APPENDIX 4E

PRELIMINARY FINAL REPORT

24 August 2021

ASX: WSA

WESTERN AREAS LTD

Reporting Period

The reporting period is the financial year ended 30 June 2021. The previous corresponding period is 30 June 2020.

Results for announcement to the market

		% Change		Amount A$'000
Revenue from ordinary activities	Down	16.6%	to	**257,173**
Net loss from ordinary activities after tax attributable to members of Western Areas Ltd	Down	(124.2%)	to	**(7,710)**
Net loss after tax attributable to members of Western Areas Ltd	Down	(124.2%)	to	**(7,710)**

Dividends

In respect of the financial year ended 30 June 2021, the Board of Directors did not declare any dividends.

	Amount per security	Unfranked amount per security	Franked amount per security	% CFI
Financial year ended 30 June 2021				
Final dividend	Nil	Nil	Nil	0%
Interim dividend	Nil	Nil	Nil	0%
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%

Net Tangible Asset Backing

	Current year	Previous year
The net tangible assets per security	209.5 cents	201.8 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 2021.

Associates of Western Areas Ltd:

- Panoramic Resources Ltd 19.9%
- Metal Hawk Limited 6.6%
- Grid Metals Corp 5.5% (Canadian Entity)

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 2021. Other detailed commentary on the variation between the results for the year ended 30 June 2021 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 2021 Consolidated Financial Statements which accompany this Preliminary Final Report.

Date: 24 August 2021

Daniel Lougher
Managing Director & CEO

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

WESTERN AREAS LTD

20 YEARS

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DIRECTORS' REPORT

The Directors of Western Areas Limited present the financial report of the Company for the financial year ended 30 June 2021. 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.

<table>
<tr>
<td><u>Ian Macliver</u>
BCom, FCA, SF Fin, FAICD

Non-Executive Independent Chairman

Director Appointed
October 2011</td>
<td>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 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:
• MMA Offshore Ltd (since January 2020)
o Chairman
o Member of the Audit and Risk Committee
o Member of the Nomination and Remuneration Committee
• Sheffield Resources Ltd (since August 2019)
o Chair of the Nomination and Remuneration Committee
o Member of the Audit and Risk Committee
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</td>
</tr>
<tr>
<td><u>Daniel Lougher</u>
BSc. (Mining Geology) Msc. Eng, FAusIMM

Managing Director & CEO

Director Appointed
May 2008</td>
<td>Mr Lougher is a qualified Mining Geologist and Mining Engineer with over 40 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 Chair of Technical Committee
o Chair of Nomination Committee
Former listed company directorships in the last three years:
• Nil
Other relevant experience:
• WA Mines Manager Certificate</td>
</tr>
</table>

Richard Yeates *BSc (Geology), MAusIMM, GAICD* ***Non-Executive Independent Director*** *Director Appointed October 2009*	Mr Yeates is an experienced international mining executive with 39 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:** • Chair of the Nomination Committee • Member of the Remuneration Committee **Other current listed company directorships:** • Nil – Noting Mr Yeates was a director of Middle Island Resources Ltd as at 30 June 2021, ceasing to be a director of that company in July 2021. **Former listed company directorships in the last three years:** • Middle Island Resources Ltd (March 2010 – July 2021) o Managing Director and CEO o Member of the Remuneration Committee o Member of the Nomination Committee **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
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 30 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 PT 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:** • Chair of the Remuneration Committee • Member of the Audit and Risk Committee **Other current listed company directorships:** • Gold Road Resources Ltd (since September 2014) o Chairman o Member of the Audit Committee o Member of the Remuneration Committee o Member of the Nomination Committee o Member of the Risk and ESG 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* ***Non-Executive Independent Director*** *Director Appointed January 2017*	Dr Streltsova is a PhD qualified chemical engineer with over 25 years of international experience in the minerals industry of which over 10 years has been spent in various technical and senior executive roles with major mining houses including Vale SA (formally CVRD), BHP Billiton and WMC Resources Limited. Dr Streltsova has strong background in mineral processing and metallurgy covering multi-commodity, multi discipline areas combined with considerable track record in technology management, innovation and identification of technical solutions for challenging projects. Her broad international experience, both in technical and in business development capacities covers projects operating in Australia, South America and in counties of the Former Soviet Union. In the last 9 years, since finishing full-time executive roles, her focus has been on non-executive board memberships and consulting. **Committee responsibilities:** • Member of the Nomination Committee **Other current listed company directorships:** • Ramelius Resources Ltd (since October 2019) o Chair of the Risk & Sustainability Committee o Member of the Audit Committee • Neometals Ltd (since April 2016) o Chair of the Risk Committee o Member of the Audit, Nominations and Remuneration Committees **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)
Yasmin Broughton *BACom, Post Graduate Law, FAICD* ***Non-Executive Independent Director*** *Director Appointed October 2020*	Ms Broughton is a barrister and solicitor with extensive experience as a non-executive director and corporate lawyer working in a diverse range of industries including mining, infrastructure, energy, financial services, cyber security and agriculture. As a corporate lawyer, Ms Broughton specialised in mergers and acquisitions, corporate finance and corporate governance at the national law firm Clayton Utz and international law firm, Ashurst. Ms Broughton has over 20 years' experience working with ASX-listed companies and has a deep understanding of strategy, change management, governance and risk, compliance and regulation. In her executive career, Ms Broughton was General Counsel and Company Secretary of ASX listed companies including Alinta Limited, a former ASX 50 energy and infrastructure company. Ms Broughton has worked across multiple jurisdictions around the world and has a broad strategic perspective with proven health, safety and environment performance. **Committee responsibilities:** • Chair of the Audit and Risk Committee **Other current listed company directorships:** • Resolute Mining Limited (since June 2017) o Chair of the Audit and Risk Committee o Member of the Nomination and Remuneration Committees **Former listed company directorships in the last three years:** • Nil **Other relevant experience:** • Admitted to practice as a solicitor and barrister WA • Fellow of the Australian Institute of Company Directors

Craig Readhead **B.Juris, LL.B, FAICD**	Mr Readhead did not seek re-election at the 2020 Annual General Meeting, and as such resigned from the board on 19 November 2020. The Company thanks Mr Readhead for 6 years of diligent and professional service. Mr Readhead was the Chair of the Audit and Risk Committee up until his retirement from the Board. 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)

Company Secretary

Mr Joseph 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 over 20 years' experience in the resources industry including listed gold and base metal companies in a range of executive and management roles.

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 10.

Performance Rights Granted to Key Management Personnel

Performance Rights granted to directors and senior management during the financial year ended 30 June 2021 is set out in the Remuneration Report of this Directors' Report on page 13.

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 concentrates. Furthermore, the Company actively conducts feasibility studies into the potential development of new nickel sulphide mines and exploration for nickel sulphide and other base metal mineral deposits.

Dividends Paid or Recommended

In respect of the financial year ended 30 June 2021, the Board of Directors did not declare any dividends.

In relation to the 30 June 2020 financial year the Board declared a final 1 cent fully franked dividend on 25 August 2020 and paid it to shareholders on 9 October 2020.

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 17 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 2021 and the number of meetings attended by each Director.

		Meetings of Committees		
	Director Meetings	Audit and Risk Management	Remuneration	Nomination
Meetings held:	12	5	2	3
Meetings attended:				
I Macliver	12	5	2	3
D Lougher	12		-	3
R Yeates	12		2	3
C Readhead (*)	6	2	-	-
T Netscher	12	5	2	-
N Streltsova	12		-	3
Y Broughton (*)	8	3	-	-

(*) Mr Readhead attended all scheduled meetings prior to his resignation. Ms Broughton attended all meetings following her appointment to the board.

Subsequent Events

There have been no subsequent events after 30 June 2021 which would have a material effect on the financial statements for the year ended 30 June 2021.

Review of Operations

Operational metrics

Detailed quarterly 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			
		FY21	**FY20**
Tonnes Mined	*Tns*	522,855	595,202
Nickel Grade (average)	*%*	3.2%	3.9%
Nickel in Ore	*Tns*	16,812	23,391
Tonnes Milled	Tns	581,058	586,640
Milled Grade (average)	%	3.2%	4.0%
Recovery	%	87%	89%
Nickel in Concentrate	Tns	16,180	20,926
Nickel Sales in Concentrate	Tns	15,509	19,857

During the year the Company commenced its transition toward long term nickel production from its new operating centre at the Cosmos Nickel Complex ('CNO') and specifically from the Odysseus nickel sulphide mine. Significant underground development and surface infrastructure works were completed at Odysseus as the mine continues to advance toward nickel concentrate production late in calendar year 2022.

The Forrestania Nickel Operation ('FNO') result was a year of two halves. The first half was impacted by unplanned mining challenges being encountered in the underground mines. Pleasingly, the FNO mining team was able to reset the mine plan and deliver a much improved second half of the financial year. FNO produced 16.2kt nickel in concentrate and delivered 15.5kt to customers for FY21. The final sales tonnage was impacted by a timing variance related to a final 820 nickel tonne shipment to China leaving port after 30 June 2021, which will now report into FY22.

Financial Metrics

Income Statement

Financial Year – Earnings Results Summary			
	FY21	FY20	Change
	$m	$m	$m
Revenue	**257.2**	308.4	(51.2)
EBITDA[1]	**73.5**	121.9	(48.4)
(LBIT) / EBIT	**(9.1)**	46.2	(55.3)
(Loss) / profit Before Tax	**(10.7)**	44.9	(55.6)
Net (Loss) / profit After Tax	**(7.7)**	31.9	(39.6)

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

FY21 revenue totalled A$257.2m based on sales of 15.5kt of nickel in concentrate to customers. The final revenue and sales reported was impacted by a timing variance related to a final 820 nickel tonne export shipment leaving port after the end of the financial year. The overall net earnings results were impacted by the lower year on year nickel tonnes sold, being partially offset by a high average nickel price. Accordingly, Earnings Before Interest Tax, Depreciation and Amortisation ('EBITDA') was down on the prior year to $73.5m. Depreciation and amortisation charges totalled A$82.6m and the Company reported a full year statutory Net Loss After Tax of $7.7m.

Statement of Cash Flows

Full Financial Year – Cashflow Summary			
	FY21	FY20	Change
	$m	$m	$m
Revenue	**254.1**	311.4	(57.3)
Payments to suppliers	**(175.3)**	(182.4)	7.1
Other	**(19.1)**	(8.6)	(10.5)
Net Operating Cashflow	**59.7**	120.4	(60.7)
Investments	**(0.5)**	*4.4*	(4.9)
Capital purchases	***(143.2)***	*(115.3)*	*(27.9)*
Net Investing Cashflow	***(143.7)***	(110.9)	*(32.8)*
Net Financing Cashflow	**90.3**	(9.0)	99.3
Net Cashflow	**6.3**	0.5	5.8
Cash At Bank	**151.1**	144.8	6.3

Net operating cashflow totaled A$59.7m, with the year-on-year change primarily related to the lower nickel tonnes sold, partially offset by a higher average nickel price received from sales. The operational cash flow and final cash balance were impacted by a timing variance related to the final export shipment to China leaving the port after 30 June 2021. The provisional payment for this sale would normally have been received inside the financial year but was received early in the new financial year and will be accounted for as sales revenue in FY22.

The increase in capital purchases reflects continued mine development and capital investment into the Odysseus mine located at the CNO. Capital investment at Cosmos totalled $84.0m for FY21 as the Odysseus mine construction activity increased, including full mobilisation of the underground mining contractor, completing over 3km of underground decline and capital development. Shaft haulage infrastructure also saw significant progress, including, completion of the winder house civil concrete works, delivery of the major headframe assets to site and the first leg of the shaft raisebore nearing completion by the end of FY21.

Cash at bank at year end was A$151.1m. During the second half of the year, the Company raised A$100m in capital via a combined equity placement (A$85m) and a Share Purchase Plan (A$15m).

Statement of Financial Position

Full Financial Year - Balance Sheet Summary			
	FY21	**FY20**	**Change**
	$m	**$m**	**$m**
Current Assets	**210.2**	194.2	16.0
Total Assets	**806.9**	655.0	151.9
Current Liabilities	**68.9**	64.7	4.2
Total Liabilities	**171.5**	129.1	42.4
Total Equity	**635.4**	525.9	109.5

Current assets increased primarily due to the higher cash balance combined with an increase in the receivables value of A$4.9m due to the higher nickel price.

Total mine development and capital asset expenditure was A$134.0m across both the Forrestania and Cosmos mine sites. Furthermore, the group recognised A$23.1m in Right-of-Use Assets primarily related to new mining contracts at both CNO and FNO. Investment in exploration and evaluation activities totalled A$13.9m during the year as the Company continued to invest in exploration at Cosmos, Forrestania and Western Gawler. The strategic investment in Panoramic Resources Ltd increased in value by A$29m to A$61.2m at year end. Total assets at the reporting date were A$806.9m, representing an increase of A$151.9m compared to the prior year.

Total liabilities of A$171.5m represented an increase of A$42.4m from the prior year as a result of a A$9.7m increase in deferred tax liabilities and an A$18.1m increase in Right-of-Use Asset liabilities being recognised following execution of new mining contracts. The mine closure plans for Forrestania and Cosmos were updated throughout FY21, resulting in an increase of A$18.1m in the Group's rehabilitation provision. The rehabilitation plans are assessed annually to ensure they reflect the latest rehabilitation requirements and cost estimates.

Total equity attributable to shareholders increased by A$109.5m to A$635.4m, primarily due to the A$100m capital raising completed in the second half of the financial year.

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 2021 financial year (FY21).

Key points/changes for FY21

- The Remuneration Report resolution continued to be well supported at the 2020 AGM with 99% of votes cast in favour of the resolution;
- No salary increases for Non-executive and Executive Directors for FY21;
- The Remuneration Committee exercised downward discretion and reduced Short Term Incentive (STI) awards on selected earnings and cashflow. STI payments were reduced in recognition of the annual results and the shareholder outcomes during the financial year;
- The tranche of performance rights, originally issued during FY19, completed its testing period as at 30 June 2021. As the relative total shareholder return performance hurdle was not achieved no performance rights vested. The Company believes that this shows the direct link between shareholder outcomes and executive remuneration structures; and
- The highly successful $1,000 tax exempt share plan offering to all staff (excluding KMP) was maintained. The plan aligning all staff to shareholder outcomes and encouraging employees to act like owners of the business.

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 T Netscher	Non-Executive Independent Director
Dr N Streltsova	Non-Executive Independent Director
Ms Y Broughton	Non-Executive Independent Director - Appointed 15 October 2020
Mr C Readhead	Non-Executive Independent Director - Retired 19 November 2020

Other KMPs 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 Group.

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 FY21 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

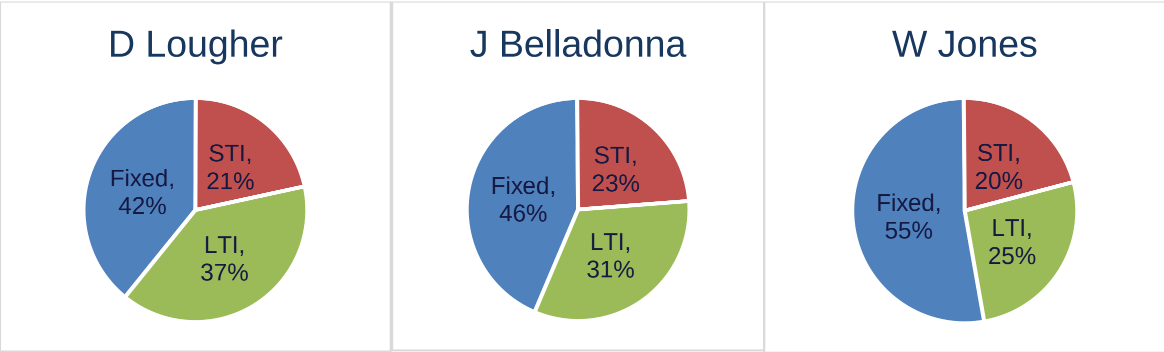
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

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

Remuneration element	Description	Performance metrics	Potential opportunity	Changes for FY21
Fixed remuneration	Inclusive of base pay, superannuation, allowances and salary-sacrifice component	Nil	Positioned at median against market	Assessed against market.
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	No Change
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	No Change

Remuneration mixes

The relative proportion of target FY21 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 FY21 is below. For each Executive, KPIs relevant to their area of influence are selected from the list below and assigned each year. The KPIs set for the Managing Director & CEO are assigned across all areas, to ensure performance and attainment of all Board set goals and objects is not overly focused in one area at the detriment of others.

Operations	Overview KPI	Why KPI was set	FY21	FY20
			Triggered (i)	
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 achieve or exceed 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.	✔ ↓	✔
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				
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.	✔	✕
Forrestania growth projects	Based on Board set outcomes associated with the development of new nickel production assets at the Forrestania mine site.	Motivate and reward project life extension outcomes at Forrestania.	✔	-
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 mineral discovery.	✔	✕

(i) ✔ = STI awarded, ✕ = STI failing the KPI, ✔ ↓ downward discretion of STI award

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 FY21 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%	343,920	$2.51	Upon receipt of a vesting notice following completion of FY23	30/6/2025
Mr J Belladonna	75%	144,920	$2.51	As above	30/6/2025
Mr W Jones	50%	93,750	$2.51	As above	30/6/2025

(i) $2.51 was the market value of the performance rights as calculated on 1 July 2020. 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 FY21 this was $1.04/right as at 30 November 2020.

Performance conditions

Western Areas TSR performance for the FY21 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
Base Resources 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 2023.

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 2020 to 30 June 2023 as measured against the peer group and satisfaction of the service based vesting condition which requires the participant remains employed as at 30 June 2023. Upon satisfaction of the performance and service condition, the Performance Rights will vest upon receipt of a vesting notice during the 2024 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. The Company is on track with the underground development and surface construction of a significant new capital asset, the Odysseus mine at Cosmos. The Cosmos project life has been extended with the addition of 48k Ni tonne Probable Reserves at AM6.

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

Year Ended 30 June	2021	2020	2019	2018	2017
Lost time injury frequency rate	0.6	1.4	2.2	0.9	1.1
Nickel tonnes Sold (tns)	15,509	19,857	21,483	20,549	22,639
Nickel Price – US$	$7.55/lb	$6.33/lb	$5.59/lb	$5.84/lb	$4.58/lb
Reported Cash Cost US$/lb (*)	$3.16	$2.10/lb	$2.13/lb	$2.03/lb	$1.80/lb
Net (Loss) / Profit after Tax ('000)	(7,710)	31,868	14,194	11,837	19,299
(Loss) / Earnings per Share	(2.68)	11.66	5.19	4.34	7.09
Dividend Cents/share	0.0	2.0	2.0	2.0	2.0
Market capitalisation ($)	782M	721M	538M	971M	575M
Closing share price	$2.43	$2.63	$1.96	$3.56	$2.11
TSR – 3 year peer ranking (% percentile)	25th	50th	42nd	57th	60th

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

Short Term Incentive

Based on the achievements of the Company in FY21, the Remuneration Committee determined that Executives achieved between 49% and 54% of their target STI opportunity. It is noted that no KMP achieved 100% of their target STI award and that the KMP only received 50% of the triggered cash flow and earnings KPIs. Noting the first half of the financial year was impacted by unplanned mining related issues, following a reset of the mine plan, the second half of the financial year operational and financial performance was much improved. Key outcomes included:

- The Company maintained a class leading performance in safety and environmental management throughout the year;
- Odysseus mine development progressing to schedule with underground development and surface construction advancing as planned;
- Maiden AM6 Probable Reserves of 2.1Mt at 2.2% for a total of 47,100 Ni tonnes;
- Advancement of new mining studies and construction and commissioning of life extension projects, such as the heap leach project, at the Forrestania nickel operation;
- Exploration success at Western Gawler; 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 FY21 STI quantum ($)		STI quantum earned ($)	STI quantum not earned ($)
Executive Directors					
Mr D Lougher	55%	428,500		233,500	195,000
Executives					
Mr J Belladonna	55%	240,600		141,600	99,000
Mr W Jones	40%	170,000		84,000	86,000

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

Year Ended 30 June	2021	2020	2019	2018	2017	2016
Average KMP STI Payout %	55%	68%	82%	82%	83%	56%

Long Term Incentive

The performance rights that vested and were converted into shares during FY21 were originally issued in FY18. The relative TSR performance of the grant was assessed by an independent expert at the completion of the 3-year performance period ending 30 June 2020. As a result of the independent assessment, Western Areas was positioned at the 50th percentile against the peer group which resulted in 50% vesting of the performance rights granted at that time.

No performance rights vested during FY21. The tranche of performance rights, originally issued in FY19, finalised its testing period as at 30 June 2021. Due to the relative total shareholder return performance hurdle not being met, no performance rights vested. It is believed this shows the direct link to shareholder outcomes and executive remuneration.

SECTION F: NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director ('NED') fees limits

NED fees are determined within an aggregated fee limit of $1,000,000, which was approved by shareholders at the 2012 AGM. This aggregated fee limit is reviewed from time to time and the apportionment amongst Directors is reviewed annually. The following fees (including statutory superannuation) were applicable for FY21.

Fees	FY	Board Chair	Board Member
Actual	2021	$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 2021 is set out below:

Name & job title	Base salary	Superannuation	Contract duration	Notice period	Termination provision
D Lougher, Managing Director & CEO*	$779,125	11%	No fixed term	3 months	12 months termination payment and accrued leave entitlements
J Belladonna, Chief Financial Officer / Company Secretary*	$450,883	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**
FY2020	*173,309*	*-*	*-*	*-*	*19,064*	*-*	*-*	*192,373*
C Readhead	**57,994**	**-**	**-**	**-**	**6,379**	**-**	**-**	**64,373**
FY2020	*150,202*	*-*	*-*	*-*	*16,522*	*-*	*-*	*166,724*
T Netscher	**166,724**	**-**	**-**	**-**	**-**	**-**	**-**	**166,724**
FY2020	*166,724*	*-*	*-*	*-*	*-*	*-*	*-*	*166,724*
R Yeates	**150,202**	**-**	**-**	**-**	**16,522**	**-**	**-**	**166,724**
FY2020	*150,202*	*-*	*-*	*-*	*16,522*	*-*	*-*	*166,724*
N Streltsova	**150,202**	**-**	**-**	**-**	**16,522**	**-**	**-**	**166,724**
FY2020	*150,202*	*-*	*-*	*-*	*16,522*	*-*	*-*	*166,724*
Y Broughton	**118,320**	**-**	**-**	**-**	**-**	**-**	**-**	**118,320**
FY2020	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Total Non-Executive Remuneration FY2021								***875,238***
Total Non-Executive Remuneration FY2020								*859,269*
Managing Director & CEO								
D Lougher	**779,125**	**233,500**	**64,704**	**53,290**	**25,000**	**19,464**	**645,047**	**1,820,130**
FY2020	*779,125*	*282,500*	*64,704*	*49,152*	*25,000*	*19,464*	*788,657*	*2,008,602*
Executive Officers								
J Belladonna	**444,316**	**141,600**	**27,875**	**46,534**	**25,000**	**11,264**	**266,458**	**963,047**
FY2020	*437,750*	*183,000*	*27,152*	*48,407*	*25,000*	*10,936*	*309,977*	*1,042,222*
W Jones	**424,784**	**84,000**	**23,626**	**5,505**	**25,000**	**10,612**	**175,840**	**749,367**
FY2020	*424,784*	*103,000*	*23,626*	*43,663*	*25,000*	*10,612*	*214,989*	*845,674*
Total Executive Remuneration FY2021								***3,532,544***
Total Executive Remuneration FY2020								*3,896,498*

(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 FY21.

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 2020	Granted as Remuneration	On Vesting of Performance Rights	Other Changes During the Year	Balance as at 30 June 2021
I Macliver	36,448	-	-	19,128	55,576
D Lougher	444,487	-	210,140	(32,895)	621,732
R Yeates	10,000	-	-	-	10,000
T Netscher	32,685	-	-	27,465	60,150
N Streltsova	14,620	-	-	8,870	23,490
Y Broughton	-	-	-	9,661	9,661
C Readhead (*)	20,111	-	-	(20,111)	-
J Belladonna	242,723	-	79,660	(75,000)	247,383
W Jones	221,499	-	57,285	-	278,784
TOTAL	**1,022,573**	**-**	**347,085**	**(62,882)**	**1,306,776**

Mr Readhead retired from the board on 19 November 2020. The shareholding reflects his holding at that time.

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 FY21.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by KMP under the LTI plan at 30 June 2021 are outlined below:

	Balance at 1 July 2020	Number granted as Remuneration	Number vested	Number expired / Lapsed	Balance at 30 June 2021	Portion vested (%)	Portion unvested (%)
D Lougher	1,125,490	343,920	(210,140)	(210,140)	1,049,130	-	100
J Belladonna	445,770	144,920	(79,660)	(79,660)	431,370	-	100
W Jones	306,810	93,750	(57,285)	(57,285)	285,990	-	100
TOTAL	**1,878,070**	**582,590**	**(347,085)**	**(347,085)**	**1,766,490**	**-**	

All Performance Rights issued during FY21 were allotted in accordance with the shareholder approved Western Areas LTI plan. The rights were granted on 28 November 2020 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 20 forms part of the Directors' Report for the year ended 30 June 2021.

Non–Audit Services

The entity's auditor, Crowe Perth, provided no non-audit services during FY21 (FY20: $Nil). The Board has the following procedures in place before any non-audit services are obtained from the auditors:

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

Rounding of Amounts

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

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

D Lougher

Managing Director & CEO

Perth, 24 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

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 2021, 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

Sean McGurk
Partner

Signed at Perth, 24th August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2021

	Notes	Consolidated Entity	
		2021 $'000	2020 $'000
Continuing Operations			
Revenue from contracts with customers		**257,173**	308,352
Operating costs		**(161,618)**	(171,770)
Depreciation and amortisation	4	**(82,625)**	(75,631)
Other income	2	**573**	5,029
Finance costs	4	**(1,587)**	(1,298)
Employee benefit expense		**(12,840)**	(12,201)
Foreign exchange gain / (loss)		**1,799**	(2,816)
Share based payments	30	**(2,435)**	(2,975)
Administration expenses		**(4,757)**	(4,733)
Realised derivative (loss) / gain		**(4,375)**	2,978
(Loss) / profit before income tax		**(10,692)**	44,935
Income tax benefit / (expense)	7	**2,982**	(13,067)
(Loss) / profit for the year		**(7,710)**	31,868
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		**(1,726)**	1,241
Changes in financial assets at fair value through other comprehensive income, net of tax		**20,521**	(4,104)
Total comprehensive income for the year		**11,085**	29,005
Basic (loss) / earnings per share (cents per share)	19	**(2.68)**	11.66
Diluted (loss) / earnings per share (cents per share)	19	**(2.68)**	11.47

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2021

	Notes	Consolidated Entity 2021 $'000	Consolidated Entity 2020 $'000
Current Assets			
Cash and cash equivalents	20(b)	**151,052**	144,792
Trade and other receivables	5	**22,724**	17,782
Inventories	6	**36,445**	30,405
Derivative financial instruments through other comprehensive income	17	**-**	1,265
Total Current Assets		**210,221**	194,244
Non Current Assets			
Property, plant and equipment	8	**145,522**	134,531
Right of use assets	9	**19,780**	2,458
Intangible assets		**506**	506
Exploration & evaluation expenditure	11	**133,988**	120,081
Mine properties	12	**233,115**	169,288
Financial assets at fair value through other comprehensive income	10	**63,771**	33,920
Total Non Current Assets		**596,682**	460,784
Total Assets		**806,903**	655,028
Current Liabilities			
Trade and other payables	14	**53,342**	50,822
Lease liabilities	15	**8,484**	1,113
Provisions	16	**6,583**	5,060
Provision for income tax		**-**	7,724
Derivative financial instruments through other comprehensive income	17	**461**	-
Total Current Liabilities		**68,870**	64,719
Non Current Liabilities			
Lease liabilities	15	**13,213**	2,696
Provisions	16	**50,937**	32,942
Net deferred tax	13	**38,448**	28,761
Total Non Current Liabilities		**102,598**	64,399
Total Liabilities		**171,468**	129,118
Net Assets		**635,435**	525,910
Equity			
Contributed equity	18	**542,794**	443,836
Other reserves	31	**69,399**	48,375
Retained earnings		**23,242**	33,699
Total Equity		**635,435**	525,910

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June 2021

	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 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 loss 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 asset 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
COMPREHENSIVE INCOME							
Loss for the year						**(7,710)**	**(7,710)**
Other comprehensive profit for the year, net of tax				**(1,726)**	**20,521**		**18,795**
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR				**(1,726)**	**20,521**	**(7,710)**	**11,085**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNER, AND OTHER TRANSFERS							
Share based payments expense			**2,435**				**2,435**
Share issue	**100,645**						**100,645**
Transaction costs on equity		**(1,687)**					**(1,687)**
Deferred tax asset on performance rights			**(206)**				**(206)**
Dividends paid						**(2,102)**	**(2,102)**
Dividend Reinvestment Plan						**(645)**	**(645)**
TOTAL EQUITY AT 30 JUNE 2021	**560,702**	**(17,908)**	**38,300**	**(461)**	**31,560**	**23,242**	**635,435**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2021

	Notes	Consolidated Entity	
		2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		**254,112**	311,431
Payments to suppliers and employees		**(175,319)**	(182,353)
Interest received		**746**	1,959
Royalties paid		**(10,366)**	(13,143)
Other receipts		**139**	2,959
Interest paid		**(186)**	(43)
Realisation on settlement of derivatives		**(2,576)**	164
Income tax paid		**(6,833)**	(610)
Net cash inflow from operating activities	20(a)	**59,717**	120,364
Cash flows from investing activities			
Payments for property, plant and equipment		**(39,655)**	(41,848)
Proceeds from sale of property, plant & equipment		**11**	23
Investments in listed companies		**(500)**	(28,703)
Proceeds from sale of shares		**-**	33,115
Mine development expenditure		**(87,903)**	(57,538)
Exploration & evaluation expenditure		**(15,746)**	(15,977)
Net cash outflow from investing activities		**(143,793)**	(110,928)
Cash flows from financing activities			
Proceeds from share issue		**100,000**	-
Capital raising costs		**(1,687)**	-
Finance lease payments		**(588)**	(1,169)
Right of use assets lease payments		**(5,287)**	-
Dividends paid to company's shareholders		**(2,102)**	(7,736)
Net cash inflow / (outflow) from financing activities		**90,336**	(8,905)
Net increase in cash and cash equivalents held		**6,260**	531
Cash and cash equivalents as at the beginning of the financial year		**144,792**	144,261
Cash and cash equivalents at end of financial year	20(b)	**151,052**	144,792

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2021

Note 1: Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Report was approved by the Board of Directors on 24 August 2021.

Adoption of new and revised Accounting Standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(v).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

(a) Principles of Consolidation

The Group financial statements consolidate those of Western Areas Ltd ('company' or 'parent') and all of its subsidiaries as at 30 June 2021. 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.

Note 1: Statement of Significant Accounting Policies

(a) Principles of Consolidation (continued…)

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

(b) Investments in Associates and Joint Arrangements

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

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

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

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

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

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

(c) Segment reporting

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

(d) Foreign Currency Transactions and Balances

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

Foreign currency transactions

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

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

(e) Revenue recognition

The Group has applied AASB:15 *Revenue from Contracts with Customers* in all periods in determining the amount of revenue recognised in each reporting period. Using the guidance provided in AASB 15, the Group uses a 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.

Note 1: Statement of Significant Accounting Policies

(e) Revenue recognition (continued…)

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

Sale of nickel and other metals

Sale of nickel and other metals is recognised when the customer obtains control of the concentrates as this is when the consolidated entity has satisfied its performance obligations under a valid sales contract.

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 exceeds 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).

Restoration costs expected to be incurred are provided for as part of the development phase that gives rise to the need for restoration.

(l) Income Tax

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

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

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

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

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

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

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

Note 1: Statement of Significant Accounting Policies

(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 the 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…)

Derecognition

Financial assets are derecognised 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 derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

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

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

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

Fair Value Hedges

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

Cash Flow Hedges

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

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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

Note 1: Statement of Significant Accounting Policies

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

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.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Provision for impairment of inventories

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

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

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

Fair value measurement hierarchy

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

Estimation of useful lives of assets

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

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.

Note 1: Statement of Significant Accounting Policies

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

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 2021, there was no impairment charge to Exploration, Evaluation and Development.

Provision for restoration and rehabilitation

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined as outlined in note 16. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitation in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Employee benefits provision

As discussed in note (n), 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) Comparative Figures

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

Note 1: Statement of Significant Accounting Policies

(x) 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.

(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.

(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 consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2: Other Income

		Consolidated Entity	
		2021 $'000	2020 $'000
- Interest income		**423**	2,060
- Other income		**139**	1,741
- Profit on sale of property, plant & equipment		**11**	23
- Partial Exemption Certificate credits		**-**	1,205
Total other income		**573**	5,029

Note 3: Dividends

		Consolidated Entity 2021 $'000	Consolidated Entity 2020 $'000
Dividends proposed			
No dividend is proposed for the year ended 30 June 2021 (2020: 1 cent per ordinary share)		**-**	2,740
		-	2,740
Dividends paid			
A final dividend of 1 cents per share was paid for the year ended 30 June 2020 (2019: 2 cents per ordinary share).		**2,102**	5,471
Interim dividend of nil per share was paid for 2021 (2020: 1 cent per ordinary share)		**-**	2,265
		2,102	7,736
Dividends re-invested			
Final dividend of 1 cent per share was re-invested for 2020 (2020: 1 cent per ordinary share)		**645**	473
		645	473

Note 4: Profit Before Income Tax

		2021 $'000	2020 $'000
Profit before income tax includes the following specific expenses:			
- Depreciation of property, plant and equipment		**26,712**	22,252
- Depreciation of right-of-use assets		**5,762**	508
- Amortisation of mine development assets		**50,151**	52,871
- Rental expenditure relating to operating leases		**357**	501
- Employee benefits expense			
Defined contribution superannuation expense		**3,356**	3,158
- Finance costs:			
Provisions: unwinding of discount		**917**	956
Interest expense – finance leases		**186**	43
Interest expense – right of use assets		**317**	69
Borrowing costs amortised		**167**	230
Total borrowing costs		**1,587**	1,298

Note 5: Trade and Other Receivables

		2021 $'000	2020 $'000
Trade debtors		17,438	14,376
Other receivables		920	1,723
Prepayments		1,659	1,683
Income tax receivable		2,707	-
		22,724	17,782

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	
		2021 $'000	2020 $'000
Ore stockpiles		**11,319**	18,062
Nickel concentrate stockpiles		**18,192**	6,918
Consumables and spare parts		**6,934**	5,425
		36,445	30,405

Note 7: Income Tax

The components of the tax expense comprise:			
- Current tax (benefit) / expense		**(10,082)**	781
- Deferred tax		**9,687**	13,699
- Adjustment of current tax for prior periods		**(2,587)**	(1,413)
Income tax (benefit) / expense		**(2,982)**	13,067

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% (2020: 30%)		**(3,208)**	13,480
Adjusted for the tax effect of:			
- Share based payment expense		**731**	1,956
- Other temporary differences		**(1,032)**	(732)
- Income tax (benefit) / expense on share based payments		**527**	(1,637)
Income tax (benefit) / expense		**(2,982)**	13,067

Note 8: Property, Plant and Equipment

Property – at cost		**49,891**	49,555
Accumulated depreciation		**(43,336)**	(40,266)
		6,555	9,289
Plant & equipment – at cost		**230,996**	214,452
Work in Progress – at cost		**63,448**	43,056
Accumulated depreciation		**(156,975)**	(133,886)
		137,469	123,622
Plant & equipment under lease		**3,616**	3,463
Accumulated depreciation		**(2,118)**	(1,843)
		1,498	1,620
Total property, plant & equipment – at cost		**347,951**	310,526
Accumulated depreciation		**(202,429)**	(175,995)
Total		**145,522**	134,531

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 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	
		2021 $'000	2020 $'000
Property			
Written down value at the beginning of the year		**9,289**	11,047
- Additions		**336**	1,302
- Depreciation expense		**(3,070)**	(3,060)
Written down value at the end of the year		**6,555**	9,289
Plant & equipment			
Written down value at the beginning of the year		**123,622**	119,206
- Additions		**37,037**	23,228
- Disposals		**(101)**	(177)
- Depreciation expense		**(23,089)**	(18,635)
Written down value at the end of the year		**137,469**	123,622
Plant & equipment under Lease			
Written down value at the beginning of the year		**1,620**	1,141
- Additions		**330**	859
- Disposals		**(177)**	(284)
- Depreciation expense		**(275)**	(96)
Written down value at the end of the year		**1,498**	1,620

Note 9: Right-of-Use Assets

		2021 $'000	2020 $'000
Land and buildings – right-of-use		**2,966**	2,966
Less: Accumulated depreciation		**(1,110)**	(508)
		1,856	2,458
Equipment – right-of-use		**23,084**	-
Less: Accumulated depreciation		**(5,160)**	-
		17,924	-
Total right-of-use assets – at cost		**26,050**	2,966
Accumulated depreciation		**(6,270)**	(508)
Total		**19,780**	2,458

Note 9: Right-of-Use Assets (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	
		2021 $'000	2020 $'000
Right-of-Use Assets – Land and buildings			
Written down value at the beginning of the year		**2,458**	-
- Additions		**-**	2,966
- Depreciation expense		**(602)**	(508)
Written down value at the end of the year		**1,856**	2,458
Right-of-Use Assets - Equipment			
Written down value at the beginning of the year		**-**	-
- Additions		**23,084**	-
- Depreciation expense		**(5,160)**	-
Written down value at the end of the year		**17,924**	-

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 entered into new underground mining service contracts during the year ending 30 June 2021, ranging between 2 and 5 years. The equipment provided under these contracts are recognised as right-of-use assets for the period that the equipment is made available for use.

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	**33,920**	33,725
- Acquisition of investment in listed entity	**500**	28,703
- Sale of investment in listed entity	**-**	(33,115)
- Changes in fair value through other comprehensive income	**29,351**	4,607
	63,771	33,920

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, Metal Hawk Resources Ltd, Todd River Resources Ltd and Grid Metals Inc at each reporting period through Other Comprehensive Income, as these investments are not held for trading. During the financial year, the Company acquired 6.6% of Metal Hawk's outstanding capital. As at 30 June 2021, the investment in Panoramic was fair valued at $62.1 million (2020: $32.7) and Metal Hawk at $0.7million (2020: $Nil).

Note 11: Exploration & Evaluation Expenditure

Exploration & Evaluation Expenditure consists of:		
- At cost	**106,883**	97,976
- Cosmos Nickel Complex acquisition at cost	**27,105**	27,105
- Transferred to Mine Development	**-**	(5,000)
Total Exploration and Evaluation Expenditure	**133,988**	120,081

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	
		2021 $'000	2020 $'000
Balance at the beginning of the year		**120,081**	110,444
- Expenditure incurred during the year		**13,907**	13,375
- Acquisition of tenements		**-**	1,262
- Transferred to Mine Development		**-**	(5,000)
Balance at the end of the year		**133,988**	120,081

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	**280,789**	215,144
- Acquisition of mining assets	**59,796**	59,796
- Exploration expenditure transfer	**81,000**	81,000
- Deferred mining expenditure	**467,211**	436,305
- Capitalised restoration costs	**35,385**	17,958
- Capitalised interest	**11,175**	11,175
- Accumulated amortisation	**(702,241)**	(652,090)
Total Mine Development	**233,115**	169,288

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	**169,288**	130,790
- Additions	**96,551**	80,056
- Exploration expenditure transfer	**-**	5,000
- Increase in restoration provision	**17,427**	6,313
- Amortisation charge for the year	**(50,151)**	(52,871)
Written down value at the end of the year	**233,115**	169,288

Note 13: Deferred Tax Liabilities

		Consolidated Entity	
		2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:			
(a) Liabilities			
- Exploration & evaluation expenditure		**(33,549)**	(28,937)
- Mine development		**(38,698)**	(8,204)
- Property, plant and equipment		**18,392**	(1,253)
- Investments through Other Comprehensive Income		**(9,932)**	(1,224)
- Other		**-**	(23)
		(63,787)	(39,641)
(b) Assets			
- Provisions		**15,035**	9,178
- Tax losses		**9,925**	-
- Employee share trust		**379**	1,702
		25,339	10,880
Net deferred tax liabilities		**(38,448)**	(28,761)
(c) Reconciliation			
(i) Gross movement			
The overall movement in the deferred tax account is as follows:			
Opening balance		**(28,761)**	(15,062)
Credit to income statement		**(9,687)**	(13,699)
Closing balance		**(38,448)**	(28,761)

Note 13: Deferred Tax Liabilities (continued…)

		Consolidated Entity	
		2021 $'000	2020 $'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		**(28,937)**	(25,536)
Debit to income statement		**(4,612)**	(3,401)
Closing balance		**(33,549)**	(28,937)
Mine development			
Opening balance		**(8,204)**	(6,713)
Debit to income statement		**(30,494)**	(1,491)
Closing balance		**(38,698)**	(8,204)
Property, plant and equipment			
Opening balance		**(1,253)**	3,356
Credit / (Debit) to income statement		**19,645**	(4,609)
Closing balance		**18,392**	(1,253)
Investments through Other Comprehensive Income			
Opening balance		**(1,224)**	-
Debit to income statement		**(8,708)**	(1,224)
Closing balance		**(9,932)**	(1,224)
Other			
Opening balance		**(23)**	(909)
Credit to income statement		**23**	886
Closing balance		**-**	(23)
(iii) Deferred tax assets			
The movement in the deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		**9,178**	6,781
Credit to income statement		**5,857**	2,397
Closing balance		**15,035**	9,178
Tax losses			
Opening balance		**-**	7,583
Credit / (Debit) to income statement		**9,925**	(7,583)
Closing balance		**9,925**	-
Employee share trust			
Opening balance		**1,702**	376
(Debit) / Credit to income statement		**(1,323)**	1,326
Closing balance		**379**	1,702

Note 14: Trade & Other Payables

		Consolidated Entity	
		2021 $'000	2020 $'000
Trade payables		**33,508**	29,320
Accrued expenses		**19,834**	21,502
		53,342	50,822

Note 15: Lease Liabilities

Current			
Lease liabilities		**8,484**	1,113
		8,484	1,113
Non Current			
Lease liabilities		**13,213**	2,696
		13,213	2,696

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 3.11%. Refer to Note 8 for the carrying value of the assets under lease.

Note 16: Provisions

Current			
Employee entitlements		**6,583**	5,060
Non Current			
Rehabilitation and restoration cost			
Opening balance		**32,539**	25,412
Additional provision raised		**17,427**	6,312
Unwinding of discount		**917**	956
Rehabilitation expenditure incurred during the period		**(210)**	(141)
Closing balance		**50,673**	32,539
Employee entitlements		**264**	403
		50,937	32,942

(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 Operation and Cosmos Nickel Operation. Based on the current known mine life, restoration activities at Forrestania are not expected to commence within the next 4 years. Following full exhaustion of mine life at Forrestania, rehabilitation activities will be undertaken.

Note 17: Derivative financial instruments

		Consolidated Entity	
		2021 $'000	2020 $'000
Current Assets			
Foreign exchange / nickel options – current assets		-	1,265
Current Liabilities			
Foreign exchange / nickel options – current liabilities		**461**	-

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

321,643,155 fully paid ordinary shares (2020: 274,008,232)	**542,794**	443,836

Movements in issued capital

	Number of Shares	$'000
2021		
Balance at beginning of the financial year	**274,008,232**	**443,836**
- Dividend reinvestment plan	**310,443**	**645**
- Issued capital	**46,511,602**	**100,000**
- Share issue expense	**-**	**(1,687)**
- Performance rights vested issued as shares	**748,330**	**-**
- Tax exempt share plan shares	**64,548**	**-**
Balance at end of the financial year	**321,643,155**	**542,794**
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

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.

Terms and conditions of ordinary shares

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

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

Note 18: Issued Capital (continued…)

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.

Tax Exempt Share Plan

During February 2021, 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	
		2021 $'000	2020 $'000
Earnings used to calculate basic / diluted earnings per share		**(7,710)**	31,868
		2021 Number	**2020 Number**
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share		**288,078,793**	273,414,087
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share		**292,070,153**	277,578,717

Note 20: Cash Flow Information

		2021 $'000	2020 $'000
a) Reconciliation of the net profit after tax to net cash provided by operating activities			
(Loss) / Profit after income tax		**(7,710)**	31,868
Depreciation expense		**32,474**	22,760
Amortisation expense		**50,318**	53,101
Other		**(215)**	952
Share based payment expense		**2,435**	2,975
Rehabilitation provision interest unwound		**917**	956
Rehabilitation expense		**(210)**	(142)
Provision for employee entitlements		**1,384**	866
Change in Assets and Liabilities			
Increase in trade and other payables		**(1,146)**	(602)
Increase in inventories		**(6,041)**	(7,922)
(Increase) / Decrease in trade and other receivables		**(2,933)**	3,196
Increase / (Decrease) in interest receivable		**323**	(101)
(Decrease) / Increase in tax liabilities		**(9,879)**	12,457
Net cash provided by operating activities		**59,717**	120,364
b) Reconciliation of Cash and Cash Equivalents			
Cash and cash equivalents comprise:			
Cash on hand and at bank		**151,052**	144,792

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			
- Asset Finance	2,000	568	1,432
Performance Guarantees:-			
ANZ Banking Group			
- Security bond facility	1,000	472	528
	3,000	**1,040**	**1,960**

d) Corporate facility

In December 2020, the Company announced a credit approved term sheet to establish a secured A$75m Revolving Credit Facility ('RCF') with Commonwealth Bank of Australia ('CBA'). Western Areas consistently works with its lenders to prudently ensure banking facilities provide financial flexibility and working capital options to the Company as it continues to develop the Odysseus mine at the Cosmos operations. Fully executed documentation for the RCF is expected during the September quarter of the 2022 financial year.

e) Non cash financing activities

During the year, the consolidated entity acquired plant & equipment by means of a finance lease to the value of $0.253m (2020: $0.859m).

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	
		2021 $'000	2020 $'000
- no later than 1 year		**9,806**	19,807
- later than 1 year and not later than 5 years		**1,691**	6,258
Total minimum commitments		**11,497**	26,065

Continuing with the development of the Odysseus Project at Cosmos, the Group has committed to the following capital expenditure in the following financial year. Erection of the winder house, raisebore drilling of the haulage shaft and central ventilation rise at Odysseus and installation of ventilation fans.

b) Exploration expenditure commitments

	2021	2020
- no later than 1 year	**5,694**	5,863
- later than 1 year and not later than 5 years	**22,778**	23,451
Total Minimum Payments	**28,472**	29,314

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	
		2021 $'000	2020 $'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		**105**	98
		105	98

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 effective 1 February 2020 to deliver up to 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 effective 1 February 2020 to deliver up to 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

There have been no subsequent events after 30 June 2021 which had a material effect on the financial statements for the year ended 30 June 2021.

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 Chief Executive Officer and his executive team (the Chief Operating Decision Maker) in assessing performance and determining the allocation of resources.

Operating segments are identified by the Chief Operating Decision Maker as operating mine sites that are located in different regulatory and economic environments. As such the Group operates in one operating and business segment, namely exploration, development and production of nickel from its West Australian mining operations.

Financial information is reported to the Chief Executive Officer and Board of Directors as a single segment and all significant operating discussions are based upon analysis of the Group as one segment. The financial results of this segment are equivalent to the financial statements of the Group as a whole.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Except for those mentioned in Note 1 or unless otherwise stated, all amounts reported to the Board of Directors, as the chief decision maker, is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Note 27: Key Management Personnel

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

I Macliver	Chairman (Non-Executive)
R Yeates	Director (Non-Executive)
T Netscher	Director (Non-Executive)
N Streltsova	Director (Non-Executive)
Y Broughton	Director (Non-Executive) (appointed 15 October 2020)
D Lougher	Managing Director & CEO
C Readhead	Director (Non-Executive) (retired 19 November 2020)
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 2021.

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

		Consolidated Entity	
		2021 $'000	2020 $'000
Short term employee benefits		**3,146**	3,258
Share based payments		**1,087**	1,314
Post-employment benefits		**175**	184
		4,408	4,756

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	
		2021 $'000	2020 $'000
Cash and cash equivalents		**151,052**	144,792
Trade and other receivables		**22,724**	17,782
Financial assets through other comprehensive income		**63,771**	33,920
Derivative financial instruments		**-**	1,265

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:

2021 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	**151,052**	**-**	**-**	**151,052**
Trade and other receivables	**22,724**	**-**	**-**	**22,724**
Financial assets at fair value through other comprehensive income	**-**	**-**	**63,771**	**63,771**
Financial Assets –Derivative				
Derivative collar options (net settled)	**-**	**-**	**-**	**-**
	173,776	**-**	**63,771**	**237,547**
Financial Liabilities – Non Derivative				
Trade and other Payables	**53,342**	**-**	**-**	**53,342**
Lease liabilities	**8,484**	**13,213**	**-**	**21,697**
	61,826	**13,213**	**-**	**75,039**
Net Financial Assets/(Liabilities)	**111,950**	**(13,213)**	**63,771**	**162,508**

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

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:

2021 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	151,052	-	-	-	-	151,052	0.50%
Trade and other receivables	-	-	-	-	22,724	22,724	
Financial assets at fair value through other comprehensive income	-	-	-	-	63,771	63,771	
	151,052	-	-	-	86,495	237,547	
Financial Liabilities							
Trade and other payables					53,342	53,342	
Lease liability		8,484	13,213			21,697	3.11%
	-	8,484	13,213	-	53,342	75,039	
Net Financial Assets / (Liabilities)	151,052	(8,484)	(13,213)	-	33,153	162,508	

Note 28: Financial Risk Management (continued…)

c) Market Risk *(continued...)*

i) Interest rate risk (continued...)

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	

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 5% / decreased by 5% (2020 – increased by 10% / decreased by 10%) and foreign exchange rate increased by 2% / decreased by 2% (2020 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	
		2021 $'000	2020 $'000
Financial assets at fair value through other comprehensive income Index			
ASX		**3,361**	1,861
TSXV		**102**	157

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 2021		
+- $500 / tonne nickel	**+/-291**	**+/-291**
Year Ended 30 June 2020		
+- $500 / tonne nickel	+/- 878	+/- 878

Nickel collar options

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

The following table summarises the nickel collar options open at 30 June 2021.

	Consolidated Entity	
	Collar Options 2021	Collar Options 2020
Nickel Tonnes	**1,200**	-
USD Price ($/ tonne) Cap	**19,000**	-
USD Value ($'000)	**22,800**	-
USD Price ($/tonne) Floor	**17,167**	-
USD Value ($'000)	**20,600**	-

Note 28: Financial Risk Management (continued…)

c) Market Risk (continued…)

iii) Currency risk

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

	30 June 2021		30 June 2020	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
US$'000	**-**	**10,739**	-	2,061

The following table details the consolidated entity's sensitivity to a 2% increase and decrease in the Australian Dollar against the relevant foreign currencies. 2% 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 2% change in foreign currency rates.

Sensitivity analysis

	Profit	Equity	Profit	Equity
	2021 $'000	2021 $'000	2020 $'000	2020 $'000
Year Ended 30 June 2021				
+2% (+5%: 2020) in $A/$US	**520**	**520**	1,367	1,367
- 2% (-5%: 2020) in $A/$US	**(500)**	**(500)**	(1,237)	(1,237)

Foreign exchange collar options

The consolidated entity had open foreign exchange collar options and forward sale contracts at 30 June 2021 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	
	2021 $000	2020 $000	2021 $	2020 $
Consolidated Group				
Buy AUD / Sell USD Options			**Put Call**	**Put Call**
Settlement				
less than 6 months	**37,500**	7,500	**0.730 – 0.785**	0.641 - 0.680
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.

		2021		2020	
		Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets					
Cash and cash equivalents	i)	**151,052**	**151,052**	144,792	144,792
Trade receivables	i)	**22,724**	**22,724**	17,782	17,782
Financial assets at fair value through other comprehensive income	ii)	**63,771**	**63,771**	33,920	33,920
Derivative financial assets	iii)	**-**	**-**	1,265	1,265
		237,547	**237,547**	197,759	197,759
Financial Liabilities					
Trade and other payables	i)	**53,342**	**53,342**	50,882	50,882
Other liabilities	i)	**21,697**	**21,697**	3,809	3,809
		75,039	**75,039**	54,691	54,691

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
2021				
Financial assets:				
Financial assets at fair value through other comprehensive income	**63,771**	**-**	**-**	**63,771**
	63,771	**-**	**-**	**63,771**
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

Note 29: Related Party Transactions

There were no related party transactions with key management personnel during FY21.

Note 30: Share Based Payments

(a) Expenses arising from share based transactions

		Consolidated Entity	
		2021 $'000	2020 $'000
Equity settled performance rights granted during:			
Year ended 30 June 2021		**316**	-
Year ended 30 June 2020		**1,618**	1,128
Year ended 30 June 2019		**501**	492
Year ended 30 June 2018		**-**	1,355
Total expense recognised as employee costs		**2,435**	2,975

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 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.

For grants made under the LTI plan during FY21, vesting will occur subject to the meeting of a 3 year service condition to 30 June 2023 and the performance condition tested against the relative TSR measure for the period 1 July 2020 to 30 June 2023.

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:

	2021	2020
Underlying share price	**2.11**	2.92
Exercise price of rights	**Nil**	Nil
Risk free rate	**0.10%**	0.74%
Volatility factor	**42%**	46%
Dividend yield	**0.92%**	0.91%
Effective life	**3.0 Years**	3.0 Years
Entitled number of employees	**22**	25

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

(b) Performance rights (continued...)

Performance Rights held by Key Management Personnel at 30 June 2021

	Balance at 1 July 2020	Granted as Remuneration	Exercise of Performance Rights	Lapsed / Cancelled / Other	Balance at 30 June 2021	Performance Rights Vested
D Lougher	**1,125,490**	**343,920**	**(210,140)**	**(210,140)**	**1,049,130**	**-**
J Belladonna	**445,770**	**144,920**	**(79,660)**	**(79,660)**	**431,370**	**-**
W Jones	**306,810**	**93,750**	**(57,285)**	**(57,285)**	**285,990**	**-**
TOTAL	**1,878,070**	**582,590**	**(347,085)**	**(347,085)**	**1,766,490**	**-**

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	-

(c) Share option plans

There were no options outstanding as at 30 June 2021.

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	
		2021	2020
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 except the Western Areas Employee Share Trust 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	
		2021 $'000	2020 $'000
Assets			
Current Assets		**206,448**	190,529
Non Current Assets		**591,992**	469,142
Total Assets		**798,440**	659,671
Liabilities			
Current Liabilities		**38,465**	54,102
Non Current Liabilities		**86,525**	48,081
Total Liabilities		**124,990**	102,183
Net Assets		**673,450**	557,488
Equity			
Issued capital		**542,794**	443,836
Reserves		**69,233**	48,628
Retained Earnings		**61,423**	65,024
Total Equity		**673,450**	557,488
Statement of Comprehensive Income			
(Loss) / profit for the year		**(953)**	33,179
Total comprehensive income for the year		**19,652**	29,847

Guarantees

Western Areas Ltd is party to a Parent Guarantee in which the company guarantees 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 21 to 61 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 2021 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 2021.

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

D Lougher
Managing Director & CEO

Dated – 24 August 2021

INDEPENDENT AUDITOR'S OPINION

Crowe

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

Report on 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 2021, 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 2021 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 (including Independence Standards)* (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.

Crowe

Key Audit Matter	How we addressed the Key Audit Matter
Asset Valuation	
As at 30 June 2021 the Group's Balance Sheet includes property, plant and equipment of $145.52m, mine properties of $233.11m and exploration and evaluation expenditure of $133.99m. 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	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 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.
Rehabilitation and restoration provision	
As at 30 June 2021 the Groups Balance Sheet includes non-current rehabilitation and restoration provisions of $50.67m. 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.	Our procedures included, but were not limited to: • testing the controls within the provision estimation process. • assessing the scope, objectivity and competence of the Group's external expert to provide rehabilitation cost estimates, where engaged.

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Key Audit Matter	How we addressed the Key Audit Matter
• 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.	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.
Carrying Value of Inventories	
As at 30 June 2021 the Groups Balance Sheet includes current inventories of $36.45m. 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 2021 to supporting documentation. • verifying the physical inputs included in the cost models as at 30 June 2021 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 Annual Report, other than the financial statements and our auditor's reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director's 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 these financial statements.

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 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 10 to 18 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Western Areas Ltd for the year ended 30 June 2021 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, 24th August 2021