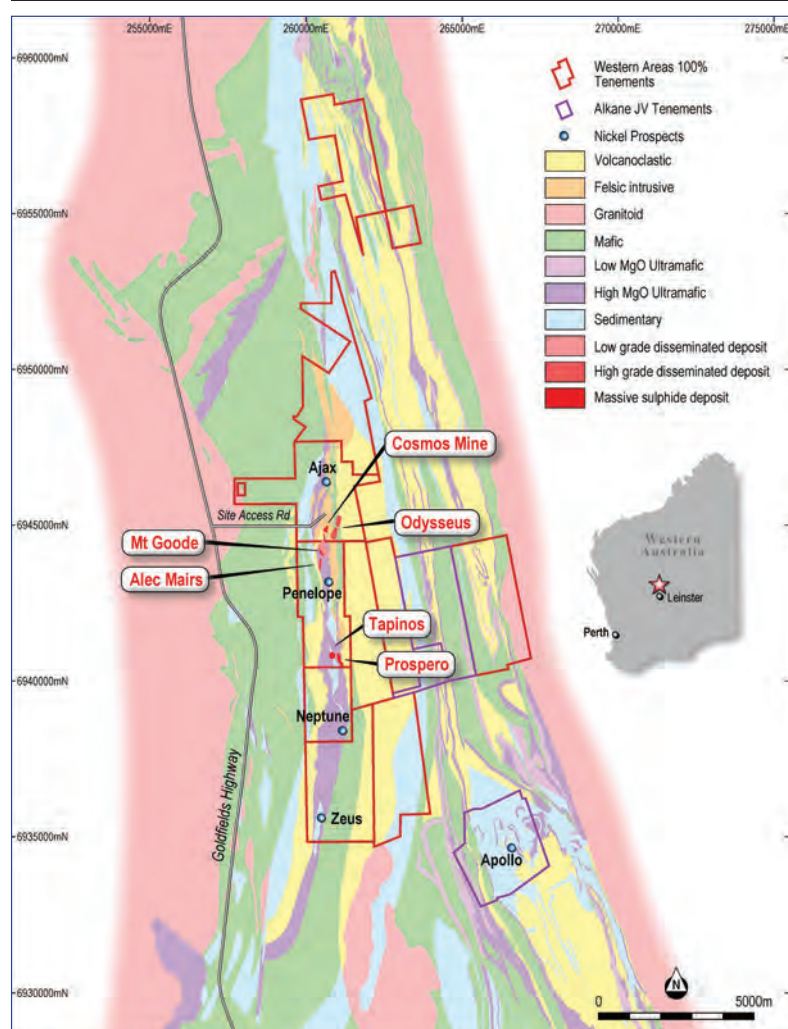
Encouraged by the thick nickel sulphides intersections at Neptune, the Company expanded its exploration focus throughout the year, assessing targeting opportunities across the entire length of the interpreted channel position. From this work, the Company has identified the 2.5km corridor extending between Prospero – Tapinos and Alec Mairs as being of notable exploration and strategic significance. Of additional interest is the northern interpreted channel position at Ajax (1km north of the Odysseus resource), which is considered to be significantly under-explored.

A hiatus in drilling activities across the December quarter enabled detailed planning and targeting to advance across the entire length of the prospective interpreted channel, extending over a strike length of 9km. Numerous drill sites were proposed, primarily centred on Penelope, with additional locations identified at Ajax and Neptune.

Subsequently, planning for a heritage survey covering all these proposed sites also commenced during the December quarter.

The Company values the strong collaborative relationship that it has fostered with the Tjiwarl Group native title holders and traditional owners at Cosmos. This bilateral cooperative approach culminated with the completion, in March, of a regionally extensive heritage survey incorporating sites for future exploration targeting covering prospects at Penelope (south of Alec Mairs), Neptune and Ajax (north of Odysseus). The Company understands the importance of maintaining regular dialogue and communication with the traditional owners, with representatives of the Tjiwarl Group involved in the monitoring of all aspects of site preparation and exploration drilling, along with drill site and track rehabilitation activities.

PLAN SHOWING COSMOS TENEMENTS, KEY PROSPECTS AND GEOLOGY



WESTERN GAWLER NICKEL-COPPER PROJECT

The Western Gawler Project lies within the Fowler Domain of western South Australia. The Fowler Domain is an orogenic belt of Proterozoic age, overlain by recent sedimentary cover, which is known to host mafic and ultramafic intrusive rocks. Similarly aged orogenic belts in Australia contain significant mafic-ultramafic related intrusive nickel and copper deposits including Nova-Bollinger and Nebo-Babel. The Company's exploration strategy is to explore for these deposits through systematic evaluation of targets which lie below cover sequences, using modern geophysical techniques and targeted drilling campaigns.

The Company has a consolidated land holding with 100% interest covering five tenements across the Western Gawler Project with an additional 90% interest in a sixth tenement held by Strandline Resources. Further to these interests, the Company announced in the September quarter an expansion of the Western Gawler regional exploration strategy via the execution of a Farm-in and Joint Venture Agreement with Iluka (Eucla Basin) Pty Limited, a 100% owned subsidiary of Iluka Resources Limited.

The Company has evolved its exploration strategy across Western Gawler, commencing in FY18 with a migration from a broader regional approach and moving to a more focused, prospect-scale style of targeting. Building on an advancement and maturing of geological understanding across the project, the Company has shifted its focus over the FY19 period from the western corridor (centred around Thunderdome), to a greater focus on its eastern prospects, centred on the Mystic-Woodford-Meredith Corridor.

Western Gawler Nickel-Copper Joint Venture (WSA 100% and earning up to 90% interest)

In October 2014, the Company executed a Farm-in and Joint Venture Agreements with Gunson Resources Limited (now Strandline Resources Limited) over a key tenement (EL 5880) along the eastern margin of the Western Gawler region of South Australia.

A staged series of exploration programmes continued within EL 5880 across FY19. In the June quarter, the company achieved a 90% interest after meeting Stage 2 earn-in and expenditure requirements.

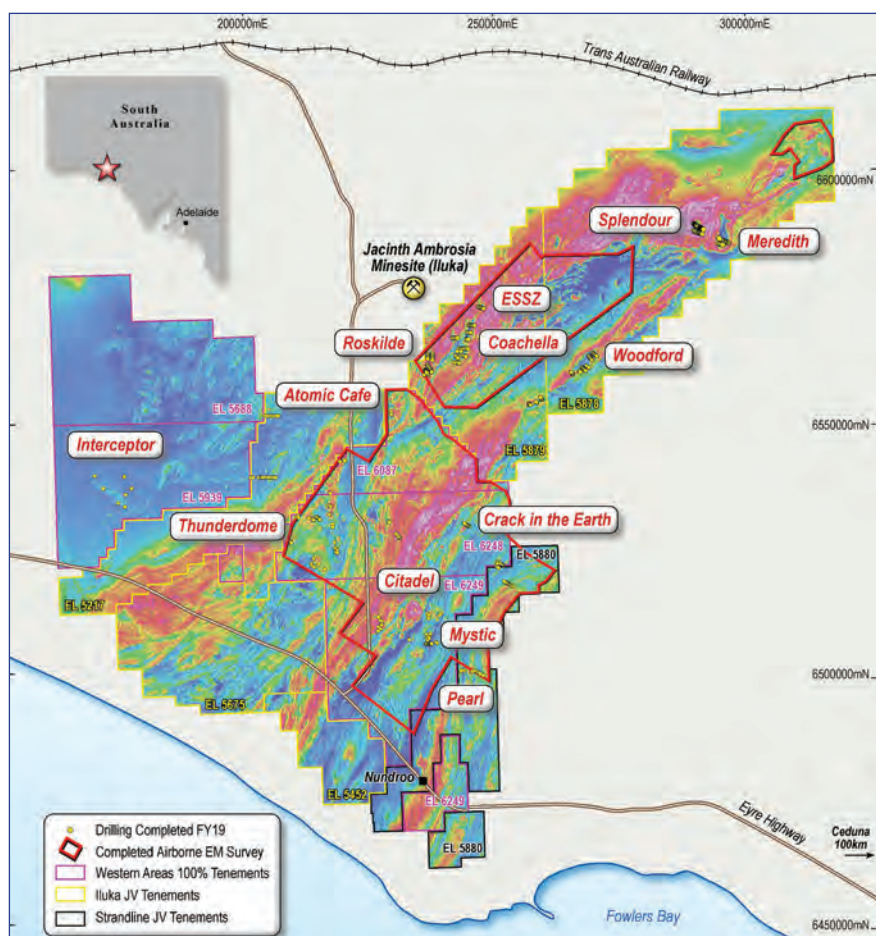
Early exploration in the September and December quarters centred on the Thunderdome prospect, with elevated copper anomalism identified in association with several discrete pyroxene-hornblende rich mafic intrusive units.

Anomalism was returned from several drill-holes, with notable values of 3m @ 0.46% Cu (from 27m) including 1m @ 0.81% Cu (from 28m) returned from 18WGRC377. Results to date highlight the potential for this corridor to host additional zones of copper mineralisation.

The Mystic prospect represents an emerging Western Gawler target, and was another key focus during FY19. Initial interest stemmed from anomalous nickel in oxide values returned from drilling programs in early FY18, with notable values including 2m @ 1.44% Ni from 18WGAC353.

Follow up drilling was undertaken over the December and March quarters with several thick elevated nickel oxide intervals returned, hosted within weathered, iron-chromite enriched clay horizons, with a broad zone of 18m @ 2.06% Ni including 5m @ 4.29% Ni from 19WGAC444. The Company is extremely encouraged by the results returned from Mystic, representing the highest-grade nickel mineralisation identified to date within the Fowler Domain of the Western Gawler project.

FY19 DRILLING COMPLETED AT WESTERN GAWLER





EXPLORATION DRILLING (WESTERN GAWLER)

The Company continues to embrace new and innovative methods to assist exploration targeting. During the September quarter a regional-scale heli-borne Electromagnetic (EM) Survey was completed over three 100% WSA held tenements along with Strandline tenement EL 5880. The survey was completed using the SkyTEM312 HP system, which is optimised to provide exceptional depth of investigation due to the high current and low base frequency of 12.5 Hz. The survey, which was executed over 1,584 km² and represented 1,844 line-kilometres was designed to define EM conductors with potential to represent semi-massive to massive sulphide bodies associated with Ni-Cu-Co-PGE mineralisation. Numerous targets were identified from this work and followed up throughout FY19.

Western Gawler - Iluka Joint Venture (WSA earning up to 75% interest)

The execution of a Farm-in and Joint Venture agreement with Iluka Resources across five tenements during the first quarter of FY19 has consolidated the Company's tenure holding within the Western Gawler Project. The tenements, covering an additional 5,070 km², are contiguous with Western Areas' substantial existing tenure within the Western Gawler region of South Australia, the combination of which effectively represents 100% of the highly prospective Fowler Domain. The Company believes that combining the Iluka Joint Venture ground with its existing tenement holdings maximises the potential for a significant discovery.

Underpinning the exploration efforts across the Iluka JV tenements in FY19 was the completion of a regionally extensive airborne electromagnetic (EM) survey covering 657 km². Numerous low to moderate-response targets were identified from this work, with many of these responses interpreted to be coincident with mafic intrusive bodies. Drill testing of these targets commenced from late March and extended into the June quarter, supplemented by guidance from subsequent follow-up, targeted ground EM surveys. Drill testing was completed over several prospects, commencing initially at Woodford and extending to Roskilde, Coachella, Splendour and Meredith.

Although exploration on the Iluka JV ground is within its first year, the Company is encouraged by early results that were returned from the maiden drilling program at Woodford, with elevated copper and nickel values identified within partially weathered pyroxenite. Drill-hole 19WGAC510 returned 1m @ 549ppm Cu, 0.29% Ni with drill-hole 19WGAC493 returning 1m @ 996ppm Cu, 685ppb Pt+Pd (PGE).

Drilling activity significantly ramped up towards the end of FY19, with several large drill campaigns commencing covering the Meredith and Splendour prospects. This momentum is anticipated to continue into early FY20, with the Company maintaining a focus on the eastern corridor extending from Woodford to Meredith.

FORRESTANIA NICKEL OPERATION

(100% WSA)

The Company has a strong record of exploration and production across the Forrestania Nickel Belt, reflecting its robust nickel endowment. The Company realises the high potential for this belt to host additional nickel resources into the future and has maintained a balanced approach to exploration in FY19, primarily advancing several opportunities proximal to existing resource envelopes, along with exploration across numerous promising regional targets.

The Parker Dome Project, located 20km north of the historic Bounty Gold camp, is represented by a continuous group of tenements held by the Company, incorporating the southern and eastern portions of the Parker Dome greenstone sequence. The region is relatively under-explored, and is considered prospective for both komatiite-hosted nickel sulphides and gold.

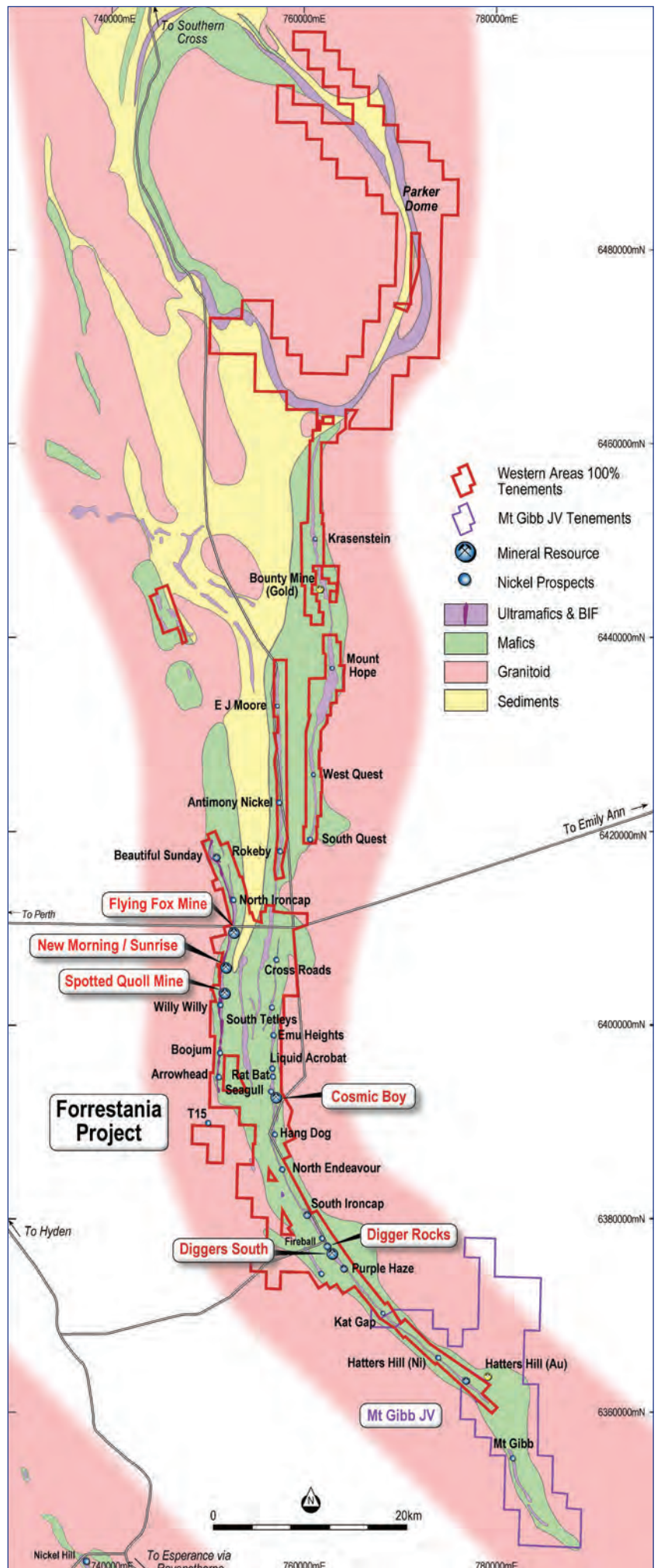
Leveraging off the extensive regional airborne electromagnetic survey completed in late FY18, exploration work at Parker Dome in FY19 has centred around processing and compilation of numerous late-time responses identified from the June 2018 survey. Planning has progressed over the remainder of the reporting year, with a series of drill programs designed to test both nickel and gold targets. Pending final environmental and heritage approvals, drilling is anticipated to commence in FY20.

The Company acknowledges the strategic importance of ensuring that all near-mine exploration targeting opportunities are continually reviewed for their potential to add to the nickel sulphide inventory at Forrestania. Early targeting in the period centred on testing for the extension of the mineral system beneath the existing Flying Fox resource, with two holes completed and subsequent down-hole EM survey work. No significant concentration of nickel sulphides was identified from this work.



A second near-mine target was tested at Cosmic Boy. Located to the west of the Cosmic Boy Mill and concentrator, the Cosmic Boy Deposit (last mined in 1999, producing a total of 3.77Mt @ 1.46% Ni for 55,081t of contained nickel) is characterised by ultramafic-hosted, predominantly high-tenor, disseminated nickel sulphides, lying proximal to a basal contact with a banded iron formation sequence. A review of the controls on mineralisation at Cosmic Boy was completed in the September quarter. A total of four holes were drilled, testing the potential for the mineralised ultramafic channel to reform at depth. Early drilling completed in the December quarter successfully intersected disseminated style mineralisation approaching the basal contact target horizon, with drill-hole CBD211W1 returning a particularly encouraging interval of 2m @ 1.85% Ni within a broader zone of 7m @ 1.16% Ni (from 1,059m). Follow up drilling was completed in the March quarter, with CBD212W1W1W1 testing the down-plunge extension from CBD211W1, returning 2m @ 1.20% Ni. Despite these encouraging results, owing to the depth of these intersections, success and follow-up drilling would require the mineral system to increase substantially in both grade and width. Immediate follow-up drilling is not planned at this stage.

The Company understands the importance of embracing innovative methods of exploration to realise the full potential across its tenure. Commencing in March and extending through the June quarter, the Company commenced a strategic exploration review of the Western Ultramafic Corridor, assessing the potential for this zone to host additional, likely-blind mineral systems at depth. The 25km long Western Ultramafic Corridor, hosting the producing high-tenor nickel mines of Spotted Quoll and Flying Fox, together with the the New Morning resource, continues to represent a significant exploration opportunity for the discovery of additional nickel sulphide mineralisation. Starting in May, the Company, in collaboration with HiSeis Pty Ltd, commenced a two-pronged study designed to identify the applicability of modern seismic to aid future exploration efforts across the Western Ultramafic Belt, with the geological environment incorporating the Spotted Quoll mineral resource identified as the most suitable environment for this work. Work involved capturing detailed physical property data (density and full waveform sonic) from representative drill core samples and down-hole probes.



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ORE RESERVE / MINERAL RESOURCE STATEMENT

ORE SUMMARY RESERVES AT 30 JUNE 2019

Ore Reserves	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Ore Reserves					
1. Flying Fox Area	601,100	3.5	21,100	Probable Ore Reserve	2012
2. Spotted Quoll Area	1,598,000	4.0	64,200	Probable Ore Reserve	2012
3. Diggers Area					
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL FORRESTANIA ORE RESERVE	4,308,100	2.7	116,100		
4. Cosmos area					
Odysseus South	4,483,700	1.9	85,620	Probable Ore Reserve	2012
Odysseus North	3,651,900	2.2	78,900	Probable Ore Reserve	2012
TOTAL COSMOS ORE RESERVE	8,135,600	2.0	164,520		
TOTAL WESTERN AREAS ORE RESERVE	12,443,700	2.3	280,620		

Ore summary reserves at 30 June 2018

Deposit	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Flying Fox Area	749,600	3.9	29,170	Probable Ore Reserve	2012
Spotted Quoll Area	89,600	3.8	3,450	Proved Ore Reserve	2012
	1,708,500	4.0	68,480	Probable Ore Reserve	2012
Digger South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Digger Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL FORRESTANIA ORE RESERVES	4,656,700	2.8	131,900		

GOVERNANCE AND INTERNAL CONTROLS

Western Areas geology and mining departments have implemented a set of rules and working practices to control the mineral resource and ore reserves estimation and reconciliation process, as well as the quality of the data used. The Mineral Resources and Ore Reserves are reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition (unless otherwise stated). Mineral Resources are quoted inclusive of Ore Reserves. Competent Persons named are Members of the Australasian Institute of Mining and Metallurgy and qualify as Competent Persons as defined in the JORC Code. The Western Areas risk management programme includes assessment of the risks associated with the estimations of mineral resources and ore reserves and the controls in place to ensure that robust resource and reserve calculations are reported. The risk management process measures the likelihood of errors or misstatement and monitors the controls in place that mitigate this outcome.

WESTERN AREAS MINERAL RESOURCE STATEMENT - EFFECTIVE DATE 30 JUNE 2019

Ore Reserves	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Mineral Resources					
1. Flying Fox Area					
T1 South	144,125	4.6	6,625	Indicated Mineral Resource	2012
	45,041	2.3	1,036	Inferred Mineral Resource	2012
T1 North	54,217	5.1	2,736	Indicated Mineral Resource	2012
OTZ Sth Massive Zone	177,614	5.9	10,550	Indicated Mineral Resource	2012
T4 Massive Zone	212,835	5.8	12,364	Indicated Mineral Resource	2012
T5 Massive Zone	722,890	5.3	37,955	Indicated Mineral Resource	2012
T6 Massive Zone	86,044	5.6	4,833	Indicated Mineral Resource	2012
T7 Massive Zone	248,720	1.3	3,233	Inferred Mineral Resource	2012
Total High Grade	1,691,486	4.7	79,332		
T5 Flying Fox Disseminated Zone	197,200	0.8	1,590	Indicated Mineral Resource	2004
	357,800	1.0	3,460	Inferred Mineral Resource	2004
T5 Lounge Lizard Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	2004
Total Disseminated Flying Fox / Lounge Lizard	4,983,000	0.8	41,050		
Total FF / LL	6,674,486	1.8	120,382		
2. New Morning / Daybreak					
Massive Zone	340,126	3.3	11,224	Indicated Mineral Resource	2012
	78,067	3.9	3,025	Inferred Mineral Resource	2012
Disseminated Zone	3,318,468	1.2	41,181	Indicated Mineral Resource	2012
	2,496,658	1.3	32,498	Inferred Mineral Resource	2012
Total New Morning / Daybreak	6,233,319	1.4	87,928		
3. Spotted Quoll Area					
Spotted Quoll					
	1,341,966	5.3	71,666	Indicated Mineral Resource	2012
	146,678	5.0	7,228	Inferred Mineral Resource	2012
Total Spotted Quoll	1,488,644	5.3	78,894		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
Total Western Belt	14,876,449	2.0	293,924		
4. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	2004
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	2004
Total Cosmic Boy Area	375,900	2.4	8,950		
5. Diggers Area					
Diggers South - Core	2,704,500	1.4	37,570	Indicated Mineral Resource	2004
Diggers South - Core	362,700	1.2	4,530	Inferred Mineral Resource	2004
Digger Rocks - Core	282,940	1.7	4,790	Indicated Mineral Resource	2004
Digger Rocks - Core	50,600	1.3	670	Inferred Mineral Resource	2004
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	2004
Total Diggers Area	3,960,740	1.3	52,600		
TOTAL FORRESTANIA MINERAL RESOURCE	19,213,089	1.9	355,474		
6. Cosmos Area					
AM5	479,914	2.6	12,430	Indicated Mineral Resource	2012
	26,922	1.9	509	Inferred Mineral Resource	2012
AM6	1,704,548	2.7	45,171	Indicated Mineral Resource	2012
	329,443	2.5	8,203	Inferred Mineral Resource	2012
Odysseus South - Disseminated	4,016,949	2.1	84,767	Indicated Mineral Resource	2012
	219,641	2.0	4,302	Inferred Mineral Resource	2012
Odysseus North - Disseminated	3,128,943	2.6	81,156	Indicated Mineral Resource	2012
	225,248	2.7	6,111	Inferred Mineral Resource	2012
Odysseus North - Massive	70,106	12.6	8,814	Indicated Mineral Resource	2012
	124,900	11.2	14,002	Inferred Mineral Resource	2012
Total Cosmos Area	10,326,614	2.6	265,465		
7. Mt Goode Area					
Mt Goode	13,563,000	0.8	105,791	Measured Mineral Resource	2012
	27,363,000	0.6	158,705	Indicated Mineral Resource	2012
	12,009,000	0.5	62,447	Inferred Mineral Resource	2012
Total Mt Goode Area	52,935,000	0.6	326,943		
TOTAL COSMOS MINERAL RESOURCE	63,261,614	0.9	592,408		
TOTAL WESTERN AREAS MINERAL RESOURCE	82,474,703	1.1	947,882		

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FINANCIAL STATEMENTS

The Directors of Western Areas Ltd present the financial report of the Company for the financial year ended 30 June 2019. Unless noted, all amounts in this report refer to Australian dollars. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report follows:

INFORMATION ABOUT THE DIRECTORS

The following persons were directors of Western Areas Ltd for the entire financial year and up to the date of this report unless otherwise stated.

<p>Ian Macliver <i>BCom, FCA, SF Fin, FAICD</i></p> <p>Non-Executive Independent Chairman</p> <p>Director appointed October 2011</p>	<p>Mr Macliver is a highly experienced listed company director and Chartered Accountant with significant experience as a senior executive and director of both resource and industrial companies, with particular responsibility for company strategy development, capital raising and other corporate development initiatives. Mr Macliver is Executive Chairman of Grange Consulting Group Pty Ltd which provides specialist corporate advisory services to both listed and unlisted companies.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Member of the Audit & Risk, Remuneration and Nomination Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Sheffield Resources Ltd (since August 2019) • Otto Energy Ltd (since January 2004) <ul style="list-style-type: none"> - Chair of the Audit & Risk Committee - Member of the Remuneration & Nomination Committee <p>Former listed company directorships in last three years:</p> <ul style="list-style-type: none"> • Nil <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Fellow of Chartered Accountants Australia and New Zealand • Fellow of the Australian Institute of Company Directors • Senior Fellow of the Financial Services Institute of Australasia
<p>Daniel Lougher <i>BSc. (Mining Geology), Msc. Eng, MAusIMM</i></p> <p>Managing Director & CEO</p> <p>Director appointed May 2008</p>	<p>Mr Lougher is a qualified Mining Geologist and Mining Engineer with over 38 years' experience in all facets of mining project exploration, feasibility, development and operational activities in Australia and overseas. Mr Lougher's experience covers a diverse range of commodities including gold, platinum and copper.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Member of the Nomination Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Perseus Mining Ltd (since May 2019) <ul style="list-style-type: none"> - Chairman of the Technical Committee <p>Former listed company directorships in last three years:</p> <ul style="list-style-type: none"> • Nil <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Extensive training in Mine, Planning and Geotechnical Engineering (Chamber of Mines, South Africa) • WA Mines Manager Certificate

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INFORMATION ABOUT THE DIRECTORS (cont'd)

<p>Richard Yeates <i>BSc (Geology), MAusIMM, GAICD</i></p> <p>Non-Executive Independent Director</p> <p>Director appointed October 2009</p>	<p>Mr Yeates is an experienced international mining executive with 36 years industry experience in the fields of mineral exploration, project management, feasibility studies, project finance audits, project development and transactions. He was a founding director, major shareholder and principal consultant of Resource Service Group (RSG), subsequently RSG Global and Coffey Mining, growing a boutique Goldfields consulting entity into an international enterprise over a 20-year period, culminating in the business sale to Coffey International Ltd (now Tetra Tech) in 2006. Mr Yeates' experience covers a wide range of commodities (including nickel, copper, lead, zinc, tin, tungsten, gold, coal and mineral sands), in 39 countries on five continents.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Chairman of the Nomination Committee • Member of the Remuneration Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Middle Island Resources Ltd (since March 2010) <ul style="list-style-type: none"> - Managing Director and CEO - Member of the Remuneration Committee - Member of the Nomination Committee <p>Former listed company directorships in last three years:</p> <ul style="list-style-type: none"> • Nil <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Director, Austmine (ceased October 2009) • Director, Australia-Africa Mining Industry Group (AAMIG, now AAMEG) (ceased November 2016) • Formerly a member of Swick Mining Services Ltd R&D Advisory Board
<p>Craig Readhead <i>B.Juris, LL.B, FAICD</i></p> <p>Non-Executive Independent Director</p> <p>Director appointed June 2014</p>	<p>Mr Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. Mr Readhead had a distinguished legal career specialising in mining and corporate law.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Chairman of the Audit & Risk Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Nil <p>Former listed company directorships in last three years:</p> <ul style="list-style-type: none"> • Beadell Resources Ltd (ceased April 2019) <ul style="list-style-type: none"> - Member of the Remuneration, Nomination & Diversity and Audit & Risk Committee - Formerly Chairman of the Board (ceased July 2018) • Eastern Goldfields Ltd (ceased February 2019) • Redbank Copper Ltd (ceased January 2019) <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Formerly President of the Australian Mining and Petroleum Law Association • Previously a member of the WA Council of the Australian Institute of Company Directors

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<p>Tim Netscher <i>BSc (Eng) (Chemical), BCom, MBA, FIChE, CEng, MAICD</i></p> <p>Non-Executive Independent Director</p> <p>Director appointed August 2014</p>	<p>Mr Netscher is an experienced international mining executive with extensive operational, project development, transactional and sustainability experience gained in senior executive and board roles over many years. His key executive positions during the past 25 years included Managing Director and CEO of Gindalbie Metals Ltd, Senior Vice President Asia Pacific Region of Newmont Inc., Managing Director of Vale Coal Australia, President of P T Inco and Executive Director of Refining & New Business at Impala Platinum Ltd. Mr Netscher's experience covers a wide range of resources including nickel, coal, iron ore, uranium, platinum group metals and gold in Africa, Asia, North America and Australia.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Chairman of the Remuneration Committee • Member of the Audit & Risk Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Gold Road Resources Ltd (since September 2014) <ul style="list-style-type: none"> - Chairman - Member of the Audit & Risk Committee - Member of the Remuneration & Nomination Committee • St Barbara Ltd (since February 2014) <ul style="list-style-type: none"> - Chairman - Member of the Health, Safety, Environment and Community Committee - Member of the Audit and Risk Committee - Member of the Remuneration and Nomination Committee <p>Former listed company directorships in last three years:</p> <ul style="list-style-type: none"> • Chairman, Toro Energy Ltd (ceased September 2016) <ul style="list-style-type: none"> - Member of the Audit & Risk Committee - Member of Remuneration Committee <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Director, Queensland Resources Council • Director, Minerals Council of Australia • Director, Chamber of Minerals and Energy of Western Australia
<p>Natalia Streltsova <i>MSc, PhD (Chem Eng), GAICD, MSME, MCIM</i></p> <p>Non-Executive Independent Director</p> <p>Director appointed January 2017</p>	<p>Dr Streltsova is a Chemical Engineer with over 25 years' experience in the minerals industry. She has a strong background in mineral processing and metallurgy with specific expertise in nickel, gold and base metals. Dr Streltsova has held various leadership and technical roles with major mining houses including Vale SA, BHP Billiton and WMC Resources Ltd. She has broad international experience, both in technical and in business development capacities, covering projects in Australia, Africa, South America and in the countries of the Former Soviet Union.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Member of the Nomination Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Neometals Ltd (since April 2016) <ul style="list-style-type: none"> - Chairman of the Risk Committee - Member of the Audit, Nominations and Remuneration Committees • Parkway Minerals NL (since June 2015) <ul style="list-style-type: none"> - Chairman of the Nomination Committee - Member of the Audit & Risk and Remuneration Committees <p>Other relevant experience:</p> <ul style="list-style-type: none"> • Director, CRC Parker Centre Ltd • Director, CopperMoly Ltd (ceased 2014)
<p>David Southam <i>BCom, CPA, MAICD</i></p>	<p>Mr Southam resigned as a Director of Western Areas as at 26 November 2018.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Nil

COMPANY SECRETARY

Mr Belladonna is a Certified Practising Accountant and has been employed at Western Areas Ltd since 2005, originally as Financial Controller and then as the Company Secretary and Chief Financial Officer. During his time at the Company, he has been intimately involved in the accounting, debt financing, corporate governance, risk management, capital raising and financial initiatives at the Company. Mr Belladonna has over 18 years' experience in the resources industry including listed gold and base metal companies in a range of management positions.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

Full details of the Directors' shareholdings in Western Areas are included in the Remuneration Report section of this Directors' Report.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report on page 34.

PERFORMANCE RIGHTS GRANTED TO KEY MANAGEMENT PERSONNEL

Performance Rights granted to directors and senior management during the financial year ended 30 June 2019 is set out in the Remuneration Report of this Directors' Report on page 34.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

During the financial year, the parent entity paid a premium under a contract insuring all Directors and Officers of the Company against liability incurred in that capacity. Disclosure of the nature of liabilities insured and the premium is subject to a confidentiality clause under the contract of insurance.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of mining, processing and sale of nickel sulphide concentrate, the continued assessment of development feasibility of the high grade nickel mines and the exploration for nickel sulphides and other base metals.

DIVIDENDS PAID OR RECOMMENDED

In respect of the financial year ended 30 June 2019, the Board of Directors declared a final fully franked dividend of 2 cents to the holders of fully paid ordinary shares on 20 August 2019.

In relation to the 30 June 2018 financial year the Board declared a final 2 cent fully franked dividend on 22 August 2018 and paid to shareholders on 6 October 2018.

DIRECTORS' BENEFITS

No Directors of the Consolidated Entity have, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown on page 40 of the Directors' Report) by reason of a contract made by the parent entity or a related body corporate with the director or with any entity in which the director has a substantial financial interest, with the exception of benefits that may be deemed to have arisen in relation to the transactions entered into in the ordinary course of business as disclosed in Note 28 to the accounts.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the parent entity's Directors and meetings of the sub-committees of the Board held during the year ended 30 June 2019 and the number of meetings attended by each Director.

	Meetings of Committees			
	Directors Meetings	Audit & Risk Management	Remuneration	Nomination
Meetings held:	11	3	3	1
Meetings attended:				
I Macliver	11	3	3	1
D Lougher	11	-	-	1
R Yeates	10	-	3	1
C Readhead	10	3	-	-
T Netscher	11	3	3	-
N Streltsova	11	-	-	1
D Southam (*)	5	-	-	-

(*) Mr Southam attended all meetings prior to his resignation as a director.

SUBSEQUENT EVENTS

The Board of Directors, on 20 August 2019, declared a final fully franked dividend of 2 cents to the holders of fully paid ordinary shares.

Other than matters detailed above, there have been no subsequent events after 30 June 2019 which have a material effect on the financial statements for the year ended 30 June 2019.

REVIEW OF OPERATIONS

OPERATIONAL METRICS

The Company continues to strongly operate in line with plan and achieved its published guidance metrics which were updated during the year. Detailed quarterly operating reports are provided throughout the year outlining quarterly and year to date production, cost, sales and operating metrics, some of which are shown below.

Financial Year - Physical Summary			
		FY19	FY18
Tonnes Mined	Tns	556,002	607,120
Nickel Grade (average)	%	4.2%	4.0%
Tonnes Milled	Tns	610,487	615,598
Milled Grade (average)	%	4.0%	4.0%
Recovery	%	88%	87%
Nickel in Concentrate	Tns	21,675	21,060
Nickel Sales in Concentrate	Tns	21,483	20,549

REVIEW OF OPERATIONS (cont'd)

OPERATIONAL METRICS (cont'd)

As planned, total ore mined was lower compared to the prior year but at an increased head grade. The Spotted Quoll mine produced 324,395 tonnes of ore at a grade of 4.1% nickel, with Flying Fox producing 231,607 ore tonnes at an average grade 4.2%.

The nickel concentrator treated a total of 610,487 tonnes of ore during FY19, continuing to operate well above its 550,000 tonne per annum name plate capacity. Milled grade was in line with the prior year while recovery was higher at 88%. The concentrator celebrated its ten-year anniversary in FY19 processing in excess of 5.6 million tonnes of ore and producing more than 230,000 tonnes of nickel.

The Mill Recovery Enhancement Project ('MREP') continued in ramp-up mode during FY19. While leach production rates have been lower than anticipated, the addition of the MREP filtering and bagging unit has enabled the production and sale of a new, premium, high-grade, nickel sulphide precipitate product. The recent installation of a de-slime unit to recover coarse un-leached nickel sulphides from the MREP will increase overall nickel recovery from the MREP plant that will report to concentrate.

FINANCIAL METRICS

Income Statement

Full Financial Year – Earnings Results Summary			
	FY19 \$m	FY18 \$m	Change \$m
Revenue	268.7	248.3	20.4
EBITDA ¹	80.8	84.0	(3.2)
EBIT	20.6	18.5	2.1
Profit Before Tax	19.0	17.2	1.8
Net Profit After Tax	14.2	11.8	2.4

¹ EBITDA is not defined by International Financial Reporting Standards. As such, it is a Non-IFRS performance measure.

The A\$20.4m increase in Revenue was due to the higher average nickel price for the year at A\$7.84/lb (FY18: A\$7.53/lb) and increase in sales volumes.

Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') and Profit Before Tax were materially consistent with the prior year. The increased sales revenue was partially offset by higher operational costs predominantly relating to increased production tonnages and the prior year comparative period including treatment of free carry, lower grade, ore sorter material.

Net Profit After Tax was 20% higher than the prior year due to the higher nickel price and increased earnings from ordinary mining activities.

Statement of Cash Flows

Full Financial Year – Cashflow Summary			
	FY19 \$m	FY18 \$m	Change \$m
Revenue	271.4	237.2	34.2
Payments to suppliers	(169.6)	(154.0)	(15.6)
Other	(3.5)	(6.2)	2.7
Net Operating Cashflow	98.3	77.0	21.3
Sale of investments	(0.5)	0.0	(0.5)
Capital purchases	(99.3)	(59.8)	(39.5)
Net Investing Cashflow	(99.8)	(59.8)	(40.0)
Net Financing Cashflow	(5.8)	(5.8)	-
Net Cashflow	(7.4)	11.3	(18.7)
Cash at Bank	144.3	151.6	(7.3)

Net operating cashflow increased by A\$21.3m primarily due to the higher average nickel price and the release of working capital related to nickel sales receivables. This was partly offset by increased payments to suppliers.

The significant year-on-year change in Investing Cashflow, primarily relates to investments in growth assets at the Company's 100% owned Cosmos nickel operation. Completion of the Definitive Feasibility Study ('DFS') early in the first half culminated in the announcement of a decision to mine the long life, low all-in sustaining cost project. The final DFS included installation of shaft haulage infrastructure for haulage of ore to surface. The Company has acquired a fit for purpose second-hand winder & headgear, located in South Africa, that is in the process of being refurbished for delivery and installation at Odysseus. The early works infrastructure programme has been completed on time and on budget. The decline rehabilitation is completed to 500 metres below surface.

Net cash outflow of A\$7.3m resulted in A\$144.3m cash at bank at year end. The free cash outflow result was due to the significant year-on-year increase in expenditure invested into the Company's key organic growth project, the Odysseus mine, located at the Cosmos nickel operation.

Statement of Financial Position

Full Financial Year – Balance Sheet Summary			
	FY19 \$m	FY18 \$m	Change \$m
Current Assets	189.7	208.7	(19.0)
Total Assets	596.5	571.9	24.6
Current Liabilities	53.4	47.8	5.6
Total Liabilities	95.0	83.1	11.9
Net Equity	501.5	488.8	12.7

Current assets decreased primarily due to the cash at bank decreasing by A\$7.3m and the ore stockpile inventory value decreasing by A\$12.3m. The decrease in inventory value related to consumption of ore stockpiles enabling maintenance of consistent concentrator throughput.

The increase in non-current assets predominantly relates to the Odysseus early works program at Cosmos. Amortisation charges against mine properties of A\$44.7m was partly offset by new development expenditure of A\$32.8m. Exploration and evaluation expenditure of A\$12.7m was capitalised during the year as the Company continued to invest in exploration at Cosmos, Forrestania and Western Gawler. Total assets as at the reporting date were A\$596.5m, representing an increase of A\$24.6m as compared to the prior year.

Total liabilities of A\$95.0m represented an increase of A\$11.9m from the prior year as a result of a general increase in operating and capital works across the group, which results in higher average payable balances, and an increased deferred tax liability related to a reduction in offsetting deferred tax assets.

Total equity attributable to the shareholders increased by A\$12.7m to A\$501.5m, mainly due to an increase in retained earnings A\$8.7m and reserves of A\$4.0m.

MATERIAL BUSINESS RISKS

Understanding and managing risk is essential to achievement of Western Areas short and long term objectives. Western Areas has a well-established integrated risk management framework that ensures risks are effectively managed. The senior management team regularly report to the Board on material risks and related controls to ensure risk remains within the Board's agreed risk appetite.

CORPORATE RISKS

People

Attraction and retention of skilled motivated people remains a challenge in an environment of increased natural resources projects, an aging population and emigration from Western Australia. The Company recognises and rewards the performance of individuals, and maintain positive, supportive and open communication to foster a culture of learning and development.

REVIEW OF OPERATIONS (cont'd)

CORPORATE RISKS (cont'd)

People (cont'd)

The development of the long life Odysseus mine has commenced, which will present an attractive employment proposition for existing and prospective professionals with the project offering an attractive opportunity for development of new skills and experience. Value is placed on the contribution of Western Areas people and the required systems and support are in place to motivate, empower, and reward our people.

Safety & Health

There are a number of inherent hazards associated with exploration, mining and mineral processing that require ongoing management and assurance to ensure safety performance is in line with the high standards we expect.

The health and wellbeing of personnel undertaking activities on behalf of Western Areas is paramount. A risk based approach to managing health and safety risks is applied to ensure the appropriate control of hazards. We continue to demonstrate excellence in safety performance, by working collaboratively with suppliers and contractors.

OPERATIONAL RISKS

Business interruption

Forrestania Nickel Operations ('FNO') is the Company's sole production hub. A significant interruption at FNO would impact the ability to supply nickel concentrate to customers and therefore curtail revenue.

FNO is located in a well-supported mining district with low risk exposure to natural catastrophes and the management team and operations personnel are highly experienced professionals with a long track record in consistently delivering production targets. FNO has limited single point failure exposures and nickel ore is sourced from two separate mining operations. However, where exposures do exist, business continuity and emergency response plans are in place.

Infrastructure, equipment and logistics routes are the focus of mature preventative maintenance practices and a comprehensive insurance program is in place.

Third parties

Western Areas relies on a number of third party entities to support exploration, mining, logistics, design and project execution activities. A high level of due diligence is exercised prior to awarding contracts, and supply chains partners are actively managed.

A dedicated commercial team is in place to ensure appropriate commercial measures are applied to protect our position and encourage positive outcomes for both parties. Additionally, contracting strategies provide certainty on delivering the defined outcomes, while limiting exposure to non-performance.

Long term partnerships are valued with supply chain partners that have a record of delivering value to the company.

EXPLORATION AND GROWTH RISKS

Project delays

Delays to the delivery of the Odysseus mine at the Cosmos nickel operation would defer the realisation of future revenue and increase project costs.

Once in production, the Cosmos nickel operation will become a significant nickel concentrate contributor. A series of technical studies and financial analysis has been undertaken to develop a robust project plan and development schedule. The Company have successfully demonstrated the value of the Odysseus mine under a number of different scenarios, which has led to a positive final investment decision for the project.

Innovation will assist to ensure exploitation of the ore body is maximised and highly experienced and credentialed project delivery resources have been engaged to complete the necessary studies and manage site works. The schedule and costs are closely monitored against the forecast to ensure the project is delivered in accordance with market disclosures.

Investment opportunities

The Company strategy includes investment in business development activities (joint ventures, mergers, acquisitions and innovation) to enhance the project portfolio. The strong debt free position and continued generation of positive cash flow from operations places Western Areas in a competitive position. The Company is able to pursue business development opportunities that can clearly demonstrate the best possible value for shareholders, rather than take unnecessary risks.

Established networks, technical capability and commercial experience enables the company to identify and analyse potential base metal prospects.

Exploration success

Exploration is inherently risky and there is no guarantee that expenditure in exploration will deliver the targeted results. Organic growth is a key strategic pillar, and therefore there is acceptance of the inherent risks associated with mineral exploration.

The exploration program is focussed on highly prospective tenements within the regions of Forrestania, the Cosmos nickel operation and West Gawler. It is believed that these regions will provide the best opportunity to grow near mine resources and establish new mining areas for the Company. Our exploration team apply advanced exploration techniques and geological knowledge to provide the best and most cost-effective way to confirm the existence of economic resources.

NICKEL MARKETS

Product substitution

Over recent years the nickel market has been subject to volatility driven by weak GDP growth, product substitution and foreign Government policy measures.

We have been working with offtake partners to establish their appetite for offtake of a high grade concentrate product that can be utilised within the growing EV battery market which is seeing growing interest.

At times, we do hedge a portion of expected nickel sales and foreign exchange exposures in line with the board approved treasury management policy.

We remain one of the lowest cost nickel producers and are debt free, which provides a buffer against the adverse effects of a deterioration in nickel market fundamentals.

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REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Key Management Personnel ('KMP') which includes Non-Executive Directors and Executives of Western Areas Ltd. The remuneration structures of Western Areas have been extremely well supported by its shareholders based on the Annual General Meeting ('AGM') voting results. Given the level of support and acceptance of the remuneration structures and outcomes, there has been no material changes in remuneration practices or incentive programmes during the 2019 financial year ('FY19').

Key points/changes for FY19:

- The Remuneration Report resolution continued to be well supported at the 2018 AGM with 99% of votes cast in favour of the resolution.
- Non-executive Directors' remuneration remained reduced by 5% for the entirety of FY19. Reduced Non-executive Directors' salaries were first implemented in March 2016.
- Continuation of the highly successful \$1,000 tax exempt share plan offering to all staff (excluding KMP), aligning all staff to shareholder outcomes and encouraging employees to act like owners of the business.
- The tranche of Performance Rights, originally issued in FY17, finalised its testing period as at 30 June 2019. Due to the relative total shareholder return performance hurdle not being met, no performance rights vested. It is believed this shows the direct link to shareholder outcomes and executive remuneration.

The report is comprised of the following key sections:

- Section A: Who this report covers
- Section B: Remuneration governance and philosophy
- Section C: Use of remuneration consultants
- Section D: Executive remuneration framework
- Section E: Link between performance and remuneration outcomes
- Section F: Non-executive director remuneration
- Section G: Service contracts
- Section H: Details of remuneration

SECTION A: WHO THIS REPORT COVERS

The following people acted as directors of the Company during the financial year:

- Mr I Macliver Independent Non-Executive Chairman
- Mr D Lougher Managing Director
- Mr R Yeates Independent Non-Executive Director
- Mr C Readhead Independent Non-Executive Director
- Mr T Netscher Independent Non-Executive Director
- Dr N Streltsova Independent Non-Executive Director
- Mr D Southam Executive Director – resigned 26 November 2018

Other KMP of the Company during the financial year were:

- Mr J Belladonna Chief Financial Officer & Company Secretary
- Mr W Jones General Manager Operations

SECTION B: REMUNERATION GOVERNANCE AND PHILOSOPHY

The Remuneration Committee is responsible for assisting the Board in fulfilling its responsibilities relating to the remuneration of Directors, the Managing Director and KMP remuneration practices, strategies and statutory disclosures generally to ensure that the Company's remuneration policy:

- Reflects the competitive global market in which we operate;
- Retains staff throughout commodity price cycles, which is crucial to ensure achievement of corporate goals and objectives;
- Rewards individuals based on sustainable performance across a range of disciplines that apply to delivering results and executing strategies for the Company;

- Links executive remuneration to the creation of shareholder value; and
- Remuneration arrangements are equitable, fair and facilitate the deployment of senior management across the Company.

Remuneration levels and other terms of employment are reviewed at least annually by the Remuneration Committee, having regard to performance against goals set each year, qualifications and experience, relevant market conditions and independent remuneration benchmarking reports.

SECTION C: USE OF REMUNERATION CONSULTANTS

Western Areas engaged PwC as Remuneration Consultants during FY19 to provide assistance with documentation management and ongoing market trend monitoring and development in relation to the Long Term Incentive ('LTI') plans. No remuneration recommendations, as defined in the *Corporations Act 2001*, were made or supplied by PwC.

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK

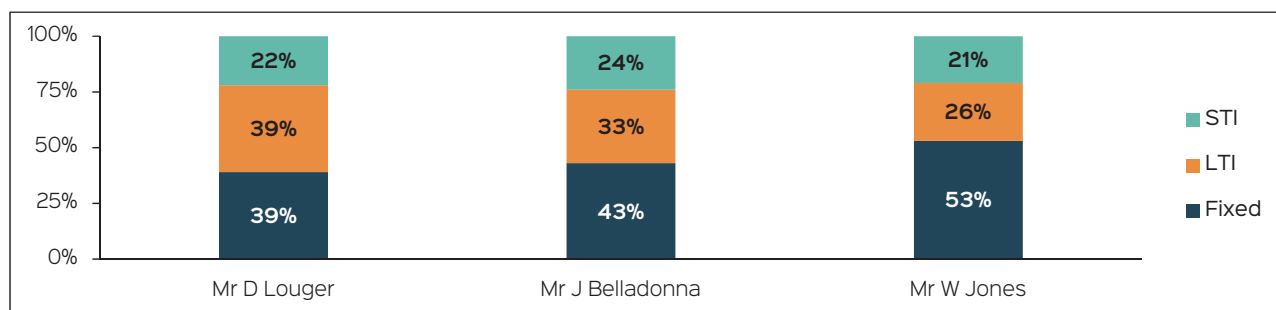
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

- Fixed remuneration, inclusive of base pay, superannuation, allowances, and salary-sacrifice component;
- Short term incentives; and
- Long term incentives.

Remuneration element	Description	Performance metrics	Potential opportunity	Changes for FY19
Fixed remuneration	Inclusive of base pay, superannuation, allowances and salary-sacrifice component	Nil	Position at median against market	Reviewed, in line with market positioning
STI	Cash bonus on achievement of individual and Company key performance indicators (KPIs)	KPIs used span across key focus areas of the business (operations, corporate, resource replenishment and exploration)	40% to 55% of base salary	N/A
LTI	Performance Rights	Relative TSR over a 3-year period measured against a custom peer group consisting of 24 companies	50% to 100% of base salary	N/A

Remuneration mixes

The relative proportion of target FY19 total remuneration packages split between fixed and variable remuneration is shown below:



The target remuneration mix of higher level KMP has been designed with emphasis on LTI exposure. This further aligns Executives with shareholders and a focus on long term value generation.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Remuneration Committee can cancel or defer performance based remuneration that has not yet been vested or paid. There is currently no formal claw back of performance based remuneration paid in prior financial years. It is noted that senior Executives have a balanced blend of physical, financial, mineral resource and exploration targets included in their KPIs, which limits the potential reward payable based on achieving financial targets alone to trigger STI payments.

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REMUNERATION REPORT (AUDITED) (cont'd)

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK (cont'd)

Fixed remuneration

The fixed remuneration component is reviewed annually by the Remuneration Committee. Base salary for each Executive is benchmarked against market data for comparable roles in the market.

Short term incentive ('STI')

It is the Company's policy to cap STI payments at a targeted STI level. The percentage is applied against the relevant Executive's base salary only and excludes all allowances and superannuation.

The full list of KPIs set for Executives in FY19 is below. For each Executive, KPIs relevant to their area of influence are selected from the list below and assigned each year. The KPIs set for the Managing Director & CEO are assigned across all areas, to ensure performance and attainment of all Board set goals and objects is not overly focussed in one area at the detriment of others.

	Overview KPI	Why KPI was set
Operations		
Group safety performance	Based on Lost Time Injury performance in each quarter.	Motivate and reward the continued focus on safety standards and procedures.
Group environmental incidents	Based on a minimum reported environmental incidences by quarter.	Motivate and reward the continued focus on best practice environmental management.
Forrestania unit cash cost	Focused on average unit cash costs for Flying Fox ('FF') and Spotted Quoll ('SQ') mines per pound of nickel produced. Performance better than budget is required.	Motivate and reward the stringent management of production costs outcomes that exceed Board set business plan.
Forrestania nickel in ore production	Must achieve Board set nickel metal in ore production target.	Motivate and reward nickel production outcomes that exceed Board set business plans.
Forrestania mill recoveries	Achieve a set threshold recovery above budget levels for the combined ore feed from FF and SQ mines.	Motivate and reward nickel production outcomes that exceed Board set business plans.
Forrestania nickel in concentrate sales	Sale of nickel metal in concentrate to exceed a set tonnage target.	Motivate and reward nickel sales outcomes that exceed Board set business plans.
Corporate		
Earnings	Achieve EBIT target above budget.	Motivate and reward financial outcomes that exceed Board set business plans.
Cashflow	Achieve pre-funding cashflow target above budget.	Motivate and reward financial outcomes that exceed Board set business plans.
Construction of the Mill Recovery Enhancement Project ('MREP')	Achieving on time commissioning and ramp up of the MREP.	Motivate and reward commissioning Board set outcomes related to the asset.
Business development	Based on business development activities and project pipeline development that provides opportunities to add value or protect value in the Company and for the shareholders.	Motivate and reward business development initiatives that provide market intelligence, preservation of capital and enhance corporate growth opportunities identification.
Mineral Resources and Exploration		
Nickel resource	Establishing replacement nickel reserves or mining inventory tonnages.	Motivate and reward mine life extension outcomes at Board set levels.
Project evaluation and developments	Based on Board set outcomes associated with the evaluation and development activities for new projects.	Motivate and reward timely delivery of key growth initiatives and activities.
New nickel resources	Establishing new published nickel resources exceeding targeted nickel tonnage levels.	Motivate and reward economic nickel discovery.
New nickel discovery	Discovery of a new nickel deposit.	Motivate and reward economic nickel discovery.

Long term incentive ('LTI')

Under the shareholder approved LTI plan Executives receive a grant of Performance Rights each year with each grant measured against a 3-year TSR period. No vesting occurs until the end of the third year to ensure Executives are focused on long-term shareholder value generation.

The number of Performance Rights to be granted is determined by dividing the LTI dollar value of the award by the fair value of a Performance Right as calculated by an independent valuation expert at 1 July of each respective year.

The quantum of LTI grants made during FY19 was as follows:

Name	LTI quantum (% of base salary)	Number of Performance Rights issued	Fair Value at allocation date ⁽ⁱ⁾	Exercise date	Expiry date
Mr D Lougher	100%	277,080	\$2.73	Upon receipt of a vesting notice issued in FY21	30/6/2024
Mr J Belladonna	75%	106,050	\$2.73	As above	30/6/2024
Mr W Jones	50%	75,530	\$2.73	As above	30/6/2024

(i) \$2.73 was the fair value of the performance rights as calculated on 1 July 2018. For accounting purposes, the fair value, as required under AASB 2, is measured on the date of the Annual General Meeting where the Performance Rights are approved. For FY19, this was \$1.29/right as at 20 November 2018.

Performance conditions

Western Areas TSR performance for the FY19 grant will be assessed against a representative peer group comprising the following 24 companies:

Alumina Ltd	Independence Group NL	Northern Star Resources Ltd	Rex Minerals Ltd
Aurelia Metals Ltd	Medusa Mining Ltd	OM Holdings Ltd	Sandfire Resources Ltd
Beadell Resources Ltd	Metals X Ltd	Oz Minerals Ltd	Syrah Resources Ltd
Bouganville Copper Ltd	Mincor Resources NL	Panoramic Resources Ltd	Talisman Resources Ltd
Cudeco Ltd	Mt Gibson Iron Ltd	Pilbara Minerals Ltd	Westgold Resources Ltd
Hillgrove Resources Ltd	New Century Resources Ltd	Poseidon Nickel Ltd	Zimplats Holdings Ltd

No Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSR's for the peer group companies, is at or above the 50th percentile and the participant remains employed with the Company as at 30 June 2021.

The following table sets out the vesting outcome based on the Company's relative TSR performance:

Relative TSR performance	Performance Vesting Outcomes
Less than 50 th percentile	0% vesting
At the 50 th percentile	50% vesting
Between 50 th and 75 th percentile	Pro-rata/progressive vesting from 50% to 100%
At or above 75 th percentile	100% vesting

Performance period and vesting

No Performance Rights will vest unless they meet a relative TSR measure for the period 1 July 2018 to 30 June 2021 as measured against the peer group and satisfaction of the service based vesting condition which requires the participant remains employed as at 30 June 2021. Upon satisfaction of the performance and service condition, the Performance Rights will vest upon receipt of a vesting notice during the 2022 financial year.

Share trading policy

The trading of shares issued to participants under any of the Company's employee equity plans is subject to, and conditional upon, compliance with the Company's employee share trading policy contained in the Corporate Code of Conduct. Executives are prohibited from entering into any hedging arrangements over unvested performance rights received via the LTI plan. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and potentially dismissal.

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REMUNERATION REPORT (AUDITED) (cont'd)

SECTION E: LINK BETWEEN PERFORMANCE AND REMUNERATION OUTCOMES

The remuneration framework detailed above has been tailored with the objective of attracting and retaining the highest calibre staff who contribute to the success of the Company, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders and competitive market remuneration levels.

Company Performance

The Company maintained a class leading performance in safety and environmental management throughout the year. A consistent high level of operational performance was again achieved during FY19 with all production and cost guidance attained, as provided and updated for the market during the year. The consistent operational performance and an improved year-on-year nickel price generated increased after tax net profits and earnings per share, with an improved operating cashflow produced. The Company commenced construction of a significant new capital asset, the Odysseus mine at Cosmos, delivering the first phase of the project on time and on budget. The Odysseus mine is a long life nickel sulphide project that will underpin the long term profitable nickel production future of Western Areas.

The table below shows the KPIs of the Company over the last 5 years.

Year Ended 30 June	2019	2018	2017	2016	2015
Lost time injury frequency rate	2.8	0.9	1.1	0	0
Nickel tonnes Sold (tns)	21,483	20,549	22,639	24,793	26,036
Nickel Price – US\$	5.59/lb	\$5.84/lb	\$4.58/lb	\$4.14/lb	\$6.58/lb
Reported Cash Cost US\$/lb (*)	\$2.13/lb	\$2.03/lb	\$1.80/lb	\$1.64/lb	\$1.94/lb
Net Profit/(Loss) after Tax ('000)	14,194	11,837	19,299	(29,783)	35,013
EPS	5.19	4.34	7.09	(12.3)	15.1
Dividend Cents/share	2.0	2.0	2.0	-	7.0
Market capitalisation (\$)	538M	971M	575M	582M	753M
Closing share price (\$)	\$1.96	3.56	2.11	2.15	3.23
TSR – 3-year peer ranking (% percentile)	42 nd	57 th	60 th	74 th	84 th

(*) Cash cost of production before smelting and refining, concentrate haulage and royalties.

Short term incentive

Based on the achievements of the Company in FY19, the Remuneration Committee determined that Executives achieved between 79% and 88% of their target STI opportunity. It is noted that no KMP achieved 100% of their target STI award.

Performance achieved during the year against the above KPIs has resulted in Executives earning the STI payments below.

Name	Target STI quantum (% of base salary)	Target FY19 STI quantum (\$)	STI quantum earned (\$)	STI quantum not earned (\$)
Executive Directors				
Mr D Lougher	55%	416,000	329,250	86,750
Executives				
Mr J Belladonna	55%	212,500	187,500	25,000
Mr W Jones	40%	165,000	133,000	32,000

STI payments have historically fluctuated in line with Company performance. The table below demonstrates the variability in awards received over time.

Year Ended 30 June	2019	2018	2017	2016	2015	2014	2013
Average KMP STI payout (%)	82%	82%	83%	56%	90%	87%	29%

Long term incentive

The performance rights that vested and were converted into shares during FY19 were originally issued in FY16. The relative TSR performance of the grant was assessed at the completion of the 3-year performance period ending on 30 June 2018. As a result of the assessment, Western Areas was positioned at the 57th percentile against the peer group which resulted in 64% vesting of the performance rights granted at that time.

No performance rights are currently expected to vest during FY20. The tranche of Performance Rights, originally issued in FY17, finalised its testing period as at 30 June 2019. Due to the relative total shareholder return performance hurdle not being met, no performance rights vested. It is believed this shows the direct link to shareholder outcomes and executive remuneration.

SECTION F: NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director ('NED') fees limits

NED fees are determined within an aggregated fee limit of \$1,000,000, which was approved by shareholders at the 2012 AGM. This aggregated fee limit is reviewed from time to time and the apportionment amongst Directors is reviewed annually. The following fees (including statutory superannuation) were applicable for the FY19.

Fees	Financial Year	Board Chair	Board Member
Actual	2019	\$183,212	\$158,784

Non-Executive Directors fee structure

NED remuneration consists of a base Directors fee for their role as Board members, and is inclusive of compensation for any role on nominated Board sub-committees. That is, no separate committee fees are payable. NEDs do not receive any performance-based pay.

It is an objective of the Company to encourage Directors to own shares in Western Areas. However, share based payments in the form of options or equity in the Company are not offered to NEDs as encouraged by Corporate Governance guidelines.

There is no scheme to provide retirement benefits to NEDs, other than statutory superannuation.

SECTION G: SERVICE CONTRACTS

Executives

A summary of the key contractual provisions for each of the current executives as at 30 June 2019 is set out below:

Name & job title	Base salary	Superannuation	Contract duration	Notice period	Termination provision
D Lougher, Managing Director*	\$756,432	11%	No fixed term	3 months	12 months termination payment and accrued leave entitlements
J Belladonna, Chief Financial Officer/ Company Secretary*	\$425,000	11%	No fixed term	3 months	6 months termination payment and accrued leave entitlements
W Jones, General Manager Operations	\$412,412	11%	No fixed term	1 month	6 months termination payment and accrued leave entitlements

* In the event that there is a takeover of, or merger with, the Company, the Company must pay the Executive a change of control bonus within 10 days of that takeover or merger occurring. The amount of the takeover bonus will be calculated as follows:

- The positive difference (expressed as a percentage of the 20-day VWAP) between the bid price for the Company's shares as a result of a takeover or merger bid, and the volume weighted share price of the Company's share price for the 20 days immediately preceding the takeover or merger bid; and
- Multiplied by 3, as a percentage of the Executive's base annual salary at the time that such a bid is completed.

(This contractual position is a legacy item that has not been applicable to any new executive.)

All other senior management contracts are as per the Company's standard terms and conditions and there are no contractual entitlements to cash bonuses, options or performance rights.

Non-Executive Directors

Non-Executive Directors receive a letter of appointment before commencing duties on the Board. The letter outlines compensation arrangements relevant to the Director. Non-Executive appointments have no end date, retirement, redundancy or minimum notice periods included in their contracts.

REMUNERATION REPORT (AUDITED) (cont'd)

SECTION H: DETAILS OF REMUNERATION

	Short Term Employee Benefits				Post Employment	Long Term Employee Benefits (accounting valuation)		TOTAL
	Base Salary	STI Payments/Bonuses ⁽ⁱ⁾	Allowances & Other ⁽ⁱⁱ⁾	Non-Monetary	Super-annuation	Long Service Leave	Share Based Payments LTI ⁽ⁱⁱⁱ⁾	
Non-executive Directors								
I Macliver	165,056	-	-	-	18,156	-	-	183,212
<i>FY2018</i>	<i>160,713</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>17,678</i>	<i>-</i>	<i>-</i>	<i>178,391</i>
C Readhead	143,049	-	-	-	15,735	-	-	158,784
<i>FY2018</i>	<i>139,284</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15,322</i>	<i>-</i>	<i>-</i>	<i>154,606</i>
T Netscher	158,784	-	-	-	-	-	-	158,784
<i>FY2018</i>	<i>154,606</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>154,606</i>
R Yeates	143,049	-	-	-	15,735	-	-	158,784
<i>FY2018</i>	<i>139,284</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15,322</i>	<i>-</i>	<i>-</i>	<i>154,606</i>
N Streltsova	143,049	-	-	-	15,735	-	-	158,784
<i>FY2018</i>	<i>139,284</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15,322</i>	<i>-</i>	<i>-</i>	<i>154,606</i>
Total Non-Executive Remuneration FY2019								818,348
<i>Total Non-Executive Remuneration FY2018</i>								<i>796,815</i>
	Short Term Employee Benefits				Post Employment	Long Term Employee Benefits (accounting valuation)		TOTAL
	Base Salary	STI Payments/Bonuses ⁽ⁱ⁾	Allowances & Other ⁽ⁱⁱ⁾	Non-Monetary	Super-annuation	Long Service Leave	Share Based Payments LTI ⁽ⁱⁱⁱ⁾	
Executive Directors								
D Lougher	756,432	329,250	132,248	49,913	25,000	18,897	749,226	2,060,966
<i>FY2018</i>	<i>716,040</i>	<i>290,000</i>	<i>57,764</i>	<i>48,748</i>	<i>25,000</i>	<i>18,346</i>	<i>890,042</i>	<i>2,045,940</i>
D Southam ^(iv)	331,007	-	196,047	38,787	14,583	-	-	580,424
<i>FY2018</i>	<i>537,142</i>	<i>253,000</i>	<i>38,086</i>	<i>50,663</i>	<i>25,000</i>	<i>13,763</i>	<i>500,750</i>	<i>1,418,404</i>
Executive Officers								
J Belladonna	399,032	187,500	22,967	47,167	25,000	10,617	284,313	976,596
<i>FY2018</i>	<i>361,920</i>	<i>170,000</i>	<i>18,807</i>	<i>41,624</i>	<i>25,000</i>	<i>9,271</i>	<i>337,400</i>	<i>964,022</i>
W Jones	412,412	133,000	22,300	37,336	25,000	10,303	204,239	844,590
<i>FY2018</i>	<i>390,390</i>	<i>118,000</i>	<i>19,843</i>	<i>37,091</i>	<i>25,000</i>	<i>10,002</i>	<i>225,669</i>	<i>825,995</i>
Total Executive Remuneration FY2019								4,462,576
<i>Total Executive Remuneration FY2018</i>								<i>5,254,361</i>

(i) Includes all paid and/or accrued bonuses for the applicable year.

(ii) Includes over-cap super.

(iii) LTI refers to the value of Performance Rights that were expensed during FY19. No Options were granted or remain outstanding at the end of the financial year.

(iv) Mr Southam resigned as a Director on 26 November 2018 and ceased working with the Company on 31 January 2019.

Related Party Transactions

During the year the Company engaged Vintage94 Pty Ltd to provide specialist metallurgical consulting services to the value of A\$16,000. Vintage94 Pty Ltd is a related party of Dr Natalia Streltsova. There were other related party transactions with KMP during FY19.

Shareholding by Key Management Personnel

The number of shares held by KMP (and their related parties) in the Group during the FY19 is as follows:

	Balance at 1 July 2018	Granted as Remuneration	On Vesting of Performance Rights	Other Changes During the Year	Balance at 30 June 2019
I MacIver	36,448	-	-	-	36,448
D Lougher	412,430	-	191,840	(171,840)	432,430
R Yeates	10,000	-	-	-	10,000
T Netscher	12,000	-	-	3,600	15,600
C Readhead	20,000	-	-	-	20,000
N Streltsova	-	-	-	6,620	6,620
J Belladonna	170,000	-	72,723	-	242,723
W Jones	169,205	-	52,294	-	221,499
D Southam (*)	64,923	-	107,930	(100,000)	72,853
TOTAL	895,006	-	424,787	(261,620)	1,058,173

(*) Mr Southam resigned as a Director on 26 November 2018. The shareholding represents Mr Southam's holding at that date.

Options held by Key Management Personnel

There were no options held by key management at any time during FY19.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by KMP and granted but not yet vested under the LTI plan at 30 June 2019 are outlined below:

	Balance at 1 July 2018	Number granted as Remuneration	Number vested	Number expired/ lapsed	Balance at 30 June 2019	Portion vested (%)	Portion unvested (%)
D Lougher	1,095,570	277,080	(191,840)	(107,910)	1,072,900	0%	100%
J Belladonna	415,310	106,050	(72,723)	(40,907)	407,730	0%	100%
W Jones	298,650	75,530	(52,294)	(29,416)	292,470	0%	100%
TOTAL	1,809,530	458,660	(316,857)	(178,233)	1,773,100	0%	100%

All Performance Rights issued during FY19 were allotted in accordance with the shareholder approved Western Areas LTI plan. The rights were granted on 30 November 2018 and have a zero exercise price.

END OF AUDITED REMUNERATION REPORT.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the consolidated group's state of affairs occurred during the financial year.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity has conducted exploration and development activities on mineral tenements. The right to conduct these activities is granted subject to State and Federal environmental legislation and regulations, tenement conditions and Mining Proposal commitments. The Consolidated Entity aims to ensure that a high standard of environmental management is achieved and, as a minimum, to comply with all relevant legislation and regulations, tenement conditions and Mining Proposal commitments. The Company has achieved a high level of compliance with all environmental conditions set for its projects and actively strives for continual improvement.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Western Areas Ltd on page 43 forms part of the Directors' Report for the year ended 30 June 2019.

NON-AUDIT SERVICES

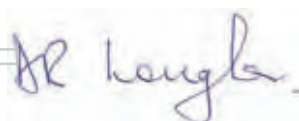
The entity's auditor, Crowe Horwath, provided non-audit services, related to renewable energy lodgements, amounting to \$4,750 during FY19 (FY18: \$4,500). The Board has the following procedures in place before any non-audit services are obtained from the auditors:

- all non-audit services are reviewed and approved by the Board and the Audit & Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

ROUNDING OF AMOUNTS

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

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



D Lougher
Managing Director & Chief Executive Officer

Perth, 20 August 2019

AUDITOR'S INDEPENDENCE DECLARATION



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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 Ltd for the year ended 30 June 2019, 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.

A handwritten signature in black ink that reads "Sean McGurk".

Crowe Perth

A handwritten signature in black ink that reads "Sean McGurk".

Sean McGurk
Partner

Signed at Perth, 20 August 2019

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity	
		2019 \$'000	2018 \$'000
Sales		268,716	248,268
Operating Costs		(178,755)	(146,408)
Depreciation and Amortisation	4	(60,172)	(64,872)
Other income	2	5,148	3,494
Finance costs	4	(1,562)	(1,934)
Employee benefit expense		(10,272)	(11,342)
Foreign exchange gain		382	1,143
Share based payments	29	(2,286)	(3,598)
Administration expenses		(4,599)	(4,286)
Care and maintenance expense		(1,257)	(1,750)
Realised derivative gain/(loss)		3,674	(1,552)
Profit before income tax		19,017	17,163
Income tax expense	7	(4,823)	(5,326)
Profit for the year		14,194	11,837
Other comprehensive income, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of hedging instruments, net of tax		1,616	(2,012)
Changes in financial assets at fair value through other comprehensive income, net of tax	9	(118)	21,911
Total comprehensive income for the year		15,692	31,736
Basic earnings per share (cents per share)	18	5.19	4.34
Diluted earnings per share (cents per share)	18	5.12	4.27

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	Consolidated Entity	
		2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	19(b)	144,261	151,643
Trade and other receivables	5	22,888	22,209
Inventories	6	22,483	34,805
Derivative financial instruments through other comprehensive income	16	39	-
Total Current Assets		189,671	208,657
Non-Current Assets			
Property, plant and equipment	8	131,394	89,003
Intangible assets		506	506
Exploration & evaluation expenditure	10	110,444	97,784
Mine properties	11	130,790	142,673
Financial assets at fair value through other comprehensive income	9	33,725	33,307
Total Non-Current Assets		406,859	363,273
Total Assets		596,530	571,930
Current Liabilities			
Trade and other payables	13	48,974	41,396
Borrowings	14	399	267
Provisions	15	4,061	4,514
Derivative financial instruments through other comprehensive income	16	15	1,592
Total Current Liabilities		53,449	47,769
Non-Current Liabilities			
Borrowings	14	495	445
Provisions	15	25,947	24,408
Deferred tax	12	15,062	10,496
Total Non-Current Liabilities		41,504	35,349
Total Liabilities		94,953	83,118
Net Assets		501,577	488,812
Equity			
Contributed equity	17	442,963	442,963
Other reserves	30	48,574	44,533
Retained earnings		10,040	1,316
Total Equity		501,577	488,812

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2019

	Issued Capital \$'000	Capital Raising Costs \$'000	Share Based Payment Reserve \$'000	Hedge Reserve \$'000	Investment Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Total equity at 1 July 2017	459,184	(16,221)	27,677	420	(6,650)	(5,066)	459,344
Comprehensive income							
Profit for the year	-	-	-	-	-	11,837	11,837
Other comprehensive loss for the year, net of tax	-	-	-	(2,012)	21,911	-	19,899
Total comprehensive profit for the year	-	-	-	(2,012)	21,911	11,837	31,736
Transactions with owners in their capacity as owner, and other transfers							
Share based payments expense	-	-	3,598	-	-	-	3,598
Deferred tax asset on performance rights	-	-	(411)	-	-	-	(411)
Dividends paid	-	-	-	-	-	(5,455)	(5,455)
Total equity at 30 June 2018	459,184	(16,221)	30,864	(1,592)	15,261	1,316	488,812
Comprehensive income							
Profit for the year	-	-	-	-	-	14,194	14,194
Other comprehensive profit for the year, net of tax	-	-	-	1,616	(118)	-	1,498
Total comprehensive profit for the year	-	-	-	1,616	(118)	14,194	15,692
Transactions with owners in their capacity as owner, and other transfers							
Share based payments expense	-	-	2,286	-	-	-	2,286
Deferred tax liability on performance rights	-	-	257	-	-	-	257
Dividends paid	-	-	-	-	-	(5,470)	(5,470)
Total equity at 30 June 2019	459,184	(16,221)	33,407	24	15,143	10,040	501,577

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity	
		2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers		271,381	237,242
Payments to suppliers and employees		(169,566)	(154,007)
Interest received		2,921	2,480
Royalties paid		(11,416)	(9,194)
Other receipts		1,021	880
Interest paid		(42)	(25)
Realisation on settlement of derivatives		4,055	(410)
Income tax paid		(57)	-
Net cash inflow from operating activities	19(a)	98,297	76,966
Cash flows from investing activities			
Payments for property, plant and equipment		(49,951)	(22,544)
Proceeds from sale of property, plant and equipment		-	4
Investments in listed companies		(536)	-
Mine development expenditure		(32,470)	(26,268)
Exploration & evaluation expenditure		(16,881)	(10,972)
Net cash outflow from investing activities		(99,838)	(59,780)
Cash flows from financing activities			
Finance lease payments		(321)	(282)
Borrowing costs		(50)	(100)
Dividends paid to company's shareholders		(5,470)	(5,455)
Net cash outflow from financing activities		(5,841)	(5,837)
Net (decrease)/increase in cash and cash equivalents held		(7,382)	11,349
Cash and cash equivalents as at the beginning of the financial year		151,643	140,294
Cash and cash equivalents at end of financial year	19(b)	144,261	151,643

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Western Areas Ltd and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Western Areas Ltd, have not been presented within this financial report as permitted by amendments made to *Corporations Act 2001* effective as at 28 June 2010.

The group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The Financial Report was approved by the Board of Directors on 20 August 2019.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single standard for revenue recognition.

The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

Domestic sales

Revenue is recognised when the customer obtains control of the concentrates as this is when the consolidated entity has satisfied its performance obligations under the contract.

Export Sales

Revenue for export sales is recognised when shipments of concentrates are loaded on to the vessel as the risk and reward of ownership is transferred to the customer at that point. Export contracts are made up of two performance obligations. The first obligation to deliver the concentrates to the port of shipment and the second obligation is to organise shipping of the concentrate, which will be satisfied when concentrates are delivered to the destination port. Freight and, where applicable, insurance, are required to be accounted for as separate performance obligations with revenue recognised over time as the service is rendered.

The Group has determined that AASB 15 has had no material impact on the way the Group accounts for its revenue.

a) PRINCIPLES OF CONSOLIDATION

The Group financial statements consolidate those of the Western Areas Limited ('company' or 'parent') and all of its subsidiaries as of 30 June 2019. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b) INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as the investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

d) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The financial statements are presented in Australian dollars, which is Western Areas Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

e) REVENUE RECOGNITION

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of nickel and other metals

Sale of nickel and other metals is recognised when the customer obtains control of the concentrates as this is when the consolidated entity has satisfied its performance obligations under a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

f) FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

g) INVENTORIES

Inventories are measured 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.

The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

The cost of consumables and spare parts includes cost of materials and transportation costs.

h) PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Property

Land and buildings are carried at cost, less accumulated depreciation for buildings.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(p) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation of an asset (including amounts classified as Works in Progress) begins when it is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management. The depreciable amount of all property, plant and equipment is depreciated on a straight line basis over their useful lives or the estimated life of mine, whichever is shorter. Land is not depreciated. The depreciation rates used for each major type of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Property	2% to 20%
Plant and equipment	2% to 33% or units of production over life of mine
Motor vehicles	20%
Furniture and fittings	6% to 27%

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

i) EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised for areas of interest where rights of tenure are current, to the extent that they are expected to be recovered through the successful development of the area of interest or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operation in relation to the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to mine properties and are amortised at the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In accordance with AASB 6, where circumstances suggest that the carrying amount of an asset exceed its recoverable amount, an impairment loss will be recognised.

j) MINE PROPERTIES

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine, the related infrastructure and expenditure transferred from the capitalised exploration and evaluation expenditure phase.

Amortisation is charged using the units-of production method, with separate calculations being made for each area of interest. The units-of-production basis results in an amortisation charge proportional to the depletion of proved and probable nickel reserves.

Mine properties are tested for impairment in accordance with the policy in Note 1(p).

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs from that stage. Site restoration costs include obligations relating to dismantling and removing mining plant, reclamation, waste dump rehabilitation and other costs associated with restoration and rehabilitation of the site. Such costs have been determined using estimates for current costs and current legal requirements and technology.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

k) INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Western Areas Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

l) GOODS AND SERVICES TAX ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as non-current liabilities and are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

The consolidated entity has provided benefits to its Key Management Personnel in the form of share-based payments, whereby services were rendered partly or wholly in exchange for shares or rights over shares. The Remuneration Committee approved the grant of performance rights as incentives to attract Executives and to maintain their long term commitment to the Company. These benefits are awarded at the discretion of the Board, or following approval by shareholders (equity-settled transactions).

The costs of these equity-settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using the Black Scholes Option Pricing Model ("BSM") that includes a Monte Carlo Simulation Model to value the Rights, further details of which are disclosed in Note 29.

The costs of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the equity instrument (vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and (iii) the expired portion of the vesting period. The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

n) LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

o) FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the income statement immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value or amortised cost using the effective interest rate method. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

A financial asset is subsequently measured at amortised cost, using effective interest method and net of any impairment loss, if:

- The asset is held within the business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) FINANCIAL INSTRUMENTS (cont'd)

Classification and subsequent measurement (cont'd)

Amortised cost is calculated as:

- a) the amount at which the financial asset or financial liability is measured at initial recognition;
- b) less principal repayments;
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through profit and loss

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, or
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The group subsequently measures all equity investments at fair value. Where the group's management has made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the group's right to receive payments is established and as long as they represent a return on investment.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are used by the consolidated entity to hedge exposures to commodity prices and foreign currency exchange rates.

The Group documents at the inception of a transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedging derivatives are either Fair Value Hedges or Cashflow Hedges.

Fair value hedges

Changes in the fair value of derivatives classified as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedge asset or liability that are attributable to the hedged risk.

Cash flow hedge

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

All other derivatives

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the Income Statement.

p) IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p) IMPAIRMENT OF ASSETS (cont'd)

Reversal of impairment losses

An impairment loss recognised in prior periods for an asset/CGU is reversed if there has been a change in the estimates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset/CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset/CGU in prior years.

q) ROUNDING AMOUNTS

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

r) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash-on-hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

s) PROVISIONS

Provisions are recognised where the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow is able to be reliably measured.

t) INTANGIBLES

Expenditure during the research phase of a project is recognised as an expense when incurred. Patents and trademarks are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Patents and trademarks have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

u) CRITICAL ACCOUNTING ESTIMATES AND BALANCES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Monte Carlo model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Costs incurred in or benefits of the productive process are accumulated as stockpiles, nickel and other metals in process, ore on run of mine ore pads and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained metal tonnes based on assay data, and the estimated recovery percentage based on the expected processing method.

Although the quantity of recoverable metal is reconciled by comparing the grades of the ore to the quantities of metals actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure. At 30 June 2019, there were no impairment charge to Exploration, Evaluation and Development.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

u) CRITICAL ACCOUNTING ESTIMATES AND BALANCES (cont'd)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Provision for restoration and rehabilitation

Provision is made for the costs of Restoration and rehabilitation when the related environmental disturbance takes place as outlined in Note 15. The provision recognised represents management's best estimate of the costs that will be incurred, but significant judgement is required as many of these costs will not crystallise until the end of the life of the mine. Estimates are reviewed annually and are based on current regulatory requirements and the estimated useful life of the mine.

Engineering and feasibility studies are undertaken periodically; however significant changes in the estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in Note (m), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

v) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit and loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

w) COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to conform with changes in presentation for the current year.

x) TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

y) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group applies the simplified approach to providing for expected credit losses as prescribed by AASB 9.

z) EARNINGS PER SHARE**Basic earnings per share**

Basic earnings per share are calculated by dividing:

- The profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares; by the,
- Weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (Note 18).

Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

aa) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases-Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees: leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

AASB 16 also requires lessees and lessors to make more extensive disclosures than under AASB 117.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

aa) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED (cont'd)

AASB 16 Leases (cont'd)

Transition to AASB 16

AASB 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies AASB 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group plans to adopt AASB 16 using the modified retrospective approach, which means it will apply the standard from 1 July 2019, the cumulative impact of adoption will be recognised as at 1 July 2019 and comparatives will not be restated. The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

During the year, the Group continued to progress its detailed impact assessment and implementation project of AASB 16, focusing on reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key policy decisions were required.

Further work on process improvements and reaching conclusions on the Group's accounting interpretations is continuing. In addition, the Group is aware that implementation activities of other corporates continue, and practical application of the new standard will continue to develop and emerge. Given this, the Group will closely monitor these developments and assess whether there is any impact on the positions taken.

Work completed by the Group to date indicates the new leases standard is not expected to have a material effect on the Group's financial statements.

The Group's existing operating leases will be the main source of leases under the new standard. Information on the Group's operating lease commitments under AASB 117 *Leases* (undiscounted) is disclosed in Note 20.

NOTE 2: OTHER INCOME

	Consolidated Entity	
	2019	2018
	\$'000	\$'000
Interest income	2,709	2,611
Other income	1,238	879
Profit on sale of PP&E	-	4
Partial Exemption Certificate credits	1,201	-
Total other income	5,148	3,494

NOTE 3: DIVIDENDS

Dividends proposed

A fully franked final dividend of 2 cents per share is proposed for the year ended 30 June 2019 (2018: 2 cents per ordinary share)

Dividends paid

A final dividend of 2 cents per share was paid for the year ended 30 June 2018 (2017: 2 cents per ordinary share)

No interim dividend for 2019 (2018: Nil)

Consolidated Entity	
2019 \$'000	2018 \$'000
5,471	5,470
5,471	5,470
5,470	5,445
-	-
5,470	5,445

NOTE 4: PROFIT BEFORE INCOME TAX

Profit before income tax includes the following specific expenses:

- Depreciation of property, plant and equipment
- Amortisation of mine development asset
- Rental expenditure relating to operating leases
- Employee benefits expense
 - Defined contribution superannuation expense
- Finance costs:
 - Provisions: unwinding of discount
 - Interest expense – finance leases
 - Borrowing costs amortised

Total borrowing costs

Consolidated Entity	
2019 \$'000	2018 \$'000
15,517	17,764
44,655	47,108
1,071	1,019
2,640	2,117
1,370	1,297
42	24
150	613
1,562	1,934

NOTE 5: TRADE AND OTHER RECEIVABLES

- Trade debtors
- Other receivables
- GST refund due
- Prepayments

Consolidated Entity	
2019 \$'000	2018 \$'000
17,454	19,855
836	929
1,271	1,128
3,327	297
22,888	22,209

There are no balances within trade and other receivables that contain amounts that are past due but not impaired. It is expected the balances will be received when due as there is no recent history of default or expectation that they will default.

NOTE 6: INVENTORIES

Ore stockpiles
Nickel concentrate stockpiles
Consumables and spare parts

Consolidated Entity	
2019	2018
\$'000	\$'000
14,440	26,765
3,043	3,634
5,000	4,406
22,483	34,805

NOTE 7: INCOME TAX

The components of the tax expense comprise:

- Current tax
- Deferred tax
- R&D tax offset
- Adjustment of current tax for prior periods

Income tax expense/(benefit)

Consolidated Entity	
2019	2018
\$'000	\$'000
-	-
4,566	4,594
-	(246)
257	978
4,823	5,326

The prima facie tax on the profit from ordinary activities before income tax at the statutory income tax rate compared to the income tax expense at the groups' effective income tax rate is reconciled as follows:

Prima facie tax on profit before income tax at 30% (2018: 30%)

Adjusted for the tax effect of:

- Exploration write-off
- Share based payment expense
- Other temporary differences
- Income tax benefit on share based payments

Tax expense

Consolidated Entity	
2019	2018
\$'000	\$'000
5,704	5,149
-	-
686	1,079
(1,567)	821
-	(1,723)
4,823	5,326

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Property – at cost
Accumulated depreciation

Plant & equipment – at cost
Work in progress – at cost
Accumulated depreciation

Plant & equipment under lease
Accumulated depreciation

Total property, plant & equipment – at cost
Accumulated depreciation

Total

Consolidated Entity	
2019	2018
\$'000	\$'000
48,253	48,049
(37,206)	(33,294)
11,047	14,755
152,221	145,693
82,236	31,520
(115,251)	(103,933)
119,206	73,280
2,888	2,428
(1,747)	(1,460)
1,141	968
285,598	227,690
(154,204)	(138,687)
131,394	89,003

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 (Note 14(b)).

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 year:

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Property		
Written down value at the beginning of the year	14,755	19,411
- Additions	204	-
- Depreciation expense	(3,912)	(4,656)
Written down value at the end of the year	11,047	14,755
Plant & Equipment		
Written down value at the beginning of the year	73,280	62,764
- Additions	57,244	23,397
- Depreciation expense	(11,318)	(12,881)
Written down value at the end of the year	119,206	73,280
Plant & Equipment under Lease		
Written down value at the beginning of the year	968	709
- Additions	460	486
- Depreciation expense	(287)	(227)
Written down value at the end of the year	1,141	968

NOTE 9: FINANCIAL ASSETS

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Opening Balance	33,307	11,396
- Acquisition of investment in listed entity	536	-
- Changes in fair value through other comprehensive income	(118)	21,911
	33,725	33,307

In accordance with the terms of AASB 9, the Company made an irrevocable election to recognise movements in the fair value of its shares in Kidman Resources Ltd, Todd Resources Ltd and Grid Metals Inc. at each reporting period through Other Comprehensive Income. As at 30 June 2019, the investment in Kidman Resources Ltd was fair valued at \$32.77m (2018: 32.42m).

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and Evaluation Expenditure consists of:

- At cost
- Cosmos nickel operation

Total Exploration and Evaluation Expenditure

Consolidated Entity	
2019	2018
\$'000	\$'000
83,339	70,679
27,105	27,105
110,444	97,784

MOVEMENT IN CARRYING AMOUNT

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

- Balance at the beginning of the year
- Expenditure incurred during the year
- Tenements sold at written down value
- Write-off
- Balance at the end of the year**

Consolidated Entity	
2019	2018
\$'000	\$'000
97,784	87,157
12,660	10,627
-	-
-	-
110,444	97,784

CARRY FORWARD EXPLORATION AND 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 subsequent development and exploitation or alternatively their sale.

NOTE 11: MINE PROPERTIES

Capitalised development expenditure consists of:

- Mine development
- Acquisition of mining assets
- Exploration expenditure transfer
- Deferred mining expenditure
- Capitalised restoration costs
- Capitalised interest
- Accumulated amortisation

Total Mine Development

Consolidated Entity	
2019	2018
\$'000	\$'000
167,845	166,796
59,796	59,796
76,000	76,000
403,548	371,825
11,645	11,645
11,175	11,175
(599,219)	(554,564)
130,790	142,673

MOVEMENT IN CARRYING AMOUNT

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

Development Expenditure

- Written down value at the beginning of the year
- Additions
- Amortisation charge for the year
- Written down value at the end of the year

Consolidated Entity	
2019	2018
\$'000	\$'000
142,673	155,813
32,772	33,968
(44,655)	(47,108)
130,790	142,673

NOTE 12: DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

a) Liabilities

- Exploration and evaluation expenditure
- Mine development
- Other

b) Assets

- Property, plant and equipment
- Provisions
- Tax losses
- Employee share trust
- Other

Net deferred tax liabilities
c) Reconciliation

i) Gross movement

The overall movement in the deferred tax account is as follows:

	2019 \$'000	2018 \$'000
Opening balance	(10,496)	(5,902)
(Credit)/Debit to income statement	(4,566)	(4,594)
Closing balance	(15,062)	(10,496)

ii) Deferred tax liability

The movement in the deferred tax liabilities for each temporary difference during the year is as follows:

Exploration and development expenditure:

Opening balance	(21,151)	(17,707)
(Debit)/Credit to income statement	(4,385)	(3,444)
Closing balance	(25,536)	(21,151)

Mine development:

Opening balance	(6,780)	(9,997)
Credit/(Debit) to income statement	67	3,217
Closing balance	(6,713)	(6,780)

Other:

Opening balance	(213)	(274)
Credit to income statement	(696)	61
Closing balance	(909)	(213)

Consolidated Entity	
2019 \$'000	2018 \$'000
(25,536)	(21,151)
(6,713)	(6,780)
(909)	(213)
(33,158)	(28,144)
3,356	5,061
6,781	5,006
7,583	3,879
376	1,178
-	2,524
18,096	17,648
(15,062)	(10,496)
(10,496)	(5,902)
(4,566)	(4,594)
(15,062)	(10,496)
(21,151)	(17,707)
(4,385)	(3,444)
(25,536)	(21,151)
(6,780)	(9,997)
67	3,217
(6,713)	(6,780)
(213)	(274)
(696)	61
(909)	(213)

NOTE 12: DEFERRED TAX LIABILITIES (cont'd)

c) Reconciliation (cont'd)

iii) Deferred tax assets

The movement in the deferred tax assets for each temporary difference during the year is as follows:

Provisions:

Opening balance
(Debit)/Credit to income statement
Closing balance

Property, plant and equipment:

Opening balance
Credit to income statement
Closing balance

Tax losses:

Opening balance
Debit to income statement
Closing balance

Employee share trust:

Opening balance
Credit/(Debit) to income statement
Closing balance

Other:

Opening balance
Credit/(Debit) to income statement
Closing balance

Consolidated Entity	
2019	2018
\$'000	\$'000
5,006	5,838
1,775	(832)
6,781	5,006
5,061	5,002
(1,705)	59
3,356	5,061
3,879	9,752
3,704	(5,873)
7,583	3,879
1,178	192
(802)	986
376	1,178
2,524	1,292
(2,524)	1,232
-	2,524

NOTE 13: TRADE AND OTHER PAYABLES

Trade payables
Accrued expenses

Consolidated Entity	
2019	2018
\$'000	\$'000
29,642	17,792
19,332	23,604
48,974	41,396

NOTE 14: BORROWINGS

Current

Lease liabilities

Non-Current

Lease liabilities

Consolidated Entity	
2019	2018
\$'000	\$'000
399	267
399	267
495	445
495	445

a) CORPORATE LOAN FACILITY

The Corporate Loan facility can be made available for broad company purposes as agreed between the Australia and New Zealand Banking Group Ltd ('ANZ') and Western Areas Ltd. In December 2017 the ANZ corporate loan facility ('facility') was renegotiated by the Company. The new facility is a secured, two year, A\$25m revolving cash facility. The initial term of the facility is 12 months, which was extended for a further 12 months (24 months in total).

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

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Mine properties	130,790	142,673
Property, plant & equipment	130,253	88,035
	261,043	230,708

b) LEASE LIABILITIES

The lease liabilities are secured over the assets under the lease. The finance leases have an average term of 3 years and an average implicit discount rate of 5.11%. Refer to Note 8 for the carrying value of the assets under lease.

NOTE 15: PROVISIONS

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Current		
Employee entitlements	4,061	4,514
Non-Current		
Rehabilitation and restoration cost		
Opening balance	24,091	22,917
Unwinding of discount	1,370	1,297
Rehabilitation expenditure incurred during the period	(49)	(123)
Closing balance	25,412	24,091
Employee entitlements	535	317
	25,947	24,408

- a) Employee entitlements relate to the balance of annual leave and long service leave accrued by the consolidated entity's employees. Recognition and measurement criteria have been disclosed in Note 1.
- b) Rehabilitation and restoration costs relate to an estimate of restoration costs that will result from the development of the Forrestania Nickel Operations and Cosmos Nickel Operation. Based on the current known mine life, restoration activities are not expected to commence within the next 7 years, following full exhaustion of mine life rehabilitation activities will be undertaken.

NOTE 16: DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Current Assets		
Foreign exchange/nickel options – current assets	39	-
Current Liabilities		
Foreign exchange/nickel options – current liabilities	15	1,592

Collar options are used to hedge cash flow risk associated with future transactions. Gains and losses arising from changes in the fair value of derivatives are initially recognised directly in the statement of comprehensive income. At the date of settlement, amounts included in the hedge reserve are transferred from equity and included in the income statement.

NOTE 17: ISSUED CAPITAL

	Consolidated Entity	
	2019 \$'000	2018 \$'000
273,546,162 fully paid ordinary shares (2018: 272,792,647)	442,963	442,963

MOVEMENTS IN ISSUED CAPITAL

	Number of Shares	\$'000
2019		
Balance at beginning of the financial year	272,792,647	442,963
- Performance rights vested issued as shares	693,733	-
- Tax exempt share plan shares	59,782	-
Balance at end of the financial year	273,546,162	442,963
2018		
Balance at beginning of the financial year	272,276,625	442,963
- Performance rights vested issued as shares	482,422	-
- Tax exempt share plan shares	33,600	-
Balance at end of the financial year	272,792,647	442,963

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. There were no changes to the consolidated entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Board effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

PERFORMANCE RIGHTS

Information relating to performance rights issued, exercised and lapsed during the year and the performance rights outstanding at the end of the year are detailed in Note 29 Share Based Payments.

TERMS AND CONDITIONS OF 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 upon shares held.

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

TAX EXEMPT SHARE PLAN

During February 2019, the Company issued \$1,000 worth of shares to eligible employees under the newly introduced Western Areas Ltd Tax Exempt Share Plan, eligible employees were those that satisfied the minimum service condition and were not included in the existing performance rights plan.

NOTE 18: EARNINGS PER SHARE

Earnings used to calculate basic/diluted earnings per share

Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share

Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share

Consolidated Entity	
2019 \$'000	2018 \$'000
14,194	11,837
2019 Number	2018 Number
273,487,588	272,746,202
277,331,708	277,113,672

NOTE 19: CASH FLOW INFORMATION

a) RECONCILIATION OF THE NET PROFIT AFTER TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Profit after income tax	14,194	11,837
Depreciation expense	15,517	17,764
Amortisation expense	44,805	47,721
Impairment/write-off expenses	-	-
Other	(527)	1,533
Share based payment expense	2,286	3,598
Rehabilitation provision interest unwound	1,370	1,297
Rehabilitation expense	(49)	(123)
Provision for employee entitlements	(235)	881
Change in Assets and Liabilities		
Increase in trade and other payables	1,328	10,003
Decrease/(Increase) in inventories	12,322	(13,524)
(Increase)/Decrease in trade and other receivables	2,251	(9,216)
Increase/(Decrease) in interest payable	212	(131)
Increase/(Decrease) in tax liabilities	4,823	5,326
Net cash provided by operating activities	98,297	76,966

b) RECONCILIATION OF CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Cash and cash equivalents comprise:		
Cash on hand and at bank	144,261	151,643

NOTE 19: CASH FLOW INFORMATION (cont'd)

c) FINANCING FACILITIES AVAILABLE

As at the reporting date the Consolidated Entity had the following financing facilities in place:

	Total Facility \$'000	Utilised at Balance Date \$'000	Available Facilities (*) \$'000
Banking Facilities:			
ANZ Banking Group			
- Cash advance facility*	25,000	-	25,000
- Asset Finance	2,000	1,356	644
Performance Guarantees:			
ANZ Banking Group			
- Security bond facility	1,000	472	528
	28,000	1,828	26,172

* The Corporate Loan facility can be made available for broad company purposes as agreed between the Australia and New Zealand Banking Group Ltd ('ANZ') and Western Areas Ltd (refer Note 14a).

d) NON-CASH FINANCING ACTIVITIES

During the year, the consolidated entity acquired plant & equipment by means of a finance lease to the value of \$460k (2018: \$486k).

NOTE 20: COMMITMENTS

The Directors are not aware of any commitments as at the date of these financial statements other than those listed below.

a) OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not capitalised in the accounts:

- No later than 1 year
- Later than 1 year and not later than 5 years

Lease expenditure contracted for at year end

Consolidated Entity	
2019 \$'000	2018 \$'000
655	645
780	1,436
1,435	2,081

The operating leases are for miscellaneous office equipment and office premises in West Perth. The West Perth office lease expires August 2021.

b) FINANCE LEASE COMMITMENTS

- No later than 1 year
- Later than 1 year and not later than 5 years

Total Minimum Lease Payments

- Future finance charges

Total Lease Liability

- Current
- Non-current

Consolidated Entity	
2019 \$'000	2018 \$'000
399	267
495	445
894	712
59	53
953	765
422	297
531	468
953	765

The finance lease commitments relate primarily to motor vehicles, but also include some office equipment. Motor vehicles are finance leased under 3-year contracts at normal commercial rates, balloon payments are generally required at the expiry of the finance lease, at which point the Company takes ownership of the vehicle.

c) CAPITAL EXPENDITURE COMMITMENTS

- No later than 1 year
 - Later than 1 year and not later than 5 years
- Total minimum commitments**

Consolidated Entity	
2019 \$'000	2018 \$'000
11,818	25,784
-	-
11,818	25,784

Following the Board's decision to mine the Odysseus mine at Cosmos in October 2018, the Group has committed to the following capital expenditure in the following financial year. Dismantle of the Headgear & Winder purchased in the current financial year and the installation of pump stations at the 500 below surface level at Odysseus.

d) EXPLORATION EXPENDITURE COMMITMENTS

- No later than 1 year
 - Later than 1 year and not later than 5 years
- Total Minimum Payments**

Consolidated Entity	
2019 \$'000	2018 \$'000
6,838	6,255
28,336	25,020
35,174	31,275

Under the terms and conditions of the Company's title to its various tenements, it has an obligation to meet tenement rents and minimum levels of exploration expenditure as gazetted by the Department of Mines and Petroleum. Some of this cost may be met by joint venture partners.

NOTE 21: AUDITOR REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the Company:

- Audit and review of financial statements
- Audit of Jobs and Competitiveness Programme Assistance Application

Consolidated Entity	
2019 \$'000	2018 \$'000
96	92
5	5
101	97

NOTE 22: MATERIAL CONTRACTS

The Company has two main customers. A summary of the key terms of the off-take agreements entered into with these customers are detailed below. Credit risk associated with these customers is detailed in Note 27.

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

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

NOTE 23: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at the date of these financial statements.

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NOTE 24: SUBSEQUENT EVENTS

On 20 August 2019, the Board of Directors declared a fully franked dividend of 2 cents per share to the holders of fully paid ordinary shares.

Other than the matter detailed above, there have been no subsequent events after 30 June 2019 which had a material effect on the financial statements for the year ended 30 June 2019.

NOTE 25: STATEMENT OF OPERATIONS BY SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENT

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

BASIS OF ACCOUNTING FOR PURPOSES OF REPORTING BY OPERATING SEGMENTS

Accounting policies adopted

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

NOTE 26: KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL

Key management personnel of the Consolidated Entity (as defined by AASB 124 *Related Party transactions*) include the following:

I Macliver	Chairman (Non-Executive)
R Yeates	Director (Non-Executive)
C Readhead	Director (Non-Executive)
T Netscher	Director (Non-Executive)
N Streltsova	Director (Non-Executive)
D Lougher	Managing Director
J Belladonna	Chief Financial Officer/Company Secretary
W Jones	General Manager Operations
D Southam	Executive Director (resigned 26 November 2018)

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the group's key management personnel for the year ended 30 June 2019.

The total of remuneration paid to key management personnel of the Consolidated Entity during the year is detailed below:

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Short term employee benefits	3,848	3,882
Share based payments	1,238	1,954
Post-employment benefits	195	215
	5,281	6,051

NOTE 27: FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

The Treasury Committee consisting of senior management meets on a regular basis to analyse and discuss amongst other issues, monitoring and managing financial risk exposures of the consolidated entity. The Treasury Committee monitors the consolidated entity financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk.

The Treasury Committee's overall risk management strategy seeks to assist the consolidated entity in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets exposed to credit risk is detailed below:

	Consolidated Entity	
	2019 \$'000	2018 \$'000
Cash and cash equivalents	144,261	151,643
Trade and other receivables	22,888	22,209
Financial assets at fair value through other comprehensive income	33,725	33,307
Derivative financial instruments	39	-

Cash and cash equivalents and derivative financial instruments

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

Trade and other receivables

The consolidated entity does not have significant credit risk exposure to trade receivables as the consolidated entity's customers are considered to be of high credit quality. There were no balances within trade and other receivables that are past due. It is expected these balances will be received when due. Export sales are conducted under an irrevocable letter of credit prior to product being loaded at the port of Esperance.

Financial assets at fair value through other comprehensive income

Credit risk on financial assets at fair value through other comprehensive income is minimised by undertaking transactions with recognised counterparties on recognised exchanges.

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NOTE 27: FINANCIAL RISK MANAGEMENT (cont'd)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (cont'd)

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms which include:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities, to the extent that they exist
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing surplus cash only with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial assets and liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

The Consolidated Entity's contractual maturity analysis of financial assets and financial liabilities is shown below:

	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Total contractual cash flows \$'000
2019 Consolidated Entity				
Financial Assets – Non-Derivative				
Cash and cash equivalents	144,261	-	-	144,261
Trade and other receivables	22,888	-	-	22,888
Financial assets at fair value through other comprehensive income	32,767	-	958	33,725
Financial Assets – Derivative				
Derivative collar options (net settled)	39	-	-	39
	199,955	-	958	200,913
Financial Liabilities – Non-Derivative				
Trade and other payables	48,974	-	-	48,974
Lease liabilities	399	495	-	894
Financial Liabilities – Derivative				
Derivative collar options (net settled)	15	-	-	15
	49,388	495	-	49,883
Net Financial Assets/(Liabilities)	150,567	(495)	958	151,030

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	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Total contractual cash flows \$'000
2018 Consolidated Entity				
Financial Assets – Non-Derivative				
Cash and cash equivalents	151,643	-	-	151,643
Trade and other receivables	22,209	-	-	22,209
Financial assets at fair value through other comprehensive income	-	-	33,307	33,307
	173,852	-	33,307	207,159
Financial Liabilities – Non-Derivative				
Trade and other payables	41,396	-	-	41,396
Lease liabilities	267	445	-	712
Financial Liabilities – Derivative				
Derivative collar options (net settled)	1,592	-	-	1,592
	43,255	445	-	43,700
Net Financial Assets/(Liabilities)	130,597	(445)	33,307	163,459

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, price risk and currency risk.

i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Interest rate risk is managed using a mix of fixed and floating rate debt.

At the reporting date, the interest rate risk profile of the consolidated entity's interest bearing financial instruments was as follows:

	Floating interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total \$'000	Weighted average interest rate
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
2019 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	144,261	-	-	-	-	144,261	2.26%
Trade and other receivables	-	-	-	-	22,888	22,888	
Financial assets at fair value through other comprehensive income	-	-	-	-	33,725	33,725	
	144,261	-	-	-	56,613	200,874	
Financial Liabilities							
Trade and other payables	-	-	-	-	48,974	48,974	
Lease liability	-	399	495	-	-	894	5.11%
	-	399	495	-	48,974	49,868	
Net Financial Assets/(Liabilities)	144,261	(399)	(495)	-	7,639	151,006	

NOTE 27: FINANCIAL RISK MANAGEMENT (cont'd)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (cont'd)

c) Market risk (cont'd)

i) Interest rate risk (cont'd)

	Floating interest rate \$'000	Fixed interest maturing in:			Non- interest bearing \$'000	Total \$'000	Weighted average interest rate
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
2018 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	151,643	-	-	-	-	151,643	2.62%
Trade and other receivables	-	-	-	-	22,209	22,209	
Financial assets at fair value through other comprehensive income	-	-	-	-	33,307	33,307	
	151,643	-	-	-	55,516	207,159	
Financial Liabilities							
Trade and other payables	-	-	-	-	41,396	41,396	
Lease liability	-	267	445	-	-	712	5.05%
	-	267	445	-	41,396	42,108	
Net Financial Assets/ (Liabilities)	151,643	(267)	(445)	-	14,120	165,051	

Interest rate sensitivities have not been included in the financial report as the changes in profit before tax due to changes in interest rate is not material to the results of the Consolidated Entity.

ii) Price risk

a) *Equity price risk*

The consolidated entity is exposed to equity securities price risk. This arises from investments held by the Group and classified on the statement of financial position as financial assets at fair value through other comprehensive income.

A majority of the consolidated entity's equity investments are publicly traded and are quoted either on the ASX or the TSXV.

The table below summarises the impact of increases/decreases of these two indexes on the Consolidated Entity's comprehensive income. The analysis is based on the assumption that the equity indexes had increased by 10% / decreased by 10% (2018: increased by 10% / decreased by 10%) and foreign exchange rate increased by 5% / decreased by 5% (2018: increased by 5% / decreased by 5%) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index. The percentages are the sensitivity rates used when reporting equity price risk internally to key management personnel and represents management's assessment of the possible change in equity prices.

	Consolidated Entity	
	30 June 2019 \$'000	30 June 2018 \$'000
Financial assets at fair value through other comprehensive income index		
ASX	2,922	3,242
TSX	108	142

Comprehensive income would increase / decrease as a result of gains / losses on equity securities classified as financial assets at fair value through other comprehensive income. A decrease in the share price and exchange rate would result in a further decrease in fair value compared to cost.

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b) *Commodity price risk*

The Consolidated Entity is exposed to commodity price risk. Commodity price risk arises from the sale of nickel. The entity manages its commodity price risk exposure arising from future commodity sales through sensitivity analysis, cash flow management and forecasting and where appropriate utilise derivative financial instruments to reduce price risk.

The following table details the Consolidated Entity's sensitivity to a US\$500/tonne increase and decrease in the nickel price. US\$500 is the sensitivity rate used when reporting commodity price risk internally to key management personnel and represents management's assessment of the possible change in commodity price. The table below assumes all other variables remaining constant.

Sensitivity analysis

	Profit \$'000	Equity \$'000
Year Ended 30 June 2019		
+/- \$500/tonne nickel	+/- 153	+/- 153
Year Ended 30 June 2018		
+/- \$500/tonne nickel	+/- 147	+/- 147

Nickel Collar Options

The consolidated entity enters into financial transactions in the normal course of business and in line with Board guidelines for the purpose of hedging and managing its expected exposure to nickel prices. The hedges are treated as cashflow hedges in accordance with AASB 9 *Financial Instruments: Recognition and Measurement*.

The following table summarises the nickel collar options open at 30 June 2019.

	Consolidated Group	
	Collar Options 2019	Collar Options 2018
Nickel Tonnes	-	3,600
US Price (\$/tonne) Cap	-	15,587
USD Value (\$'000)	-	56,113
US Price (\$/tonne) Floor	-	13,167
USD Value (\$'000)	-	47,401

iii) *Currency risk*

Currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. The Consolidated Entity manages its foreign currency risk exposure through sensitivity analysis, cash flow management, forecasting and where appropriate, utilises derivative financial instruments.

The carrying amount of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	30 June 2019		30 June 2018	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
US\$'000	-	13,033	-	9,655

The following table details the consolidated entity's sensitivity to a 5% increase and decrease in the Australian Dollar against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

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NOTE 27: FINANCIAL RISK MANAGEMENT (cont'd)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (cont'd)

c) Market risk (cont'd)

iii) Currency risk (cont'd)

Sensitivity analysis

	Profit \$'000	Equity \$'000
Year Ended 30 June 2019		
+5% in \$A/\$US	1,135	1,135
-5% in \$A/\$US	(1,142)	(1,142)
Year Ended 30 June 2018		
+5% in \$A/\$US	850	850
-5% in \$A/\$US	(886)	(886)

Foreign exchange collar options

The consolidated entity had open foreign exchange collar options at 30 June 2019 relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates. The hedges are treated as cash flow hedges in accordance with AASB 9 *Financial Instruments: Recognition and Measurement*.

The following table summarises the notional amounts of the consolidated entity's commitments in relation to foreign exchange collar options. The notional amounts do not represent amounts exchanged by the transaction counterparties and are therefore not a measure of the exposure of the consolidated entity through the use of these contracts.

	Notional Amounts		Exchange Rate	
	2019 \$'000	2018 \$'000	2019 \$	2018 \$
Consolidated Group				
Buy AUD/Sell USD			Put – Call	Put – Call
Settlement:				
- Less than 6 months	22,500	30,000	0.677 – 0.723	0.737 – 0.788
- 6 months to 1 year	-	-	-	-

d) Net fair values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted closing market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

	Note	2019		2018	
		Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets					
Cash and cash equivalents	i	144,261	144,261	151,643	151,643
Financial assets at fair value through other comprehensive income	ii	33,725	33,725	33,307	33,307
Derivative financial assets	iii	39	39	-	-
Trade receivables	i	22,888	22,888	22,209	22,209
		200,913	200,913	207,159	207,159
Financial Liabilities					
Trade and other payables	i	48,974	48,974	41,396	41,396
Derivative financial liabilities	iii	15	15	1,592	1,592
Other liabilities	i	894	894	712	712
		49,883	49,883	43,700	43,700

The fair values disclosed in the above table have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables and trade and other liabilities are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- Quoted closing bid prices at reporting date.
- Fair valuation calculations are performed by an independent financial risk management consulting firm. The calculations include valuation techniques incorporating observable market data relevant to the hedged position.

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2019				
Financial assets:				
Financial assets at fair value through other comprehensive income	33,725	-	-	33,725
Derivative financial instruments	-	39	-	39
Financial liabilities:				
Derivative financial instruments	-	(15)	-	(15)
	33,725	24	-	33,749
2018				
Financial assets:				
Financial assets at fair value through other comprehensive income	33,307	-	-	33,307
Derivative financial instruments	-	(1,592)	-	(1,592)
	33,307	(1,592)	-	31,715

NOTE 28: RELATED PARTY TRANSACTIONS

During the year the Company engaged Vintage94 Pty Ltd to provide specialist metallurgical consulting services to the value of A\$16,000. Vintage94 Pty Ltd is a related party of Dr Natalia Streltsova. There were other related party transactions with KMP during FY19.

NOTE 29: SHARE BASED PAYMENTS

a) EXPENSES ARISING FROM SHARE BASED TRANSACTIONS

Equity settled share options and performance rights granted during:

- Year ended 30 June 2019
- Year ended 30 June 2018
- Year ended 30 June 2017
- Year ended 30 June 2016

Total expense recognised as employee costs

Consolidated Entity	
2019 \$'000	2018 \$'000
443	1,121
1,333	1,449
510	1,028
-	-
2,286	3,598

b) PERFORMANCE RIGHTS

Under the Performance Rights plan, executives and senior management are granted a right to be issued a share in the future subject to the performance based vesting conditions being met. The Company's share price performance is measured via a relative total shareholder return ('TSR'). The Company's TSR is measured against a customised peer group of companies.

For grants made under the LTI plan during FY17, vesting will occur subject to the meeting of a 3-year service condition to 30 June 2019 and the performance condition tested against the relative TSR measure for the period 1 July 2016 to 30 June 2019.

For grants made under the LTI plan during FY18, vesting will occur subject to the meeting of a 3-year service condition to 30 June 2020 and the performance condition tested against the relative TSR measure for the period 1 July 2017 to 30 June 2020.

For grants made under the LTI plan during FY19, vesting will occur subject to the meeting of a 3-year service condition to 30 June 2021 and the performance condition tested against the relative TSR measure for the period 1 July 2018 to 30 June 2021.

The following table sets out the vesting outcome based on the Company's relative TSR performance:

Relative TSR performance	Performance Vesting Outcomes
Less than 50 th percentile	0% vesting
At the 50 th percentile	50% vesting
Between 50 th and 75 th percentile	Pro-rata/progressive vesting from 50% to 100%
At or above 75 th percentile	100% vesting

No Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSRs for the peer group companies, is at or above the 50th percentile.

The valuation inputs used in determining the fair value of performance rights issued during the year are detailed below:

	2019	2018
Underlying share price	\$2.18	\$3.08
Exercise price of rights	Nil	Nil
Risk free rate	2.03%	1.86%
Volatility factor	49%	50%
Dividend yield	1.61%	1.18%
Effective life	3.0 years	3.0 years
Entitled number of employees	24	23

Performance Rights held by Key Management Personnel at 30 June 2019

	Balance at 1 July 2018	Granted as Remuneration	Exercise of Performance Rights	Lapsed/ Cancelled/ Other	Balance at 30 June 2019	Performance Rights Vested
D Lougher	1,095,570	277,080	(191,840)	(107,910)	1,072,900	-
J Belladonna	415,310	106,050	(72,723)	(40,907)	407,730	-
W Jones	298,650	75,530	(52,294)	(29,416)	292,470	-
TOTAL	1,809,530	458,660	(316,857)	(178,233)	1,773,100	-

Performance Rights held by Key Management Personnel at 30 June 2018

	Balance at 1 July 2017	Granted as Remuneration	Exercise of Performance Rights	Expired/ Lapsed/ Cancelled	Balance at 30 June 2018	Performance Rights Vested
D Lougher	880,430	420,280	(143,598)	(61,542)	1,095,570	-
D Southam	495,335	236,460	(80,791)	(34,624)	616,380	-
J Belladonna	333,755	159,320	(54,436)	(23,329)	415,310	-
W Jones	240,002	114,570	(39,145)	(16,777)	298,650	-
TOTAL	1,949,522	930,630	(317,970)	(136,272)	2,425,910	-

c) SHARE OPTION PLANS

There were no options outstanding as at 30 June 2019.

NOTE 30: RESERVES

i) SHARE BASED PAYMENT RESERVE

The share based payment reserve records the items recognised as expenses on valuation of employee share options and performance rights.

ii) HEDGE RESERVE

The hedge reserve records revaluations of items designated as hedges.

iii) INVESTMENT REVALUATION RESERVE

The investment revaluation reserve records revaluations of financial assets at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 31: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Country of Incorporation	Percentage of equity held	
		2019	2018
Western Platinum NL	Australia	100%	100%
Australian Nickel Investments Pty Ltd	Australia	100%	100%
Bioheap Ltd	Australia	100%	100%
Western Areas Nickel Pty Ltd	Australia	100%	100%
Western Areas Employee Share Trust	Australia	100%	100%

All the entities above are members of the tax consolidated group of which Western Areas Ltd is the head entity. Western Areas Ltd is the parent entity and is incorporated and domiciled in Australia.

NOTE 32: PARENT INFORMATION

The following information has been extracted from the books of the parent and has been prepared in accordance with the accounting standards.

STATEMENT OF FINANCIAL POSITION

	Parent Entity	
	2019 \$'000	2018 \$'000
Assets		
Current Assets	187,785	206,834
Non-Current Assets	420,319	379,589
Total Assets	608,104	586,423
Liabilities		
Current Liabilities	44,508	41,791
Non-Current Liabilities	31,766	27,920
Total Liabilities	76,274	69,711
Net Assets	531,830	516,712
Equity		
Issued capital	442,963	442,963
Reserves	48,815	44,533
Retained Earnings	40,054	29,216
Total Equity	531,832	516,712
Statement of Comprehensive Income		
Profit for the year	16,308	15,847
Total comprehensive income for the year	18,048	35,746

GUARANTEES

Western Areas Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at the date of these financial statements.

CONTRACTUAL COMMITMENTS

Refer to Note 20, all commitments were entered into by Western Areas Ltd or its fully owned subsidiary, Australian Nickel Investments Pty Ltd.

NOTE 33: ADDITIONAL COMPANY INFORMATION

Western Areas Ltd is a Public Company, incorporated and domiciled in Australia.

Registered office and Principal place of business:

Level 2
2 Kings Park Road
West Perth WA 6005

Tel: +61 8 9334 7777
Fax: +61 8 9486 7866

Web: www.westernareas.com.au
Email: info@westernareas.com.au

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DIRECTORS DECLARATION

1. In the opinion of the Directors of Western Areas Ltd:
 - a) the Consolidated Entity's financial statements and notes set out on pages 44 to 85 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 30 June 2019 and of its performance, for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - b) the financial report also complies with International Financial Reporting Standards as set out in Note 1;
 - c) the remuneration disclosures that are contained in the remuneration report in the Directors' Report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the *Corporations Act 2001* and the *Corporations Regulations 2001*;
 - d) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director & Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

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



D Lougher
Managing Director & Chief Executive Officer

Dated – 20 August 2019



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTERN AREAS LTD REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Western Areas Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements comprising a summary of significant accounting policies and the Director's Declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Group's financial position at 30 June 2019 and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The title "Partner" conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Key Audit Matter	How we addressed the Key Audit Matter
Amortisation of mine properties (mines in production)	
<p>Amortisation of mine properties was material to our audit and represented an area of significant estimate and judgement within the financial report. As outlined in Note 4, the Group recorded amortisation expenses of \$44.7m for the year ended 30 June 2019.</p> <p>As outlined in Notes 1(j), the annual amortisation expense was calculated using the unit of production method that was highly dependent on management's estimate of the remaining nickel ore reserves for each mine and actual production volumes.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Ensuring the Group's amortisation accounting policy was in accordance with Australian Accounting Standards and was consistently applied; • Recalculation of the amortisation rate and checking the amortisation rate inputs by: <ul style="list-style-type: none"> ◦ agreeing reserve estimations to published reserve statements; and ◦ agreeing production volumes to the Group's Quarterly Activity Reports. • Assessing the competency and objectivity of the experts used by management in compiling the ore reserve estimations and evaluating the appropriateness and adequacy of the work.
Impairment of mine properties (mines in production) and property, plant and equipment	
<p>As outlined in Notes 8 and 11, the carrying value of the Group's Mine Properties was \$130.8m and the carrying value of Property, Plant and Equipment was \$131.4m at 30 June 2019. These represented significant balances recorded in the Group's consolidated statement of financial position and encompassed substantial capitalisation of expenditure.</p> <p>The process undertaken by management to assess whether there were any indicators of impairment involved significant judgement.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's documented assessment of the existence of impairment indicators from internal and external sources; • Corroborating representations made by management with available external data and evidence obtained by us during the course of our audit; and • Considering the appropriateness of relevant disclosures in the notes to the financial statements.
Provision for rehabilitation	
<p>At 30 June 2019, the carrying value of the Group's provision for rehabilitation was \$25.4m. The accounting policy adopted by the Group in relation to its provision for rehabilitation was disclosed in Notes 1(j, s and u) and further disclosures were in Note 15.</p> <p>This area was a key audit matter because the calculations of the provision were complex and</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining the closure cost estimates prepared by management; • Challenging the reasonableness of key assumptions and conclusions reached by management, by reference to information obtained during the course of our audit.

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Key Audit Matter	How we addressed the Key Audit Matter
based on the estimates of future costs of the required work, including volume and unit rates, the timing of future cash flows and the discount rate.	<ul style="list-style-type: none"> • Checking the mathematical accuracy of the calculations; and • Assessing the competency and objectivity of the expert used by management and evaluating the appropriateness and adequacy of the work.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material mis-statement when it exists. Mis-statements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 41 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Western Areas Ltd for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Crowe Perth

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

Sean McGurk
Partner

Signed at Perth, 20 August 2019

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TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
Cosmos (WA)	E36/0935	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0127	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0180	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0302	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0303	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0305	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0329	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0330	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0332	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0349	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0371	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0377	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0467	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0632	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0633	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0659	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0042	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0067	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0068	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0069	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0070	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0071	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0072	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0073	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0074	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0075	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0076	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0077	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0078	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0079	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0080	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0081	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
	L36/0094	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd
L36/0095	Granted	0%	BHP Billiton Yakabindie Nickel Pty Ltd	
L36/0118	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0119	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0145	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0148	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0159	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0171	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0172	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0189	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0194	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0199	Granted	100%	Australian Nickel Investments Pty Ltd	
L36/0225	Pending	100%	Australian Nickel Investments Pty Ltd	
Forrestania (WA)	E74/0470	Granted	100%	Western Areas Ltd
	E77/1734	Granted	100%	Western Areas Ltd
	E77/1865	Granted	100%	Western Areas Ltd
	E77/2127	Pending	100%	Western Areas Ltd
	E77/2228	Pending	100%	Western Areas Ltd
	E77/2235	Pending	100%	Western Areas Ltd
	E77/2236	Pending	100%	Western Areas Ltd
	E77/2261	Pending	100%	Western Areas Ltd
	E77/2440	Pending	100%	Western Areas Ltd

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TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
Forrestania (WA)	E77/2523	Granted	100%	Western Areas Ltd
	E77/2524	Granted	100%	Western Areas Ltd
	E77/2527	Pending	100%	Western Areas Ltd
	G70/0226	Granted	100%	Western Areas Ltd
	G70/0231	Granted	100%	Western Areas Ltd
	G77/0135	Pending	100%	Western Areas Ltd
	L70/0111	Granted	100%	Western Areas Ltd
	L74/0011	Granted	100%	Western Areas Ltd
	L74/0012	Granted	100%	Western Areas Ltd
	L74/0025	Granted	100%	Western Areas Ltd
	L74/0044	Granted	100%	Western Areas Ltd
	L77/0104	Granted	100%	Western Areas Ltd
	L77/0141	Granted	100%	Western Areas Ltd
	L77/0182	Granted	100%	Western Areas Ltd
	L77/0197	Granted	100%	Western Areas Ltd
	L77/0203	Granted	100%	Western Areas Ltd
	L77/0204	Granted	100%	Western Areas Ltd
	M74/0057	Granted	100%	Western Areas Ltd
	M74/0058	Granted	100%	Western Areas Ltd
	M74/0064	Granted	100%	Western Areas Ltd
	M74/0065	Granted	100%	Western Areas Ltd
	M74/0081	Granted	100%	Western Areas Ltd
	M74/0090	Granted	100%	Western Areas Ltd
	M74/0091	Granted	100%	Western Areas Ltd
	M74/0092	Granted	100%	Western Areas Ltd
	M77/0098	Granted	100%	Western Areas Ltd
	M77/0215	Granted	100%	Western Areas Ltd
	M77/0216	Granted	100%	Western Areas Ltd
	M77/0219	Granted	100%	Western Areas Ltd
	M77/0284	Granted	100%	Western Areas Ltd
	M77/0285	Granted	100%	Western Areas Ltd
	M77/0286	Granted	100%	Western Areas Ltd
	M77/0329	Granted	100%	Western Areas Ltd
	M77/0335	Granted	100%	Western Areas Ltd
	M77/0336	Granted	100%	Western Areas Ltd
	M77/0389	Granted	100%	Western Areas Ltd
	M77/0399	Granted	100%	Western Areas Ltd
	M77/0458	Granted	100%	Western Areas Ltd
	M77/0542	Granted	100%	Western Areas Ltd
	M77/0543	Granted	100%	Western Areas Ltd
	M77/0545	Granted	100%	Western Areas Ltd
	M77/0550	Granted	100%	Western Areas Ltd
	M77/0568	Granted	100%	Western Areas Ltd
M77/0574	Granted	100%	Western Areas Ltd	
M77/0582	Granted	100%	Western Areas Ltd	
M77/0583	Granted	100%	Western Areas Ltd	
M77/0584	Granted	100%	Western Areas Ltd	
M77/0585	Granted	100%	Western Areas Ltd	
M77/0586	Granted	100%	Western Areas Ltd	
M77/0587	Granted	100%	Western Areas Ltd	
M77/0588	Granted	100%	Western Areas Ltd	
M77/0589	Granted	100%	Western Areas Ltd	
M77/0911	Granted	100%	Western Areas Ltd	
M77/0912	Granted	100%	Western Areas Ltd	
M77/1289	Pending	100%	Western Areas Ltd	
P77/4278	Granted	100%	Western Areas Ltd	
P77/4279	Granted	100%	Western Areas Ltd	

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Name	Lease	Status	WSA Interest	Applicant/Holder
Forrestania (WA)	P77/4473	Pending	100%	Western Areas Ltd
	P77/4474	Pending	100%	Western Areas Ltd
	P77/4475	Pending	100%	Western Areas Ltd
	P77/4476	Pending	100%	Western Areas Ltd
	P77/4477	Pending	100%	Western Areas Ltd
	P77/4478	Pending	100%	Western Areas Ltd
	P77/4479	Pending	100%	Western Areas Ltd
	P77/4496	Granted	100%	Western Areas Ltd
	P77/4497	Granted	100%	Western Areas Ltd
	P77/4498	Granted	100%	Western Areas Ltd
	P77/4499	Granted	100%	Western Areas Ltd
	P77/4500	Granted	100%	Western Areas Ltd
	P77/4501	Granted	100%	Western Areas Ltd
	E77/1416	Granted	100%	Western Areas Nickel Pty Ltd
	E77/1436	Granted	100%	Western Areas Nickel Pty Ltd
	E77/1581	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0099	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0324	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0467	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0468	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0544	Granted	100%	Western Areas Nickel Pty Ltd
	P77/4067	Granted	100%	Western Areas Nickel Pty Ltd
	E77/1965	Granted	100% Ni Rights	IMD Gold Mines Ltd
	E77/2091	Granted	100% Ni Rights	IMD Gold Mines Ltd
	E77/1400	Granted	100% Ni Rights	MH Gold Pty Ltd
	E77/2099	Granted	100% Ni Rights	MH Gold Pty Ltd
Mt Alexander JV (WA)	E29/0638	Granted	25%	Blue Thunder Resources Pty Ltd (75%), Western Areas Ltd (25%)
Mt Gibb JV (WA)	E74/0603	Granted	90%	Western Areas Ltd
Musgraves (WA)	E69/3160	Pending	100%	Western Areas Ltd
Western Gawler (SA)	EL 5688	Granted	100%	Western Areas Ltd
	EL 5880	Granted	90%	Strandline Resources Limited
	EL 5939	Granted	100%	Western Areas Ltd
	EL 6087	Granted	100%	Western Areas Ltd
	EL 6248	Granted	100%	Western Areas Ltd
	EL 6249	Granted	100%	Western Areas Ltd

SHAREHOLDER INFORMATION

(AS AT 31 AUGUST 2019)

Distribution of Shareholdings

i. Distribution schedule of holdings	Ordinary shares*
1 - 1,000	1,875
1,001 - 5,000	2,336
5,001 - 10,000	1,011
10,001 - 100,000	1,224
100,001 Over	115
Total number of holders	6,561
ii. Number of holders of less than a marketable parcel	549
iii. Number of overseas holders	172
iv. Percentage held by 20 largest holders	73.8%

*All ordinary shares carry one vote per share without restriction

Largest Security Holders

Names of the 20 largest holders of Ordinary Shares are listed below:

Name	No. of shares	%
HSBC CUSTODY NOMINEES <AUSTRALIA>	71,657,651	26.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,285,688	18.02
CITICORP NOMINEES PTY LIMITED	27,200,191	9.94
NATIONAL NOMINEES LIMITED	17,198,238	6.29
NORTHMEAD HOLDINGS PTY LTD <THE GREENWELL FAMILY A/C>	7,014,900	2.56
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,035,316	2.21
ZERO NOMINEES PTY LTD	4,536,944	1.66
BNP PARIBAS NOMS PTY LTD <DRP>	4,496,465	1.64
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,487,659	0.91
AMP LIFE LIMITED	1,924,806	0.70
BUTTONWOOD NOMINEES PTY LTD	1,420,247	0.52
HSBC CUSTODY NOMINEES <AUSTRALIA>	1,187,371	0.43
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,136,313	0.42
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,122,862	0.41
FARJOY PTY LTD	1,000,000	0.37
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	930,698	0.34
BAINPRO NOMINEES PTY LIMITED	834,695	0.31
HARMANIS HOLDINGS PTY LTD <HARMAN FAMILY A/C>	800,000	0.29
HSBC CUSTODY NOMINEES <AUSTRALIA>	763,183	0.28
BRAZIL FARMING PTY LTD	730,000	0.27
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)	201,763,227	73.76
Total Remaining Holders Balance	71,782,935	26.24

Substantial Shareholders

Name	No. of shares	%
Paradice Investment Mgt	23,527,245	8.60%
Dimensional Fund Advisors LP	16,460,207	6.02%
Total	37,987,452	23.22%

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