

WESTERN AREAS LTD



20
YEARS

2020 ANNUAL REPORT



PHOTO BY ISRAEL TAN

PHOTO BY TROY BOYLES



HIGHLIGHTS

The Company aims to be a sustainable and profitable, nickel focused, base metal miner building value and scale while maintaining financial strength.

20.9KT OF NICKEL
PRODUCED INTO CONCENTRATE

125% INCREASE IN NET PROFIT
AFTER TAX OF **A\$31.9M**

**FY20 DIVIDENDS RETURNED
TO SHAREHOLDER** TOTALLED
2 CENT PER SHARE FULLY FRANKED

STRATEGIC 19.9% INVESTMENT
IN PANORAMIC RESOURCES LTD
COMPLETED FOR **A\$28.6M**

A\$144.8M CASH AT BANK
STRONG DEBT FREE
BALANCE SHEET

**ODYSSEUS UNDERGROUND
MINE DEVELOPMENT** PREPARED
FOR FRESH DECLINE TAKE-OFF
TOWARD THE ODYSSEUS DEPOSITS



PHOTO BY ASHLEIGH HARRIS

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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 Project, is located 400km east of Perth in Western Australia. Western Areas is also Australia's second largest independent sulphide nickel miner, producing approximately 21,000 to 22,000 nickel tonnes in concentrate per annum from its Flying Fox and Spotted Quoll mines - two of the lowest cost and highest grade nickel operations in the world.

The key growth project is the Odysseus mine located at the Cosmos Nickel Operation. With a long, ten year mine life and low operating cost, the Odysseus mine will underpin the Company's nickel production well into the future.

The Company is an active explorer across its significant tenement holdings at Forrestania, Cosmos and Western Gawler in Australia. The Company also holds a 19.9% interest in Panoramic Resources Ltd, the owner of the Savannah Nickel mine in Western Australia, and exploration interests in Canada via a 10.6% holding in Grid Metals Corp (TSXV:GRDM). Additionally, the Company has exposure to the emerging lithium market via an exploration joint venture with Wesfarmers Chemicals Energy and Fertilizers (WES CEF) across Forrestania's northern tenements.

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 and strict cost control.



PHOTO BY JUSTIN HAYNES



PHOTO BY PAUL SEALE

CORPORATE DIRECTORY

Directors

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

Company Secretary

Joseph Belladonna

Auditors

Crowe Horwath
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Perth WA 6000

Bankers

ANZ Banking Group Limited
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Perth WA 6000

Stock Exchange

Australian Securities
Exchange Limited
Code: WSA

Solicitors

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PHOTO BY TROY BOYLES

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.

CHAIRMAN'S LETTER



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 2020. This year has been marked by new and dynamic challenges as a result of the COVID-19 pandemic. As a company, we have responded proactively to the fluid nature of the COVID-19 events and emerged even stronger and more resilient. The health and wellbeing of Western Areas employees, contractors and the broader Western Australian community in which the Company operates continue to be of uppermost importance.

The professional and willing attitude displayed by all staff has ensured the safety and wellbeing of our workforce. As a result, Western Areas has continued progressing significant infrastructure work at our new Odysseus mine at Cosmos and the Forrestania operations produced another reliable operating result. Importantly, we have maintained our operational performance throughout the year and materially delivered on our FY20 guidance.

A strong financial result has been achieved in FY20 with the increase in the average nickel price received for nickel sales resulting in higher revenues that underpinned a healthy increase in earnings for the Company. The stronger nickel price and reliable performance from the Forrestania operations has delivered a 51% increase in earnings before interest, taxation, depreciation and amortisation (EBITDA) and our highest net profit after tax in seven years reporting at A\$31.9m, representing a year on year increase of 125%.

The Forrestania operations continued to operate in line with expectations producing 20.9kt of nickel in concentrate. This was achieved while also operating under COVID-19 regulations, which required the adoption of a number of new protocols and procedures during the second half of the financial year.

The Company continues to maintain a strong debt free balance sheet, with cash at bank of A\$144.8m at the financial year end. Pleasingly, total returns to shareholders was maintained at a fully franked 2 cents per share based on the strong financial performance in FY20.

Earlier in the year, we were pleased to announce the execution of new offtake contracts with BHP Billiton Nickel West and Jinchuan Group for the Company's high grade Forrestania Nickel Operation concentrate product. Both contracts were awarded after a competitive tender process and resulted in improved commercial terms. Importantly, these contracts have been awarded to traditional nickel smelter operators, which we believe will continue to be involved in the major supply lines for the emerging New Electric Vehicle (NEV) battery market.

The new Odysseus mine development remains on track, with significant works completed throughout the year. The new mine is a core component of Western Areas growth outlook and will become a long life, low cost mine with first nickel ore scheduled early in FY22.

Towards the end of the financial year, Western Areas also made a significant strategic investment in Panoramic Resources Limited acquiring a 19.9% stake for a total cash consideration of A\$28.6 million. The investment in Panoramic is consistent with the Company's growth strategy and increases exposure to the emerging NEV battery market. Due to our strong financial position, we were able to secure this opportunity whilst we retain the ability to continue uninterrupted development of the Odysseus mine. We are encouraged by the development potential at Savannah North and look forward to the future restart of the promising Savannah Project.

DESPITE GLOBAL AND DOMESTIC CHALLENGES, THE COMPANY REMAINS AN ACTIVE EXPLORER.

Despite global and domestic challenges, the Company remains an active explorer. Most notably in June we were pleased to announce highly encouraging results from the first diamond drilling programme at the Sahara prospect within the Western Gawler Project in South Australia. The confirmation of mineralised sulphide material at this early stage project is promising and potentially leads to a pathway toward the identification of a new base metal region in Australia.

Unsurprisingly, the nickel price has been volatile over the year. Firstly, due to the unpredictable global geopolitical news flow related to the Indonesian government policy ban to nickel laterite exports. Then wider base metal market prices, including nickel, fell primarily due to COVID-19 economic and financial impacts across the global markets. The nickel price has already somewhat recovered in early periods of FY21 and the Company remains confident that the nickel market will continue to consolidate and stabilise, supporting our operations again in FY21.

Looking forward, Western Areas will continue to manage the challenges posed by COVID-19 by maintaining sensible work practices to ensure the safety and wellbeing of our staff and operational continuity. The Company remains in a strong, debt-free, financial position to progress the new Odysseus mine and pursue organic growth opportunities.

In closing, I would like to take this opportunity to thank all our staff, contractors and suppliers for their support and patience throughout the year. As a Company, we have navigated through uncertain times, but the continued hard work and dedication demonstrated by all staff is instrumental to the ongoing success of Western Areas.

Ian MacIver
Independent Non-Executive
Chairman

MANAGING DIRECTOR'S REPORT



The Company has had a strong and stable 2020 financial year (FY20), despite the various challenges posed by COVID-19. Pleasingly, our Forrestania operations produced consistent and reliable results and the Company was able to maintain guidance, despite the external challenges. Importantly, the strong financial position of Western Areas enabled us to progress our growth plans, including significant infrastructure works at the new Odysseus mine, which remains on track for first ore in early FY22. The professional and willing attitude displayed by all staff during the COVID-19 crisis, ensured Western Areas' sites remained safe. The strong operational cashflow from the Forrestania assets ensures the Company remains debt free and well-funded to advance key growth projects, while also investing in exploration.

At Western Areas, safety is fundamental to our long-term success, and we are continually endeavouring to improve our safety practices to ensure efficient operations. The end of year LTI rate stood at 1.47. Since March, we have proactively instigated COVID-19 procedures at all of our sites and corporate offices. To date, the procedures have enabled production from our operations to proceed as planned. Our policies and procedures are aligned with directives from both the state, and federal government and health departments. In addition, contingency planning included operational changes to facilities and closure of high infection risk areas in line with our Infectious Disease Manager's advice and on-site risk assessments.

Earlier in the year, lightning strikes caused several fires, of which two escalated from the north west of the Flying Fox mine-site and south east of the Cosmic Boy concentrator. The fires were contained after several days with all surface infrastructure assets successfully defended. Importantly, all personnel were safe and unaffected during this time. It is crucial to recognise the hard work of the various firefighting teams that assisted in protecting our people.

The Forrestania operations continued to operate in line with expectations producing 20.9kt of nickel in concentrate and shipping 19.9kt of nickel to our offtake customers. This was achieved while also operating under COVID-19 regulations, which required the adoption of a number of new protocols and procedures during the second half of the financial year.

The stronger nickel price and reliable performance from the Forrestania operations delivered the highest net profit after tax in seven years reporting at A\$31.9m. This robust financial result and increased operating earnings were achieved by the consistent nickel production outcome and an increase in the average nickel price received for nickel shipped to customers of A\$9.42/lb, resulted in higher sales revenue of A\$308m.

The Company continues to maintain a strong debt free balance sheet, with cash at bank of A\$144.8m at the financial year end. Pleasingly, the balance sheet strength was maintained while also investing significant capital into our organic projects and completing strategic investments in other base metal opportunities. Total returns to shareholders were maintained at a fully franked 2 cents per share based on the strong financial performance.

Throughout the year significant infrastructure works were completed on the new Odysseus mine located at the Company's 100% owned Cosmos Nickel Operation, hitting key development milestones.

The new Odysseus mine is a long-life, low-cost mine and will be one of the few nickel sulphide operations coming online to deliver into the growing demand profile for nickel. In particular, our organic growth plans are supported by a shift in the demand outlook for nickel as the NEV and energy storage sectors continue to gain momentum.

To date, underground mine development transitioned to a combination of existing decline rehabilitation and new development to establish new airway access positions and the midshaft access location. Surface infrastructure works continued, including the shaft headframe excavation, which is now prepared for civil concrete foundation works. As part of the infrastructure works, the Cosmos camp has been re-commissioned, and so far, 301 rooms are available out of 520. The headframe and shaft winder refurbishment works in South Africa, whilst being quite advanced, have been delayed to the last quarter of 2020 as a result of the COVID-19 restrictions.

Ongoing project work at Forrestania, such as the Diggers South, New Morning and the mill scats heap leach project are ongoing with the hope that these projects will sustain nickel production at Forrestania over the longer term.

The Company remains an active explorer as we seek to enhance shareholder value through new and existing prospects across our portfolio. At year end, Western Areas announced highly encouraging results from the first diamond drill hole at the Sahara prospect within the Western Gawler Project in South Australia. The Company is highly encouraged by the presence of nickel and copper bearing sulphides intersected in this first drill hole at Sahara, vindicating the Company's long-held belief that the Fowler Domain has the potential to host significant magmatic nickel and copper sulphide accumulations. This result will provide a great platform for a concentrated exploration programme over the coming years.

A HIGH STANDARD OF ENVIRONMENTAL MANAGEMENT HAS BEEN MAINTAINED ACROSS THE COMPANY DURING THE YEAR

At Forrestania, a renewed focus on the Eastern Ultramafic Belt saw the completion of three diamond drill holes and one wedge hole designed to test the northern down-plunge potential at the Seagull prospect. Additionally, active target generation within the immediate footprint of the operating mines of Spotted Quoll and Flying Fox continues, with the Company engaging the services of HiSeis Pty Ltd to assess the suitability for advancing a seismic survey to aid exploration targeting north of Spotted Quoll.

At Cosmos, the Company advanced several exploration projects spanning the 9km of the prospective interpreted ultramafic corridor. The Penelope prospect, located 300m south of the Alec Mairs (AM5/AM6) minerals resource, was identified as a significant high-priority target for its potential to unlock additional accumulations of nickel sulphide proximal to future mining fronts.

Western Areas has exposure to the Mt Alexander prospect in its joint venture with St George Mining. During the year, St George Mining advanced planning for its 2020 drill programmes, which will include drilling at the Investigators prospect. This is designed to test the continuation of high-grade mineralisation already discovered.

A high standard of environmental management has been maintained across the Company during the year, with no major reportable environmental incidents recorded.

At Forrestania the annual rehabilitation program was completed with the reshaping of the Spotted Quoll waste rock dump and drainage repairs to the Lounge Lizard waste rock dump. The programme included remedial earthworks and the planting of 24,000 seedlings by specialist contractors over approximately 2.5 ha.

At Cosmos, a SODAR wind trailer was deployed to monitor and record wind and solar radiation data to support renewable energy studies for the operation. Further, a fence was installed around the legacy water management ponds to prevent the entrapment of wildlife. The Company also worked successfully with the Tjiwawrl Aboriginal Corporation to conduct various aboriginal heritage surveys for prospective tenements.

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

The Company continued to work closely with the Tjiwawrl Aboriginal Corporation, the traditional owners of the Cosmos project area. The Tjiwawrl 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 and the Marlinyu Ghoorlie people, the traditional owners in the Forrestania area, and completed aboriginal heritage surveys with both groups during the year. Engagement also continued with the Far West Coast Aboriginal Corporation and the Aboriginal Lands Trust in the Western Gawler area.

Looking ahead, the Company will prioritise the safety and well being of our people as we continue to navigate through the COVID-19 pandemic. To date, our operations have been mostly unaffected by COVID-19 and our stable and robust balance sheet ensures the Company is well placed heading into FY21.

In conclusion, the Company remains in a strong financial position as Forrestania continues to produce reliable results and we continue development of the new Odysseus mine. With a second operational hub coming online as NEV demand is expected to grow, coupled with our active and promising exploration portfolio, Western Areas remains highly encouraged by the future.

Finally, I would like to take this opportunity to thank our Board, all of our staff, contractors and suppliers for their support throughout the year. This year has provided many challenges, but through hard work and collaboration, Western Areas is in an excellent position to capitalise on future growth opportunities.

Daniel Lougher
Managing Director
and Chief Executive Officer

	FY20	FY19
Lost Time Injury Frequency Rate (LTIFR)	1.47	2.8
Total Ore Mined (tns)	595,202	556,002
Average Mined Grade	3.9%	4.2%
Contained Nickel Mined (tns)	23,391	23,208
Total Ore Processed (tns)	586,640	610,487
Average Processed Grade	4.0%	4.0%
Average Recovery	89%	88%
Contained Nickel Processed (tns)	20,926	21,675
Nickel Sold (tns)	19,857	21,483
Average Nickel Price Received (US\$/tn)	13,955	12,322
Cash Costs before smelting/refining (A\$/tn)	3.13	2.98
Average Exchange Rate USD/AUD	0.67	0.72

OPERATIONS REVIEW

GROUP OVERVIEW

Western Areas is an Australian based mining and exploration company that aims to be a sustainable and profitable, nickel focused, base metal miner. Western Areas is focused on building value and scale while maintaining financial strength.

The Company is listed on the Australian Securities Exchange (ASX) under the ticker symbol "WSA" since July 2000 and is a member of the ASX 200. 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 primary nickel producing asset is at Forrestania, located 400km east of Perth in Western Australia. Western Areas is a sulphide nickel miner producing approximately 20,000 to 22,000 nickel 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 nickel ore mined is processed through the Cosmic Boy Concentrator (CBC) and sold into offtake agreements with BHP Billiton Nickel West for a minimum 10,000tpa nickel and the balance to the Jinchuan Group, China's largest nickel cathode producer.

The Company continues to cultivate new, EV battery linked, customers that purchase a value added, premium high grade nickel sulphide precipitate (NSP) product that is produced by the Company's Mill Recovery Enhancement Plant (MREP) located at Forrestania. The MREP commercialised the Company's 100% owned BioHeap™ bacterial leaching technology.

Western Areas' primary growth asset is the long life, Odysseus mine located at the Cosmos Nickel Operation. Both surface infrastructure and underground pre-production mine development activities are well advanced with the operation scheduled to commence nickel concentrate production during FY23.

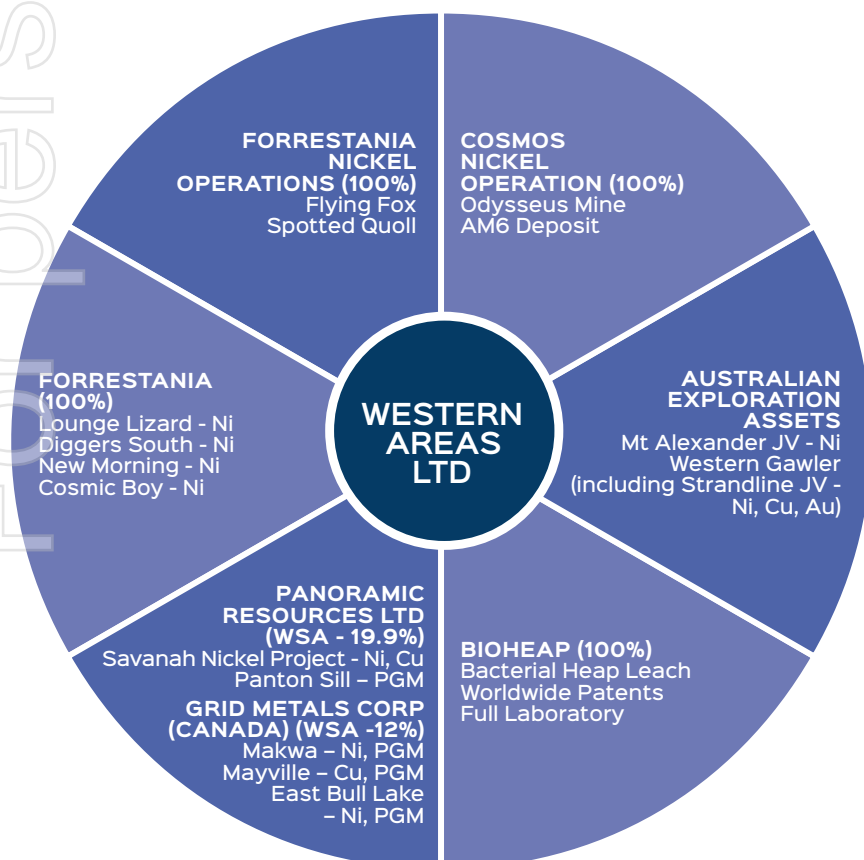
The Odysseus mine will utilise an innovative and efficient shaft haulage system for ore and waste removal, that enables this project to operate at a low all-in sustaining cost.

The Company is an active base metal explorer at both the Cosmos and Forrestania areas, while also boasting a significant landholding in the emerging Western Gawler region in South Australia. In addition, the Company has a Joint Venture agreement at Mt Alexander with St George Mining and a Farm-in agreement with Iluka in the Fowler Domain.

The Company remains focused on the core business of sustainable long life, nickel production, new nickel discoveries and generating consistent returns to shareholders. In line with this, the Company has made a strategic investment in Panoramic Resources acquiring a 19.9% stake. 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 assessment of asset acquisition.

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 to the left along with the principal assets of each.



WESTERN AREAS GROUP SAFETY

At Western Areas (the Company), the safety of our people is fundamental to the success and sustainability of our operations. This principle is supported by an organisational culture that emphasises individual empowerment and accountability. Combined with a robust and sufficiently resourced work health and safety (WHS) management system and team, the way we choose to operate has contributed to achieving a class-leading low injury rate and fatality free operations.

At operational levels, new controls were implemented rapidly and effectively to prevent the spread of the COVID-19 virus. These were namely, even time and longer rosters, social distancing, closure of the gym and wet mess facilities and temperature testing at the airports. Regular effective consultation and communication ensured that required changes were not only implemented quickly but compliance was universal. Thankfully, the business has emerged from this difficult period with minimal disruption to its operations.

The Company further developed a site Mental Health Risk Assessment, which has continued to be refined over the year with a broad range of topics being discussed at meetings and via newsletters.

The Company wide LTI frequency rate (LTIFR) reduced from 2.2 to 1.47, however the Total Recordable Injury Frequency Rate (TRIFR) increased from 7.94 to 16.90 at year end.

TRIFR includes recordable injuries which require medical treatment, restricted duties or result in lost time across all operations. The Company has an extremely healthy reporting culture, with the majority of injuries recorded being minor soft tissue, soreness or lacerations.

The table below shows days without a lost time injury at each site.

	LTI free days
Cosmos	1,734
Cosmic Boy Concentrator	661
Surface Exploration	648
Flying Fox UG mine	465
Spotted Quoll UG mine	96

THE COMPANY FURTHER DEVELOPED A SITE MENTAL HEALTH RISK ASSESSMENT



ERT REDUCTION BURN



ERT REDUCTION BURN



CLEANING TABLE SURFACES IN COSMIC BOY DRY MESS



PHOTO BY ASHLEIGH HARRIS

FORRESTANIA NICKEL OPERATION

Over the course of the year, the Forrestania LTI remained low with only one recorded incident. This year has seen the implementation of improved health and hygiene management practices in order to combat the spread of the COVID-19 virus.

The year was not without significant challenges, seeing two major bushfires threaten the operation in December and February. The Emergency Response Team and site management proved highly resilient in these events. The beginning of the winter period has seen further hazard reduction burns in preparation for future fire seasons.

COSMOS NICKEL OPERATION

As construction works move into execution, more contractors are being mobilized to the site. Consequently the WHS Management System and the Emergency Response capability of the operation is now embedded, the Incident Management Team for the operation has now been established and the ongoing recruitment of an Underground Mines Rescue Team for the operation continues to be promoted, to ensure the business is self-sufficient and capable of responding to any unforeseen emergency either on the surface or underground.

Cosmos successfully completed the year without any LTI's being recorded.

ENVIRONMENTAL ACTIVITIES

Forrestania

Environmental compliance was maintained at a high standard throughout the year and no reportable environmental incidents were reported. All regulatory commitments were completed, including environmental monitoring and submitting key environmental reports to the relevant state and federal departments. The three yearly Mine Closure Plan was submitted and approved during the year. A number of key approvals were also obtained including the Bioleach and Bioheap projects and the Tailings Storage Facility southern expansion.

The annual rehabilitation program has commenced, focussing on the rehabilitation of the Lounge Lizard Sand Pit. Landform preparation works were completed to establish a suitable landform over approximately 10ha. 4.5ha of the area was direct seeded by a specialist contractor using suitable native species. In addition to the Lounge Lizard Sand Pit rehabilitation, infill planting of 1.5ha of the Spotted Quoll and Flying Fox waste dumps was completed with 12,000 local native seedlings and 15kg of local provenance seed collected at the Forrestania Nickel Operations (FNO).

THIS YEAR ALSO HAS SEEN THE IMPLEMENTATION OF IMPROVED HEALTH AND HYGIENE MANAGEMENT PRACTICES IN ORDER TO COMBAT THE SPREAD OF THE COVID-19 VIRUS.



PLANTING OF THE LOUNGE LIZARD SAND PIT



SPLENDID FAIRY WREN AROUND CNO

A joint effort by the FNO Environmental Department and WSA Exploration Department also saw a total of 17ha of former exploration disturbance verified as rehabilitated by the end of the FY20, exceeding new disturbance by a ratio of 2:1.

The Company completed aboriginal heritage surveys with the Ballardong people to obtain clearance for exploration, and also commenced engagement with the Marlinyu Ghoorlie people.

Cosmos

Environmental compliance was maintained at a high standard throughout the year and no reportable environmental incidents were reported during the year.

The water management pond network was improved with the construction of a cut-off trench around Water Management Pond 9 (WMP9) to increase seepage recovery in the area. A fence was also installed around WMP1-5 to keep fauna from being entrapped within the ponds. The water management and seepage recovery system is fully operational and working well.

A solar wind trailer was deployed during the year, to monitor and record wind and solar radiation data to support renewable energy studies for the operation.

The Company continues to maintain its excellent relationship with the Tjiwarl Aboriginal Corporation with a number of negotiation meetings during the year. Aboriginal heritage surveys were also completed for the Kathleen Valley exploration programme and the Yakabindie borefield pipeline corridor. The Company also employed Tjiwarl people as heritage monitors during the year for a number of exploration programmes.

Community

The Company's sponsorship of the Perth Zoo Western Quoll enclosure continued during the year as well as support for the Western Shield wildlife recovery program by Parks and Wildlife WA. The company also renewed its sponsorship of the Eastern Wheatbelt Biosecurity Group.

THE COMPANY CONTINUES TO SUPPORT THE VARIOUS PRIMARY SCHOOLS, SPORTING CLUBS AND COMMUNITY GROUPS THAT SURROUND THE FORRESTANIA AND COSMOS OPERATIONS AS WELL AS SEVERAL CHARITIES.

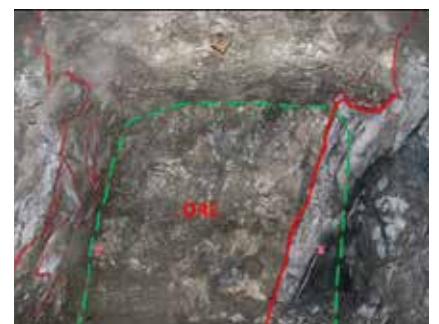
FLYING FOX MINE

The Streeter Decline re-commenced and advanced to a depth of 1,270m below the surface. A total of 886m of lateral capital development was split between the orebody extension below the legacy Outokumpu workings (named 'old Flying Fox') in the upper part of the mine and the 370 to 155 levels (T5 orebody).

Production for the year was sourced from the 'old Flying Fox' (1220 to 1195 levels) and T5 areas (460 to 180 levels) predominately from long-hole stoping (76%) with the remainder from 979m of ore development ('old Flying Fox' and 370 to 155 levels), plus 117m of paste development to facilitate slot drilling.

FLYING FOX MINE INFRASTRUCTURE

There was a 20m vertical extension to the T5 escape-way ladder-way between the 200 and 180 levels.



180 East ore drive (4.7m W x 4.5m H) with a face grade of 6.6% Ni

SPOTTED QUOLL MINE

The Hanna Decline advanced to a depth of 1000m below the surface to facilitate two 'Stage Two' access 'take-off' levels (480, 450), which resulted in four ore drives (490, 475, 460, 445) and commencement of the 420 access. The 'Stage Two' area of the mine is located below and laterally offset from the single-boom area (SBA).

Production from 'Stage 2' (675 to 420 RL) was completed in the 675, 660, 627 and 610 levels with ongoing production from the 595 level, and commencement of the 580, 565 and 550 levels.

Production from the SBA (920 to 710 RL) using specialist contractors completed the 920, 825, 819 and 818 levels with ongoing production from the 852 to 770 levels. Smaller ore drive development (nominal 3.5m x 3.5m 'shanty' profile) was completed from the 852, 818, 737, 727 and 717 levels.

SPOTTED QUOLL INFRASTRUCTURE

The underground primary ventilation Return Air-ways (RAW) network was extended to the 450 level with the excavation of two vertical RAW long-hole rises. The escape-way network necessary to continue 'Stage 2' stoping was extended using escape ladder-ways installed in dedicated 1.0m raise-bore shafts from the 510 to 450 levels.

Other underground infrastructure established during the year is summarised below:

- The 510 to 450 service reticulation capital casing (paste-fill and rising main);
- The 510 level high voltage 11kV/1kV substation;
- The 536 remote stench gas activation unit; and
- The 445 sixteen-person refuge chamber was added for the lower sections of the mine.



SBA 737 ore drive (3.5m W x 3.5m H) with a face grade of 6.2% Ni



TBA 460 ore drive (4.5m W x 4.5m H) with a face grade of 5.7% Ni

Tonnes mined	Unit	2019/2020				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Flying Fox						
Ore Mined	Tonnes	61,414	60,081	63,501	69,398	254,394
Grade	Ni%	3.7%	4.5%	4.3%	3.4%	4.0%
Flying Fox Nickel Mined	Tonnes	2,280	2,712	2,754	2,343	10,089
Spotted Quoll						
Ore Mined	Tonnes	85,942	84,851	78,555	91,460	340,808
Grade	Ni%	4.1%	3.7%	4.0%	3.8%	3.9%
Spotted Quoll Nickel Mined	Tonnes	3,525	3,137	3,142	3,498	13,302
Total Ore Mined						
Grade	Ni%	3.9%	4.0%	4.2%	3.6%	3.9%
Total Nickel Mined	Tonnes	5,805	5,849	5,896	5,841	23,391

SPOTTED QUOLL MINED A TOTAL OF 340,808 ORE TONNES AT AN AVERAGE GRADE OF 3.9% NICKEL FOR 13,302 CONTAINED NICKEL TONNES WHICH IS THE HIGHEST ANNUAL PRODUCTION (ORE TONNES) TO DATE.



MILL OPERATOR,
BRUCE CHRYSTALL (AKA BILLY BOB)

FLYING FOX MINED A TOTAL OF 254,394 ORE TONNES AT AN AVERAGE GRADE OF 4.0% NICKEL FOR 10,089 CONTAINED NICKEL TONNES.

FLYING FOX PRODUCTION

Flying Fox mined a total of 254,394 ore tonnes at an average grade of 4.0% nickel for 10,089 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 111,262 ore tonnes at a grade of 3.9% nickel for 4,394 nickel tonnes.

SPOTTED QUOLL PRODUCTION

Spotted Quoll mined a total of 340,808 ore tonnes at an average grade of 3.9% nickel for 13,302 contained nickel tonnes which is the highest annual production (ore tonnes) to date.



BALL MILL LOOKING EAST

COSMIC BOY NICKEL CONCENTRATOR

The Cosmic Boy Concentrator (CBC) processed 586,641 tonnes of ore at an average grade of 4.0% nickel, despite its nameplate capacity of 550kt. A total of 141,821 tonnes of concentrate at 14.8% nickel was produced containing 20,927 nickel tonnes with an average recovery of 89.2%.

The total milled tonnes for the year was adversely impacted by two bush fire events in December and February, plus downtime in the last half of the financial year due to grid power supply outages resulting in aggregate six operating days lost.

NICKEL SALES

Concentrate delivery to the two existing offtake agreements plus spot sales of the nickel sulphide precipitate product from the Mill Recovery Enhancement Project (MREP) resulted in a total of 136,132 tonnes of concentrate containing 19,857 tonnes of nickel.

Other concentrate sales and marketing costs for FY20 included royalties at A\$0.27/lb and concentrate transport of A\$0.44/lb of nickel in concentrate delivered to customers.

Tonnes milled	Unit	2019/2020				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Total Milled Ore	Tonnes	149,729	143,409	142,200	151,302	586,640
Grade	%	3.9%	4.2%	4.1%	3.8%	4.0%
Ave. Recovery	%	89%	89%	89%	89%	89%
Nickel in Concentrate Produced (i)	Tonnes	5,259	5,399	5,154	5,114	20,926
Nickel in Concentrate Sold	Tonnes	5,051	3,991	6,038	4,777	19,857

(i) Includes MREP Nickel tonnes produced.

COST OF PRODUCTION

The year to date cost of production stands at A\$3.13/lb, around the mid-point of the full year guidance range.

Financial Statistics	Unit	2019/2020				YTD
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Group Production Cost/lb						
Mining Cost (*)	A\$/lb	2.26	2.28	2.25	2.34	2.28
Haulage	A\$/lb	0.06	0.06	0.06	0.07	0.06
Milling	A\$/lb	0.55	0.53	0.55	0.53	0.54
Admin	A\$/lb	0.22	0.21	0.22	0.23	0.22
By Product Credits	A\$/lb	(0.03)	(0.02)	(0.01)	-	(0.01)
Flotation Cash Cost Ni in Con (***)	A\$/lb	3.06	3.06	3.07	3.17	3.09
Total Cash Cost Ni in Con (***) incl MREP	A\$/lb	3.06	3.10	3.14	3.23	3.13
Cash Cost Ni in Con/lb (***)	US\$/lb(**)	2.09	2.12	2.07	2.12	2.10
Exchange Rate US\$ / A\$		0.69	0.68	0.66	0.66	0.68

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

(**) US\$ FX for Relevant Quarter is RBA average daily rate (Jun Qtr = A\$1:US\$0.66)

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

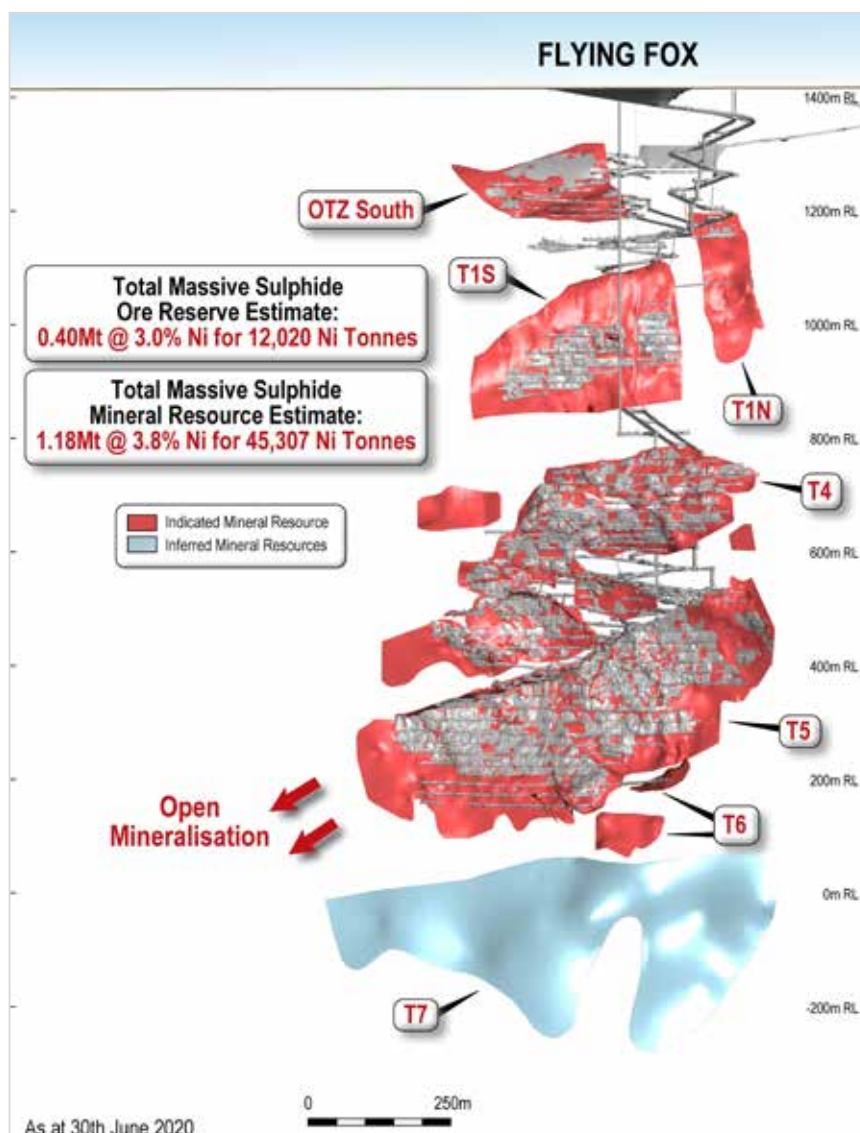
Note: Grade and recovery estimates are subject to change until the final assay data are received.

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: 1.18 million tonnes of ore at a grade of 3.8% nickel for 45,307 tonnes of nickel; and
- Ore Reserve: 0.4 million tonnes of ore at a grade of 3% nickel for 12,020 tonnes of nickel

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



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:** 1.09 million tonnes of ore at a grade of 6.0% nickel for 65,231 tonnes of nickel; and
- **Ore Reserve:** 1.20 million tonnes of ore at a grade of 4.0% nickel for 49,600 tonnes of nickel

A second stage surface diamond drilling resource extension program to investigate Stage 3 (below the T3 fault) mineralisation was completed during the year which resulted in a revised Inferred Resource of 147,720 tonnes of ore at a grade of 4.09% nickel for 6,041 tonnes of nickel. The average width of Stage 3 is below one meter and further resource extension drilling is planned in the coming year.

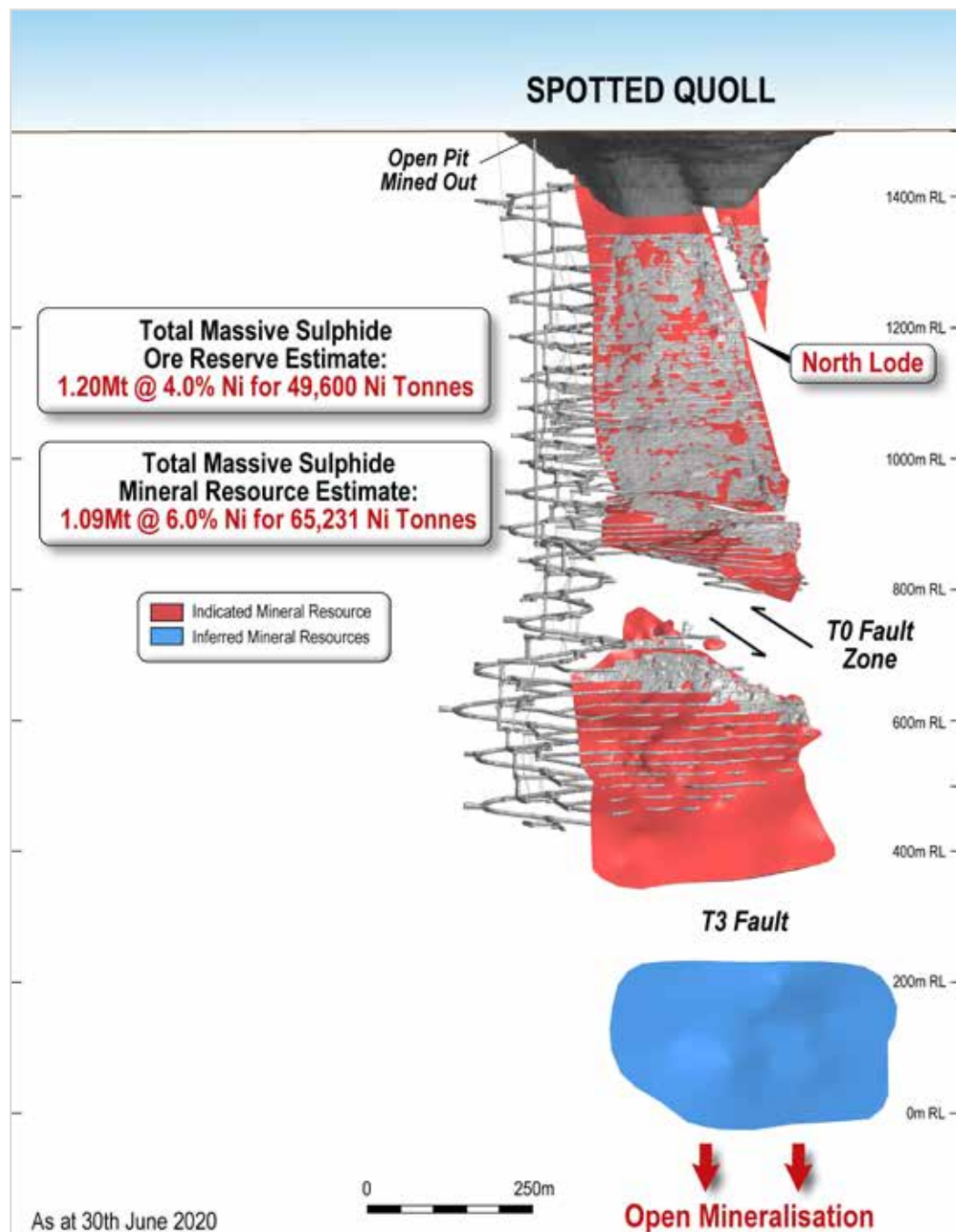
The longitudinal section shows the Spotted Quoll mine with mineral resources and ore reserves depleted for mining production during the year.

NEW MORNING / DAYBREAK RESOURCE

There was no change to the New Morning / Daybreak (NMDB) resource estimate during the year.

ODYSSEUS RESOURCE AND RESERVE

There was no change to the Odysseus Mineral Resource and Reserve estimates during the year.



COSMOS NICKEL OPERATION ("COSMOS")

Surface

During the year, the Cosmos village had a further 104 rooms (total 301) refurbished to match the increased onsite workforce. The surface diesel power station increased to a nominal 6MW capacity to match increased electrical demand from the extended underground development and surface infrastructure.

The surface north primary ventilation fan was upgraded from the initial 55kW fan to a 350kW fan. The larger fan provides the increased return airflow volume necessary for the deeper jumbo ground support rehabilitation and decline development activities.

A mining assessment of the AM6 orebody (south of Odysseus orebody) was completed by an external consultant in preparation for a reserve estimate. Subsequently, a pre-feasibility study was awarded to specialist consultants and work was ongoing at year end.

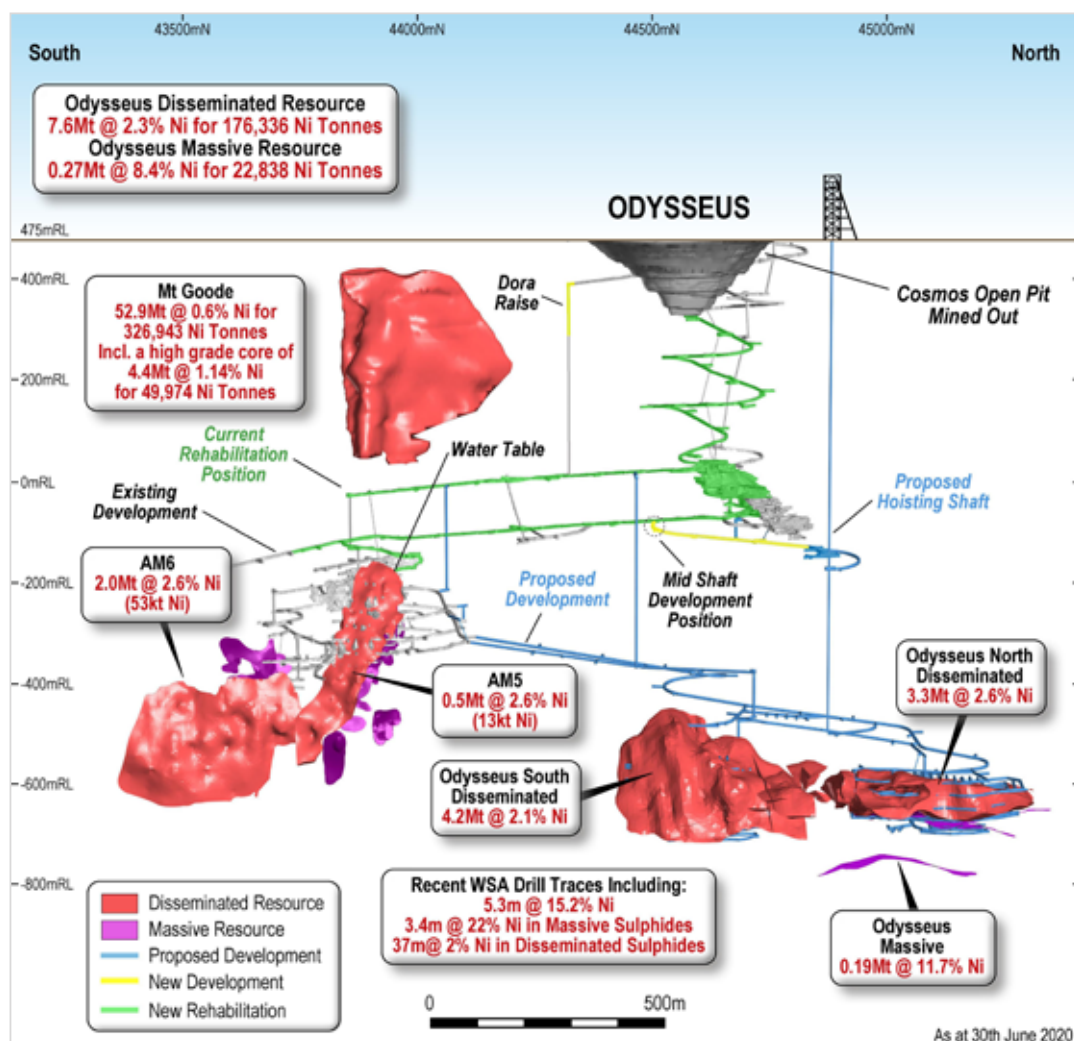
Underground

The two underground pump stations were successfully commissioned by a specialist pump and electrical contractor which enabled the re-start of ground-support rehabilitation of both the Ilias and Alec Mairs declines. In addition, the permanent rising main system was commissioned. By year end, support rehabilitation was adjacent to the start of the AM2 Cosmos decline, with 1,125m remaining to start full-face development to the Odysseus orebodies.

The in-pit DORA access decline was extended in January which allowed the specialist raise-boring contractor to set-up on the legacy surface raise bore pad, and complete the return airway raise-bore (5.0m diameter). This will be used as a future vent return airway and is currently blocked off. A major upgrade of the ventilation circuit was completed in June resulting in primary ventilation to the top of the AM2 decline.

Following completion of the Southern and Central Ventilation Access drives the raise-bore contractor moved underground and completed the Central Ventilation Access pilot-hole (400m) and then moved to the Southern Ventilation Access to start pilot-hole drilling and had completed 220m by the year end.

The access decline to the mid-shaft position has commenced, with 317m of decline development completed by the end of the year.



Shaft Project Engineering and Site Construction

Project Engineering Design:

The shaft and related materials handling detailed engineering design (DED) was materially completed during the year, and the team has commenced final 'Issue for Construction' (IFC) drawings to support the major contracts tender and award process.

Site Construction

The three on-site tender packages (earthworks, pre-cementation and civils) were awarded by year end with the earthworks and pre-cementation packages completed.

The box-cut for the establishment of the shaft collar civils commenced in February and was successfully completed using a 95-tonne trenching unit. This innovative methodology was selected to minimise ground disturbance around the future headframe foundations.

The batch plant area and foundations were established, with the components arriving from South Africa around the same time. Erection of the batch plant commenced in March and commissioning work completed with test slabs poured in May.

South Africa Based Engineering Works

The dismantlement of the shaft assets was successfully completed with no incidents recorded. The headframe and associated infrastructure components were transported to various Johannesburg and Rustenburg workshops for inspection and refurbishment.

Electrical: The refurbishment and subsequent testing of the main 3.6 MW DC motor was completed on schedule and on budget. Work also commenced on the building of the new electrical control systems required for the winder and all the new components for this work were ordered and delivered. The build and fit out of the two E Houses also commenced with progress tracking to schedule until the national lock down in late March. The winder house crane was fully refurbished during the quarter by the OEM and tested to relevant Australian Standards.



Completed box-cut for shaft collar civils.



Headframe Structural Steel well advanced in its Refurbishment Program.

Structural: The headframe refurbishment progressed with final painting and modifications to the sheave wheels commenced in March.

Unfortunately, late in the year, the refurbishment works in South Africa were delayed due to country wide lock downs associated with the COVID-19 virus. Works recommenced after 3 months and delivery of the assets is now expected later in 2020.



Fully Reconditioned Stator at Marthinusen & Coutts



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 test work during the year for external companies who are interested in pursuing the technology for sulphide projects, in addition to supporting projects at the Forrestania operations.

NEW MORNING / DAY BREAK (NMD) LEACHING TESTWORK PROGRAMME

The NMD mining study requires the investigation of a processing route for the significant tonnage of nickel oxide material. The oxide ore zones are more amenable to high intensity leaching and therefore, the processing option for this material is likely to incorporate selling or tolling with a specialist oxide processor. The BioHeap™ process will be tested as part of the next stage of evaluation on the deeper transition and primary ores from the NMD deposits. Initial indications are that the primary ores are amenable to flotation which is likely to be the preferred process option for this part of the orebody. This work will be undertaken during FY21, as part of the NMD feasibility study.

FLYING FOX LOW GRADE TESTWORK PROGRAMME

Samples of the low-grade ores from Flying Fox are being tested in full height columns after being successfully tested in small scale amenability tests using the BioHeap™ process. This testing regime will continue into FY21. Additional flotation tests are being conducted to assess whether improvements in recovery can be gained as an alternative processing method.

COSMIC BOY SCATS LEACHING TESTWORK PROGRAMME

BioHeap™ technology has been utilised to test a method to treat a waste stream from the Cosmic Boy Concentrator (CBC), known as 'scats'. This material consists of 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 contained nickel. 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 that 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. These columns were operated at eight-meter equivalent height to simulate a typical leach pad operation. The results of the larger column testing have enabled process data to be determined. This data is utilised in the engineering and design phase of the project.

The process data also confirmed the previous, smaller scale test work which indicated 70% of the nickel in the scats was available for recovery. Engineering and Design work was completed for a demonstration (20,000 t) style heap leach facility. The Board has approved the project to proceed to the demonstration level which will be constructed over the first half of FY21. First material leached is expected to occur during the second quarter of FY21. The nickel rich solution obtained from the heap leach will add additional nickel into the metal recovery circuit of the MREP plant.

THE NICKEL RICH SOLUTION OBTAINED FROM THE HEAP LEACH WILL ADD ADDITIONAL NICKEL INTO THE METAL RECOVERY CIRCUIT OF THE MREP PLANT.



EXPLORATION

Exploration represents the cornerstone of the Company's growth strategy, with Western Areas embarking on a diverse and well-funded campaign of both near-mine and more regional opportunities throughout the year. These programs, coupled with acquisition of additional tenure at both Cosmos and within the Western Gawler projects further underlines the Company's commitment to developing and growing its portfolio of high-quality exploration projects.

EXPLORATION AT COSMOS ESCALATED IN FY20, WITH A SERIES OF FOCUSED EXPLORATION PROGRAMS

Consolidating on a strong FY19, exploration at Cosmos escalated in FY20, with a series of focused exploration programs across the 9km strike-length of the highly prospective Cosmos ultramafic channel corridor. The Company continues to implement and execute its main exploration strategy at Cosmos, which is to add to the existing nickel mineral inventory by identifying and testing high quality targets, with a shift in FY20 to focusing on those opportunities more proximal to existing deposits and resource inventories. Underpinning this move towards a near-mine exploration focus, the Company consolidated a large portion of its exploration efforts towards testing the nickel potential of the under-explored Penelope prospect, located 300m south of the Alec Mairs mineral resource.

An ongoing allocation of significant resources towards regional and greenfields projects was maintained, with the key focus on the Western Gawler Project in South Australia. Several milestones were reached in FY20, with the Company successfully achieving Stage 1 earn-in within its Farm-in and Joint Venture Agreement with Iluka (Eucla Basin) Pty Limited. Additionally, the Company was pleased to announce the intersection of highly encouraging nickel and copper-bearing sulphides from its maiden diamond drilling program within the Iluka Joint Venture at its Sahara Project. The Company is proud of its ongoing relationship with native-title traditional owners, including the Far West Coast Aboriginal Corporation (FWCAC) and the Aboriginal Lands Trust (ALT).

THE COMPANY IS PROUD OF ITS ONGOING RELATIONSHIP WITH NATIVE-TITLE TRADITIONAL OWNERS

At Forrestania, the Western Ultramafic Belt (WUB), which hosts the Company's two producing nickel assets of Spotted Quoll and Flying Fox, prevails as a focal-point for exploration targeting. Commencing in FY19 and continuing into FY20, the Company embarked on a series of geophysical studies, with the aim to assess the suitability of seismic surveying to guide targeting across the WUB proximal to the Spotted Quoll Mine. Additional nickel exploration activities centred on the Seagull prospect (within the Eastern Ultramafic Belt) with drilling in FY20 extending the mineralisation envelope down-plunge, with the system still open and untested at depth.

MT ALEXANDER JOINT VENTURE (WSA 25% NON-CONTRIBUTING INTEREST)

With regard to E29/638 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.

WESFARMERS CHEMICALS, ENERGY AND FERTILISERS (WESCEF) FARM-IN AND JOINT VENTURE (LITHIUM)

Western Areas Limited continues its Farm-in and Joint Venture Agreement with WesCEF (formerly Kidman Resources Limited), covering the Company's northern group of tenements at Forrestania. Western Areas retains all non-lithium rights over this ground.

COSMOS NICKEL OPERATION (100% WSA)

Exploration activities escalated throughout the year at Cosmos, with the Company testing a series of high-quality exploration targets extending over a 9km strike-length of the interpreted prospective Cosmos ultramafic corridor. Activities ranged from ongoing targeting at Neptune (to the south), the Penelope prospect (whose northern margins extend to within 300m of the Alec Mairs resource) through to northern targets including the Ajax prospect.

Ongoing exploration efforts at the Neptune prospect have identified and confirmed that the broader Neptune area contains some of the highest volumes of cumulate ultramafic bodies within the Cosmos Nickel Operation.

An additional two drill holes were completed at Neptune, with holes designed to test the northern and southern flanks of the prospect area. Significant accumulation of nickel sulphide was intersected from these holes, with notable highlights including;

- Identification of thick accumulations of meso- to adcumulate hosted, disseminated nickel sulphides within drill hole WCD033, with a broad down-hole interval of 138m @ 0.73% Ni (from 999m), which included 25m @ 1.23% Ni (from 1027m). This interval represents the southernmost drill hole completed at the prospect, confirming that the system remains open to the south.
- An additional interval within WCD035 including 19.4m @ 0.82% Ni testing the northern margin of the Neptune prospect, with this interval confirming that elevated grades of high-tenor, disseminated nickel sulphides at Neptune extend over a strike length in excess of 2km north-south.

Located just 300m south of the Alec Mairs resource complex, the Penelope prospect represents the most significant undertested near-mine opportunity at Cosmos. The Company is of the belief that the target area's proximity to existing and future mine infrastructure at Odysseus and Alec Mairs (AM5/AM6), coupled with its potential to host significant accumulations of nickel sulphides, supported the need to undertake a robust drill program to fully determine the prospectivity and potential for the Penelope area to host new intersections of nickel sulphide.

A series of drill holes was completed in FY20, with elevated disseminated nickel sulphides (and locally semi-massive to massive) identified, with particular highlights including;

- Thick accumulations of disseminated nickel sulphide within drill hole WCD032W1, returning 45.4m @ 0.81% Ni, with an elevated zone returning 5.35m @ 1.09% Ni.

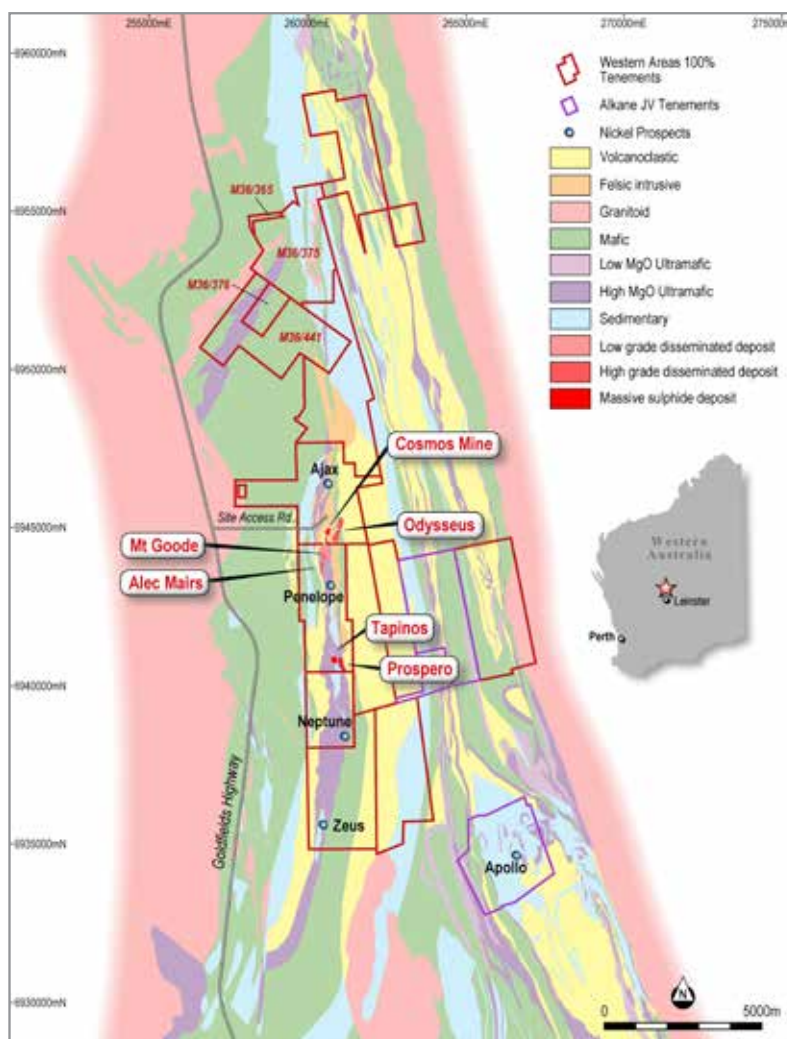
- Targeting just 400m south of the known Alec Mairs mineral resource, drill hole WCD034 intersected two zones, with an upper, narrow, very high-tenor remobilised massive sulphide interval returning 0.45m @ 28.7% Ni (from 1308.45m), along with a lower, mesocumulate ultramafic hosting a disseminated interval of 32.55m @ 1.22% Ni.

The Company is highly encouraged by these results as they revealed the further potential for new, significant accumulations of nickel sulphide to be identified within close proximity to future mining corridors at Odysseus. A pause in drilling into the second half of FY20 at Cosmos enabled a consolidation of the previous drilling phase to be completed. The Penelope prospect is considered a high-priority target, with additional drill targets identified for follow-up work.

Late in the year, the Company acquired an additional four mining tenements at Kathleen Valley from Ramelius Resources Limited (M36/365, M36/375, M36/376 and M36/441), with the acquisition of these tenements now expanding the group lease holdings for the Cosmos Nickel Operations to represent a contiguous package of 102km².

The Company continues to work proactively with the Tjiwarl Group native title holders and traditional owners at Cosmos and values the open and direct relationship that has mutually developed between both parties. In December 2019, a heritage survey was completed covering the Kathleen Valley group of tenements.

THE COMPANY'S STRATEGY FOR EXPLORING BELOW COVER SEQUENCES IN THE WESTERN GAWLER HAS REMAINED CONSISTENT



Plan showing cosmos tenements: mines, 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. Similar aged orogenic belts in Australia have proven to contain significant mafic-ultramafic related intrusive nickel and copper deposits including Nova-Bollinger and Nebo-Babel in Western Australia. Since commencing exploration on the project in 2014, the Company's strategy for exploring below cover sequences in the Western Gawler has remained consistent, adopting a systematic approach of evaluating and testing targets, using modern geophysical techniques and executing 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. Additional to these tenements, the Company is currently in a Farm-in and Joint Venture Agreement with Iluka (Eucla Basin) Pty Limited, a 100% owned subsidiary of Iluka Resources Limited. In June, the Company applied for an additional three tenements covering the northern Fowler Domain, representing an area of 2,378km². Including these additional three tenements, the contiguous tenure covering the Western Gawler Project now encompasses a total area of 11,898km².



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

Most attention during the year, has centred on understanding and advancing the geological setting and prospectivity at the emerging Mystic prospect, with numerous geophysical and drilling campaigns (air core and diamond) completed throughout the reporting period.

Drilling in previous years confirmed the presence of highly anomalous nickel oxide mineralisation at Mystic, with these results prompting the Company to further investigate the full extent of this nickel oxide footprint, with an additional aim of investigating the potential for bedrock hosted nickel sulphides. Early in the year, a detailed, 25m spaced, low-altitude aeromagnetic survey was undertaken, enabling a more detailed interpretation of the underlying intrusive rocks to be completed. Additionally, a 12-line, 33-km Moving Loop Electromagnetic (MLEM) survey was completed, with results from this survey identifying a strong IP response, suggestive of a low conductance, steeply dipping bedrock conductor.

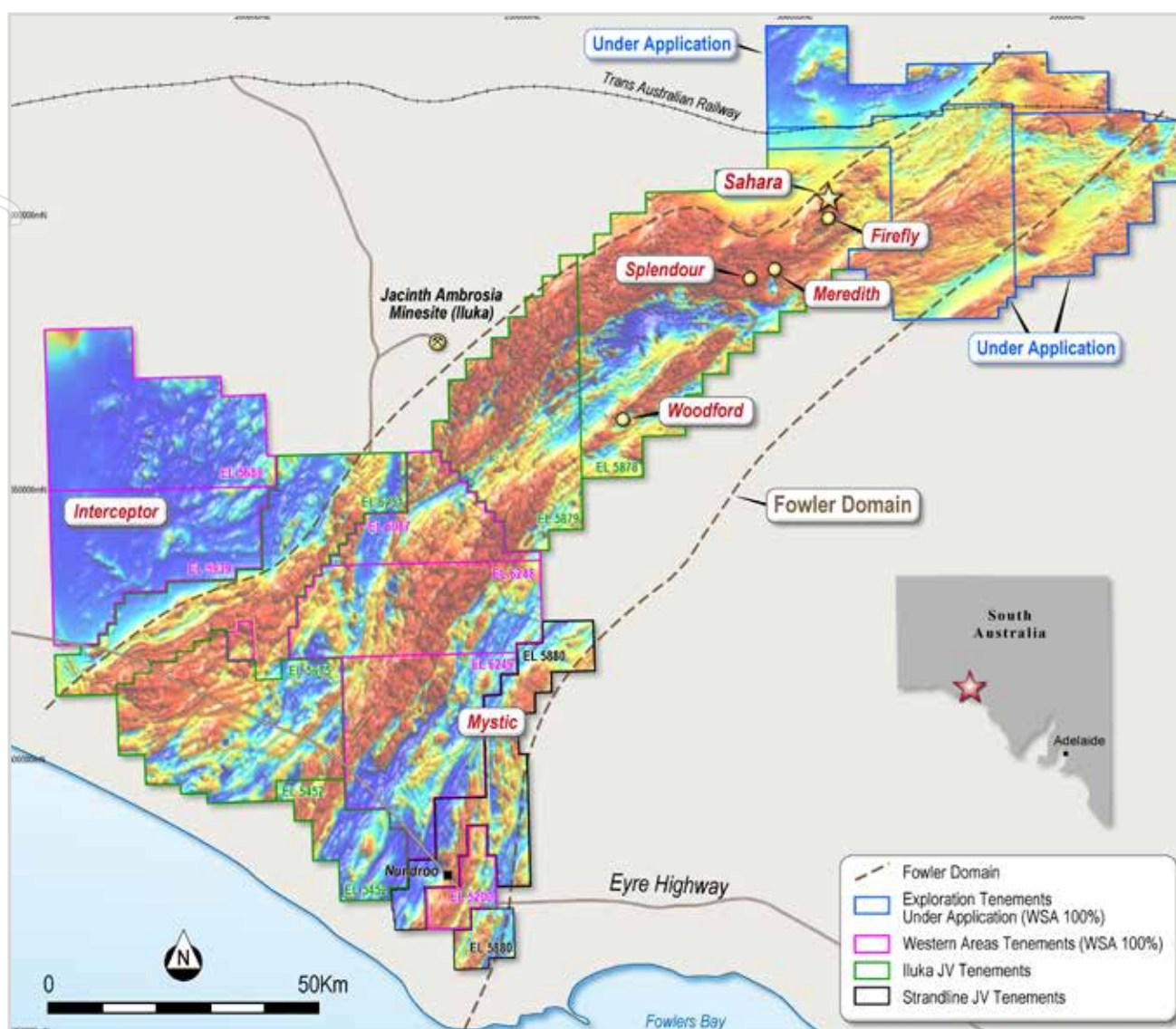
Knowledge gained from these geophysical surveys at Mystic propelled the Company towards a series of air-core and diamond drilling programs. Air-core drilling commenced in the mid year, with results from this program confirming additional concentrations of nickel oxide mineralisation, with significant results of 15m @ 1.72% Ni from drill hole 19WGAC887, including 6m @ 2.24% Ni. Of particular encouragement is that this round of drilling confirmed that the elevated nickel oxide zone at Mystic extends up to 1.5km in strike length, trending to the north-east.

Lastly, a maiden diamond drilling program at Mystic commenced, with four holes completed in total. Results from the first completed hole (20WGDD001) were particularly encouraging, as it confirmed the presence of nickel and copper-bearing primary sulphide mineralisation at Mystic, with the most significant zone including 0.3m @ 0.39% Ni, 2600ppm Cu and 424ppb Pt + Pd. This intersection is contained within a broader 12.1m wide interval (from 109m downhole), characterised by disseminated sulphides hosted within an orthocumulate ultramafic intrusive body.

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

On-ground exploration activities escalated in FY20 across the Iluka Joint Venture ground, with the Company successfully reaching the required expenditure of \$2.75M for Stage 1 of the Iluka Farm-in and Joint Venture Agreement.

The first half of the year saw the completion of a regionally expansive series of air-core drilling campaigns, with these programs targeting magnetic and coincident gravity anomalies interpreted to be potentially representative of mafic-ultramafic intrusive bodies. Prospects tested included Meredith, Splendour, F1_6 (now known as Sahara) and Woodford. Logistically, of particular note, and a first for the Company, owing to the remote, logistically challenging, and environmentally sensitive nature of the work area, airborne helicopter support was utilised for these work programs.



Western gawler project

A particular focus early in the reporting period centred on Splendour, with Moving Loop EM surveying coupled with the acquisition of detailed high-resolution aeromagnetic imagery aiding exploration targeting efforts. Subsequent drilling programs at Splendour returned some encouraging results including a nickel oxide interval of 3m @ 1.26% Ni within 19WGAC876.

Attention shifted in the June quarter to diamond drilling, with the Company commencing its maiden diamond hole within the Iluka Joint Venture, targeting a moderate bedrock moving loop electromagnetic (MLEM) conductor at the Sahara prospect.

Drilling from this first diamond hole (20WGDD005) intersected thick accumulations of disseminated nickel and copper bearing sulphides, representing a significant achievement for the Western Gawler Project. It also underpins the Company's exploration strategy to systematically identify, define, prioritise, and test high quality targets.

THE COMPANY IS EXTREMELY ENCOURAGED BY THIS EARLY SUCCESS AT SAHARA

Early geological observations from core logging identified thick sequences of disseminated to blebby nickel and copper-bearing sulphides, (observed to extend over a broad discontinuous zone of 250m), with minor localised concentrations of stringer to breccia and semi-massive sulphides. Observations noted sulphides to be predominantly pyrrhotite, with minor pentlandite and chalcopyrite. Mineralisation is interpreted to be hosted within a metagabbro - pyroxenite (with this host unit defined over a total downhole width of approximately 330m), with a lower contact against metasedimentary rocks.

The Company is extremely encouraged by this early success at Sahara, with the immediate area along with the broader surrounding Sahara - Firefly district considered high-priority targets for follow-up drilling campaigns.



Plan showing Forrestania tenements: mines and key prospects

FORRESTANIA NICKEL OPERATION (100% WSA)

The Company continued its balanced approach towards exploration programs across the Forrestania Nickel Belt, centred on advancing near mine targets close to its existing operations, coupled with more regional, under-explored, high-quality opportunities.

A strong commitment has prevailed in ensuring the full nickel prospectivity of the Western Ultramafic Belt (WUB), host to the operating mines of Spotted Quoll and Flying Fox, is realised, with the Company of the belief that the WUB continues to possess ongoing exploration opportunities that will lead to the discovery of additional nickel sulphide mineralisation.

A key focus at Forrestania, commencing in FY19 and continuing throughout FY20 was advancing target generation work within the corridor extending between Spotted Quoll and Flying Fox mines. The Company engaged the services of Hiseis Pty Ltd to assess the suitability for modern seismic to assist in imaging and delineating stratigraphical and structural horizons considered favourable to host nickel sulphides.

In the second half of the year, there was a renewed focus on the Seagull prospect, located within the Eastern Ultramafic Belt. The prospect is positioned 3km north of both the Cosmic Boy Concentrator and the previously mined Cosmic Boy Mine. A reinterpretation of the geological setting was completed in late 2019, with a realisation that the mineral system at Seagull has the potential to extend down-plunge to the north and west.

The geological setting of the Seagull prospect is considered complex, with localised accumulations of up to 500m of cumulate ultramafic rocks, overlaying a predominantly sedimentary (banded iron formation) sequence. The ultramafic pile is interpreted to be structurally thickened, owing to localised folding and faulting, with an overlying sequence of mafic volcanic units.

A total of three parent diamond drill holes, and one wedge, were completed across FY20, with drilling confirming an extension of the nickel sulphide system to the north-west. Significant results were returned from this program, with most notable results including 5.85m @ 1.72% Ni from drill hole SD047W1, including an elevated interval of 4.35m @ 2.06% Ni. Highly encouraged by these results, the Company has commenced planning to complete a second phase of drilling to further assess the systems potential down-plunge.



HELLI SUPPORT FOR ILUKA JOINT VENTURE



THE AFGHAN HUT LOCATED AT COSMOS NICKEL OPERATION PHOTO
BY EMMA CULLEN

ORE RESERVE / MINERAL STATEMENT

Western Areas Ore Reserve / Mineral Resource Statement - Effective date 30 June 2020

	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Ore Reserves					
1. Flying Fox Area	395,300	3.0	12,020	Probable Ore Reserve	2012
2. Spotted Quoll Area	1,225,000	4.0	49,600	Probable Ore Reserve	2012
3. Diggers Area					
Diggers South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Diggers Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL FORRESTANIA ORE RESERVE	3,729,300	2.5	92,420		
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	11,864,900	2.2	256,940		
Mineral Resources					
1. Flying Fox Area					
T1 South	158,821	3.7	5,838	Indicated Mineral Resource	2012
T1 North	51,798	4.9	2,524	Indicated Mineral Resource	2012
OTZ Sth Massive Zone	112,045	4.6	5,096	Indicated Mineral Resource	2012
T4 Massive Zone	96,557	5.2	5,039	Indicated Mineral Resource	2012
T5 Massive Zone + Pegs	454,224	4.7	21,506	Indicated Mineral Resource	2012
T6 Massive Zone	45,334	3.4	1,533	Indicated Mineral Resource	2012
T7 Massive Zone	259,568	1.4	3,771	Inferred Mineral Resource	2012
Total High Grade	1,178,347	3.8	45,307		
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	6,161,347	1.4	86,357		
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		

	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
3. Spotted Quoll Area					
Spotted Quoll					
	943,872	6.3	59,190	Indicated Mineral Resource	2012
	147,724	4.1	6,041	Inferred Mineral Resource	2012
Total Spotted Quoll	1,091,596	6.0	65,231		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
Total Western Belt	13,966,262	1.8	246,236		
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
Diggers Rocks - Core	282,940	1.7	4,790	Indicated Mineral Resource	2004
Diggers 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	18,302,902	1.7	307,786		
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
Diggers South - Halo	27,363,000	0.6	158,705	Indicated Mineral Resource	2012
Digger Rocks - Core	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	81,564,516	1.1	900,194		

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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 2020. 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, and its capital raising arm, Grange Capital Partners Pty Ltd.</p> <p>Committee responsibilities:</p> <ul style="list-style-type: none"> • Member of the Audit and Risk, Remuneration and Nomination Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> • Sheffield Resources Ltd (since August 2019) • MMA Offshore Ltd (since January 2020) <p>Former listed company directorships in the last three years:</p> <ul style="list-style-type: none"> • Otto Energy Ltd (January 2004 – November 2019) <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, FAusIMM</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 of experience in all facets of mining projects, exploration, feasibility, development and operational activities in Australia, South Africa and Zimbabwe. He has extensive training in Mine Planning and Geotechnical Engineering. Mr Lougher's experience covers a diverse range of commodities including nickel, gold, platinum and copper, and has significant experience in nickel offtakes both domestically and internationally.</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 Technical Committee - Chairman of Nomination Committee <p>Former listed company directorships in the last three years:</p> <ul style="list-style-type: none"> • Nil <p>Other relevant experience:</p> <ul style="list-style-type: none"> • WA Mines Manager Certificate

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 38 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 the last three years:</p> <ul style="list-style-type: none"> Nil <p>Other relevant experience:</p> <ul style="list-style-type: none"> Former Director, Austmine Former Director, Australia-Africa Mining Industry Group (AAMIG, now AAMEG) Formerly a member of Swick Mining Services Limited 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 and Risk Committee <p>Other current listed company directorships:</p> <ul style="list-style-type: none"> Nil <p>Former listed company directorships in the last three years:</p> <ul style="list-style-type: none"> Beadell Resources Ltd (ceased April 2019) 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

<p>Tim Netscher <i>BSc (Eng)</i> <i>(Chemical), BCom,</i> <i>MBA, FICChE, CEng,</i> <i>FAICD</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 and 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 and Risk Committee Member of the Remuneration and 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 Member of the Growth and Development Committee <p>Former listed company directorships in the last three years:</p> <ul style="list-style-type: none"> Nil <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"> Chair of the Risk Committee Member of the Audit, Nominations and Remuneration Committees Ramelius Resources Ltd (since October 2019) <ul style="list-style-type: none"> Chair of the Risk and Sustainability Committee Member of the Audit Committee <p>Former listed company directorships in the last three years:</p> <ul style="list-style-type: none"> Parkway Minerals NL (ceased September 2019) <p>Other relevant experience:</p> <ul style="list-style-type: none"> Member of the Executive Council of the Association of Mining and Exploration Companies (AMEC)

COMPANY SECRETARY

Mr Belladonna is a Certified Practicing 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. In 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 20 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 37.

PERFORMANCE RIGHTS GRANTED TO KEY MANAGEMENT PERSONNEL

Performance Rights granted to directors and senior management during the financial year ended 30 June 2020 is set out in the Remuneration Report of this Directors' Report on page 40.

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 nickel sulphide mines and the exploration for nickel sulphides and other base metals.

DIVIDENDS PAID OR RECOMMENDED

In respect of the financial year ended 30 June 2020, the Board of Directors declared a final fully franked dividend of 1 cent to the holders of fully paid ordinary shares on 25 August 2020.

In respect of the half year ended 31 December 2019, a 1 cent fully franked dividend was declared and subsequently paid to the holders of fully paid shares on 3 April 2020.

In relation to the 30 June 2019 financial year, the Board declared a final 2 cents fully franked dividend on 20 August 2019 and paid to shareholders on 4 October 2019.

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 44 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 29 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 2020 and the number of meetings attended by each Director.

	Meetings of Committees			
	Director Meetings	Audit & Risk Management	Remuneration	Nomination
Meetings held:	10	2	1	-(*)
Meetings attended:				
I MacIver	10	2	1	-(*)
D Lougher	10			-(*)
R Yeates	10		1	-(*)
C Readhead	10	2		
T Netscher	10	2	1	
N Streltsova	10			-(*)

(*) The Nomination Committee did not meet during FY20, the Committee did however meet on 8 July 2020.

SUBSEQUENT EVENTS

The Board of Directors, on 25 August 2020, declared a final fully franked dividend of 1 cent to the holders of fully paid ordinary shares.

Other than matters detailed above, there have been no subsequent events after 30 June 2020 which would have a material effect on the financial statements for the year ended 30 June 2020.

REVIEW OF OPERATIONS

OPERATIONAL METRICS

The Company continues to strongly operate to plan and produce results in line with its published guidance metrics. 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			
		FY20	FY19
Tonnes Mined	Tns	595,202	556,002
Nickel Grade (average)	%	3.9%	4.2%
Nickel in Ore	Tns	23,391	23,208
Tonnes Milled	Tns	586,640	610,487
Milled Grade (average)	%	4.0%	4.0%
Recovery	%	89%	88%
Nickel in Concentrate	Tns	20,926	21,675
Nickel Sales in Concentrate	Tns	19,857	21,483

Total nickel in ore was 23,391 tonnes which is comparable to the prior year, albeit with increased ore tonnes mined at a slightly lower head grade. The Spotted Quoll mine produced 340,808 tonnes of ore at a grade of 3.9% nickel, with Flying Fox producing 254,394 ore tonnes at an average grade 4.0%.

The nickel concentrator treated a total of 586,640 tonnes of ore during FY20, continuing to operate well above its 550,000 tonne per annum nameplate capacity. Total ore treated was lower compared to the prior year due to several unplanned downtime events resulting from power outages as a result of the bushfires at Forrestania. Milled grade was in line with the prior year while recovery was higher at 89% with the assistance of the Mill Recovery Enhancement Project ('MREP') plant.

FINANCIAL METRICS

Income Statement

Full Financial Year – Earnings Results Summary			
	FY20 \$m	FY19 \$m	Change \$m
Revenue	308.4	268.7	39.7
EBITDA ¹	121.9	80.8	41.1
EBIT	46.2	20.6	25.6
Profit Before Tax	44.9	19.0	25.9
Net Profit After Tax	31.9	14.2	17.7

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

The A\$39.7m increase in revenue was due to the higher average nickel price for the year at A\$9.42/lb (FY19: A\$7.84/lb), partly offset by a build in nickel concentrate awaiting shipment (timing variance) and lower nickel production tonnes compared to the prior year.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by A\$41.1m compared to the prior year, representing a 31.5% increase in EBITDA margin to 39.5% (FY19: 30.1%). The increase was predominantly due to the higher nickel price.

EBIT increased by A\$25.6m with the increased sales revenue being partially offset by higher depreciation and amortisation costs due to the capitalisation of the MREP having reached commercial production and exploration transferred to mine properties for amortisation over the life of mine.

Net Profit After Tax was A\$17.7m 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			
	FY20 \$m	FY19 \$m	Change \$m
Revenue	311.4	271.4	40.0
Payments to suppliers	(182.4)	(169.6)	(12.8)
Other	(8.6)	(3.5)	(5.1)
Net Operating Cashflow	120.4	98.3	22.1
Investments	4.4	(0.5)	4.9
Capital purchases	(115.3)	(99.3)	16.0
Net Investing Cashflow	(110.9)	(99.8)	(11.1)
Net Financing Cashflow	(9.0)	(5.8)	(3.2)
Net Cashflow	0.5	(7.4)	7.9
Cash at Bank	144.8	144.3	0.5

Net operating cashflow increased by A\$22.1m primarily due to the higher average nickel price. This was partly offset by increased payments to suppliers.

The year-on-year change in investments relates to the 19.9% investment in Panoramic Resources Ltd, offset by the sale of the investment in Kidman Resources Ltd. The increase in capital purchases reflects the Company's continuous investment in the Odysseus project at the Cosmos Nickel Operation. The headgear, purchased in South Africa in FY19, has been successfully dismantled and is in the final stages of refurbishment prior to shipment to Australia. The shaft civil excavation is complete and concrete construction works for the shaft sub-brace commenced. Significant underground rehabilitation works have been completed and life of mine pumps stations successfully installed and commissioned.

Cash at bank at year end was A\$144.8m.

Statement of Financial Position

Full Financial Year – Balance Sheet Summary			
	FY20 \$m	FY19 \$m	Change \$m
Current Assets	194.2	189.7	4.5
Total Assets	655.0	596.5	58.5
Current Liabilities	64.7	53.4	11.3
Total Liabilities	129.1	95.0	34.1
Net Equity	525.9	501.5	24.4

Current assets increased primarily due to the ore stockpile inventory value increasing by A\$7.9m, offset by a lower receivables value of A\$5.1m. The increase in inventory value related to an increase in nickel concentrate awaiting shipment to customers at the end of the financial year.

The increase in non-current assets predominantly relates to the Odysseus development program at Cosmos. Total development expenditure was A\$80.1m across both Forresteria and Cosmos mine sites. Amortisation charges against mine properties was A\$52.9m. Exploration and evaluation expenditure of A\$13.4m was capitalised during the year as the Company continued to invest in exploration at Cosmos, Forresteria and Western Gawler. Total assets as at the reporting date were A\$655.0m, representing an increase of A\$58.5m as compared to the prior year.

Total liabilities of A\$129.1m represented an increase of A\$34.1m from the prior year as a result of a A\$13.7m increase in deferred tax liabilities and a A\$7.7m increase in provision for income tax to account for the capital gains tax expected from the gain on sale of the Kidman Resources investment. The mine closure plans for Forresteria and Cosmos have been updated in FY20, resulting in an increase of A\$6.3m in the rehabilitation provision.

Total equity attributable to the shareholders increased by A\$24.4m to A\$525.9m, mainly due to the A\$31.9m net profit after tax.

MATERIAL BUSINESS RISKS

Understanding and managing risk is essential to achieving Western Areas' strategic objectives. Western Areas' integrated risk management framework ensures risks are recognised and 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 risk appetite.

The risk management framework incorporates performance standards for the assessment and control of risks. Risk assessments are undertaken at frequent intervals to ensure a structured and iterative approach to effectively managing risks at an operational and strategic level. Control assurance activities are scheduled to test and verify the effectiveness of risk controls.

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 maintains positive, supportive and open communication to foster a culture of diversity, learning and development.

The development of the long life Odysseus mine presents an attractive employment proposition for existing and prospective professionals with the project offering new challenges and experiences.

Commercial and third party relations

Western Areas relies on a number of third parties to deliver critical business activities, so financial failure or non-performance of third parties has the potential to impact the business. A high level of due diligence is exercised prior to awarding contracts, and supply chain 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.

CLIMATE CHANGE

Climate change presents as both a risk and an opportunity to Western Areas. The Company recognises that changing weather patterns can be attributed to the effects of climate change. In recent years there has been greater exposure to severe weather related events such as bush fires and localised flooding. To maintain business resilience, Western Areas has well established crisis and business continuity plans that are effective in managing the threat of climate events on production.

Western Areas continues to focus on initiatives that reduce the carbon footprint, through the selection of energy sources, achieving efficiencies, and investing in technical solutions. An example of an emission minimisation is the Odysseus ore haulage shaft installation which will minimise underground vehicle movements and substantially reduce the consumption of underground diesel fuel.

One of the key opportunities Western Areas envisages is the technology and products that will be required for a low carbon energy future. The Company's high grade nickel concentrate products are forecast to be a key energy storage ingredient to support the Electric Vehicle ('EV') battery market, which is forecast to have positive implication on global carbon emissions as internal combustion engines are replaced by EVs.

OPERATIONAL RISKS

Safety and health

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

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. Western Areas continue to demonstrate excellence in safety performance by working collaboratively with regulators, consultants, suppliers and contractors.

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 relatively low risk exposure to natural catastrophes, though there has been recent incidence of bushfire that have threatened operational activities. 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.

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

EXPLORATION AND GROWTH RISKS

Project delivery

The Company's key growth project is located at the Cosmos Nickel Operation ('CNO'), once in production it will become a significant nickel concentrate contributor for the group. The primary project within CNO is the Odysseus Project which remains on schedule and has all necessary approvals to advance execution of the works.

Delays in the delivery of the Odysseus mine would defer the realisation of future revenue and potentially increase project costs. Odysseus required a significant amount of dewatering and refurbishment to the existing underground workings to enable access to new production areas. The underground mine refurbishment program has entered the final stage that, when completed, will enable full-face jumbo decline development to the Odysseus orebodies.

The mining contract is the most significant area of spend and this will be issued to a recognised contractor with a good track record in delivering within this type of environment. The contract will extend from development into production and marks a significant milestone that will provide cost and schedule certainty.

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.

In the absence of inorganic growth, Western Areas continues to have a strong pipeline of internal projects that can sustain and grow future production and support a flexible strategy.

MATERIAL BUSINESS RISKS (CONT'D)

EXPLORATION AND GROWTH RISKS (CONT'D)

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 focused on highly prospective tenements within the regions of Forrestania, Cosmos, 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

Supply/demand risk

Over recent years the traditional nickel market has been subject to volatility driven by weak GDP growth, product substitution and foreign Government policy measures. Western Areas protects itself from these external facing challenges by being one of the lowest cost operators, and producing a concentrate that is highly valued by nickel smelter operations. At times, Western Areas does hedge a portion of expected nickel sales and foreign exchange exposures in line with the board approved treasury management policy.

The mill recovery enhancement project has enabled Western Areas to produce a high grade product that is in strong demand from nickel smelter and refinery operators that are associated with the EV battery market, and allows Western Areas to monetise what was considered non-economic ore sources.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Key Management Personnel ('KMP') which includes Non-Executive Directors and Senior 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 2020 financial year ('FY20').

Key points/changes for FY20:

- The Remuneration Report resolution continued to be well supported at the 2019 AGM with 99% of votes cast in favour of the resolution.
- Shareholders overwhelmingly reapproved the Western Areas Performance Rights Plan at the 2019 AGM;
- Non-executive Directors' salaries were reduced by 10% in March 2016. This was partially reversed in FY18 (5% of the initial 10% reduction reversed). The final 5% of the initial reduction was reversed for FY20; and
- 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 has continued.

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 MacIver Non-Executive Independent Chairman
- Mr D Lougher Managing Director & CEO
- Mr R Yeates Non-Executive Independent Director
- Mr C Readhead Non-Executive Independent Director
- Mr T Netscher Non-Executive Independent Director
- Dr N Streltsova Non-Executive Independent Director

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, strategies 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 REPORT (AUDITED) (CONT'D)

SECTION B: REMUNERATION GOVERNANCE AND PHILOSOPHY (CONT'D)

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

The Remuneration Committee of Western Areas engaged PwC as Remuneration Consultants during FY20 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 *Corporation Act 2001*, were made or supplied by PwC.

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK

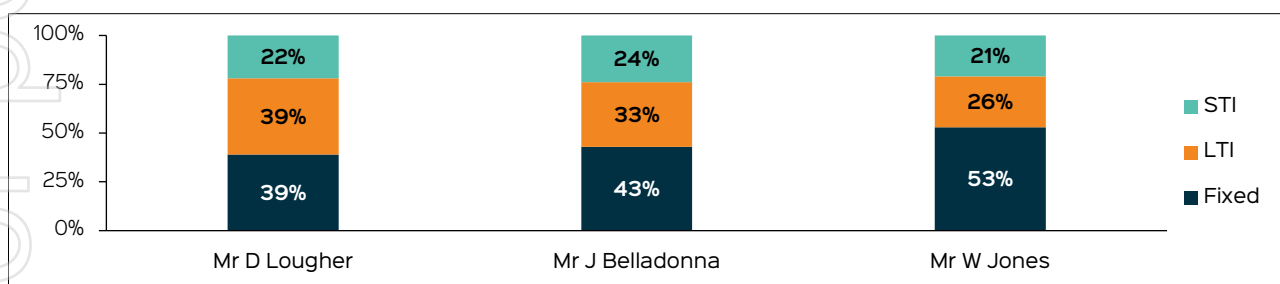
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

- 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 FY20
Fixed remuneration	Inclusive of base pay, superannuation, allowances and salary-sacrifice component	Nil	Positioned 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 FY20 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.

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 FY20 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 focused in one area at the detriment of others.

	Overview KPI	Why KPI was set	Triggered	
			FY20	FY19
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 number of 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 achieves or exceeds Board set business plan targets.	✓	✓
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 must achieve Board set sales target.	Motivate and reward nickel sales outcomes that achieves or exceeds Board set business plan targets.	✗	✗
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.	✓	✓
Odysseus mine development progress	Based on Board set outcomes associated with the development of the Odysseus mine.	Motivate and reward timely delivery of the key growth project of the Company.	✗	✓
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.	✗	✓
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.	✗	✗

REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK (CONT'D)

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 three-year relative Total Shareholder Return ('TSR') period. Performance Rights granted under the LTI plan are subject to a three-year performance period and a relative TSR hurdle. Performance Rights vest according to the level at which each performance condition has been met. 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 market value of a Performance Right as calculated at 1 July of each respective year.

The quantum of LTI grants made during FY20 was as follows:

Name	LTI quantum (% of base salary)	Number of Performance Rights issued	Market Value at allocation date ⁽ⁱ⁾	Exercise date	Expiry date
Mr D Lougher	100%	428,130	\$2.02	Upon receipt of a vesting notice following completion of FY22	30/6/2024
Mr J Belladonna	75%	180,400	\$2.02	As above	30/6/2024
Mr W Jones	50%	116,710	\$2.02	As above	30/6/2024

(i) \$2.02 was the market value of the Performance Rights as calculated on 1 July 2019. 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 FY20, this was \$2.57/right as at 30 November 2019.

Performance conditions

Western Areas TSR performance for the FY20 grant will be assessed against a representative peer group comprising the following 24 companies:

Aurelia Metals Ltd	Jupiter Mines Ltd	Orocobre Ltd	Rex Minerals Ltd
Bass Metals Ltd	Medusa Mining Ltd	OM Holdings Ltd	Sandfire Resources Ltd
Bougainville Copper Ltd	Metals X Ltd	Oz Minerals Ltd	Syrah Resources Ltd
Galaxy Resources Ltd	Mincor Resources NL	Panoramic Resources Ltd	Talisman Mining Ltd
Hillgrove Resources Ltd	New Century Resources Ltd	Pilbara Minerals Ltd	Westgold Resources Ltd
IGO Ltd	Nickel Mines 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 2022.

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 2019 to 30 June 2022 as measured against the peer group and satisfaction of the service based vesting condition which requires the participant remains employed as at 30 June 2022. Upon satisfaction of the performance and service condition, the Performance Rights will vest upon receipt of a vesting notice during the 2023 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.

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 FY20. The consistent operational performance and an improved year-on-year nickel price generated increased after tax net profits, earnings per share, and an improved operating cashflow produced. The Company commenced construction of a significant new capital asset, the Odysseus mine at Cosmos. The Odysseus project 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 five years.

Year Ended 30 June	2020	2019	2018	2017	2016
Lost time injury frequency rate	1.47	2.2	0.9	1.1	0
Nickel tonnes Sold (tns)	19,857	21,483	20,549	22,639	24,793
Nickel Price – US\$	\$6.33/lb	5.59/lb	\$5.84/lb	\$4.58/lb	\$4.14/lb
Reported Cash Cost US\$/lb ^(*)	\$2.10/lb	\$2.13/lb	\$2.03/lb	\$1.80/lb	\$1.64/lb
Net Profit/(Loss) after Tax ('000)	31,868	14,194	11,837	19,299	(29,783)
EPS	11.66	5.19	4.34	7.09	(12.3)
Dividend Cents/share	2.0	2.0	2.0	2.0	-
Market capitalisation (\$)	721m	538m	971m	575m	582m
Closing share price (\$)	\$2.63	\$1.96	3.56	2.11	2.15
TSR – 3-year peer ranking (% percentile)	50 th	42 nd	57 th	60 th	74 th

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

Short term incentive

Based on the achievements of the Company in FY20, the Remuneration Committee determined that Executives achieved between 61% and 77% of their target STI opportunity. It is noted that no KMP achieved 100% of their target STI award. The Company maintained strong operational and financial performance during FY20, despite the volatile nickel market conditions. Key outcomes included:

- 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 FY20 with production and cost in line with guidance;
- The consistent operational performance and an improved year-on-year nickel price generated increased net profits and earnings per share and an improved operating cashflow;
- New offtake agreements were completed at superior commercial terms to existing contracts;
- A full year fully franked dividend was declared in relation to the FY20 Financial Results; and
- Completion of certain strategic corporate development initiatives that have strengthened optionality within the Company's portfolio.

REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION E: LINK BETWEEN PERFORMANCE AND REMUNERATION OUTCOMES (CONT'D)

Short term incentive (cont'd)

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 FY20 STI quantum (\$)	STI quantum earned (\$)	STI quantum not earned (\$)
Executive Directors				
Mr D Lougher	55%	424,500	282,500	142,000
Executives				
Mr J Belladonna	55%	238,500	183,000	55,500
Mr W Jones	40%	168,500	103,000	65,500

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	2020	2019	2018	2017	2016	2015	2014
Average KMP STI payout (%)	68%	82%	82%	83%	56%	90%	87%

Long term incentive

During FY20 no performance rights were converted into shares. 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 and were cancelled during FY20.

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 FY20.

Fees	Financial Year	Board Chair	Board Member
Actual	2020	192,373	166,724

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 2020 is set out below:

Name & job title	Base salary	Superannuation	Contract duration	Notice period	Termination provision
D Lougher, Managing Director & CEO*	\$779,125	11%	No fixed term	3 months	12 months termination payment and accrued leave entitlements
J Belladonna, Chief Financial Officer/ Company Secretary*	\$437,750	11%	No fixed term	3 months	6 months termination payment and accrued leave entitlements
W Jones, General Manager Operations	\$424,784	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	173,309	-	-	-	19,064	-	-	192,373
FY2019	165,056	-	-	-	18,156	-	-	183,212
C Readhead	150,202	-	-	-	16,522	-	-	166,724
FY2019	143,049	-	-	-	15,735	-	-	158,784
T Netscher	166,724	-	-	-	-	-	-	166,724
FY2019	158,784	-	-	-	-	-	-	158,784
R Yeates	150,202	-	-	-	16,522	-	-	166,724
FY2019	143,049	-	-	-	15,735	-	-	158,784
N Streltsova	150,202	-	-	-	16,522	-	-	166,724
FY2019	143,049	-	-	-	15,735	-	-	158,784
Total Non-Executive Remuneration FY2020								859,269
Total Non-Executive Remuneration FY2019								818,348
Executive Directors								
D Lougher	779,125	282,500	64,704	49,152	25,000	19,464	788,657	2,008,602
FY2019	756,432	329,250	132,248	49,913	25,000	18,897	749,226	2,060,966
Executive Officers								
J Belladonna	437,750	183,000	27,152	48,407	25,000	10,936	309,977	1,042,222
FY2019	399,032	187,500	22,967	47,167	25,000	10,617	284,313	976,596
W Jones	424,784	103,000	23,626	43,663	25,000	10,612	214,989	845,674
FY2019	412,412	133,000	22,300	37,336	25,000	10,303	204,239	844,590
Total Executive Remuneration FY2020								3,896,498
Total Executive Remuneration FY2019								3,882,152

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

(ii) Includes over-cap super.

(iii) The figures provided under the equity settled share-based payments columns are based on accounting values and do not reflect actual payments or shares received by the Senior Executives during the financial year.

Related Party Transactions

There were no related party transactions with KMP and their related parties during FY20.

Shareholding by Key Management Personnel

The number of shares held by KMP and their related parties (directly or indirectly) in the Group during the financial year is as follows:

	Balance at 1 July 2019	Granted as Remuneration	On Vesting of Performance Rights	Other Changes During the Year	Balance at 30 June 2020
I MacIver	36,448	-	-	-	36,448
D Lougher	432,430	-	-	12,057	444,487
R Yeates	10,000	-	-	-	10,000
T Netscher	15,600	-	-	17,085	32,685
C Readhead	20,000	-	-	111	20,111
N Streltsova	6,620	-	-	8,000	14,620
J Belladonna	242,723	-	-	-	242,723
W Jones	221,499	-	-	-	221,499
TOTAL	985,320	-	-	37,253	1,022,573

Options held by Key Management Personnel

There were no options held by key management and their related parties (directly or indirectly) at any time during FY20.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by KMP under the LTI plan at 30 June 2020 are outlined below:

	Balance at 1 July 2019	Number granted as Remuneration	Number vested	Number expired/ lapsed	Balance at 30 June 2020	Portion vested (%)	Portion unvested (%)
D Lougher	1,072,900	428,130	-	(375,540)	1,125,490	-	100
J Belladonna	407,730	180,400	-	(142,360)	445,770	-	100
W Jones	292,470	116,710	-	(102,370)	306,810	-	100
TOTAL	1,773,100	725,240	-	(620,270)	1,878,070		

All Performance Rights issued during FY20 were allotted in accordance with the shareholder approved Western Areas LTI plan. The rights were granted on 30 November 2019 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 47 forms part of the Directors' Report for the year ended 30 June 2020.

NON-AUDIT SERVICES

The entity's auditor, Crowe Perth, provided no non-audit services during FY20 (FY19: \$4,750). 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 & CEO

Perth, 25 August 2020

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 2020, 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 grey ink, appearing to read "Sean McGurk".

Crowe Perth

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

Sean McGurk
Partner

Signed at Perth, 25th August 2020

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 2020

	Notes	Consolidated Entity	
		2020 \$'000	2019 \$'000
Sales		308,352	268,716
Operating Costs		(171,770)	(178,755)
Depreciation and Amortisation	4	(75,631)	(60,172)
Other income	2	5,029	5,148
Finance costs	4	(1,298)	(1,562)
Employee benefit expense		(12,201)	(10,272)
Foreign exchange (loss)/gain		(2,816)	382
Share based payments	30	(2,975)	(2,286)
Administration expenses		(4,733)	(4,599)
Care and maintenance expense		-	(1,257)
Realised derivative gain/(loss)		2,978	3,674
Profit before income tax		44,935	19,017
Income tax expense	7	(13,067)	(4,823)
Profit for the year		31,868	14,194
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		1,241	1,616
Changes in financial assets at fair value through other comprehensive income, net of tax		(4,104)	(118)
Total comprehensive income for the year		29,005	15,692
Basic earnings per share (cents per share)	19	11.66	5.19
Diluted earnings per share (cents per share)	19	11.47	5.12

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	Consolidated Entity	
		2020 \$'000	2019 \$'000
Current Assets			
Cash and cash equivalents	20(b)	144,792	144,261
Trade and other receivables	5	17,782	22,888
Inventories	6	30,405	22,483
Derivative financial instruments through other comprehensive income	17	1,265	39
Total Current Assets		194,244	189,671
Non-Current Assets			
Property, plant and equipment	8	134,531	131,394
Right of Use Asset	9	2,458	-
Intangible assets		506	506
Exploration & evaluation expenditure	11	120,081	110,444
Mine properties	12	169,288	130,790
Financial assets at fair value through other comprehensive income	10	33,920	33,725
Total Non-Current Assets		460,784	406,859
Total Assets		655,028	596,530
Current Liabilities			
Trade and other payables	14	50,822	48,974
Lease liabilities	15	1,113	399
Provisions	16	5,060	4,061
Provisions for income tax		7,724	-
Derivative financial instruments through other comprehensive income	17	-	15
Total Current Liabilities		64,719	53,449
Non-Current Liabilities			
Lease liabilities	15	2,696	495
Provisions	16	32,942	25,947
Net deferred tax	13	28,761	15,062
Total Non-Current Liabilities		64,399	41,504
Total Liabilities		129,118	94,953
Net Assets		525,910	501,577
Equity			
Contributed equity	18	443,836	442,963
Other reserves	31	48,375	48,574
Retained earnings		33,699	10,040
Total Equity		525,910	501,577

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2020

	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 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 loss 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 asset 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
Comprehensive income							
Profit for the year	-	-	-	-	-	31,868	31,868
Other comprehensive profit for the year, net of tax	-	-	-	1,241	(4,104)	-	(2,863)
Total comprehensive profit for the year	-	-	-	1,241	(4,104)	31,868	29,005
Transactions with owners in their capacity as owner, and other transfers							
Share based payments expense	-	-	2,975	-	-	-	2,975
Share issue	873	-	-	-	-	-	873
Deferred tax liability on performance rights	-	-	(311)	-	-	-	(311)
Dividends paid	-	-	-	-	-	(7,736)	(7,736)
Dividend Reinvestment Plan	-	-	-	-	-	(473)	(473)
Total equity at 30 June 2020	460,057	(16,221)	36,071	1,265	11,039	33,699	525,910

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Entity	
		2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		311,431	271,381
Payments to suppliers and employees		(182,353)	(169,566)
Interest received		1,959	2,921
Royalties paid		(13,143)	(11,416)
Other receipts		2,959	1,021
Interest paid		(43)	(42)
Realisation on settlement of derivatives		164	4,055
Income tax paid		(610)	(57)
Net cash inflow from operating activities	20(a)	120,364	98,297
Cash flows from investing activities			
Payments for property, plant and equipment		(41,848)	(49,951)
Proceeds from sale of property, plant and equipment		23	-
Investments in listed companies		(28,703)	(536)
Proceeds from sale of shares		33,115	-
Mine development expenditure		(57,538)	(32,470)
Exploration & evaluation expenditure		(15,977)	(16,881)
Net cash outflow from investing activities		(110,928)	(99,838)
Cash flows from financing activities			
Finance lease payments		(1,169)	(321)
Borrowing costs		-	(50)
Dividends paid to company's shareholders		(7,736)	(5,470)
Net cash outflow from financing activities		(8,905)	(5,841)
Net (decrease)/increase in cash and cash equivalents held		531	(7,382)
Cash and cash equivalents as at the beginning of the financial year		144,261	151,643
Cash and cash equivalents at end of financial year	20(b)	144,792	144,261

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 *Corporation 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 25 August 2020.

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*. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

The Group has made the following choices, as permitted by AASB 16:

- Not to bring short-term leases (12 months or fewer to run as at 1 July 2019 including reasonably certain options to extend) on the statement of financial position. Costs for these items will continue to be expensed directly to the income statement;
- Not to bring low value leases on the statement of financial position. Costs for these items will continue to be expensed directly to the income statement; and
- Not to apply AASB 16 to contracts that were not previously identified as containing a lease applying AASB 117 and Interpretation 4.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

	1 July 2019 \$'000
Operating lease commitments as at 1 July 2019 (AASB 117)	1,435
Discounted based on the weighted average incremental borrowing rate of 3% at date of initial application (AASB 16)	2,965
Finance lease liabilities as at 1 July 2019 (AASB 117)	894
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value asset leases not recognised as a right-of-use asset (AASB 16)	-
Lease liability recognised as at 1 July 2019 (AASB 116)	3,859
Of which are:	
- Lease liabilities – current (AASB 16)	941
- Lease liabilities – non-current (AASB 16)	2,918
	3,859

a) PRINCIPLES OF CONSOLIDATION

The Group financial statements consolidate those of Western Areas Ltd ('company' or 'parent') and all of its subsidiaries as at 30 June 2020. 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 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS (CONT'D)

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.

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 Group has applied AASB 15 *Revenue from Contracts with Customers* in all periods in determining the amount of revenue recognised in each reporting period. Using the guidance provided in AASB 15, the Group uses a five-step approach to analysing customer contracts and recording revenue:

- Step 1: Identify the contract(s) involved in the arrangement with the customer
- Step 2: Identify the performance obligations under the arrangement
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Calculate revenue to be recognised in each reporting Period

Revenue is recognised and measured at the fair value of the consideration received or receivable excluding sales taxes. The Group recognises revenue when the amount of revenue can be reliably measured, and it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

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(q) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation (cont'd)

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%

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) RIGHT-OF-USE ASSET

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

j) 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.

k) 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(q).

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.

l) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) INCOME TAX (CONT'D)

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.

m) 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.

n) 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 12 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 a Monte Carlo Simulation Model to value the Rights, further details of which are disclosed in Note 30.

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.

o) LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) 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.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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 hedges

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) FINANCIAL INSTRUMENTS (CONT'D)

Cash flow hedges (cont'd)

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.

q) 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.

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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v) CRITICAL ACCOUNTING ESTIMATES AND BALANCES (CONT'D)

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 2020, there was no impairment charge to Exploration, Evaluation and Development.

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 16. 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

w) 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.

x) COMPARATIVE FIGURES

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

y) 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.

z) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

aa) 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 19).

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.

bb) 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 2020. 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.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Consolidated Entity's financial statements.

NOTE 2: OTHER INCOME

Interest income
Other income
Profit on sale of property plant and equipment
Partial Exemption Certificate credits
Total other income

Consolidated Entity	
2020 \$'000	2019 \$'000
2,060	2,709
1,741	1,238
23	-
1,205	1,201
5,029	5,148

NOTE 3: DIVIDENDS**Dividends proposed**

A fully franked final dividend of 1 cent per share is proposed for the year ended 30 June 2020 (2019: 2 cents per ordinary share)

Dividends paid

A final dividend of 2 cents per share was paid for the year ended 30 June 2019 (2018: 2 cents per ordinary share)
Interim dividend of 1 cent per share was paid for 2020 (2019: Nil)

Dividends re-invested

Interim dividend of 1 cent per share was re-invested for 2020 (2019: Nil)

Consolidated Entity	
2020 \$'000	2019 \$'000
2,740	5,471
2,740	5,471
5,471	5,470
2,265	-
7,736	5,470
473	-
473	-

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
 - Interest expense – right-of-use asset
 - Borrowing costs amortised

Total borrowing costs

Consolidated Entity	
2020 \$'000	2019 \$'000
22,760	15,517
52,871	44,655
501	1,071
3,158	2,640
956	1,370
43	42
69	-
230	150
1,298	1,562

NOTE 5: TRADE AND OTHER RECEIVABLES

Trade debtors
Other receivables
GST refund due
Prepayments

Consolidated Entity	
2020 \$'000	2019 \$'000
14,376	17,454
518	836
1,205	1,271
1,683	3,327
17,782	22,888

There are no balances within trade debtors 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	
2020 \$'000	2019 \$'000
18,062	14,440
6,918	3,043
5,425	5,000
30,405	22,483

NOTE 7: INCOME TAX

The components of the tax expense comprise:

- Current tax
- Deferred tax
- Adjustment of current tax for prior periods

Income tax expense

Consolidated Entity	
2020 \$'000	2019 \$'000
781	-
13,699	4,566
(1,413)	257
13,067	4,823

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% (2019: 30%)

Adjusted for the tax effect of:

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

Income tax expense

Consolidated Entity	
2020 \$'000	2019 \$'000
13,480	5,704
1,956	686
(732)	(1,567)
(1,637)	-
13,067	4,823

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	2020 \$'000	2019 \$'000
Property – at cost	49,555	48,253
Accumulated depreciation	(40,266)	(37,206)
	9,289	11,047
Plant and equipment – at cost	214,452	152,221
Work in progress – at cost	43,056	82,236
Accumulated depreciation	(133,886)	(115,251)
	123,622	119,206
Plant and equipment under lease	3,463	2,888
Accumulated depreciation	(1,843)	(1,747)
	1,620	1,141
Total property, plant and equipment – at cost	310,526	285,598
Accumulated depreciation	(175,995)	(154,204)
Total	134,531	131,394

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 15).

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	
	2020 \$'000	2019 \$'000
Property		
Written down value at the beginning of the year	11,047	14,755
- Additions	1,302	204
- Depreciation expense	(3,060)	(3,912)
Written down value at the end of the year	9,289	11,047
Plant and equipment		
Written down value at the beginning of the year	119,206	73,280
- Additions	23,228	57,244
- Disposals	(177)	-
- Depreciation expense	(18,635)	(11,318)
Written down value at the end of the year	123,622	119,206
Plant and equipment under lease		
Written down value at the beginning of the year	1,141	968
- Additions	859	460
- Disposals	(284)	-
- Depreciation expense	(96)	(287)
Written down value at the end of the year	1,620	1,141

NOTE 9: RIGHT-OF-USE ASSET

Land and buildings – right-of-use
Less: Accumulated depreciation

Consolidated Entity	
2020 \$'000	2019 \$'000
2,966	-
(508)	-
2,458	-

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:

Right-of-Use Asset
Written down value at the beginning of the year
- Additions
- Depreciation expense
Written down value at the end of the year

Consolidated Entity	
2020 \$'000	2019 \$'000
-	-
2,966	-
(508)	-
2,458	-

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

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

NOTE 10: FINANCIAL ASSETS

Opening Balance
- Acquisition of investment in listed entity
- Sale of investment in listed entity
- Changes in fair value through other comprehensive income

Consolidated Entity	
2020 \$'000	2019 \$'000
33,725	33,307
28,703	536
(33,115)	-
4,607	(118)
33,920	33,725

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 Panoramic Resources Ltd ('Panoramic'), Todd Resources Ltd and Grid Metals Inc. at each reporting period through Other Comprehensive Income, as these investments are not held for trading. During June 2020, the Company entered into a subscription agreement with Panoramic, acquiring 19.9% of Panoramic's outstanding capital. The Company assessed the acquisition against AASB 128 and it was considered not to have significant influence in Panoramic. As a result, the acquisition will be treated as a Non-Current Financial asset at fair value through other comprehensive income. As at 30 June 2020, the investment in Panoramic was fair valued at \$32.7m (2019: \$Nil). During the financial year, a Scheme of Arrangement for Wesfarmers Limited to acquire 100% of Kidman Resources at \$1.90 per share was finalised. Western Areas received \$33.1m in exchange for its shareholding of 17.4m shares in Kidman, realising a net gain of \$25.4m.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and Evaluation Expenditure consists of:

- At cost
- Cosmos Nickel Complex acquisition at cost
- Transferred to Mine Development

Total Exploration and Evaluation Expenditure

Consolidated Entity	
2020 \$'000	2019 \$'000
97,976	83,339
27,105	27,105
(5,000)	-
120,081	110,444

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
 - Acquisition of tenements
 - Transferred to Mine Development
- Balance at the end of the year**

Consolidated Entity	
2020 \$'000	2019 \$'000
110,444	97,784
13,375	12,660
1,262	-
(5,000)	-
120,081	110,444

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 12: 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	
2020 \$'000	2019 \$'000
215,144	167,845
59,796	59,796
81,000	76,000
436,305	403,548
17,958	11,645
11,175	11,175
(652,090)	(599,219)
169,288	130,790

NOTE 12: MINE PROPERTIES (CONT'D)

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
- Exploration expenditure transfer
- Increase in restoration provision
- Amortisation charge for the year

Written down value at the end of the year

Consolidated Entity	
2020 \$'000	2019 \$'000
130,790	142,673
80,056	32,772
5,000	-
6,313	-
(52,871)	(44,655)
169,288	130,790

NOTE 13: DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

a) Liabilities

- Exploration and evaluation expenditure
- Mine development
- Property, plant and equipment
- Investments through Other Comprehensive Income
- Other

b) Assets

- Provisions
- Tax losses
- Employee share trust

Net deferred tax liabilities

Consolidated Entity	
2020 \$'000	2019 \$'000
(28,937)	(25,536)
(8,204)	(6,713)
(1,253)	3,356
(1,224)	-
(23)	(909)
(39,641)	(29,802)
9,178	6,781
-	7,583
1,702	376
10,880	14,740
(28,761)	(15,062)

c) Reconciliation

i) Gross movement

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

Opening balance

(Credit)/Debit to income statement

Closing balance

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

(Debit)/Credit to income statement

Closing balance

Mine development:

Opening balance

Credit/(Debit) to income statement

Closing balance

Property, plant and equipment:

Opening balance

Credit to income statement

Closing balance

Investments through Other Comprehensive Income:

Opening balance

Credit/(Debit) to income statement

Closing balance

Other:

Opening balance

Credit to income statement

Closing balance

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

Tax losses:

Opening balance

Debit to income statement

Closing balance

Employee share trust:

Opening balance

Credit/(Debit) to income statement

Closing balance

Consolidated Entity	
2020 \$'000	2019 \$'000
(15,062)	(10,496)
(13,699)	(4,566)
(28,761)	(15,062)
(25,536)	(21,151)
(3,401)	(4,385)
(28,937)	(25,536)
(6,713)	(6,780)
(1,491)	67
(8,204)	(6,713)
3,356	5,061
(4,609)	(1,705)
(1,253)	3,356
-	-
(1,224)	-
(1,224)	-
(909)	(213)
886	(696)
(23)	(909)
6,781	5,006
2,397	1,775
9,178	6,781
7,583	3,879
(7,583)	3,704
-	7,583
376	1,178
1,326	(802)
1,702	376

NOTE 14: TRADE AND OTHER PAYABLES

Trade payables
Accrued expenses

Consolidated Entity	
2020 \$'000	2019 \$'000
29,320	29,642
21,502	19,332
50,822	48,974

NOTE 15: LEASE LIABILITIES

Current
Lease liabilities

Non-Current
Lease liabilities

Consolidated Entity	
2020 \$'000	2019 \$'000
1,113	399
1,113	399
2,696	495
2,696	495

The lease liabilities are secured over the assets under the lease. Leases have an average term of three years and an average implicit discount rate of 4.08%. Refer to Note 8 for the carrying value of the assets under lease.

NOTE 16: PROVISIONS

Current
Employee entitlements

Non-Current
Rehabilitation and restoration cost
Opening balance
Additional provision raised
Unwinding of discount
Rehabilitation expenditure incurred during the period
Closing balance

Employee entitlements

Consolidated Entity	
2020 \$'000	2019 \$'000
5,060	4,061
25,412	24,091
6,312	-
956	1,370
(141)	(49)
32,539	25,412
403	535
32,942	25,947

- 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.
- Rehabilitation and restoration costs relate to an estimate of restoration costs that will result from the development of the Forresteria Nickel Project and Cosmos Nickel Project. Based on the current known mine life, restoration activities are not expected to commence within the next six years, following full exhaustion of mine life rehabilitation activities will be undertaken.

NOTE 17: DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated Entity	
	2020 \$'000	2019 \$'000
Current Assets		
Foreign exchange/nickel options – current assets	1,265	39
Current Liabilities		
Foreign exchange/nickel options – current liabilities	-	15

Collar options and forward sales contracts 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 18: ISSUED CAPITAL

	Consolidated Entity	
	2020 \$'000	2019 \$'000
274,008,232 fully paid ordinary shares (2019: 273,546,162)	443,836	442,963

MOVEMENTS IN ISSUED CAPITAL

	Number of Shares	\$'000
2020		
Balance at beginning of the financial year	273,546,162	442,963
- Dividend reinvestment plan	262,703	473
- Issued capital	134,656	400
- Tax exempt share plan shares	64,711	-
Balance at end of the financial year	274,008,232	443,836
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

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 30 Share-Based Payments.

NOTE 18: ISSUED CAPITAL (CONT'D)

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 2020, the Company issued \$1,000 worth of shares to eligible employees under the 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 19: 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	
2020 \$'000	2019 \$'000
31,868	14,194
2020 Number	2019 Number
273,414,087	273,487,588
277,578,717	277,331,708

NOTE 20: CASH FLOW INFORMATION

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

Profit after income tax	
Depreciation expense	
Amortisation expense	
Other	
Share-based payment expense	
Rehabilitation provision interest unwound	
Rehabilitation expense	
Provision for employee entitlements	
Change in Assets and Liabilities	
Increase in trade and other payables	
Decrease/(Increase) in inventories	
(Increase)/Decrease in trade and other receivables	
Increase/(Decrease) in interest receivable	
Increase/(Decrease) in tax liabilities	
Net cash provided by operating activities	

Consolidated Entity	
2020 \$'000	2019 \$'000
31,868	14,194
22,760	15,517
53,101	44,805
952	(527)
2,975	2,286
956	1,370
(142)	(49)
866	(235)
(602)	1,328
(7,922)	12,322
3,196	2,251
(101)	212
12,457	4,823
120,364	98,297

b) RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

Cash on hand and at bank

Consolidated Entity	
2020 \$'000	2019 \$'000
144,792	144,261

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*	-	-	-
- Asset Finance	2,000	705	1,295
Performance Guarantees:			
ANZ Banking Group			
- Security bond facility	1,000	472	528
	3,000	1,177	1,823

* 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.

d) ANZ CORPORATE FACILITY

The ANZ Corporate facility remains in place with no drawdown limit against the facility.

e) NON-CASH FINANCING ACTIVITIES

During the year, the consolidated entity acquired plant & equipment by means of a finance lease to the value of \$859k (2019: \$460k).

NOTE 21: COMMITMENTS

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

a) CAPITAL EXPENDITURE COMMITMENTS

No later than 1 year

Later than 1 year and not later than 5 years

Total minimum commitments

Consolidated Entity	
2020 \$'000	2019 \$'000
19,807	11,818
6,258	-
26,065	11,818

Continuing with the development of the Odysseus Project at Cosmos, the Group has committed to the following capital expenditure in the following financial year. Final refurbishment and shipping of the Headgear & Winder dismantled in the current financial year, terrace works and the raisebore drilling of the haulage shaft at Odysseus.

NOTE 21: COMMITMENTS (CONT'D)

b) EXPLORATION EXPENDITURE COMMITMENTS

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

Consolidated Entity	
2020 \$'000	2019 \$'000
5,863	6,838
23,451	28,336
29,314	35,174

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 22: 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	
2020 \$'000	2019 \$'000
98	96
-	5
98	101

NOTE 23: 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 28.

A three-year Offtake Contract with BHP Nickel West ('BHPNW') effective 1 February 2020 to deliver up 10,000 tonnes of nickel contained in concentrate per annum with a 30,000 tonne aggregate limit.

A two-year Offtake Contract with Jinchuan Group Co. Ltd ('Jinchuan') effective 1 February 2020 to deliver up 10,000 tonnes of nickel contained in concentrate per annum. The contract can be extended by a further one year should the parties mutually agree.

NOTE 24: CONTINGENT LIABILITIES

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

NOTE 25: SUBSEQUENT EVENTS

On 25 August 2020, the Board of Directors declared a fully franked dividend of 1 cent 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 2020 which had a material effect on the financial statements for the year ended 30 June 2020.

NOTE 26: 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 27: KEY MANAGEMENT PERSONNEL

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

I MacIver	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 & CEO
J Belladonna	Chief Financial Officer/Company Secretary
W Jones	General Manager Operations

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 2020.

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

	Consolidated Entity	
	2020 \$'000	2019 \$'000
Short term employee benefits	3,258	3,848
Share-based payments	1,314	1,238
Post-employment benefits	184	195
	4,756	5,281

NOTE 28: 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.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

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	
	2020 \$'000	2019 \$'000
Cash and cash equivalents	144,792	144,261
Trade and other receivables	17,782	22,888
Financial assets at fair value through other comprehensive income	30,405	33,725
Derivative financial instruments	1,265	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.

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
2020 Consolidated Entity				
Financial Assets – Non-Derivative				
Cash and cash equivalents	144,792	-	-	144,792
Trade and other receivables	17,782	-	-	17,782
Financial assets at fair value through other comprehensive income	-	-	33,920	33,920
Financial Assets – Derivative				
Derivative collar options (net settled)	1,265	-	-	1,265
	163,839	-	33,920	197,759
Financial Liabilities – Non-Derivative				
Trade and other payables	50,822	-	-	50,822
Lease liabilities	1,113	2,696	-	3,809
	51,935	2,696	-	54,631
Net Financial Assets/(Liabilities)	111,904	(2,696)	33,920	143,128
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

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

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			
2020 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	144,792	-	-	-	-	144,792	1.50%
Trade and other receivables	-	-	-	-	17,782	17,782	
Financial assets at fair value through other comprehensive income	-	-	-	-	33,920	33,920	
	144,792	-	-	-	51,702	196,494	
Financial Liabilities							
Trade and other payables	-	-	-	-	50,822	50,822	
Lease liability	-	1,113	2,696	-	-	3,809	4.08%
	-	1,113	2,696	-	50,822	54,631	
Net Financial Assets/(Liabilities)	144,792	(1,113)	(2,696)	-	880	141,863	
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	

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% (2019: increased by 10%/decreased by 10%) and foreign exchange rate increased by 5%/decreased by 5% (2019: 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	
	2020 \$'000	2019 \$'000
Financial assets at fair value through other comprehensive income index		
ASX	1,861	2,922
TSXV	157	108

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.

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 2020		
+/- \$500/tonne nickel	+/- 878	+/- 878
Year Ended 30 June 2019		
+/- \$500/tonne nickel	+/- 153	+/- 153

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*.

There were no collar options open at 30 June 2020.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

c) Market risk (cont'd)

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 2020		30 June 2019	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
US\$'000	-	2,061	-	13,033

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.

Sensitivity analysis

	Profit \$'000	Equity \$'000
Year Ended 30 June 2020		
+5% in \$A/\$US	1,367	1,367
-5% in \$A/\$US	(1,237)	(1,237)
Year Ended 30 June 2019		
+5% in \$A/\$US	1,135	1,135
-5% in \$A/\$US	(1,142)	(1,142)

Foreign exchange collar options

The Consolidated Entity had open foreign exchange collar options and forward sale contracts at 30 June 2020 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 and forward sale contracts. 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	
	2020 \$'000	2019 \$'000	2020 \$	2019 \$
Consolidated Group				
Buy A\$/Sell US\$ Options			Put – Call	Put – Call
Settlement:				
- Less than 6 months	7,500	22,500	0.641 – 0.680	0.677 – 0.723
- 6 months to 1 year	-	-	-	-
Buy A\$/Sell US\$ forward swap contracts			Swap rate	Swap rate
Settlement:				
- Less than 6 months	15,000	-	0.658	-
- 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 judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment 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	2020		2019	
		Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets					
Cash and cash equivalents	i)	144,792	144,792	144,261	144,261
Trade receivables	i)	17,782	17,782	22,888	22,888
Financial assets at fair value through other comprehensive income	ii)	33,920	33,920	33,725	33,725
Derivative financial assets	iii)	1,265	1,265	39	39
		197,759	197,759	200,913	200,913
Financial Liabilities					
Trade and other payables	i)	50,882	50,882	48,974	48,974
Derivative financial liabilities	iii)	-	-	15	15
Other liabilities	i)	3,809	3,809	894	894
		54,691	54,691	49,883	49,883

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

d) Net fair values (cont'd)

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
2020				
Financial assets:				
Financial assets at fair value through other comprehensive income	33,920	-	-	33,920
Derivative financial instruments	-	1,265	-	1,265
	33,920	1,265	-	35,185
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

NOTE 29: RELATED PARTY TRANSACTIONS

There were no related party transactions with key management personnel during FY20.

NOTE 30: SHARE-BASED PAYMENTS

a) EXPENSES ARISING FROM SHARE-BASED TRANSACTIONS

Equity settled performance rights granted during:

- Year ended 30 June 2020
- Year ended 30 June 2019
- Year ended 30 June 2018
- Year ended 30 June 2017

Total expense recognised as employee costs

Consolidated Entity	
2020 \$'000	2019 \$'000
1,128	-
492	443
1,355	1,333
-	510
2,975	2,286

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 FY18, vesting will occur subject to the meeting of a three-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 three-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.

For grants made under the LTI plan during FY20, vesting will occur subject to the meeting of a three-year service condition to 30 June 2022 and the performance condition tested against the relative TSR measure for the period 1 July 2019 to 30 June 2022.

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:

	2020	2019
Underlying share price	2.92	\$2.18
Exercise price of rights	Nil	Nil
Risk free rate	0.74%	2.03%
Volatility factor	46%	49%
Dividend yield	0.91%	1.61%
Effective life	3.0 years	3.0 years
Entitled number of employees	25	24

NOTE 30: SHARE-BASED PAYMENTS (CONT'D)

b) PERFORMANCE RIGHTS (CONT'D)

Performance Rights held by Key Management Personnel at 30 June 2020

	Balance at 1 July 2019	Granted as Remuneration	Exercise of Performance Rights	Lapsed/ Cancelled/ Other	Balance at 30 June 2020	Performance Rights Vested
D Lougher	1,072,900	428,130	-	(375,540)	1,125,490	-
J Belladonna	407,730	180,400	-	(142,360)	445,770	-
W Jones	292,470	116,710	-	(102,370)	306,810	-
TOTAL	1,773,100	725,240	-	(620,270)	1,878,070	-

Performance Rights held by Key Management Personnel at 30 June 2019

	Balance at 1 July 2018	Granted as Remuneration	Exercise of Performance Rights	Expired/ Lapsed/ Cancelled	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	-

c) SHARE OPTION PLANS

There were no options outstanding as at 30 June 2020.

NOTE 31: 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.

NOTE 32: 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	
		2020	2019
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 33: 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	
	2020 \$'000	2019 \$'000
Assets		
Current Assets	190,529	187,785
Non-Current Assets	469,142	420,319
Total Assets	659,671	608,104
Liabilities		
Current Liabilities	54,102	44,508
Non-Current Liabilities	48,081	31,766
Total Liabilities	102,183	76,274
Net Assets	557,488	531,830
Equity		
Issued capital	443,836	442,963
Reserves	48,628	48,815
Retained Earnings	65,024	40,054
Total Equity	557,488	531,832
Statement of Comprehensive Income		
Profit for the year	33,179	16,308
Total comprehensive income for the year	29,847	18,048

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

NOTE 34: 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

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 48 to 90 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 2020 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 2020.

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



D Lougher
Managing Director & CEO

Dated – 25 August 2020

INDEPENDENT AUDITOR'S REPORT



Crowe Perth

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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 2020, 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 2020 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
Asset Valuation	
<p>As at 30 June 2020 the Group's Balance Sheet includes property, plant and equipment of \$134.531m, mine properties of \$169.288m and exploration and evaluation expenditure of \$120,081m.</p> <p>We consider the valuation of property, plant and equipment, mine properties and exploration and evaluation expenditure as a key audit matter based on the following judgements made by management:</p> <ul style="list-style-type: none"> • The transfer of capital work in progress to depreciable assets when the plant and equipment was ready for its intended use as assessed by management. • The transfer of exploration and evaluation expenditure to amortisable assets when they relate to proved and probable reserves as assessed by management. • Determination of appropriate useful life of depreciable assets. • Determination of appropriate inputs into the Group's units of production amortisation calculation. • Determination of appropriate impairment indicator factors relating to the Group's CGUs. <p>The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1,8,11 and 12, respectively to the financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessed the nature of the capitalised costs through testing on a sample basis and assessed whether the nature of the expenditure met the capitalisation criteria. • through testing, assessed the appropriateness of assets transferred from exploration and evaluation and considered amortisable by management. • through testing, assessed the appropriateness of the assets transferred from capital work-in-progress and considered as put to use by the management. • assessed the appropriateness of the determination of the asset addition useful lives. • assessed the appropriateness of amortisation rate inputs to supporting information. • assessed the competency and objectivity of experts used by management in compiling information used in amortisation calculations. • evaluated management's assessment on the identification of impairment indicators. • considered the appropriateness of the disclosures in notes, 1,8,11 and 12 to the financial statements in accordance with the relevant requirements of Australian Accounting Standards.



Key Audit Matter	How we addressed the Key Audit Matter
Rehabilitation and restoration provision	
<p>As at 30 June 2020 the Groups Balance Sheet includes non-current rehabilitation and restoration provisions of \$32.539m.</p> <p>We consider rehabilitation and restoration provisioning as a key audit matter based on the following judgements made by management:</p> <ul style="list-style-type: none"> • Nature and extent of activities required, which are inherently challenging to assess. • Timing of when closure and rehabilitation will take place, which increases estimation uncertainty given the unique nature of each site and long timeframes involved. • Forecast cost estimates, and risk adjustments. The Group engages external experts periodically to assist in their determination of these estimates. • Economic assumptions, including indexation and discount rates, which are complicated in nature. <p>The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1 and 16, respectively to the financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • testing the controls in the provision estimation process. • assessing the scope, objectivity and competence of the Group's external expert to provide rehabilitation cost estimates, where engaged. <p>We evaluated key assumptions used in the provision, by:</p> <ul style="list-style-type: none"> • comparing the nature and extent of activities costed to the Group's closure and rehabilitation plans and relevant regulatory requirements • comparing the timing of closure and rehabilitation activities to the Group's resources and reserve estimates and the expected production profile contained in the life of mine plans. • comparing indexation and discount rate assumptions to market observable data. • considered the appropriateness of the disclosures in notes, 1 and 16 to the financial statements in accordance with the relevant requirements of Australian Accounting Standards.



Key Audit Matter	How we addressed the Key Audit Matter
Carrying Value of Inventories	
<p>As at 30 June 2020 the Groups Balance Sheet includes current inventories of \$30.405m.</p> <p>We consider inventory as a key audit matter based on the following judgements made by management:</p> <ul style="list-style-type: none"> • Determination of appropriate inputs into the Group's volume estimate models. • Determination of appropriate inputs into the Groups cost models in accordance with the Group's accounting policy. <p>The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1 and 6, respectively to the financial statements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • verifying the appropriate allocation of costs to ensure they are absorbed into inventory accurately. • reconciling ore stockpile and concentrate inventory balances held at 30 June 2020 to supporting documentation. • verifying the physical inputs included in the cost models as at 30 June 2020 to technical reports. • assessing the objectivity and competence of the Group's internal experts used in the preparation of stockpile and concentrate year end quantities. • assessing the methodology applied to record all appropriate costs into the calculation of inventories. • assessing Net Realisable Value (NRV) and agreeing that inventory cost is lower than NRV. • considered the appropriateness of the disclosures in notes, 1 and 6 to the financial statements in accordance with the relevant requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report for the year ended 30 June 2020 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 misstatement when it exists. Misstatements 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.

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 37 to 45 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Western Areas Ltd for the year ended 30 June 2020 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.

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 25th August 2020

TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
Cosmos (WA)	E36/0935	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0042	Granted	100%	Australian Nickel Investments 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
	L36/0243	Pending	100%	Australian Nickel Investments Pty Ltd
	M36/0127	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0180	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0212	Granted	0% *	BHP Billiton Nickel West 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
	M36/0365	Granted	100%	Ramelius Resources Limited **
	M36/0371	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0375	Granted	100%	Ramelius Resources Limited **
	M36/0376	Granted	100%	Ramelius Resources Limited **
	M36/0377	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0441	Granted	100%	Ramelius Resources Limited **
	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
	M36/0688	Pending	100%	Australian Nickel Investments Pty Ltd
Forrestania (WA)	E74/0470	Granted	100%	Western Areas Limited
	E77/1734	Granted	100%	Western Areas Limited
	E77/1865	Granted	100%	Western Areas Limited
	E77/2127	Granted	100%	Western Areas Limited
	E77/2228	Granted	100%	Western Areas Limited
	E77/2235	Granted	100%	Western Areas Limited
	E77/2236	Granted	100%	Western Areas Limited
	E77/2261	Granted	100%	Western Areas Limited
	E77/2440	Granted	100%	Western Areas Limited
	E77/2523	Granted	100%	Western Areas Limited
	E77/2524	Granted	100%	Western Areas Limited
	E77/2527	Granted	100%	Western Areas Limited
	E77/2641	Pending	100%	Western Areas Limited
	G70/0226	Granted	100%	Western Areas Limited
	G70/0231	Granted	100%	Western Areas Limited
	G77/0135	Granted	100%	Western Areas Limited
	L70/0111	Granted	100%	Western Areas Limited
	L74/0011	Granted	100%	Western Areas Limited
	L74/0012	Granted	100%	Western Areas Limited
	L74/0025	Granted	100%	Western Areas Limited

TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
	L74/0044	Granted	100%	Western Areas Limited
	L77/0104	Granted	100%	Western Areas Limited
	L77/0141	Granted	100%	Western Areas Limited
	L77/0182	Granted	100%	Western Areas Limited
	L77/0197	Granted	100%	Western Areas Limited
	L77/0203	Granted	100%	Western Areas Limited
	L77/0204	Granted	100%	Western Areas Limited
	M74/0057	Granted	100%	Western Areas Limited
	M74/0058	Granted	100%	Western Areas Limited
	M74/0064	Granted	100%	Western Areas Limited
	M74/0065	Granted	100%	Western Areas Limited
	M74/0081	Granted	100%	Western Areas Limited
	M74/0090	Granted	100%	Western Areas Limited
	M74/0091	Granted	100%	Western Areas Limited
	M74/0092	Granted	100%	Western Areas Limited
	M77/0098	Granted	100%	Western Areas Limited
	M77/0215	Granted	100%	Western Areas Limited
	M77/0216	Granted	100%	Western Areas Limited
	M77/0219	Granted	100%	Western Areas Limited
	M77/0284	Granted	100%	Western Areas Limited
	M77/0285	Granted	100%	Western Areas Limited
	M77/0286	Granted	100%	Western Areas Limited
	M77/0329	Granted	100%	Western Areas Limited
	M77/0335	Granted	100%	Western Areas Limited
	M77/0336	Granted	100%	Western Areas Limited
	M77/0389	Granted	100%	Western Areas Limited
	M77/0399	Granted	100%	Western Areas Limited
	M77/0458	Granted	100%	Western Areas Limited
	M77/0542	Granted	100%	Western Areas Limited
	M77/0543	Granted	100%	Western Areas Limited
	M77/0545	Granted	100%	Western Areas Limited
	M77/0550	Granted	100%	Western Areas Limited
	M77/0568	Granted	100%	Western Areas Limited
	M77/0574	Granted	100%	Western Areas Limited
	M77/0582	Granted	100%	Western Areas Limited
	M77/0583	Granted	100%	Western Areas Limited
	M77/0584	Granted	100%	Western Areas Limited
	M77/0585	Granted	100%	Western Areas Limited
	M77/0586	Granted	100%	Western Areas Limited
	M77/0587	Granted	100%	Western Areas Limited
	M77/0588	Granted	100%	Western Areas Limited
	M77/0589	Granted	100%	Western Areas Limited
	M77/0911	Granted	100%	Western Areas Limited
	M77/0912	Granted	100%	Western Areas Limited
	P77/4279	Granted	100%	Western Areas Limited
	P77/4473	Granted	100%	Western Areas Limited
	P77/4474	Granted	100%	Western Areas Limited
	P77/4475	Granted	100%	Western Areas Limited
	P77/4476	Granted	100%	Western Areas Limited
	P77/4477	Granted	100%	Western Areas Limited
	P77/4478	Granted	100%	Western Areas Limited
	P77/4479	Granted	100%	Western Areas Limited
	P77/4496	Granted	100%	Western Areas Limited
	P77/4497	Granted	100%	Western Areas Limited
	P77/4499	Granted	100%	Western Areas Limited
	P77/4500	Granted	100%	Western Areas Limited
	P77/4501	Granted	100%	Western Areas Limited

TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
	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
	E77/1400	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 Limited (25%)
Mt Gibb JV (WA)	E74/0603	Granted	90%	Western Areas Ltd
Western Gawler (SA)	EL 5688	Granted	100%	Western Areas Limited
	EL 5880	Granted	90%	Strandline Resources Limited
	EL 5939	Granted	100%	Western Areas Limited
	EL 6087	Granted	100%	Western Areas Limited
	EL 6248	Granted	100%	Western Areas Limited
	EL 6249	Granted	100%	Western Areas Limited
	ELA2020/00069	Pending	100%	Western Areas Limited
	ELA2020/00070	Pending	100%	Western Areas Limited
	ELA2020/00071	Pending	100%	Western Areas Limited
	EL 5452	Granted	0%	JV with Iluka (Eucla Basin) Pty Limited - Western Areas Limited Earning 75%
	EL 5675	Granted	0%	JV with Iluka (Eucla Basin) Pty Limited - Western Areas Ltd Earning 75%
	EL 5878	Granted	0%	JV with Iluka (Eucla Basin) Pty Limited - Western Areas Limited Earning 75%
	EL 5879	Granted	0%	JV with Iluka (Eucla Basin) Pty Limited - Western Areas Limited Earning 75%
	EL 6251	Granted	0%	JV with Iluka (Eucla Basin) Pty Limited - Western Areas Limited Earning 75%

* Transfer of 100% interest pending registration. Tenement swap of M36/212 (BHP) for M36/467 (ANI)

** Transfer of Tenements from Ramelius Resources Limited to Australian Nickel Investments Pty Ltd was completed on 2 July 2020

SHAREHOLDER INFORMATION

(AS AT 31 AUGUST 2020)

Distribution of Shareholdings

i. Distribution schedule of holdings	Ordinary shares*
1 - 1,000	2,183
1,001 - 5,000	2,711
5,001 - 10,000	1,039
10,001 - 100,000	1,173
100,001 Over	101
Total number of holders	7207
ii. Number of holders of less than a marketable parcel	537
iii. Number of overseas holders	208
iv. Percentage held by 20 largest holders	76.63%

*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> LIMITED	85,511,507	31.21
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	47,321,382	17.27
CITICORP NOMINEES PTY LIMITED	31,052,796	11.33
NATIONAL NOMINEES LIMITED	14,346,169	5.24
NORTHMEAD HOLDINGS PTY LTD <THE GREENWELL FAMILY A/C>	6,400,000	2.34
BNP PARIBAS NOMS PTY LTD <DRP>	5,045,912	1.84
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,008,206	1.46
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,487,659	0.91
HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED-GSCO ECA	2,413,114	0.88
UBS NOMINEES PTY LTD	2,058,385	0.75
ZERO NOMINEES PTY LTD	1,786,944	0.65
AMP LIFE LIMITED	1,261,451	0.46
BRAZIL FARMING PTY LTD	1,000,000	0.36
FARJOY PTY LTD	1,000,000	0.36
HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED - A/C 2	832,140	0.30
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	819,409	0.30
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	713,157	0.26
MR ALAN ROBERT GREENWELL + MRS MARGARET ELEANOR GREENWELL	692,500	0.25
BOGDANIS NOMINEES PTY LTD <BOGDANIS NOM SUPER FUND A/C>	679,000	0.25
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	541,012	0.20
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)	209,970,743	76.63
Total Remaining Holders Balance	64,037,489	23.37

Substantial Shareholders

Name	No. of shares	%
Dimensional Fund Advisors LP	16,460,207	6.02%
Paradise Investment Mgt	14,955,494	5.46%
Vanguard Group	13,739,394	5.01%
Total	45,155,095	16.49%

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20
YEARS

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