APPENDIX 4E
PRELIMINARY FINAL REPORT
25 August 2020

ASX: WSA

WESTERN AREAS LTD

Reporting Period

The reporting period is the financial year ended 30 June 2020. The previous corresponding period is 30 June 2019.

Results for announcement to the market

			% Change	Amount A$'000
Revenue from ordinary activities	Up	14.8%	to	308,352
Net profit from ordinary activities after tax attributable to members of Western Areas Ltd	Up	124.6%	to	31,868
Net profit after tax attributable to members of Western Areas Ltd	Up	124.6%	to	31,868

Dividends

A fully franked dividend of 1.0 cents per ordinary share has been declared for the year ended 30 June 2020.

	Amount per security	Unfranked amount per security	Franked amount per security	% CFI
Financial year ended 30 June 2020				
Final dividend	1.0 cent	Nil	1.0 cent	0%
Interim dividend	1.0 cent	Nil	1.0 cent	0%
Financial year ended 30 June 2019				
Final dividend	2.0 cents	Nil	2.0 cents	0%
Interim dividend	Nil	Nil	Nil	0%
Ex-Dividend date for FY20 Final Dividend	17 September 2020			
Record Date for FY20 Final Dividend	18 September 2020			
Payment Date for FY20 Final Dividend	9 October 2020			

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan (the Plan) which allows eligible shareholders to elect to invest dividends in ordinary shares which rank equally with the ordinary shares of the Company. The allocation of price for shares under the Plan will be calculated as the average of the daily volume weighted average market price of all Western Areas shares traded on the Australian Securities Exchange during the period of 10 trading days commencing on 22 September 2020.

The last date for receipt of applications to participate in or to cease or vary participation in the Plan is by 5:00pm (AEST) on 21 September 2020. The Directors have determined that a 3% discount shall apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be issued to participants on 9 October 2020.

A copy of the plan rules is available at www.westernareas.com.au/investor-centre/asx-announcements

Net Tangible Asset Backing

	Current year	Previous year
The net tangible assets per security	201.8 cents	188.7 cents

Investments in Controlled Entities

Wholly Owned and Controlled Subsidiaries of Western Areas Ltd:

- BioHeap Ltd
- Western Platinum NL
- Australian Nickel Investments Pty Ltd
- Western Areas Nickel Pty Ltd
- Western Areas Employee Share Trust

Investments in Associates & Joint Ventures

Associates of Western Areas Ltd did not contribute to the result of the consolidated group for the financial year ended 30 June 2020.

Associates of Western Areas Ltd:

- Grid Metals Corp (formerly Mustang Minerals Corp) 8.0% (Canadian Entity)
- Panoramic Resources Pty Ltd 19.9%

Audit Review & Accounting Standards

This report is based on Consolidated Financial Statements that have been subject to a full Audit by the Company's Auditor.

All entities incorporated into the Consolidated Group's result were prepared under AIFRS.

Other Information

The income statement, statement of financial position, statement of cash flows and associated notes are contained in the financial statements in the attached Financial Report for the year ended 30 June 2020. Other detailed commentary on the variation between the results for the year ended 30 June 2020 and the comparative period is provided in the Directors Report of the Financial Report.

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within Western Areas Limited 30 June 2020 Consolidated Financial Statements which accompany this Preliminary Final Report.

Date: 25 August 2020

DR Lougher

Daniel Lougher
Managing Director & CEO

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

WESTERN AREAS LTD

20 YEARS

CONTENTS

DIRECTORS REPORT

The Directors of Western Areas Limited 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.

Ian Macliver *BCom, FCA, SF Fin, FAICD* ***Non-Executive Independent Chairman*** *Director Appointed* October 2011	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 Limited which provides specialist corporate advisory services to both listed and unlisted companies, and its capital raising arm, Grange Capital Partners Pty Limited. **Committee responsibilities:** • Member of the Audit & Risk, Remuneration and Nomination Committee **Other current listed company directorships:** • Sheffield Resources Ltd (since August 2019) • MMA Offshore Ltd (since January 2020) **Former listed company directorships in the last three years:** • Otto Energy Ltd (January 2004 – November 2019) **Other relevant experience:** • Fellow of Chartered Accountants Australia and New Zealand • Fellow of The Australian Institute of Company Directors • Senior Fellow of Financial Services Institute of Australasia
Daniel Lougher *BSc. (Mining Geology) Msc. Eng, FAusIMM* ***Managing Director & CEO*** *Director Appointed* *May 2008*	Mr Lougher is a qualified Mining Geologist and Mining Engineer with over 38 years experience in all facets of mining project exploration, feasibility, development and operational activities in Australia, South Africa and Zimbabwe. He has extensive training in Mine, Planning and Geotechnical Engineering (Chamber of Mines, South Africa). Mr Lougher's experience covers a diverse range of commodities including gold, platinum, copper and has significant experience in nickel offtakes both domestically and internationally. **Committee responsibilities:** • Member of the Nomination Committee **Other current listed company directorships:** • Perseus Mining Ltd (since May 2019) o Chairman of Technical Committee o Chairman of Nomination Committee **Former listed company directorships in the last three years:** • Nil **Other relevant experience:** • WA Mines Manager Certificate

Richard Yeates *BSc (Geology), MAusIMM, GAICD* ***Non-Executive Independent Director*** *Director Appointed October 2009*	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 Limited (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. **Committee responsibilities:** • Chairman of the Nomination Committee • Member of the Remuneration Committee **Other current listed company directorships:** • Middle Island Resources Ltd (since March 2010) o Managing Director and CEO o Member of the Remuneration Committee o Member of the Nomination Committee **Former listed company directorships in the last three years:** • Nil **Other relevant experience:** • 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
Craig Readhead *B.Juris, LL.B, FAICD* ***Non-Executive Independent Director*** *Director Appointed June 2014*	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. **Committee responsibilities:** • Chairman of the Audit & Risk Committee **Other current listed company directorships:** • Nil **Former listed company directorships in the last three years:** • Beadell Resources Ltd (ceased April 2019) • Eastern Goldfields Ltd (ceased February 2019) • Redbank Copper Ltd (ceased January 2019) **Other relevant experience:** • Formerly President of the Australian Mining and Petroleum Law Association • Previously a member of the WA Council of the Australian Institute of Company Directors

Tim Netscher *BSc (Eng) (Chemical), BCom, MBA, FIChE, CEng, FAICD* ***Non-Executive Independent Director*** *Director Appointed August 2014*	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. **Committee responsibilities:** • Chairman of the Remuneration Committee • Member of the Audit & Risk Committee **Other current listed company directorships:** • Gold Road Resources Ltd (since September 2014) o Chairman o Member of the Audit & Risk Committee o Member of the Remuneration & Nomination Committee • St Barbara Ltd (since February 2014) o Chairman o Member of the Health, Safety, Environment and Community Committee o Member of the Audit and Risk Committee o Member of the Remuneration and Nomination Committee o Member of the Growth & Development Committee **Former listed company directorships in the last three years:** • Nil **Other relevant experience:** • Director, Queensland Resources Council • Director, Minerals Council of Australia • Director, Chamber of Minerals and Energy of Western Australia
Natalia Streltsova *MSc, PhD (Chem Eng), GAICD, MSME, MCIM* ***Non-Executive Independent Director*** *Director Appointed January 2017*	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 Limited. 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. **Committee responsibilities:** • Member of the Nomination Committee **Other current listed company directorships:** • Neometals Ltd (since April 2016) o Chair of the Risk Committee o Member of the Audit, Nominations and Remuneration Committees • Ramelius Resources Ltd (since October 2019) o Chair of the Risk & Sustainability Committee o Member of the Audit Committee **Former listed company directorships in the last three years:** • Parkway Minerals NL (ceased September 2019) **Other relevant experience:** • 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 Limited 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 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 12.

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 15.

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 holder of fully paid shares on 3 April 2020.

In relation to the 30 June 2019 financial year the Board declared a final 2 cent fully franked dividend on 20 August 2019 and paid it 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 19 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 Mgmt	Remuneration	Nomination
Meetings held:	10	2	1	-(*)
Meetings attended:				
I Macliver	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 name plate capacity. Total ore treated was lower compared to the prior year due to several unplanned down time events resulting from power outages as a result of the bush fires at Forrestania. Milled grade was in line with the prior year while recovery was higher at 89% with the assistance of the MREP plant.

Financial Metrics

Income Statement

Financial Year – Earnings Results Summary			
	FY20	**FY19**	**Change**
	$m	**$m**	**$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**

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 & 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	**FY19**	**Change**
	$m	**$m**	**$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.

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

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	**FY19**	**Change**
	$m	**$m**	**$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 Forrestania 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, Forrestania 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 Forrestania 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 & 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 party's 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 EV's.

Operational Risks

Safety & 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 & 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.

Exploration success

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

The exploration program is focussed on highly prospective tenements within the regions of Forrestania, 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 Macliver	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's 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 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

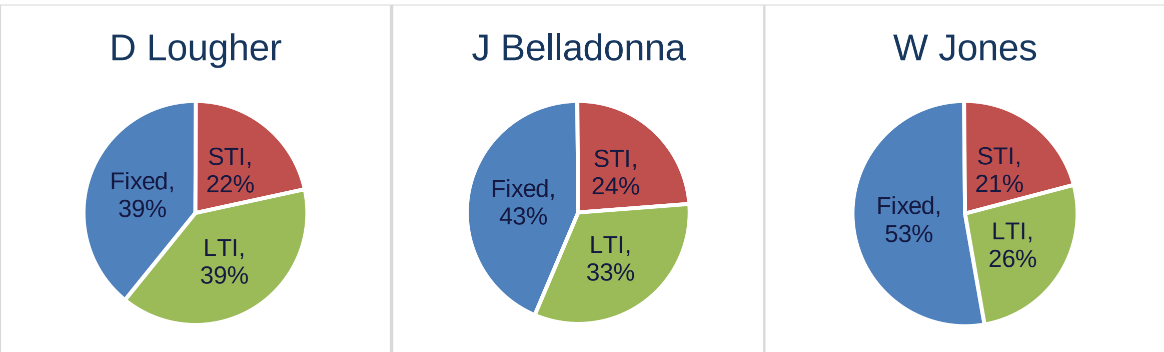
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

- 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% - 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 key performance indicators, 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 KPI's set for the Managing Director & CEO are assigned across all areas, to ensure performance and attainment of all Board set goals and objects is not overly focussed in one area at the detriment of others.

Operations	Overview KPI	Why KPI was set	FY20 Triggered	FY19 Triggered
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 a targeted nickel tonnage levels.	Motivate and reward economic nickel discovery.	✖	✖
New nickel discovery	Discovery of a new Nickel deposit.	Motivate and reward economic nickel discovery.	✖	✖

Long Term Incentive ('LTI')

Under the shareholder approved LTI plan Executives receive a grant of Performance Rights each year with each grant measured against a 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 Limited	Orocobre Ltd	Rex Minerals Ltd
Bass Metals Ltd	Medusa Mining Ltd	OM Holdings Ltd	Sandfire Resources Ltd
Bouganville 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 Limited	Pilbara Minerals Ltd	Westgold Resources Ltd
IGO Limited	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 50th percentile	0% vesting
At the 50th percentile	50% vesting
Between 50th and 75th percentile	Pro-rata / progressive vesting from 50% - 100%
At or above 75th 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 5 years.

Year Ended 30 June	2020	2019	2018	2017	2016
Lost time injury frequency rate	1.4	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)	50th	42nd	57th	60th	74th

(*) Cash cost of production before smelting & 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.

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 FY 20 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	FY	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	Super-annuation	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:

(a) 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

(b) 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 standards 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.

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
Managing Director & CEO								
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 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 Macliver	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 22 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.

DR Lougher.

D Lougher

Managing Director & CEO

Perth, 25 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

Crowe

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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.

Crowe Perth

Crowe Perth

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.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Perth, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	Notes	Consolidated Entity 2020 $'000	Consolidated Entity 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		**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			
Items that may be reclassified to profit or loss			
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	Consolidated Entity 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
Provision 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	Capital Raising Costs	Share Based Payment Reserve	Hedge Reserve	Investment Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'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	Consolidated Entity 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 & 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.

Note 1: Statement of Significant Accounting Policies

AASB 16 Leases (Continued)

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 assets leases not recognised as a right-of-use asset (AASB 16)	-
Lease liability recognised as at 1 July 2019 (AASB 16)	**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 Limited ('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.

Note 1: Statement of Significant Accounting Policies

(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.

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 Limited'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 5-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.

Note 1: Statement of Significant Accounting Policies

(e) Revenue recognition (continued…)

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.

Note 1: Statement of Significant Accounting Policies

(h) Property, Plant and Equipment (continued…)

Depreciation

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

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

Note 1: Statement of Significant Accounting Policies

(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 Limited (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

(l) Income Tax (continued…)

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 twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution superannuation expense

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

Share-based payments

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

The costs of these equity-settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of performance rights granted is determined using a Monte Carlo Simulation Model to value the Rights, further details of which are disclosed in Note 30.

Note 1: Statement of Significant Accounting Policies

(n) Employee Benefits (continued…)

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.

(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.

Note 1: Statement of Significant Accounting Policies

(p) Financial Instruments (continued…)

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:

a) the amount at which the financial asset or financial liability is measured at initial recognition;

b) less principal repayments;

c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

d) less any reduction for impairment.

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

Financial assets at fair value through profit and loss

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

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

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

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

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

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

Financial liabilities

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

Note 1: Statement of Significant Accounting Policies

(p) Financial Instruments (continued…)

De-recognition

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

Derivative financial instruments

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

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

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

Fair Value Hedges

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

Cash Flow Hedge

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

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

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

All Other Derivatives

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

(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.

Note 1: Statement of Significant Accounting Policies

(q) Impairment of Assets (continued…)

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.

Note 1: Statement of Significant Accounting Policies

(v) Critical Accounting Estimates and Balances (Continued…)

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

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

Fair value measurement hierarchy

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

Estimation of useful lives of assets

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

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

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

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure. At 30 June 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.

Note 1: Statement of Significant Accounting Policies

(v) Critical Accounting Estimates and Balances (Continued…)

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

(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

		Consolidated Entity	
		2020 $'000	2019 $'000
- Interest income		**2,060**	2,709
- Other income		**1,741**	1,238
- Profit on sale of property, plant & equipment		**23**	-
- Partial Exemption Certificate credits		**1,205**	1,201
Total other income		**5,029**	5,148

Note 3: Dividends

		Consolidated Entity	
		2020 $'000	2019 $'000
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)		**2,740**	5,471
		2,740	5,471
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).		**5,471**	5,470
Interim dividend of 1 cent per share was paid for 2020 (2019: Nil)		**2,265**	-
		7,736	5,470
Dividends re-invested			
Interim dividend of 1 cent per share was re-invested for 2020 (2019: Nil)		**473**	-
		473	-

Note 4: Profit before income tax

Profit before income tax includes the following specific expenses:		
- Depreciation of property, plant and equipment	**22,760**	15,517
- Amortisation of mine development asset	**52,871**	44,655
- Rental expenditure relating to operating leases	**501**	1,071
- Employee benefits expense		
Defined contribution superannuation expense	**3,158**	2,640
- Finance costs:		
Provisions: unwinding of discount	**956**	1,370
Interest expense – finance leases	**43**	42
Interest expense – right of use asset	**69**	-
Borrowing costs amortised	**230**	150
Total borrowing costs	**1,298**	1,562

Note 5: Trade and Other Receivables

Trade debtors	14,376	17,454
Other receivables	518	836
GST refund due	1,205	1,271
Prepayments	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

	Consolidated Entity 2020 $'000	Consolidated Entity 2019 $'000
Ore stockpiles	**18,062**	14,440
Nickel concentrate stockpiles	**6,918**	3,043
Consumables and spare parts	**5,425**	5,000
	30,405	22,483

Note 7: Income Tax

The components of the tax expense comprise:		
- Current tax	**781**	-
- Deferred tax	**13,699**	4,566
- Adjustment of current tax for prior periods	**(1,413)**	257
Income tax expense	**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%)	**13,480**	5,704
Adjusted for the tax effect of:		
- Share based payment expense	**1,956**	686
- Other temporary differences	**(732)**	(1,567)
- Income tax benefit on share based payments	**(1,637)**	-
Income tax Expense	**13,067**	4,823

Note 8: Property, Plant and Equipment

Property – at cost	**49,555**	48,253
Accumulated depreciation	**(40,266)**	(37,206)
	9,289	11,047
Plant & 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 & equipment under lease	**3,463**	2,888
Accumulated depreciation	**(1,843)**	(1,747)
	1,620	1,141
Total property, plant & equipment – at cost	**310,526**	285,598
Accumulated Depreciation	**(175,995)**	(154,204)
Total	**134,531**	131,394

Note 8: Property, Plant and Equipment (Continued…)

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 & 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 & 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		2,966	-
Less: Accumulated depreciation		(508)	-
		2,458	-

Additions to the right-of-use assets during the year were $2,965,958.

Note 9: Right-of-Use Asset (Continued…)

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
Right-of-Use Asset			
Written down value at the beginning of the year		**-**	-
- Additions		**2,966**	-
- Depreciation expense		**(508)**	-
Written down value at the end of the year		**2,458**	-

The consolidated entity leases land and buildings for its offices under agreements of between three to 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	**33,725**	33,307
- Acquisition of investment in listed entity	**28,703**	536
- Sale of investment in listed entity	**(33,115)**	-
- Changes in fair value through other comprehensive income	**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, 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 Resources 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 $32.7 million (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 & Evaluation Expenditure

Exploration & Evaluation Expenditure consists of:		
- At cost	**97,976**	83,339
- Cosmos Nickel Complex acquisition at cost	**27,105**	27,105
- Transferred to Mine Development	**(5,000)**	-
Total Exploration and Evaluation Expenditure	**120,081**	110,444

Note 11: Exploration & Evaluation Expenditure (Continued…)

Movement in carrying amount:

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

		Consolidated Entity	
		2020 $'000	2019 $'000
Balance at the beginning of the year		**110,444**	97,784
- Expenditure incurred during the year		**13,375**	12,660
- Acquisition of tenements		**1,262**	-
- Transferred to Mine Development		**(5,000)**	-
Balance at the end of the year		**120,081**	110,444

Carry Forward Exploration & Evaluation Expenditure

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

Note 12: Mine Properties

Capitalised development expenditure consists of:		
- Mine development	**215,144**	167,845
- Acquisition of mining assets	**59,796**	59,796
- Exploration expenditure transfer	**81,000**	76,000
- Deferred mining expenditure	**436,305**	403,548
- Capitalised restoration costs	**17,958**	11,645
- Capitalised interest	**11,175**	11,175
- Accumulated amortisation	**(652,090)**	(599,219)
Total Mine Development	**169,288**	130,790

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	**130,790**	142,673
- Additions	**80,056**	32,772
- Exploration expenditure transfer	**5,000**	-
- Increase in restoration provision	**6,313**	-
- Amortisation charge for the year	**(52,871)**	(44,655)
Written down value at the end of the year	**169,288**	130,790

Note 13: Deferred Tax Liabilities

		Consolidated Entity 2020 $'000	Consolidated Entity 2019 $'000
The balance comprises temporary differences attributable to:			
(a) Liabilities			
- Exploration & evaluation expenditure		**(28,937)**	(25,536)
- Mine development		**(8,204)**	(6,713)
- Property, plant and equipment		**(1,253)**	3,356
- Investments through Other Comprehensive Income		**(1,224)**	-
- Other		**(23)**	(909)
		(39,641)	(29,802)
(b) Assets			
- Provisions		**9,178**	6,781
- Tax losses		**-**	7,583
- Employee share trust		**1,702**	376
		10,880	14,740
Net deferred tax liabilities		**(28,761)**	(15,062)
(c) Reconciliation			
(i) Gross movement			
The overall movement in the deferred tax account is as follows:			
Opening balance		**(15,062)**	(10,496)
(Credit) / Debit to income statement		**(13,699)**	(4,566)
Closing balance		**(28,761)**	(15,062)

Note 13: Deferred Tax Liabilities (Continued…)

		Consolidated Entity	
		2020 $'000	2019 $'000
(c) Reconciliation (Continued…)			
(ii) Deferred tax liability			
The movement in the deferred tax liabilities for each temporary difference during the year is as follows:			
Exploration & development expenditure			
Opening balance		**(25,536)**	(21,151)
(Debit) / Credit to income statement		**(3,401)**	(4,385)
Closing balance		**(28,937)**	(25,536)
Mine development			
Opening balance		**(6,713)**	(6,780)
Credit / (Debit) to income statement		**(1,491)**	67
Closing balance		**(8,204)**	(6,713)
Property, plant and equipment			
Opening balance		**3,356**	5,061
Credit to income statement		**(4,609)**	(1,705)
Closing balance		**(1,253)**	3,356
Investments through Other Comprehensive Income			
Opening balance		**-**	-
Credit / (Debit) to income statement		**(1,224)**	-
Closing balance		**(1,224)**	-
Other			
Opening balance		**(909)**	(213)
Credit to income statement		**886**	(696)
Closing balance		**(23)**	(909)
(iii) Deferred tax assets			
The movement in the deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		**6,781**	5,006
(Debit) / Credit to income statement		**2,397**	1,775
Closing balance		**9,178**	6,781
Tax losses			
Opening balance		**7,583**	3,879
Debit to income statement		**(7,583)**	3,704
Closing balance		**-**	7,583
Employee share trust			
Opening balance		**376**	1,178
Credit / (Debit) to income statement		**1,326**	(802)
Closing balance		**1,702**	376

Note 14: Trade & Other Payables

		Consolidated Entity	
		2020 $'000	2019 $'000
Trade payables		**29,320**	29,642
Accrued expenses		**21,502**	19,332
		50,822	48,974

Note 15: Lease liabilities

Current			
Lease liabilities		**1,113**	399
		1,113	399
Non Current			
Lease liabilities		**2,696**	495
		2,696	495

The lease liabilities are secured over the assets under the lease. Leases have an average term of 3 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		**5,060**	4,061
Non Current			
Rehabilitation and restoration cost			
Opening balance		**25,412**	24,091
Additional provision raised		**6,312**	
Unwinding of discount		**956**	1,370
Rehabilitation expenditure incurred during the period		**(141)**	(49)
Closing balance		**32,539**	25,412
Employee entitlements		**403**	535
		32,942	25,947

(a) Employee entitlements relate to the balance of annual leave and long service leave accrued by the consolidated entity's employees. Recognition and measurement criteria have been disclosed in Note 1.

(b) Rehabilitation and restoration costs relate to an estimate of restoration costs that will result from the development of the Forrestania Nickel Project and Cosmos Nickel Project. Based on the current known mine life, restoration activities are not expected to commence within the next 6 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

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.

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.

Note 18: Issued Capital (Continued…)

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

		Consolidated Entity	
		2020 $'000	2019 $'000
		2020	2019 $'000
Earnings used to calculate basic / diluted earnings per share		**31,868**	14,194
		2020 Number	**2019 Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share		**273,414,087**	273,487,588
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share		**277,578,717**	277,331,708

Note 20: Cash Flow Information

		2020 $'000	2019 $'000
a) Reconciliation of the net profit after tax to net cash provided by operating activities			
Profit after income tax		**31,868**	14,194
Depreciation expense		**22,760**	15,517
Amortisation expense		**53,101**	44,805
Other		**952**	(527)
Share based payment expense		**2,975**	2,286
Rehabilitation provision interest unwound		**956**	1,370
Rehabilitation expense		**(142)**	(49)
Provision for employee entitlements		**866**	(235)
Change in Assets and Liabilities			
Increase in trade and other payables		**(602)**	1,328
Decrease / (Increase) in inventories		**(7,922)**	12,322
(Increase) / Decrease in trade and other receivables		**3,196**	2,251
Increase / (Decrease) in interest receivable		**(101)**	212
Increase / (Decrease) in tax liabilities		**12,457**	4,823
Net cash provided by operating activities		**120,364**	98,297
b) Reconciliation of Cash and Cash Equivalents			
Cash and cash equivalents comprise:			
Cash on hand and at bank		**144,792**	144,261

Note 20: Cash Flow Information (Continued…)

c) Financing Facilities Available

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

	Total Facility	Utilised at Balance Date	Available Facilities (*)
	$'000	$'000	$'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

		Consolidated Entity	
		2020 $'000	2019 $'000
- no later than 1 year		**19,807**	11,818
- later than 1 year and not later than 5 years		**6,258**	-
Total minimum commitments		**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.

b) Exploration Expenditure Commitments

- no later than 1 year	**5,863**	6,838
- later than 1 year and not later than 5 years	**23,451**	28,336
Total Minimum Payments	**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

		Consolidated Entity	
		2020 $'000	2019 $'000
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		**98**	96
- Audit of Jobs and Competitiveness Program Assistance Application		**-**	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 3 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 2 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 1 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

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

I Macliver	Chairman (Non-Executive)
R Yeates	Director (Non-Executive)
C Readhead	Director (Non-Executive)
T Netscher	Director (Non-Executive)
N Streltsova	Director (Non-Executive)
D Lougher	Managing Director & 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.

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.

Note 28: Financial Risk Management (Continued…)

a) Credit Risk (Continued…)

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.

Note 28: Financial Risk Management (Continued…)

b) Liquidity Risk (Continued…)

Financial liability and financial asset maturity analysis

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

2020 Consolidated Entity

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Total contractual cash flows $'000
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

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Total contractual cash flows $'000
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 (Continued…)

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:

2020 Consolidated Entity

	Floating Interest Rate $'000	Fixed Interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate
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	

Note 28: Financial Risk Management (Continued…)

c) Market Risk *(Continued...)*

i) Interest Rate Risk (Continued...)

2019 Consolidated Entity

	Floating Interest Rate $'000	Fixed Interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate
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	-	48,874	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.

Note 28: Financial Risk Management (Continued…)

c) Market Risk (Continued…)

ii) Price Risk (Continued...)

a) Equity Price Risk (Continued...)

		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	Equity
	$'000	$'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.

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

Note 28: Financial Risk Management (Continued…)

c) Market Risk (Continued…)

iii) Currency Risk

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	Equity
	$'000	$'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 counter parties 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 AUD / Sell USD 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 AUD / Sell USD forward swap contracts			**Swap rate**	Swap rate
Settlement				
less than 6 months	**15,000**	-	**0.658**	-
6 months to 1 year	**-**	-	**-**	-

Note 28: Financial Risk Management (Continued…)

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.

		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

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

i) 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.

ii) Quoted closing bid prices at reporting date.

iii) 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.

Note 28: Financial Risk Management (Continued…)

d) Net fair values (Continued…)

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 KMP during FY20.

Note 30: Share Based Payments

(a) Expenses arising from share based transactions

		Consolidated Entity	
		2020 $'000	2019 $'000
Equity settled performance rights granted during:			
Year ended 30 June 2020		**1,128**	-
Year ended 30 June 2019		**492**	443
Year ended 30 June 2018		**1,355**	1,333
Year ended 30 June 2017		**-**	510
Total expense recognised as employee costs		**2,975**	2,286

Note 30: Share Based Payments (Continued...)

(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 3 year service condition to 30 June 2020 and the performance condition tested against the relative TSR measure for the period 1 July 2017 to 30 June 2020.

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

For grants made under the LTI plan during FY20, vesting will occur subject to the meeting of a 3 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 50th percentile	0% vesting
At the 50th percentile	50% vesting
Between 50th and 75th percentile	Pro-rata / progressive vesting from 50% - 100%
At or above 75th 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 is 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 (Continued...)

(b) Performance rights (Continued...)

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

(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:

	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 23 to 64 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

INDEPENDANT AUDITOR'S OPINION

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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.

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<table>
<tr><th>Key Audit Matter</th><th>How we addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Asset Valuation</td></tr>
<tr><td>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.

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:

• 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.

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.</td><td>Our procedures included, but were not limited to:

• 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.</td></tr>
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Key Audit Matter	How we addressed the Key Audit Matter
Rehabilitation and restoration provision	
As at 30 June 2020 the Groups Balance Sheet includes non-current rehabilitation and restoration provisions of $32.539m. We consider rehabilitation and restoration provisioning as a key audit matter based on the following judgements made by management: • 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. The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1 and 16, respectively to the financial statements.	Our procedures included, but were not limited to: • 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. We evaluated key assumptions used in the provision, by: • 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.

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Key Audit Matter	How we addressed the Key Audit Matter
Carrying Value of Inventories	
As at 30 June 2020 the Groups Balance Sheet includes current inventories of $30.405m. We consider inventory as a key audit matter based on the following judgements made by management: • 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. The related accounting policies, critical accounting estimates and judgements and disclosures are set out in notes 1 and 6, respectively to the financial statements.	Our procedures included, but were not limited to: • 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 12 to 20 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.

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Sean McGurk
Partner

Signed at Perth, 25th August 2020