WESTERN AREAS LTD

ANNUAL REPORT 2021

CORPORATE VISION

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

HIGHLIGHTS

16.2KT OF NICKEL PRODUCED INTO CONCENTRATE

SALES REVENUE OF **A$257.2M, EBITDA** OF **A$73.5M**

NEW ODYSSEUS MINE WELL ADVANCED WITH OVER 3KM OF UNDERGROUND DEVELOPMENT AND SHAFT HAULAGE INFRASTRUCTURE SUBSTANTIALLY PROGRESSED. FIRST ORE FROM ODYSSEUS ON TARGET 2021

AM6 ORE RESERVE OF 47KT NICKEL ADDS FURTHER VALUE AS THIRD MINING AREA TO ODYSSEUS

A$151M CASH AT BANK, STRONG DEBT FREE BALANCE SHEET TO UNDERPIN GROWTH

CONFIRMED TARGETED PRODUCTION OF OVER 15,000 TONNES PER ANNUM OF NICKEL IN CONCENTRATE, FOR IN EXCESS OF 10 YEARS

Photo by Mark Langham

Western Areas is a leading Australian-based nickel producer, with targeted production of over 15,000 tonnes per annum of nickel in concentrate, for in excess of 10 years.

Western Areas' primary growth asset is the 100% owned, long-life Odysseus mine, at the Cosmos Nickel Operation. Odysseus is fully funded, with the operation scheduled to produce first ore in FY22 and commence nickel concentrate production during FY23.

Odysseus remains one of the few long dated supplies of nickel sulphide to enter the market in the coming years, as the EV market continues to drive nickel demand for delivery into the EV battery supply chain.

Its main operational asset, the 100% owned Forrestania Nickel Operation, is located 400km east of Perth in Western Australia. Western Areas is currently producing over 16,000 nickel tonnes in concentrate per annum from its Flying Fox and Spotted Quoll mines.

The Company is an active base metal explorer in Western Australia and South Australia, and holds a strategic 19.9% stake in nickel producer Panoramic Resources.

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

CONTENTS

CORPORATE DIRECTORY

Directors
Ian Macliver (Chairman)
Daniel Lougher
Richard Yeates
Timothy Netscher
Natalia Streltsova
Yasmin Broughton

Company Secretary
Joseph Belladonna

Auditors
Crowe Horwath
Level 5
45 St Georges Terrace
Perth WA 6000

Bankers
ANZ Banking Group Limited
77 St Georges Terrace
Perth WA 6000

Stock Exchange
Australian Securities Exchange Limited
Code: WSA

Solicitors
Ashurst
Level 10 & 11
123 St Georges Terrace
Perth WA 6000

Registered Office
Level 2
2 Kings Park Road
West Perth WA 6005

PO Box 1891
West Perth WA 6872

Phone: +61 (0) 8 9334 7777
Fax: +61 (0) 8 9486 7866
Email: info@westernareas.com.au

ABN
68 091 049 357

Share Registry
Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Competent Person's Statement:

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

Forward Looking Statement:

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

CHAIRMAN'S LETTER

Dear Fellow Shareholder,

On behalf of your Board of Directors, I am pleased to present to you the Annual Report for the financial year ended 30 June 2021. The dynamic challenges which emerged from the onset of COVID-19 persist as the pandemic continues, however the Western Areas team continued to respond to these challenges with resilience during the 2021 fiscal year. Now more than ever, the health and wellbeing of Western Areas employees, contractors and the broader Western Australian community in which the Company operates remains of utmost importance.

Despite the broad disruptions the pandemic has brought, Western Areas substantially progressed the establishment of its second operational hub, Cosmos, with major infrastructure works completed at the Odysseus mine development. The decision to purchase Cosmos in late 2015, a counter-cyclical move, is proving to be a timely and significant organic growth project for the Company.

The Odysseus mine is a core component of Western Areas growth outlook and will become a long life, low cost mine, with first nickel ore scheduled for the third quarter of CY21 and first concentrate production targeted for the middle of FY23. The project is fully funded and will prime the Company to capitalise on the projected global nickel supply shortfall due to the burgeoning growth of the electrical vehicle (EV) battery market.

Our maturing Forrestania operations were adversely impacted, particularly during the first half of FY21, by lower grades across Flying Fox and Spotted Quoll, seismicity and a reduction in nickel production with a resultant increase in the cost per pound of nickel sold. Relative to FY20, nickel production was 23% lower, resulting in a lower sales volume. The average realised nickel price per pound also changed from A$9.42/lb in FY20 to A$10.07/lb for FY21. As a result of the lower production and nickel sales, revenue decreased by 16.6%, which cascaded through to earnings.

The Company swiftly implemented a turnaround strategy to realise the considerable value that still remains within Forrestania heading into FY22 and beyond. This initiative has already yielded positive results. The total mined production from Forrestania in the June quarter of FY21 was 22% higher than the March quarter of FY21. But crucially, we remain debt-free, with cash at bank of A$151.1m at the financial year end.

I would like to specifically thank our shareholders for their support of the $100 million capital raising, which included a share purchase plan. As a consequence of this raising, Odysseus is fully funded to underpin Western Areas' growth strategy.

Late in FY20, Western Areas made a strategic investment in Panoramic Resources Limited, acquiring a 19.9% stake for a total cash consideration of A$28.6 million. Panoramic is working towards a restart of its Savannah nickel project. The investment in Panoramic is aligned with the Company's growth strategy and increases exposure to the growing EV battery market. Our investment in Panoramic has increased significantly in value, and we anticipated long-term growth in this strategic investment as Savannah restarts and generates stable production.

ODYSSEUS IS NOW UNDERPINNING WESTERN AREAS' GROWTH STRATEGY

On a macroeconomic level the demand pressure on nickel for stainless steel is expected to remain volatile, stemming from the swiftly evolving Indonesian policy environment, as the government seeks to curb miners in the country from exporting raw ore. More broadly, strong growth in EV production and demand, especially in Europe, is increasing and government incentives for the uptake of EVs are growing globally. This is anticipated to create a global nickel supply shortfall in the medium term and underpins our belief in the strong long term nickel price outlook.

During the year we also welcomed Ms Yasmin Broughton to the Board of Western Areas. Ms Broughton is a barrister and solicitor with significant experience working as a non-executive director and a corporate lawyer in a diverse range of industries including mining and energy. Ms Broughton has over 20 years' experience working with ASX-listed companies and has a deep understanding of governance, risk management, compliance and regulation. Mr Craig Readhead stepped down from the Board following the AGM, having made six years of sustained contributions to the Company, including chairing the Audit and Risk committee. We wish Mr Readhead all the best, following his significant efforts on behalf of the Company.

Looking ahead, Western Areas will continue to optimise the Forrestania operations in conjunction with commissioning the Odysseus mine at Cosmos to underpin the next phase of growth for the Company. The Company is also enthusiastic about the prospects for its suite of exploration assets including Cosmos, Forrestania, Western Gawler and Metal Hawk.

To conclude, I would like to take this opportunity to thank all our staff, contractors and suppliers for their support throughout the year, particularly amid the broader uncertainty that exists within this COVID-19 environment. The Company will continue to strongly commit to providing a safe working environment for all our staff and contractors. The continued hard work and dedication demonstrated by all staff is instrumental to the ongoing success of Western Areas.

Ian Macliver
Independent Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

The 2021 financial year was one of proactive transition for Western Areas, as we navigated the challenges associated with maturing operations at Forrestania, while also pivoting the Company toward a phase of strong and sustainable organic, long term growth. This growth phase is underpinned by the developing long life Odysseus mine at the emerging Cosmos nickel operation, with Western Areas making significant strides in constructing the Company's second operational hub during the period. In line with this growth initiative, Western Areas is also advancing a targeted drilling campaign on its portfolio of exploration assets.

In tandem with strategically positioning the Company for long term growth, Western Areas is focused on maximising the value derived from its existing Forrestania operational hub, after operational issues resulted in lower grade areas being mined during the first half of FY21. However, a turnaround strategy resulted in a rebound in performance during the second half.

Additionally, Western Areas has now completed construction of its first phase of the mill scats heap leach project. Commissioning of the first heap leach occurred during the June quarter, with the first pregnant nickel sulphate solution expected to be advanced to the Mill Recovery Enhancement project at the Cosmic Boy nickel plant during the 2nd quarter of FY22. The Company is committed to consolidating this positive momentum at Forrestania and expanding upon it heading into FY22 and beyond.

Our whole team again displayed terrific diligence and perseverance in the face of the ongoing COVID-19 pandemic, ensuring our operations remained a safe place to work. Safety remains Western Areas' priority; it helps create the best working environment possible and helps us attract the best talent, which is conducive to our long-term success.

The LTI frequency rate at the end of the fiscal year was 0.63, down from 1.41 in FY20, which is an excellent achievement for the group. We have further integrated COVID-19 procedures into the perennial enhancement of our broader safety practices, to facilitate operational efficiency in a safe environment. As was the case last financial year, our policies and procedures are completely aligned with directives from both the state and federal government health departments.

The Company recorded a net loss after tax of $7.7 million, lower than the FY20 profit figure of A$31.9m, stemming from the aforementioned operational challenges at Forrestania in the first half of FY21, as nickel in concentrate sales fell from 19.9kt to 15.5kt. The average nickel price received for nickel shipped to customers in FY21 was A$10.07/lb (FY20: $9.42/lb) leading to total sales revenue of $257.2 million (FY20: $308.4m).

However, the Company continues to maintain a robust balance sheet, with $151.1 million cash at bank and no debt. Western Areas has a $75 million Revolving Credit Facility to provide financial flexibility and working capital options, if required, to help fund the continued development of our long-life Odysseus mine.

Odysseus is now fully funded following a $100 million equity raising in March, which I was delighted to see received strong support from new and existing investors. Despite the pandemic-related restrictions and delays which have brought many mining construction projects across the globe to a halt, the development of the Odysseus mine is progressing to plan. The successful delivery of the hoisting shaft headframe and winder assets from South Africa in the first half of the fiscal year marked a major milestone for the development of Odysseus and it significantly de-risked the construction work schedule. Excellent development rates are continuing to be achieved for the underground mine development, with a total advancement result of 3 km by the end of FY21.

Once in steady state production, delivery of 14.6kt nickel in concentrate per annum is targeted from Odysseus, with first concentrate production from the mine remaining targeted for the middle of FY23. This coincides optimally with the projected global nickel supply shortfall in coming years, as the growth of the electric vehicle market drives increased demand in nickel for the creation of lithium-ion batteries, which is expected to not be met by the forecast supply of the metal, subsequently expected to drive prices upwards.

The funds from the equity raising have also been allocated to pursue other initiatives, to underpin Western Areas' transition into a phase of strong and sustainable organic growth. This includes advancing an integrated mine plan study, which incorporates the highly-prospective AM6 nickel reserve into the Odysseus mine plan. The AM6 nickel reserve contains a nickel resource of 47kt, providing substantial upside to the future value we can generate from the Cosmos operation. We are also progressing the New Morning Daybreak deposit study at Forrestania, which provides significant upside for the Company's current operational hub.

Furthermore, Western Areas is methodically developing an extensive and diverse portfolio of exploration assets, which includes standalone projects, such as Western Gawler and JVs with Metal Hawk and Iluka Resources. For example, a fresh drilling campaign has now commenced at the Western Gawler farm-In and Joint Venture with Iluka Resources in South Australia, designed to delineate the along strike prospectivity of the Sahara intrusive to the south, following the discovery of thick accumulations of nickel and copper-bearing sulphides at Sahara in 2020.

Another key point I would like to touch upon is our corporate social responsibilities, which we take very seriously as an entire organisation. This is demonstrated by Western Areas undertaking tangible initiatives. The Company sponsors the Perth Zoo's Black Cockatoo exhibit as part of our commitment to enhancing the conservation of this endangered bird species. We have had an extensive conservation management plan in place at Forrestania for the Carnaby's Black Cockatoo since 2012. Western Areas has also supported the Western Shield and Eastern Wheatbelt Biosecurity Groups for nearly a decade to protect native species in the wheatbelt area by managing declared pests.

At Cosmos, the Company continues to foster a collaborative working relationship with the traditional owners of the land, the Tjiwarl people. Western Areas has proactively completed multiple heritage surveys, ongoing cultural awareness training and employing local Tjiwarl contractors for maintenance and rehabilitation works. The Company also continues to productively engage with the Ballardong people, the Maduwongga people, the Ngadju people and the Marlinyu Ghoorlie people, the traditional owners of the Forrestania area and surrounding exploration programmes, as well as the Far West Coast Aboriginal Corporation (FWCAC) and the Aboriginal Lands Trust (ALT) in the Western Gawler area.

FY21 HAS LAID THE GROUNDWORK TO PIVOT WESTERN AREAS FOR A PROSPEROUS LONG TERM FUTURE

We also devote resources to fostering interest in the mining industry among the next generation, with the mine sites at Forrestania hosting several local school and university visits to showcase the potential career paths available in the mining industry.

To conclude, Western Areas has a very solid financial base, which will enable the development of the Odysseus mine in time to capitalise on the projected burgeoning electric vehicle demand, in tandem with the continued operation of our Forrestania hub, as well as our high-potential exploration activities. This positions the Company for a bright future, both in the short term and long term.

Finally, I would like the take this opportunity to thank our Board, all of our staff, contractors and suppliers for their resilience and support throughout the year, especially in light of the ongoing COVID-19 pandemic and the prolonged challenges it has brought.

The work the whole team has undertaken in FY21 has laid the groundwork to pivot Western Areas for a prosperous long term future.

Daniel Lougher
Managing Director and Chief Executive Officer

	FY21	FY20
Lost Time Injury Frequency Rate (LTIFR)	0.6	1.5
Total Ore Mined (tns)	522,855	595,202
Average Mined Grade	3.2%	3.9%
Contained Nickel Mined (tns)	16,812	23,391
Total Ore Processed (tns)	581,058	586,640
Average Processed Grade	3.2%	4.0%
Average Recovery	87%	89%
Contained Nickel Processed (tns)	16,180	20,926
Nickel Sold (tns)	15,509	19,857
Average Nickel Price Received (A$/tn)	22,200	20,770
Cash Costs before smelting/ refining (A$/lb)	4.23	3.13
Average Exchange Rate USD/AUD	0.75	0.67

OPERATIONS

GROUP OVERVIEW

Western Areas is an Australian-based mining and exploration company that aims to be a sustainable and profitable, nickel-focused, base metal miner. Western Areas has a portfolio of operational and emerging nickel mines with targeted production of over 15,000 tonnes per annum of nickel in concentrate, for in excess of 10 years.

The Company has been listed on the Australian Securities Exchange (ASX) under the ticker symbol 'WSA' since July 2000. The Company owns a 100% interest in both the Forrestania Nickel Operation ('Forrestania') and the Cosmos Nickel Operation ('Cosmos'), which are both located in Western Australia. Western Areas' primary growth asset is the long-life Odysseus mine, at Cosmos. Odysseus is fully funded, with the operation scheduled to produce first ore in FY22 and commence nickel concentrate production during FY23.

The Odysseus mine will utilise an efficient shaft haulage system for ore and waste removal, that enables this project to operate at a low all-in sustaining cost over its projected mine life of at least 10 years.

The Company's current primary nickel producing asset is Forrestania, located 400km east of Perth in Western Australia. Western Areas currently produces over 16,000 nickel in concentrate tonnes per annum from its Flying Fox and Spotted Quoll underground mines at Forrestania, which are two of the lowest cost and highest grade nickel operations in the world.

The nickel ore mined is processed through the Cosmic Boy Concentrator (CBC) and sold into offtake agreements with BHP Billiton Nickel West for a minimum 10,000tpa nickel and the balance to the Jinchuan Group, China's largest nickel cathode producer.

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

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

The Company remains focused on the core business of sustainable long life, nickel production, new nickel discoveries and generating consistent returns to shareholders. In line with this, the Company has a strategic investment in Panoramic Resources, holding a 19.9% stake. It has put in place the cost structure and capabilities to prosper through commodity price cycles that include a prudent capital management strategy, an opportunistic approach to Joint Venture opportunities and value-based assessment of asset acquisition.

STRUCTURE

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

WESTERN AREAS GROUP SAFETY

At Western Areas (the Company), the safety of our workforce underpins the success and sustainability of our operations, which is supported by an organisational culture that emphasises individual empowerment and accountability.

The Company wide LTI frequency rate (LTIFR) reduced from 1.41 to 0.63 as did the Total Recordable Injury Frequency Rate (TRIFR) from 16.87 to 12.50 at year end. TRIFR includes recordable injuries which require medical treatment, restricted duties or result in lost time across all operations.

The Company has a robust reporting culture, with the majority of injuries recorded being minor soft tissue, soreness or lacerations. The table below shows days without a lost time injury at each site.

	LTI free days
Cosmic Boy concentrator	1,026
Surface exploration	1,013
Flying Fox mine	830
Spotted Quoll mine	461
Cosmos Nickel Operations	363

FORRESTANIA NICKEL OPERATION (FNO)

No Lost Time Incidents (LTI) were recorded at FNO with the LTIFR reduced to zero at year end, which was a great result.

Despite the challenge of snap COVID-19 lockdowns, FNO continued to operate effectively using risk assessments as needed with associated controls. FNO health and wellbeing initiatives were rolled out during the year and were well received during extended rosters.

Three bushfires threatened operations in the third quarter, the most serious fire coming to within 5km of the Flying Fox mine-site in January and the Emergency Response Teams (ERT) deployed ensured the fires were contained and extinguished with no injuries or infrastructure damage.

COSMOS NICKEL OPERATION (CNO)

One Lost Time Incident was recorded at Cosmos for FY21. A crane rigging contractor being struck by a dislodged fly jib and sustaining fractured ribs, while stowing the crane jib after placement of a pump into a water management pond.

CNO responded to COVID-19 risks with innovative online health screening protocols, risk assessments and a flu vaccination program.

The CNO safety team improved the Safety Management System (SMS) documentation including the hygiene risk management and progressed a number of management plans.

The ERT increased to a total of 15 members, with training exercises including BG4, fire and vertical rescue.

CNO installed centrally located chilled water fountains and refurbished the recreational room, barbecue area and multi-sports court. Gym lighting and equipment were also upgraded. To complement these initiatives, specialist exercise physiologists started working on-site mirroring the same arrangement at FNO.

THE COMPANY CONTINUES TO WORK WITH A NUMBER OF TRADITIONAL OWNER GROUPS THAT ARE LOCATED NEAR OUR FORRESTANIA & COSMOS NICKEL OPERATIONS AND LOOKS FORWARD TO CONTINUING THESE VALUED RELATIONSHIPS.

ENVIRONMENTAL ACTIVITIES

Several Environmental, Social, and Governance (ESG) improvement initiatives were completed during the year including the external verification of greenhouse gas emissions and the inaugural reporting of our Scope 3 emissions.

Forrestania

Environmental compliance was at a high standard with one incident reported to the regulator involving a minor saline water discharge from a disused water tank. All regulatory commitments were completed and environmental approvals obtained.

The annual FNO rehabilitation program was completed including the rehabilitation of 16.4ha of three sandpit areas, with the Cosmic Boy Sandpit (6.2ha) and the Lounge Lizard East (4.6ha) both recontoured to promote natural revegetation. Re-vegetation is expected due to good topsoil volumes, narrow plots and plentiful rain received directly after the earthworks. The remaining 5.6 ha of the Lounge Lizard West sandpit was direct seeded by a specialist contractor using provenance native seed, to complete the rehabilitation of the area. Vegetation surveys will continue to be undertaken on previously rehabilitated plots across FNO including Flying Fox and Spotted Quoll waste rock dumps to monitor rehabilitation performance.

WSA engaged with a number of traditional owner groups during the year regarding aboriginal heritage surveys and heritage agreements, including the Ballardong, Marlinyu Ghoorlie, Maduwongga and Ngadju people.

Cosmos

The environmental compliance was at a high standard with no reportable environmental incidents. An updated Mine Closure Plan was submitted to the Department of Mines Industry Regulation Safety (DMIRS) incorporating the new Kathleen Valley Tenements.

Groundwater management improvements were implemented with decommissioning of up to 90% of the recovery network and groundwater levels retreating. Cosmos implemented a human waste recovery program during the year through the Containers for Change program, with proceeds donated to charities.

Cosmos completed a life of mine energy study with a view to the future inclusion of renewable energy (wind and solar) to transition to a lower carbon operation with the added benefit of reduced operating power costs.

Constructive engagement with the Tjiwarl Aboriginal Corporation continued during the year.

WESTERN AREAS SUPPORTS VARIOUS PRIMARY SCHOOLS, SPORTING CLUBS AND LOCAL COMMUNITY GROUPS AT BOTH OPERATIONS.

Community

The company has been a key sponsor of the Perth Zoo and the Western Quoll since 2009. This year the company started sponsorship of the Black Cockatoo exhibit to assist in the conservation of these endangered birds. The company's sponsorship of the Eastern Wheatbelt Biosecurity Group continued, and discussions to extend the sponsorship of the Western Shield programme commenced.

FLYING FOX MINE

The Streeter Decline was completed to a depth of 1,270m below the surface. A further 1,148m of lateral capital development was completed to access the T5Z9 (150 to 110 levels) and northern accesses to the 180 and 160 levels (T5 & T6 ore bodies).

Production was sourced predominantly from long hole stoping (77%), with remainder from 538m of ore drive development (23%). Stoping was sourced from the 'Old Flying Fox' (1205 to 1185 levels), T1N (1070 level), T5 (385 to 150 levels) and T6 (200 to 180 levels), with ore development sourced from the T5 (385 to 110 levels) and T6 (200 to 180 levels).

Some seismic activity in the lower levels of the mine early in the year resulted in restricted access to the 200, 180 and 160 levels for a period of three months and a new mining sequence was adopted to reduce the seismic risk. This involved paste filling of the 180 and 160 ore drives and stoping the levels top down one-by-one rather than concurrently.

345 S3 south ore drive
(4.0m W x 4.5m H)
with a face grade of 4.5% Ni

385 S1 south ore drive
(4.0m W x 4.5m H)
with a face grade of 3.2% Ni

FLYING FOX MINE INFRASTRUCTURE

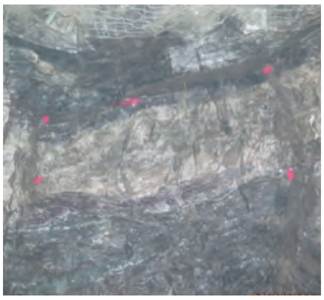
Underground infrastructure was extended to the 160 level to facilitate stoping of the lower areas and included a return air-way long-hole rise, escape ladder-ways, 1MVA substation, fifteen-person refuge chamber and steel paste reticulation with dump valve.

SPOTTED QUOLL MINE

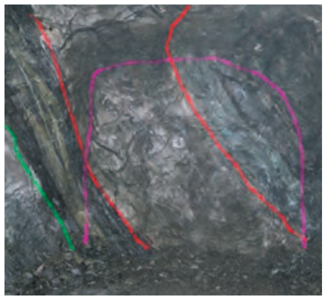
The Hanna Decline advanced to a depth of 1,021m below the surface to facilitate two 'Stage 2' access take-off levels (420, 390) that resulted in four ore drives. The 'Stage 2' two boom area (TBA) of the mine is located below and laterally offset from the single boom area (SBA).

Production from 'Stage 2' (595 to 375 RL) was completed in the 595 level with ongoing production from the 580, 565, 550 levels, and commencement of seven ore drives between the 535 and 415 levels.

Production from the SBA (860 to 710 RL) using specialist contractors completed the 840, 838, 836 and 804 levels with ongoing production from the 860 to 710 levels. Smaller ore drive development (nominal 3.5m x 3.5m 'shanty' profile) was completed between the 839 to 717 levels (seven ore drives).



SBA 788 south ore drive
(3.5mW x 3.5mH)
with a face grade 3.6% Ni



TBA 395 ore drive
(4.5mW x 4.5mH)
with a face grade 4.0% Ni

SPOTTED QUOLL INFRASTRUCTURE

The underground primary ventilation Return Air-ways (RAW) network was extended to the 390 level with the completion of two vertical RAW longhole rises. The escape-way network necessary to continue 'Stage 2' stoping was extended using escape ladder-ways installed in dedicated 1.0m raise-bore shafts from the 450 to 390 levels.

Other underground infrastructure completed included steel casing (paste-fill and rising main), 11kV/1kV substation and twelve-person refuge chamber.

Tonnes mined	Unit	2020/2021				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Flying Fox						
Ore Mined	Tonnes	44,359	38,255	41,909	51,950	176,473
Grade	Ni%	2.9%	2.5%	3.8%	3.7%	3.3%
Flying Fox Nickel Mined	**Tonnes**	**1,269**	**939**	**1,601**	**1,930**	**5,739**
Spotted Quoll						
Ore Mined	Tonnes	92,921	86,204	75,704	91,553	346,382
Grade	Ni%	3.1%	3.0%	3.5%	3.3%	3.2%
Spotted Quoll Nickel Mined	**Tonnes**	**2,878**	**2,579**	**2,635**	**2,981**	**11,073**
Total Ore Mined	**Tonnes**	**137,280**	**124,459**	**117,613**	**143,503**	**522,855**
Grade	**Ni%**	**3.0%**	**2.8%**	**3.6%**	**3.4%**	**3.2%**
Total Nickel Mined	**Tonnes**	**4,147**	**3,518**	**4,236**	**4,911**	**16,812**

FLYING FOX PRODUCTION

Flying Fox mined a total of 176,473 ore tonnes at an average grade of 3.25% nickel for 5,739 contained nickel tonnes which include 109,765 ore tonnes @ 3.5% for 3,836 nickel tonnes from the Lounge Lizard tenement.

SPOTTED QUOLL PRODUCTION

Spotted Quoll mined a total of 346,382 ore tonnes at an average grade of 3.2% nickel for 11,073 contained nickel tonnes which is the highest annual ore tonne production to date.

Tonnes milled	Unit	2020/2021				YTD Total
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Total Milled Ore	Tonnes	148,801	145,996	139,025	147,236	**581,058**
Grade	%	3.0%	2.9%	3.5%	3.5%	**3.2%**
Ave. Recovery	%	85%	84%	89%	90%	**87%**
Nickel in Concentrate Produced (i)	**Tonnes**	**3,756**	**3,535**	**4,267**	**4,622**	**16,180**
Nickel in Concentrate Sold	**Tonnes**	**4,064**	**3,336**	**3,962**	**4,147**	**15,509**

(i) Includes MREP Nickel tonnes produced.

COSMIC BOY NICKEL CONCENTRATOR

The CBC processed 581,058 tonnes of ore at an average grade of 3.2% nickel. A total of 114,780 tonnes of concentrate at 14.1% nickel was produced containing 16,180 nickel tonnes with an average recovery of 87.0% with an availability of 98%.

The total nickel in concentrate produced for the year was adversely impacted by lower mined grades in the first half of the year.

NICKEL SALES

Concentrate delivery to the two existing offtake agreements plus spot sales of the nickel sulphide precipitate product from the MREP resulted in a total of 109,859 tonnes of concentrate containing 15,509 tonnes of nickel.

Other concentrate sales and marketing costs for FY21 included royalties at A$0.27/lb and concentrate transport of A$0.44/lb of nickel in concentrate delivered to customers.

COST OF PRODUCTION

Financial Statistics	Unit	2020/2021				YTD
		Sep Qtr	Dec Qtr	Mar Qtr	Jun Qtr	
Group Production Cost/lb						
Mining Cost (*)	A$/lb	3.24	3.46	2.95	2.83	**3.09**
Haulage	A$/lb	0.08	0.09	0.07	0.07	**0.08**
Milling	A$/lb	0.83	0.85	0.72	0.66	**0.76**
Admin	A$/lb	0.29	0.32	0.26	0.24	**0.27**
Flotation Cash Cost Ni in Con (***)	**A$/lb**	**4.44**	**4.72**	**4.00**	**3.80**	**4.20**
Total Cash Cost Ni in Con (***) incl MREP	**A$/lb**	**4.46**	**4.67**	**4.07**	**3.84**	**4.23**
Cash Cost Ni in Con/lb (***)	**US$/lb(**)**	**3.17**	**3.41**	**3.15**	**2.96**	**3.16**
Exchange Rate US$ / A$		**0.71**	**0.73**	**0.77**	**0.77**	**0.75**

(*) Mining Costs are net of deferred waste costs and inventory stockpile movements.
(**) US$ FX for Relevant Quarter is RBA ave daily rate (Jun Qtr = A$1:US$0.77)
(***) Payable terms are not disclosed due to confidentiality conditions of the offtake agreements. Cash costs exclude royalties and concentrate logistics costs.
Note: Grade and recovery estimates are subject to change until the final assay data are received.

FLYING FOX MINERAL RESOURCES AND ORE RESERVES

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

- Mineral Resource: 1.03 million tonnes of ore at a grade of 3.7% nickel for 38,823 tonnes of nickel; and
- Ore Reserve: 0.2 million tonnes of ore at a grade of 3.2% nickel for 6,140 tonnes of nickel.

A comparison of the updated mineral resource estimate (MRE) and the previous MRE, depleted to June 30th 2021 is shown below;

Model Version	Tonnes (Mt)	Grade (Ni%)	Ni Tonnes
Updated	1.03	3.7	38,823
Old	1.10	3.7	41,116
Variance	(0.07)	-	(2,293)

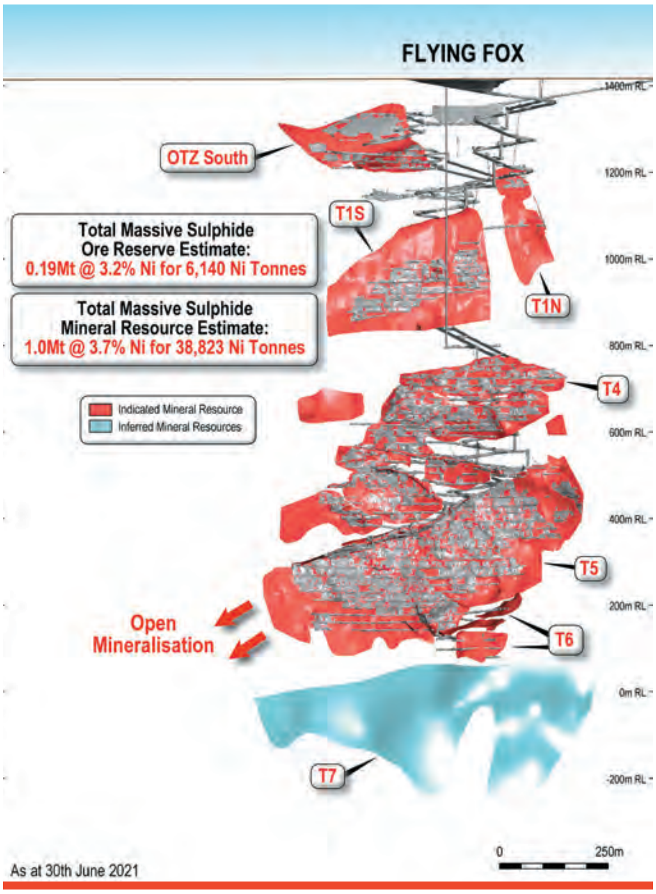
The decrease in ore tonnes is mainly due to the reduction in the ore thickness from the latest grade control drilling, in addition to the removal of sterilised mining areas since the previous MRE.

A comparison of the new and the previous Reserve estimates, depleted to June 30th 2021, is shown below:

Model Version	Tonnes	Grade (Ni%)	Ni Tonnes
New	193,000	3.2	6,140
Old	268,600	3.0	8,140
Variance	(75,600)	0.2	(2,000)

The decrease in ore tonnes is a direct reflection of the new MRE.

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



SPOTTED QUOLL MINERAL RESOURCES AND ORE RESERVES

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

- Mineral Resource: 0.82Mt at a grade of 6.2% Ni for 50,448 nickel tonnes; and
- Ore Reserve: 0.89Mt of ore at a grade of 3.7% Ni for 32,610 nickel tonnes.

A comparison of the updated MRE and the previous MRE depleted to June 30th 2021 is shown below;

Model Version	Tonnes (Mt)	Grade (Ni%)	Ni Tonnes
Updated	0.90	5.9	52,687
Old	0.82	6.2	50,448
Variance	(0.08)	0.3	(2,239)

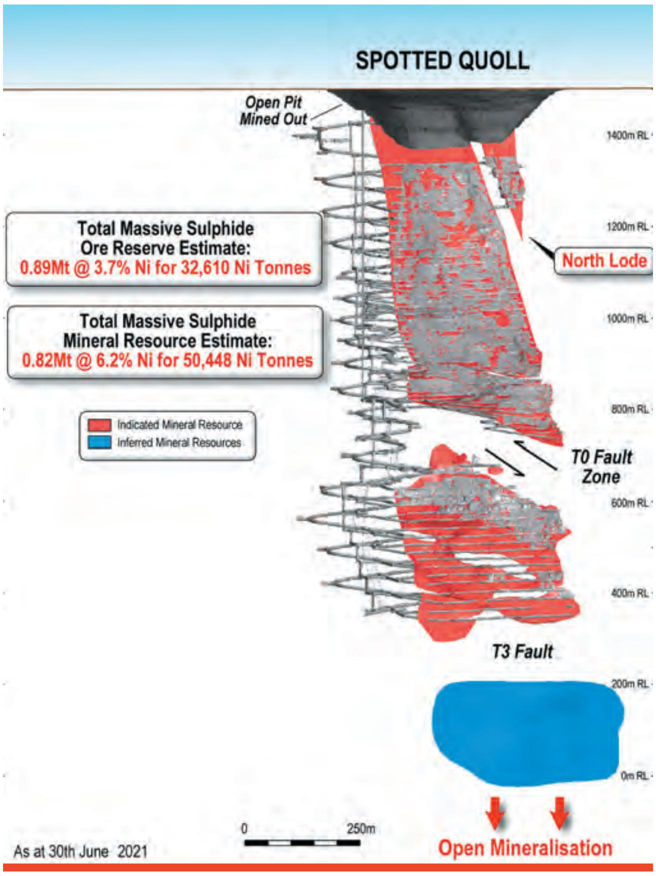
The decrease in tonnage and increase in grade is mainly due to an updated structural interpretation of the deeper portions of the orebody (Stage 2), which is the dominant mining area. Structures change from a predominantly shallow dipping, westerly orientation seen in Stage 1, to a predominantly steep dipping, north-south striking orientation. These structures are closely related to pegmatite intrusions.

A comparison of the new and the old Reserves, depleted to June 30th 2021, is shown below:

Model Version	Tonnes	Grade (Ni%)	Ni Tonnes
New	888,100	3.7	32,610
Old	859,400	4.1	35,450
Variance	(28,700)	(0.4)	(2,840)

The increase in ore tonnes is a direct result of the new MRE, and the Reserve grade reflects new mining modifying factors for the life of mine. The main change in the modifying factors is an increase in planned dilution, due to the increased structural complexity, and the influence of the pegmatite intrusives on the ore zones.

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



Tim King pit at Spotted Quoll

NEW MORNING / DAYBREAK RESOURCE

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

ODYSSEUS RESOURCE AND RESERVE

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

COSMOS NICKEL OPERATION ("COSMOS")

Surface

Construction and commissioning of phase one of the temporary (6.5MW) new diesel-gas power station was successfully completed with the upgrade to full capacity (10.5MW) planned for early in the new financial year. The reinstatement of the gas lateral, connecting the mine to the nearby Goldfields Gas Pipeline is under way and planned for completion in September 2021.

The return air-way primary ventilation network was increased with the temporary installation of axial twin 220kW fans sealed in a ventilation wall located in the Dora adit and exhausting into the open-pit, which increased the total mine air-flow to 200m³/sec. The permanent two new axial 850kW main fans are being fabricated and will replace the smaller axial fans in the new year.

A temporary cooling plant was installed to the west of the open pit with bulk coolers providing cooled air to the portal entrance. The plant was not used during the winter months but will be restarted in October with the permanent cooling plant planned for 2023 with chilled air-flow directed into the hoisting shaft.

The Yakabindie pipeline extension was completed which added two raw water boreholes (77P and 32P) that were pressure tested and commissioned with the pipe trench backfilled.

The new camp access road was completed and commissioned. Work has commenced on the resurfacing of the Bellevue runway with the damaged upper layer stripped away to enable geotechnical testing of the base course and sub-base.

New temporary power station

New Cosmos village access road

Underground

The underground rehabilitation necessary to start the Odysseus decline was finished in late FY21. Subsequently, a total of 3,982m of jumbo development was completed, with 1,470m of decline development that split in mid-March to the north and south declines to access the respective ore bodies. A further 2,422m of capital development was completed to support the decline, primary ventilation network and mine-infrastructure. By year end, jumbo development was underway in the Level 15 access which will see the first ore mined early in the coming year.

The specialist raise-bore contractor back-reamed a total of 983m which included 413m in the hoisting shaft (total 630m at 5.7m diameter) and 570m from three underground raise-bore shafts (5.0m diameter).

The main dewatering pumping network was extended with the raising main installed from pump station 2 to pump station 3 and the construction and commissioning of pump station 3 with a nominal capacity of 40L/s using two mono pumps, with a third mono pump planned.

Shaft Project Engineering and Site Construction

Project Engineering Design:

The detailed civil and earthworks designs for all the surface facilities plus construction drawings were finalised to issue-for-construction status. Design optimisation continued regarding the mechanical, structural and piping areas as details became available from the various equipment suppliers.

Procurement and Contracting:

Phase one of the earthworks and civils contracts were completed with the final phase planned to commence in late 2021. Refurbishment of the South African assets was completed and all items were delivered to the site lay-down yard. Negotiations with the primary contractor for the shaft equipping has made significant progress with contract award expected early in the new year.

Negotiations for the supply and construction of the underground materials handling infrastructure made good progress, plus a number of smaller supply and construction packages were also awarded.

Site Construction:

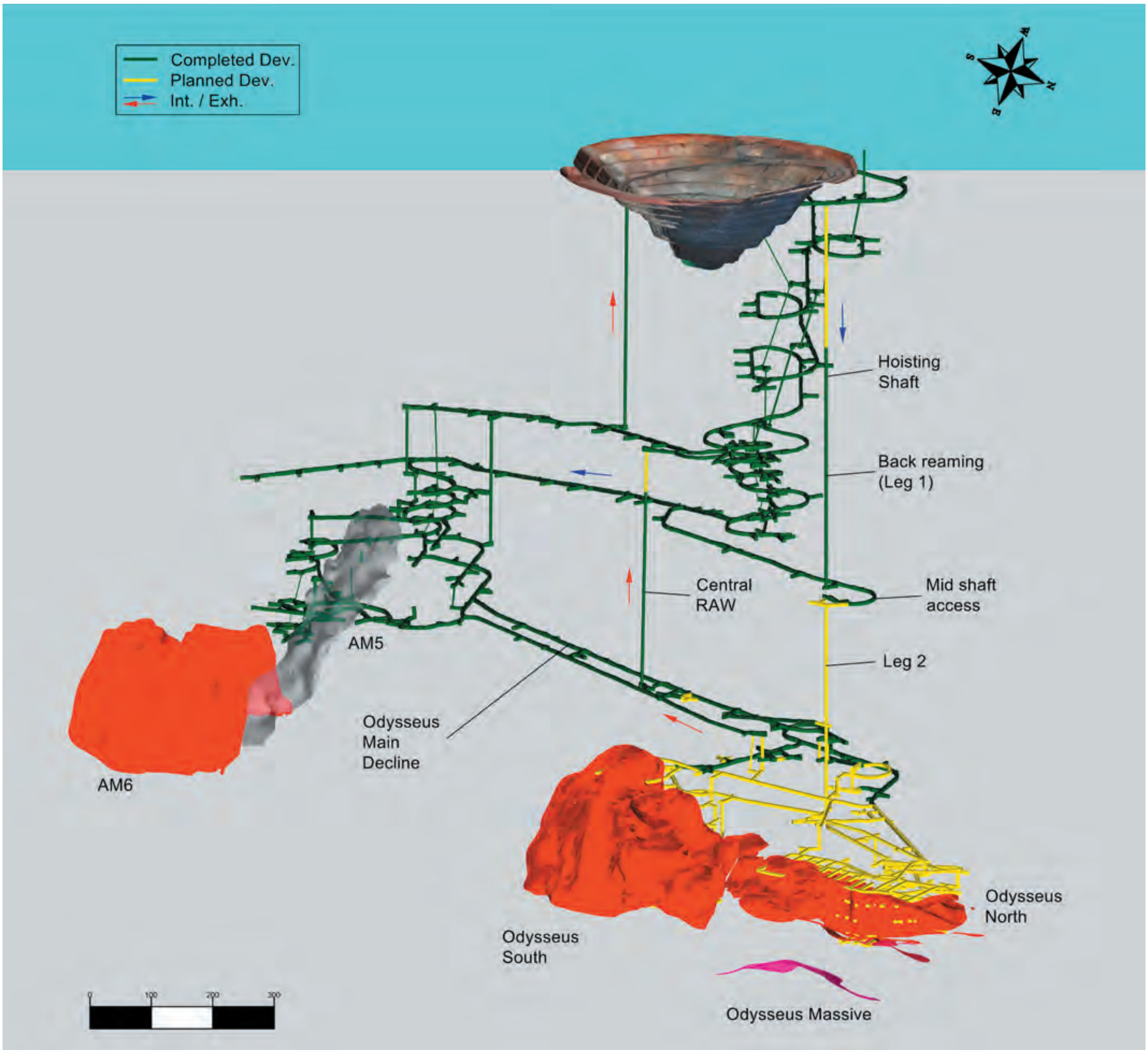
The concrete batching plant was constructed, commissioned and successfully delivered the design quality concrete for the various civil surface and underground infrastructure built. The permanent collar and raisebore pad were completed and the raisebore equipment installed and commissioned in the purpose excavated box-cut. The innovative excavation methodology for the smaller box-cut has enabled the completion of the winder, winder house, services culverts and headframe raker leg foundations.

The lay-down area, new camp access road, tank terrace and civil foundations for the conveyors were also completed which essentially leaves only the construction of the sub-brace civils in the following year.

AM6 ORE RESERVE ESTIMATION

The Pre-Feasibility Study was completed in September with a Probable Ore Reserve of 2.1Mt at 2.2% Ni for a total of 47,100 Ni tonnes. The feasibility study started soon after with a combined ten-hole diamond drilling program (eight metallurgical and two geotechnical drill-holes, total of 4,304m drilled) which was completed in late March.

Metallurgical test work is nearing completion with one drill-hole to complete. The results to date are encouraging with material increases in nickel recovery of 10%.



New Morning Daybreak Feasibility Study

The mine and surface layout designs were completed and the study will progress two mining methods for mine cost estimation i.e., top-down paste-fill and bottom-up rock-fill and cemented rock fill.

Surface hydrological drilling is planned for the following quarter and Environmental approvals are underway with the federal Environmental Protection and Biodiversity Conservation Act and state Environmental Protection Act documentation submitted in June.

BIOHEAP LIMITED

The BioHeap™ management team has continued the marketing campaign to promote the BioHeap™ technology. Alliances and working relationships with research institutes, engineering firms and test work facilities continue to be formed and strengthened. In addition to supporting projects at the Forrestania operations, BioHeap™ conducted test work during the year for external clients who are interested in utilising the technology for sulphide ore projects to recover base metals and gold.

COSMIC BOY SCATS LEACHING TESTWORK PROGRAMME

Scats is a waste stream from the Cosmic Boy Concentrator (CBC). Material consists of hard, critical size pebbles that are ejected from the ball mill during processing. The scats also contain remnants of grinding media which would damage the CBC crushers if the scats were re-fed into the concentrator. Hence, the scats are stockpiled on site as a waste product.

The scats are ideal for a BioHeap™ heap-leach being 6-8mm in size which results in a low-cost method to recover the contained nickel.

BioHeap successfully completed a full height (8m) column leach program using Scats material. The data generated from this laboratory trial simulate the possible performance from a commercial scale BioHeap™ leach and indicated that approximately 70% of the contained nickel could be leached from the scats with low acid consumption expected.

Data from the laboratory trial allowed engineering and design work to be completed for a demonstration (20,000 t) style heap leach facility. The WSA Board approved the project with a demonstration scale CBC Scats BioHeap™ having been constructed on time and on budget with commissioning underway by the end of the fiscal year.

The scats heap leach trial, using the BioHeap™ technology, comprises three individual modules testing a range of operating scenarios with varying salinity and operating pH of the leach solutions. Pregnant liquor draining from the heap and containing soluble metals including nickel, is pumped to the current nickel sulphide precipitation circuit for recovery. Demonstration scale testing will provide field data essential for determining the viability of a full-scale BioHeap™ operation to recover nickel from scats accumulated from the Cosmic Boy Concentrator.

FLYING FOX LOW GRADE TESTWORK PROGRAMME

Full height 8m column testwork programs using the BioHeap™ technology have been expanded and continue on samples of the low-grade ores from Flying Fox. These testing programs will continue into FY22. Additional flotation tests continue to be conducted on ores planned to enter the plant to assess whether improvements in recovery can be gained with changing feed stocks.

Scats Heap Leach - Heaps in the background with pump station in the foreground. PLS collection facility on the RHS.

Scats Heap Leach – Acid storage tanks.

Scats heap leach.

A series of diverse targets was explored throughout the year, with significant expenditure focused on brownfields opportunities at Forrestania and Cosmos, coupled with increased expenditure directed towards regional greenfields opportunities. The Company has broadened its exploration footprint and diversified its exploration portfolio, with the addition and growth of new and existing Joint Venture partnerships in FY21. The discovery of significant accumulations of nickel and copper bearing sulphides within the Company's maiden diamond drillhole at the Sahara prospect within the Western Gawler Iluka Joint Venture (South Australia), represented a significant milestone for the project. Furthermore, this vindicated the Company's long-held view of the potential for the Western Gawler district to host significant occurrences of magmatic base-metal mineralisation.

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

With regard to E29/638 at Mt Alexander, Western Areas Limited (WSA) is in a Joint Venture with St George Mining Limited (SGQ). SGQ is the Manager of the project and has a 75% interest. WSA retains a 25% non-contributing interest in the project until there is a decision to mine.

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

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

THE COMPANY HAS BROADENED ITS EXPLORATION FOOTPRINT AND DIVERSIFIED ITS EXPLORATION PORTFOLIO, WITH THE ADDITION AND GROWTH OF NEW AND EXISTING JOINT VENTURE PARTNERSHIPS IN FY21.

COSMOS NICKEL OPERATION (100% WSA)

A near-mine exploration focus continued at Cosmos throughout FY21, with the Company building on exploration success achieved in the previous year centred around the Penelope Prospect. Of particular focus was a 200 – 400m strike length corridor extending from Alec Mairs (AM6), south towards the northern margins of Penelope. The Company believes that this corridor represents a significant opportunity to identify and delineate additional nickel sulphide accumulations within proximity to existing and planned underground infrastructure.

Two significant drill holes testing the corridor between Penelope and AM6 and completed in FY21 (WCD034W2W1 drilled from surface and AMD763W1W1 drilled from underground) further highlighted the potential of this area. Positioned approximately 300m south of the AM6 resource envelope, drillhole WCD034W2W1 intersected a thick sequence of predominantly disseminated nickel sulphides with significant results including 48.2m @ 0.99% Ni (from 1,308.8m), with an elevated interval within this zone returning 19m @ 1.37% Ni (from 1,317.6m). More proximal underground drill positions became available in Q3 2021, resulting in the completion of underground drillhole AMD763W1W1. Successfully testing the ultramafic basal contact, this drillhole intersected a 6m wide zone of disseminated to stringer sulphides (3 – 20%) hosted within a serpentinised, mesocumulate ultramafic rocks. Assay results are pending.

These results continue to support the Company's view of the potential for this area to host significant additional accumulations of nickel sulphides within close proximity to future mining corridors at Odysseus.

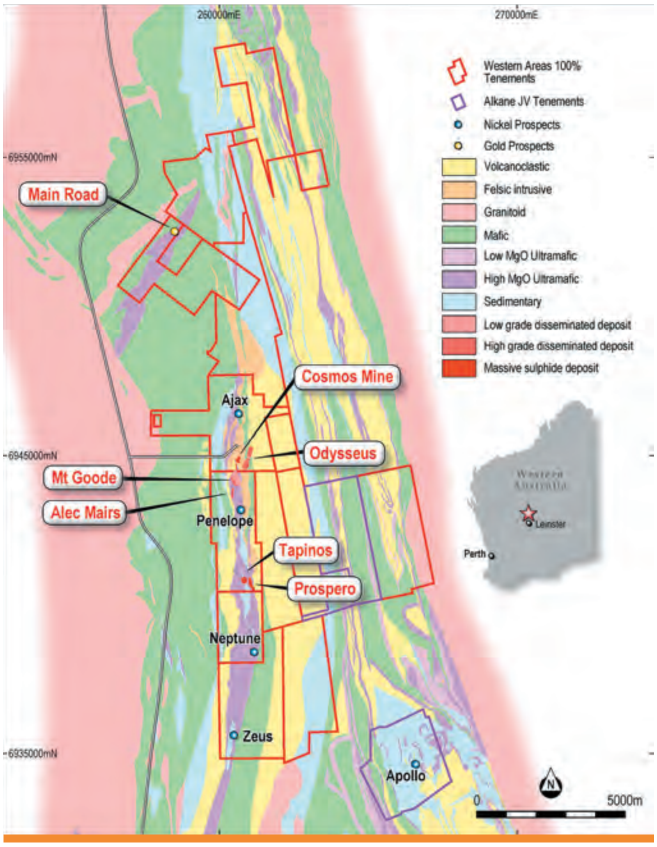
Additional underground drilling will be required to fully define the nature of mineralisation between Penelope and AM6.

In 2020, the Company acquired an additional four mining tenements at Kathleen Valley from Ramelius Resources Limited (M36/365, M36/375, M36/376 and M36/441). This tenure is positioned within the heart of the historic Kathleen Valley Gold mining district and located 8km north of the Cosmos Nickel Mine. This acquisition expanded the total group lease holdings for the Cosmos Nickel Operations to a contiguous package of 102km².

In 2020, the Company identified several near-mine structural gold targets, predominantly along strike from and beneath existing open pit mining activity. Prospective targets were identified initially within the Main Road structural corridor with additional targets also identified associated with the Jones Creek Conglomerate at Mossbecker, Nil Desperandum and Yellow Aster.

A targeted reverse circulation (RC) drilling program along with a smaller diamond drilling program was completed, with several significant gold intervals returned centred on the Main Road Prospect. Some of the more promising results included 9.33m @ 6.81g/t Au (from 276.67m) within KVRC0044. This included a highly mineralised zone of 1.77m @ 25.07g/t Au (from 279.57m), with mineralisation hosted within a weakly to moderately foliated, pyrite-bearing talc-chlorite schist.

The Company has maintained a strong relationship with the Tjiwarl Group native title holders and traditional owners at Cosmos, with an open and direct relationship between both parties.



WESTERN GAWLER NICKEL-COPPER PROJECT

The Western Gawler Project in western South Australia lies within the Fowler Domain of the Gawler Craton. The Fowler Domain is an orogenic belt of Proterozoic age, overlain by recent sedimentary cover, which is known to host mafic and ultramafic intrusive rocks. Similar-aged orogenic belts in Australia have proven to contain significant mafic-ultramafic related intrusive nickel and copper deposits including Nova-Bollinger and Nebo-Babel in Western Australia. Exploring within the Western Gawler since 2014, the Company has adopted a systematic approach of evaluating and testing targets under cover, using modern geophysical techniques and executing targeted drilling campaigns. This approach was rewarded in June 2020 with the intersection of significant widths of nickel and copper-bearing sulphides at the Sahara prospect, achieved from the Company's maiden diamond drillhole completed within the Iluka Farm-In and Joint Venture Project (WSA 75%).

The Company has a consolidated land holding with 100% interest covering an initial five tenements across the Western Gawler Project with a sixth tenement held by Strandline Resources now converted from 90% to 100% WSA held. Additional to these tenements, the Company is currently in a Farm-in and Joint Venture Agreement with Iluka (Eucla Basin) Pty Limited, a 100% owned subsidiary of Iluka Resources Limited. Apart from the original five tenements that formed part of the Iluka Joint Venture, an additional three tenements were applied for in June 2020, leveraging off the success at Sahara. Including these additional tenements, the contiguous tenure covering the Western Gawler Project now encompasses a total area of 11,898km².

THE COMPANY ACHIEVED SIGNIFICANT EXPLORATION SUCCESS IN JUNE 2020 WITH THE INTERSECTION OF SIGNIFICANT WIDTHS OF NICKEL AND COPPER-BEARING SULPHIDES AT THE SAHARA PROSPECT

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

The Company achieved significant exploration success in June 2020 with the intersection of significant widths of nickel and copper-bearing sulphides at the Sahara prospect from its maiden diamond drill hole completed within the Iluka Farm-In and Joint Venture Project (WSA 75%). The Sahara project and surrounding district remained the key focus for exploration efforts into the FY21 reporting period, with the Company building on this early success and identifying additional concentrations of nickel and copper-bearing sulphides.

In total, ten diamond drillholes were completed at Sahara in FY21, with drilling during the period successfully intersecting elevated sulphide accumulations (>2% sulphide zones) in a zone extending in excess of 750m along strike, hosted within a gabbronorite, with the system remaining open to the south.

Building on the success achieved from maiden diamond drillhole 20WGDD0005 that returned an interval of 104.42m @ 0.21% Ni, drilling in FY21 aimed to further delineate the extent of mineralisation at Sahara, focusing on testing the system along strike to the south. The secondary aim of the drilling program is to vector towards zones with higher accumulations of heavily disseminated, stringer to massive sulphides, guided by down-hole electromagnetic (DHEM) and surface surveying techniques.

Drill targeting following 20WGDD0005 was rewarded, with additional thick zones of disseminated sulphides and localised narrow massive intervals returned. Drillhole 20WGDD0006 returned 54.53m @ 0.20% Ni, 1268ppm Cu, with a second elevated narrow interval of 0.30m @ 1.06% Ni, 1223ppm Cu. Furthermore, 20WGDD0007, testing the same drill hole section, and drilling to the west of the previous two holes, intersected an additional narrow semi-massive interval returning 0.10m @ 1.97% Ni, 209ppm Cu.

As a tool to assist in testing the along-strike potential of the Sahara prospect, the Company completed a Fixed Loop electromagnetic (FLEM) survey, comprising a total of six loops covering 5.7 km strike-length, extending both to the north-east and south-west. The survey was designed to interrogate the top 400 – 500m from surface, to further refine the conductive footprint immediately surrounding Sahara and search for additional conductive responses along strike. The key observation from this survey was the identification of three zones of electromagnetic 'current channelling', potentially indicative of more conductive (disseminated to heavily disseminated) sulphides. A series of additional holes, designed to test these features were completed throughout the second half of FY21. Results from several of these drillholes were returned throughout the reporting period, confirming the continuation of disseminated zones of sulphide to the south. The Company is very encouraged by these early results, with additional drilling planned into FY22.

Several additional regional targets emerged in the broader Sahara region, with drilling confirming the presence of elevated nickel and copper-bearing sulphides. Drilling at the Firefly prospect, 4km southeast of Sahara, intersected 30% net-textured sulphides within a 10cm zone (assays pending) hosted within a magnetic gabbro body.

Additionally, a drillhole testing the F1-7 North prospect (11km south of Sahara) encouragingly intersected a 7.8m interval of disseminated to stringer sulphides (2-8% pyrite - chalcopyrite), with assays also pending for this drillhole. These regional results further underpin the prospectivity of the broader Sahara area, with this district to remain a key focus for future exploration efforts into FY22.

Western Gawler (WSA 100%)

The main focus for exploration activity with the 100% WSA held tenure continued to be centred on the Mystic Prospect. The Mystic prospect represents a significant two-fold exploration opportunity to both delineate and define an emerging near-surface high-grade nickel oxide zone, and secondly, to explore the potential for significant accumulations of primary nickel-sulphide mineralisation at depth.

Two diamond drillholes were completed in FY21. Drillhole 20WGDD0012 was designed to test a shallow primary sulphide intersection within 20WGDD0001 (0.3m @ 0.39% Ni, 2,600ppm Cu and 424ppb Pt + Pd). This hole successfully intersected a zone of 0.55m @ 0.32% Ni, 1140ppm Cu and 269ppb Pt + Pd from 180m, with this zone interpreted to be located at the basal contact of an ultramafic unit and down-dip of 20WGDD0001. Drillhole 20WGDD0013 intersected 5.6m @ 2.43% Ni (oxide), within a broader interval of 24m @ 1.05% Ni (oxide) from 72m depth.

Both these holes identify the potential at Mystic, with additional drill programs planned into FY22.

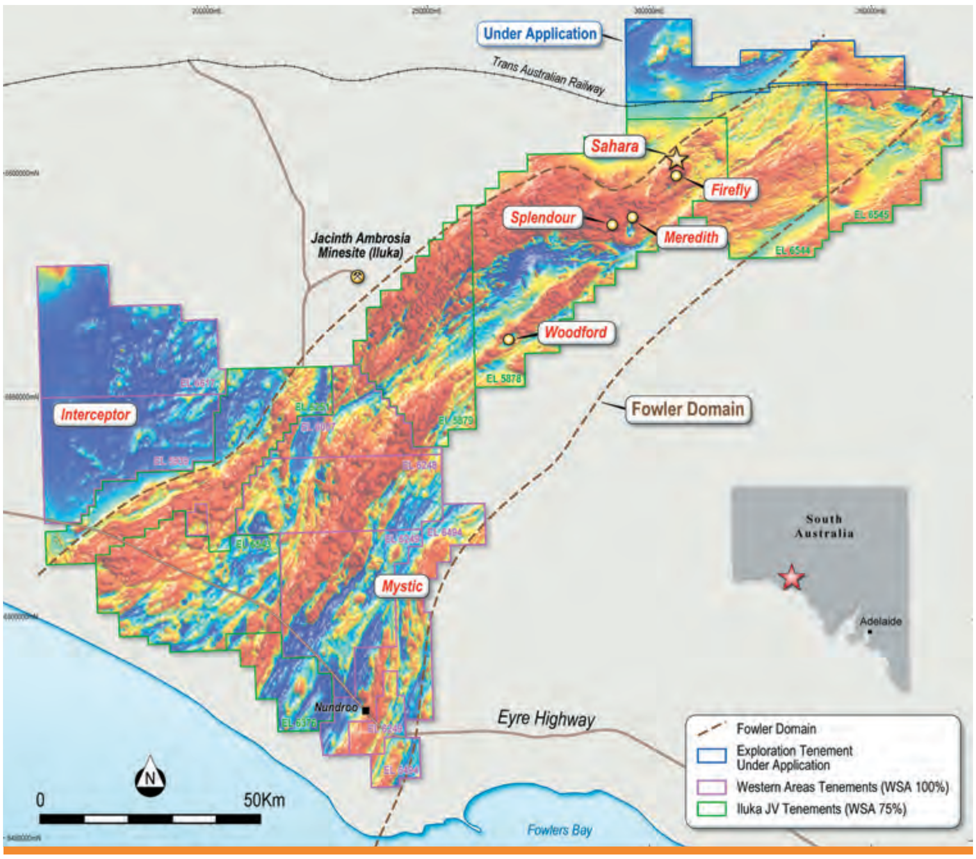
FORRESTANIA NICKEL OPERATION (100% WSA)

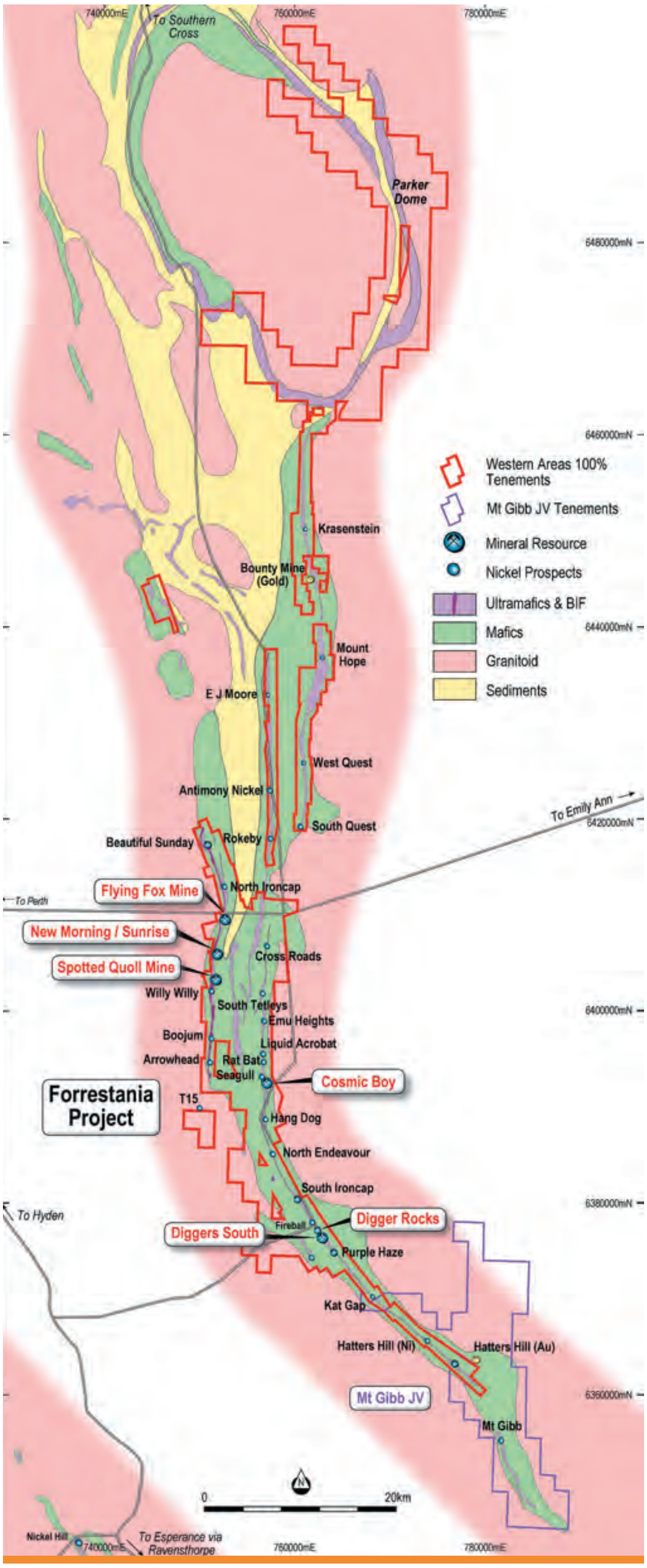
The Company executed a series of exploration programs spanning a wide geographical spread across the Forrestania Nickel Belt in FY21, from early-stage greenfields targets at Parker Dome, through to more near-mine drilling and targeting opportunities including Spotted Quoll North and Takashi. Encouragingly, new thinking and targeting practises incorporating 2D seismic surveys have unlocked additional exploration space within previously known but under-explored greenstone sequences of the Takashi Belt, 2km east of Spotted Quoll Mine.

The Company has consistently maintained a strong belief that the Western Ultramafic Corridor at Forrestania, hosting the producing high-tenor nickel mines of Spotted Quoll and Flying Fox, together with the inventory of the New Morning resource, continues to represent a significant exploration opportunity for the discovery of additional zones of nickel sulphide mineralisation.

In the December quarter, two east-west oriented 2D seismic survey lines and a third north-south tie line (covering a total of 22.9 line kms) were completed. These were designed to image key structural and lithological features within the Western Ultramafic Belt centred north of Spotted Quoll Mine to aid ongoing exploration targeting.

Apart from imaging the Western Ultramafic Belt (WUB), the southern-most 9.5km east-west seismic line also successfully imaged key structural and stratigraphic corridors that appear to represent the upper portion of the Takashi Ultramafic Belt to the east.





Geological re-interpretation of the seismic profile suggests that the Takashi Belt may represent a faulted, thrust repetition of the WUB, increasing the potential for this belt to host nickel sulphide mineralisation. This work has elevated the prosectivity ranking for this corridor and will ensure that the Takashi Belt remains a focus for exploration into the FY22 period.

The Parker Dome region, whose southern extents are located approximately 45km north of the Flying Fox Mine, represents a large greenfields exploration opportunity within a significantly under-explored greenstone sequence prospective for both base metals and gold.

In total, 150 aircore (AC) holes (for 7134m) and 21 reverse circulation (RC) drillholes (for 3314m) were completed throughout FY21 testing numerous targets. The aircore program was designed to test aeromagnetic interpreted mafic-ultramafic corridors and areas of structural complexity. Some notable significant intersections were returned, including 8m @ 0.87% Ni (oxide) including 4m @ 1.19% Ni (from 4m). Following this program, a series of targeted RC drillholes was completed, testing several electromagnetic conductors identified from a 2018 high-power, low frequency (12.5Hz) airborne EM survey (SkyTEM312 system). Several RC holes intersected thick ultramafic sequences with variable sulphides (trace to 2%). Assay results are pending for this program.

METAL HAWK JOINT VENTURE (WSA EARNING UP TO 75% INTEREST)

In September 2020, the Company finalised and executed a Farm-in and Joint Venture agreement with Metal Hawk Limited over a series of tenements, across both the Eastern Goldfields and within the Albany – Fraser province, which are considered highly prospective for base metal (nickel – copper) sulphides and PGEs.

The Farm-in and Joint Venture incorporates three project areas at Kanowna East (including tenure extending to within 12km of the Silver Swan / Black Swan nickel mine), Emu Lake (incorporating tenure 10km along strike from the high-tenor Binti nickel prospect) and Fraser South, incorporating a portfolio of greenfield tenements interpreted to be positioned over the southern structural extension of the Fraser Zone component of the broader Albany – Fraser Orogen.

The Agreement allows for the Company to earn into all non-gold metal rights at Emu Lake and Kanowna East, and all metals rights at Fraser South over two stages:

Stage 1: $3 million spend over 3 years for a 51% interest; and
Stage 2: A further $4 million spend over 2 years for a total 75% interest.

The key focus during the reporting period has been towards planning for drilling programs centred on targets identified at Emu Lake and Kanowna East. Additionally, the Company has advanced consultation with the Madouwongga People towards executing a heritage agreement covering both project areas.

ORE RESERVE / MINERAL STATEMENT

Western Areas Ore Reserve / Mineral Resource Statement - Effective date 30 June 2021

	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
Ore Reserves					
1. Flying Fox Area	193,000	3.2	6,140	Probable Ore Reserve	2012
2. Spotted Quoll Area	888,100	3.7	32,610	Probable Ore Reserve	2012
3. Diggers Area					
Diggers South	2,016,000	1.4	28,950	Probable Ore Reserve	2004
Diggers Rocks	93,000	2.0	1,850	Probable Ore Reserve	2004
TOTAL FORRESTANIA ORE RESERVE	**3,190,100**	**2.2**	**69,550**		
4. Cosmos area					
Odysseus South	4,483,700	1.9	85,620	Probable Ore Reserve	2012
Odysseus North	3,651,900	2.2	78,900	Probable Ore Reserve	2012
AM6	2,098,500	2.2	47,100	Probable Ore Reserve	2012
TOTAL COSMOS ORE RESERVE	**10,234,100**	**2.1**	**211,620**		
TOTAL WESTERN AREAS ORE RESERVE	**13,424,200**	**2.1**	**281,170**		
Mineral Resources					
1. Flying Fox Area					
T1_T6 Massive Zone	776,389	4.5	35,052	Indicated Mineral Resource	2012
T7 Massive Zone	259,568	1.5	3,771	Inferred Mineral Resource	2012
Total High Grade	**1,035,957**	**3.7**	**38,823**		
T5 Flying Fox Disseminated Zone	197,200	0.8	1,590	Indicated Mineral Resource	2004
	357,800	1.0	3,460	Inferred Mineral Resource	2004
T5 Lounge Lizard Disseminated Zone	4,428,000	0.8	36,000	Indicated Mineral Resource	2004
Total Disseminated	**4,983,000**	**0.8**	**41,050**		
Total Flying Fox/Lounge Lizard	**6,018,957**	**1.3**	**79,873**		
2. New Morning / Daybreak					
Massive Zone	340,126	3.3	11,224	Indicated Mineral Resource	2012
	78,067	3.9	3,025	Inferred Mineral Resource	2012
Disseminated Zone	3,318,468	1.2	41,181	Indicated Mineral Resource	2012
	2,496,658	1.3	32,498	Inferred Mineral Resource	2012
Total New Morning / Daybreak	**6,233,319**	**1.4**	**87,928**		
3. Spotted Quoll Area					
Spotted Quoll	672,396	6.4	43,220	Indicated Mineral Resource	2012
	146,678	5.0	7,228	Inferred Mineral Resource	2012
Total Spotted Quoll	819,074	6.2	50,448		
Beautiful Sunday	480,000	1.4	6,720	Indicated Mineral Resource	2004
Total Spotted Quoll/Beautiful Sunday	**1,299,074**	**4.4**	**57,168**		

	Tonnes	Grade Ni%	Ni Tonnes	Classification	JORC Code
4. Cosmic Boy Area					
Cosmic Boy	180,900	2.8	5,050	Indicated Mineral Resource	2004
Seagull	195,000	2.0	3,900	Indicated Mineral Resource	2004
Total Cosmic Boy Area	**375,900**	**2.4**	**8,950**		
5. Diggers Area					
Diggers South - Core	2,704,500	1.4	37,570	Indicated Mineral Resource	2004
Digger South - Core	362,700	1.2	4,530	Inferred Mineral Resource	2004
Digger Rocks - Core	282,940	1.7	4,790	Indicated Mineral Resource	2004
Digger Rocks - Core	50,600	1.3	670	Inferred Mineral Resource	2004
Purple Haze	560,000	0.9	5,040	Indicated Mineral Resource	2004
Total Diggers Area	**3,960,740**	**1.3**	**52,600**		
TOTAL FORRESTANIA MINERAL RESOURCE	**17,887,990**	**1.6**	**286,519**		
6. Cosmos Area					
AM5	895,815	2.6	23,635	Indicated Mineral Resource	2012
	31,376	6.6	2,082	Inferred Mineral Resource	2012
AM6	2,648,508	2.5	65,361	Indicated Mineral Resource	2012
	116,416	1.7	2,001	Inferred Mineral Resource	2012
Odysseus South Disseminated	4,016,949	2.1	84,767	Indicated Mineral Resource	2012
	219,641	2.0	4,302	Inferred Mineral Resource	2012
Odysseus North - Disseminated	3,128,943	2.6	81,156	Indicated Mineral Resource	2012
	225,248	2.7	6,111	Inferred Mineral Resource	2012
Odysseus North - Massive	70,106	12.6	8,814	Indicated Mineral Resource	2012
	124,900	11.2	14,002	Inferred Mineral Resource	2012
Total Cosmos Area	**11,477,902**	**2.5**	**292,231**		
7. Mt Goode Area					
Mt Goode	13,563,000	0.8	105,791	Measured Mineral Resource	2012
Diggers South - Halo	27,363,000	0.6	158,705	Indicated Mineral Resource	2012
Digger Rocks - Core	12,009,000	0.5	62,447	Inferred Mineral Resource	2012
Total Mt Goode Area	**52,935,000**	**0.6**	**326,943**		
TOTAL COSMOS MINERAL RESOURCE	**64,412,902**	**1.0**	**619,174**		
TOTAL WESTERN AREAS MINERAL RESOURCE	**82,300,892**	**1.1**	**905,693**		

FINANCIAL STATEMENTS

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.

Ian Macliver *BCom, FCA,* *SF Fin, FAICD* Non-Executive Independent Chairman Director appointed October 2011	Mr Macliver is a highly experienced listed company director and Chartered Accountant with significant experience as a senior executive and director of both resource and industrial companies, with particular responsibility for company strategy development, capital raising and other corporate development initiatives. Mr Macliver is 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 and Risk, Remuneration and Nomination Committee **Other current listed company directorships:** • MMA Offshore Ltd (since January 2020) – Chairman – Member of the Audit and Risk Committee – Member of the Nomination and Remuneration Committee • Sheffield Resources Ltd (since August 2019) – Chair of the Nomination and Remuneration Committee – 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
Daniel Lougher *BSc. (Mining Geology),* *MSc. Eng,* *FAusIMM* Managing Director & CEO Director appointed May 2008	Mr Lougher is a qualified Mining Geologist and Mining Engineer with over 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) – Chairman of Technical Committee – Chairman of Nomination Committee **Former listed company directorships in the last three years:** • Nil **Other relevant experience:** • WA Mines Manager Certificate

INFORMATION ABOUT THE DIRECTORS (CONT'D)

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:** • Chairman 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 to July 2021) – Managing Director and CEO – Member of the Remuneration Committee – 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 P T Inco, and Executive Director of Refining & New Business at Impala Platinum Ltd. Mr Netscher's experience covers a wide range of resources including nickel, coal, iron ore, uranium, platinum group metals and gold in Africa, Asia, North America, and Australia. **Committee responsibilities:** • Chairman of the Remuneration Committee • Member of the Audit and Risk Committee **Other current listed company directorships:** • Gold Road Resources Ltd (since September 2014) – Chairman – Member of the Audit Committee – Member of the Remuneration Committee – Member of the Nomination Committee – Member of the Risk and ESG Committee • St Barbara Ltd (since February 2014) – Chairman – Member of the Health, Safety, Environment and Community Committee – Member of the Audit and Risk Committee – Member of the Remuneration and Nomination Committee – Member of the Growth and Development Committee **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 (formerly CVRD), BHP Billiton, and WMC Resources Limited. Dr Streltsova has a strong background in mineral processing and metallurgy covering multi-commodity, multi-discipline areas combined with a 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 nine 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) – Chair of the Risk and Sustainability Committee – Member of the Audit Committee • Neometals Ltd (since April 2016) – Chair of the Risk Committee – 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, cybersecurity 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) – Chair of the Audit and Risk Committee – 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, Western Australia • 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 six 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 34.

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 37.

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

REVIEW OF OPERATIONS (CONT'D)

OPERATIONAL METRICS (CONT'D)

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

Full Financial Year – Earnings Results Summary			
	FY21 $m	FY20 $m	Change $m
Revenue	257.2	308.4	(51.2)
EBITDA[1]	73.5	121.9	(48.4)
(LEBIT)/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 not defined by International Financial Reporting Standards. As such, it is a Non-IFRS performance measure.

FY21 revenue totalled $257.2 million 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 $73.5 million. Depreciation and amortisation charges totalled $82.6 million and the Company reported a full year statutory Net Loss After Tax of $7.7 million.

Statement of Cash Flows

Full Financial Year – Cashflow Summary			
	FY21 $m	FY20 $m	Change $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 totalled $59.7 million, 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 $84.0 million 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 $151.1m. During the second half of the year, the Company raised $100 million in capital via a combined equity placement ($85 million) and a Share Purchase Plan ($15 million).

Statement of Financial Position

Full Financial Year – Balance Sheet Summary			
	FY21 $m	**FY20 $m**	**Change $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
Net 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 $4.9 million due to the higher nickel price.

Total mine development and capital asset expenditure was $134.0 million across both the Forrestania and Cosmos mine sites. Furthermore, the group recognised $23.1 million in Right-of-Use Assets primarily related to new mining contracts at both CNO and FNO. Investment in exploration and evaluation activities totalled $13.9 million 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 $29 million to $61.2 million at year end. Total assets at the reporting date were $806.9 million, representing an increase of $151.9 million compared to the prior year.

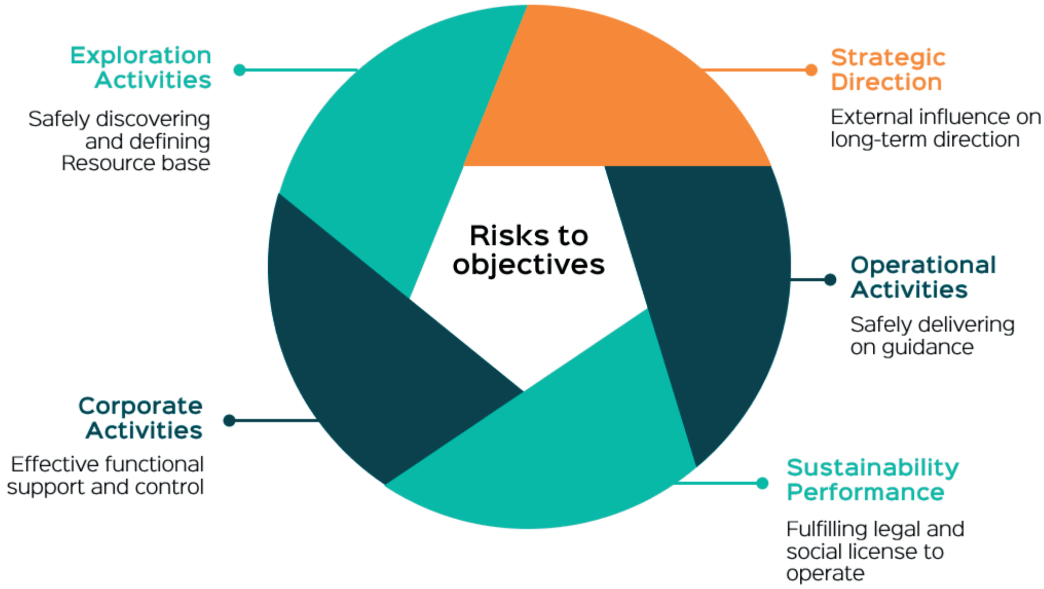
Total liabilities of $171.5 million represented an increase of $42.4 million from the prior year as a result of a $9.7 million increase in deferred tax liabilities and an $18.1 million increase in Right-of-Use Asset liabilities being recognised following execution of new mining contracts. The mine closure plans for Forrestania and Cosmos were updated throughout FY21, resulting in an increase of $18.1 million 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 $109.5 million to $635.4 million, primarily due to the $100 million capital raising completed in the second half of the financial year.

RISK MANAGEMENT

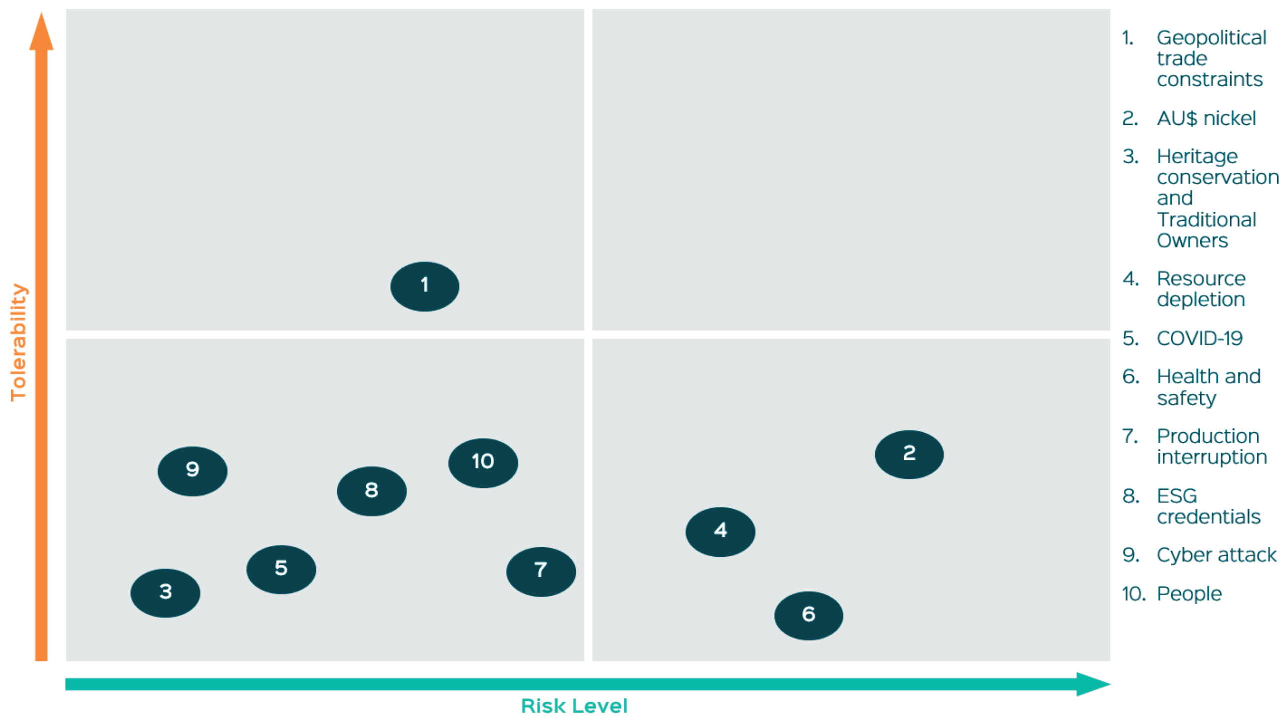
RISK MANAGEMENT FRAMEWORK

Western Areas is committed to understanding and managing risk that can prevent the achievement of objectives.



Western Areas maintains an integrated risk management framework to ensure risks are managed in accordance with the Board's risk appetite.

COMPANY RISK PROFILE



Nickel Market

Geopolitical trade constraints 2021 trend – Increasing risk	While growing geopolitical trade tensions between major global trading nations has not directly impacted on nickel markets, the potential threat should not be ignored. Western Areas has an even spread of domestic and international sales arrangements to mitigate any sudden shocks from losing access to a key market. Offtake arrangements provide flexibility to shift sales of concentrate to unaffected markets.
AU$ nickel price 2021 trend – Stable risk	The nickel market has been relatively buoyant over the last 12 months compared to recent history. The potential for future price volatility exists due to changes in global supply/demand, or product substitution. Western Areas has an inherent level of resilience, being a relatively low-cost producer of concentrate that is a valued feedstock by nickel smelters. At times, Western Areas does hedge a portion of expected nickel sales and foreign exchange exposures in line with the board approved treasury management policy.

Growth and Exploration

Heritage conservation and Traditional Owner engagement 2021 trend – Increasing risk	The ongoing review by the Western Australian State Government of the *Aboriginal Heritage Act 1972 (WA),* in addition to the heightened sensitivity and commitment within the industry on the protection of heritage and rights of traditional owners, can result in more extended survey periods and stakeholder engagement when planning for entry into new country. Western Areas is currently working with a number of traditional owner groups to support current and future project activities and ensure the rights of Traditional Custodians are upheld.
Resource depletion 2021 trend – Stable risk	Based on current grade, price, and cost assumptions the Flying Fox mine is approaching its end of mine life. A key element of the strategic production plan is to introduce Cosmos into the production portfolio to replace tonnes lost via Flying Fox and underpin Western Areas long term nickel production outlook. There are several projects and studies that are in various stages of maturity that have the potential to increase near to mid-term utilisation of the existing processing infrastructure, in addition to longer term prospects within greenfield locations.

Operations

COVID-19 2021 trend – Increasing risk	Government responses to the COVID-19 pandemic has placed constraints on the movement of people. Western Areas operations have adopted strategies in line with Government guidance to ensure the ongoing health of site personnel and local communities, and continuity of operational activities. Western Areas will continue to maintain organisational flexibility to comply with the Government lead policies associated with the control and suppression of COVID-19. Until vaccination programs are more widely rolled out to the community, our business activities will remain susceptible to Government imposed lockdowns.
Health and safety 2021 trend – Stable	The health and wellbeing of personnel undertaking activities on behalf of Western Areas is paramount. A risk-based approach to managing health and safety risks is applied to ensure the appropriate control of hazards. Western Areas continue to demonstrate excellence in safety performance by working collaboratively with regulators, consultants, suppliers and contractors.
Production interruption 2021 trend – Stable	In recent years, Forrestania has experienced bushfire events close to the operation. The third-party transmission line supplying power to site is particularly vulnerable to bushfire. This is one of a number of business interruption risks that are addressed via crisis, emergency and business continuity plans. Numerous strategies exist to prevent the occurrence of business interruption risks, in addition to an annual insurance program to limit financial losses associated with insurable risks.

Corporate

ESG credentials 2021 trend – Increasing	There is growing external stakeholder expectation that companies are able to demonstrate commitment to global principles of sustainability. Western Areas continues to define and integrate principles of environmental, social and governance ('ESG') sustainability into the business. ESG is a factor in strategic decision making, business as usual activities, and innovation across the business. The framework for measuring and reporting on ESG performance continues to be refined.
Cyber attack 2021 trend – Increasing	The frequency and sophistication of cyber-attacks continues to increase. Western Areas utilises input from technology specialists to help guide its cyber security strategy. The strategy includes a range of mechanisms to boost technology infrastructure resilience, train and educate employees, improve data storage and prevent the incursion of potentially harmful data into the Company network.
People 2021 trend – Increasing	The resources industry is amid a highly competitive labour market, for both operational, construction and technical roles. COVID-19 has exasperated the skills shortage by restricting the level of interest from interstate personnel, and strongly curtailing the ability to recruit candidates that are residing overseas. The future demand for nickel in a decarbonised economy, mixed with Western Areas long term prospects make the Company an attractive employment proposition for existing and prospective professionals.

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 KMP of the Company during the financial year were:

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

SECTION B: REMUNERATION GOVERNANCE AND PHILOSOPHY

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

- Reflects the competitive global market in which we operate;
- Retains staff throughout commodity price cycles, which is crucial to ensure achievement of corporate goals, strategies and objectives;
- Rewards individuals based on sustainable performance across a range of disciplines that apply to delivering results and executing strategies for the Company;
- Links executive remuneration to the creation of shareholder value; and
- Remuneration arrangements are equitable, fair and facilitate the deployment of senior management across the 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 *Corporations Act 2001,* were made or supplied by PwC.

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK

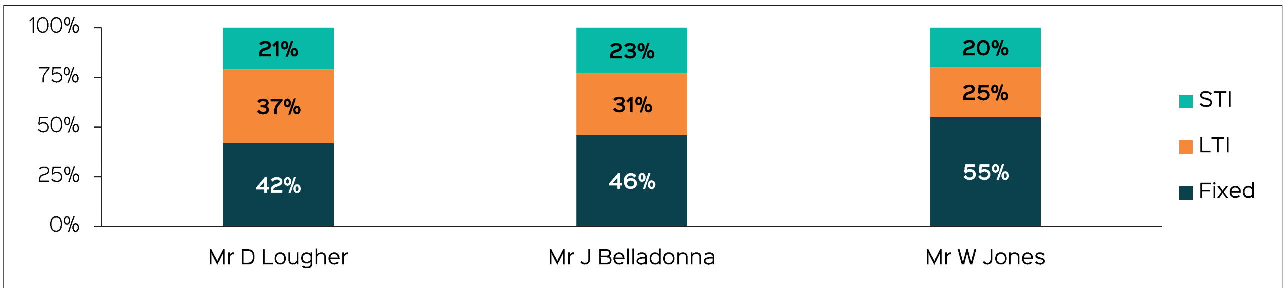
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

- Fixed remuneration, inclusive of base pay, superannuation, allowances, and 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% to 55% of base salary	No change
LTI	Performance Rights	Relative TSR over a three-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:



REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK (CONT'D)

Remuneration mixes (cont'd)

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

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

Fixed remuneration

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

Short Term Incentive ('STI')

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

The full list of KPIs set for Executives in 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.

	Overview KPI	Why KPI was set	Triggered (i)	
			FY21	FY20
Operations				
Group safety performance	Based on Lost Time Injury performance in each quarter.	Motivate and reward the continued focus on safety standards and procedures.	✓	✓
Group environmental incidents	Based on a minimum number of reported environmental incidences by quarter.	Motivate and reward the continued focus on best practice environmental management.	✓	✓
Forrestania unit cash cost	Focused on average unit cash costs for Flying Fox ('FF') and Spotted Quoll ('SQ') mines per pound of nickel produced. Performance better than budget is required.	Motivate and reward the stringent management of production costs outcomes that exceed Board set business plan.	×	✓
Forrestania nickel in ore production	Must achieve Board set nickel metal in ore production target.	Motivate and reward nickel production outcomes that 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 achieve or exceed 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 provide 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.	✓	✓

	Overview KPI	Why KPI was set	Triggered (i) FY21	Triggered (i) FY20
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 targeted nickel tonnage levels.	Motivate and reward economic nickel discovery.	×	×
New nickel discovery	Discovery of a new nickel deposit.	Motivate and reward economic nickel discovery.	✓	×

(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 Ltd	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 Ltd	Pilbara Minerals Ltd	Westgold Resources Ltd
IGO Ltd	Nickel Mines Ltd	Poseidon Nickel Ltd	Zimplats Holdings Ltd

No Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSRs 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.

REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK (CONT'D)

Long-term incentive ('LTI') (cont'd)

Performance conditions (cont'd)

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% to 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 nickel tonne Probable Reserves at AM6.

The table below shows the KPIs of the Company over the last five 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 (tonnes)	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 – three-year peer ranking (% percentile)	25th	50th	42nd	57th	60th

(*) Cash cost of production before smelting and 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 nickel 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 three-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.

REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION F: NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director fees limits

Non-Executive Director 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	Financial year	Board Chair	Board Member
Actual	2021	$192,373	$166,724

Non-Executive Directors fee structure

Non-Executive Director 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. Non-Executive Directors 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 Non-Executive Directors as encouraged by Corporate Governance guidelines.

There is no scheme to provide retirement benefits to Non-Executive Directors, 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 and 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	3 months	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 standard terms and conditions and there are no contractual entitlements to cash bonuses, options or performance rights.

Non-Executive Directors

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

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 the Senior Executives during the financial year.

Related Party Transactions

There were no related party transactions with KMP and their related parties during FY21.

REMUNERATION REPORT (AUDITED) (CONT'D)

SECTION H: DETAILS OF REMUNERATION (CONT'D)

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 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 2019	Number granted as Remuneration	Number vested	Number expired/ lapsed	Balance at 30 June 2020	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 44 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

Crowe

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

Crowe Perth

Sean McGurk
Partner

Signed at Perth, 24th August 2021

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2021

	Notes	Consolidated Entity 2021 $'000	Consolidated Entity 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	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 and 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
Provisions 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 $'000	Capital Raising Costs $'000	Share-Based Payment Reserve $'000	Hedge Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
Total equity at 1 July 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 and 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 and 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.

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.

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

a) PRINCIPLES OF CONSOLIDATION (CONT'D)

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

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

b) INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

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

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

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

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

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

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

c) SEGMENT REPORTING

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

d) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

Foreign currency transactions

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

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

e) REVENUE RECOGNITION

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

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

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

Sale of nickel and other metals

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

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.

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

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

Plant and equipment

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

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

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

Depreciation

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

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

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

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

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

i) RIGHT-OF-USE ASSET

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

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

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

j) EXPLORATION AND EVALUATION EXPENDITURE

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

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

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

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

k) MINE PROPERTIES

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

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

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

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.

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

l) INCOME TAX (CONT'D)

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

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

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

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

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

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.

The costs of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the equity instrument (vesting date). At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and (iii) the expired portion of the vesting period. The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

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

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

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

o) LEASE LIABILITIES

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

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

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

p) FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

A financial asset is subsequently measured at amortised cost, using 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.

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.

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

q) IMPAIRMENT OF ASSETS

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

Reversal of impairment losses

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

r) ROUNDING AMOUNTS

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

s) CASH AND CASH EQUIVALENTS

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

t) PROVISIONS

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

u) INTANGIBLES

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

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

v) CRITICAL ACCOUNTING ESTIMATES AND BALANCES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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.

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.

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

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

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.

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 1(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.

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.

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

aa) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares; by the,
- weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (Note 19).

Diluted earnings per share

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the 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 and equipment	11	23
Partial Exemption Certificate credits	-	1,205
Total other income	**573**	**5,029**

NOTE 3: DIVIDENDS

	Consolidated Entity	
	2021 $'000	**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 cent 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		
Interim dividend of 1 cent per share was re-invested for 2020 (2019: Nil)	645	473
	645	**473**

NOTE 4: PROFIT BEFORE INCOME TAX

	Consolidated Entity 2021 $'000	Consolidated Entity 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 asset	317	69
Borrowing costs amortised	167	230
Total borrowing costs	**1,587**	**1,298**

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2021 $'000	Consolidated Entity 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	Consolidated Entity 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

	Consolidated Entity	
	2021 $'000	**2020 $'000**
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:

	Consolidated Entity	
	2021 $'000	**2020 $'000**
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

	Consolidated Entity	
	2021 $'000	**2020 $'000**
Property – at cost	49,891	49,555
Accumulated depreciation	(43,336)	(40,266)
	6,555	9,289
Plant and 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 and equipment under lease	3,616	3,463
Accumulated depreciation	(2,118)	(1,843)
	1,498	1,620
Total property, plant and equipment – at cost	347,951	310,526
Accumulated depreciation	(202,429)	(175,995)
Total	**145,522**	**134,531**

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).

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 and 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 and 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

	Consolidated Entity	
	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 (CONT'D)

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 two and five 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

	Consolidated Entity	
	2021 $'000	**2020 $'000**
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 million) and Metal Hawk at $0.7 million (2020: Nil).

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity 2021 $'000	Consolidated Entity 2020 $'000
Exploration and 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**

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	Consolidated Entity 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 AND EVALUATION EXPENDITURE

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

NOTE 12: MINE PROPERTIES

	Consolidated Entity 2021 $'000	Consolidated Entity 2020 $'000
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**

NOTE 12: MINE PROPERTIES (CONT'D)

MOVEMENT IN CARRYING AMOUNT

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

	Consolidated Entity	
	2021 $'000	2020 $'000
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 and 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)

	Consolidated Entity 2021 $'000	Consolidated Entity 2020 $'000
c) Reconciliation (cont'd)		
ii) Deferred tax liability		
The movement in the deferred tax liabilities for each temporary difference during the year is as follows:		
Exploration and development expenditure:		
Opening balance	(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 AND OTHER PAYABLES

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

NOTE 15: LEASE LIABILITIES

	Consolidated Entity	
	2021 $'000	2020 $'000
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 three 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

	Consolidated Entity	
	2021 $'000	2020 $'000
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 are not expected to commence within the next four years. Following full exhaustion of mine life, 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

	Consolidated Entity	
	2021 $'000	2020 $'000
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.

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: (LOSS)/EARNINGS PER SHARE

	Consolidated Entity	
	2021 $'000	2020 $'000
(Loss)/earnings used to calculate basic/diluted (loss)/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 (loss)/earnings per share	288,078,793	273,414,087
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive (loss)/earnings per share	292,070,153	277,578,717

NOTE 20: CASH FLOW INFORMATION

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

	Consolidated Entity	
	2021 $'000	2020 $'000
(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

	Consolidated Entity	
	2021 $'000	2020 $'000
Cash and cash equivalents comprise:		
Cash on hand and at bank	151,052	144,792

c) FINANCING FACILITIES AVAILABLE

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

	Total Facility $'000	Utilised at Balance Date $'000	Available Facilities $'000
Banking Facilities:			
ANZ Banking Group			
- 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 $75 million 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 and equipment by means of a finance lease to the value of $0.253 million (2020: $0.859 million).

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 one year	9,806	19,807
Later than one year and not later than five 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, raise-bore drilling of the haulage shaft and central ventilation rise at Odysseus and installation of ventilation fans.

b) EXPLORATION EXPENDITURE COMMITMENTS

	Consolidated Entity	
	2021 $'000	**2020 $'000**
No later than one year	5,694	5,863
Later than one year and not later than five 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 three-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 two-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 one year should the parties mutually agree.

NOTE 24: CONTINGENT LIABILITIES

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

NOTE 25: SUBSEQUENT EVENTS

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.

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.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

a) Credit risk (cont'd)

Financial assets at fair value through other comprehensive income

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

b) Liquidity risk

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

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

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

Financial liability and financial asset maturity analysis

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

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Total contractual cash flows $'000
2021 Consolidated Entity				
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

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Total contractual cash flows $'000
2020 Consolidated Entity				
Financial Assets – Non-Derivative				
Cash and cash equivalents	144,792	-	-	**144,792**
Trade and other receivables	17,782	-	-	**17,782**
Financial assets at fair value through other comprehensive income	-	-	33,920	**33,920**
Financial Assets – Derivative				
Derivative collar options (net settled)	1,265	-	-	**1,265**
	163,839	-	33,920	**197,759**
Financial Liabilities – Non-Derivative				
Trade and other payables	50,822	-	-	**50,822**
Lease liabilities	1,113	2,696	-	**3,809**
	51,935	2,696	-	**54,631**
Net Financial Assets/(Liabilities)	111,904	(2,696)	33,920	**143,128**

c) Market risk

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

i) Interest rate risk

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

At the reporting date, the interest rate risk profile of the Consolidated Entity's interest-bearing financial instruments was as follows:

	Floating interest rate $'000	Fixed interest maturing in: 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
2021 Consolidated Entity							
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 (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

c) Market risk (cont'd)

i) Interest rate risk (cont'd)

	Floating interest rate $'000	Fixed interest maturing in: 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
2020 Consolidated Entity							
Financial Assets							
Cash and cash equivalents	144,792	-	-	-	-	**144,792**	1.50%
Trade and other receivables	-	-	-	-	17,782	**17,782**	
Financial assets at fair value through other comprehensive income	-	-	-	-	33,920	**33,920**	
	144,792	-	-	-	51,702	196,494	
Financial Liabilities							
Trade and other payables	-	-	-	-	50,822	**50,822**	
Lease liability	-	1,113	2,696	-	-	**3,809**	4.08%
	-	1,113	2,696	-	50,822	54,631	
Net Financial Assets/(Liabilities)	144,792	(1,113)	(2,696)	-	880	141,863	

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.

	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 $'000	Equity $'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	

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.

NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT (CONT'D)

c) Market risk (cont'd)

iii) Currency risk (cont'd)

Sensitivity analysis

	2021		2020	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Year ended 30 June 2021				
+2% (+5%: 2020) in A$/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	
Consolidated Group	2021 $'000	2020 $'000	2021 $	2020 $
Buy A$/Sell US$ Options			Put – Call	Put – Call
Settlement:				
- Less than six months	37,500	7,500	0.730 – 0.785	0.641 – 0.680
- Six months to one year	-	-	-	-
Buy A$/Sell US$ forward swap contracts			Swap rate	Swap rate
Settlement:				
- Less than six months	-	15,000	-	0.658
- Six months to one year	-	-	-	-

d) Net fair values

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

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

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

		2021		2020	
	Note	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	ii)	-	-	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.

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**

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 three-year service condition to 30 June 2021 and the performance condition tested against the relative TSR measure for the period 1 July 2018 to 30 June 2021.

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

For grants made under the LTI plan during FY21, vesting will occur subject to the meeting of a three-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% to 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 are 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

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

a) SHARE-BASED PAYMENT RESERVE

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

b) HEDGE RESERVE

The hedge reserve records revaluations of items designated as hedges.

c) INVESTMENT REVALUATION RESERVE

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

NOTE 32: INTERESTS IN SUBSIDIARIES

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

Name	Country of Incorporation	Percentage of equity held	
		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

1. In the opinion of the Directors of Western Areas Ltd:

   a) the Consolidated Entity's financial statements and notes set out on pages 45 to 84 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

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.

Page \| 2

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

Page | 3

Crowe

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.

Crowe

- 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.

Crowe Perth

Crowe Perth

Sean McGurk

Sean McGurk
Partner

Signed at Perth, 24th August 2021

TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
Cosmos	E36/0935	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0042	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0118	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0119	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0145	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0148	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0159	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0171	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0172	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0189	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0194	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0199	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0225	Granted	100%	Australian Nickel Investments Pty Ltd
	L36/0243	Pending	100%	Australian Nickel Investments Pty Ltd
	M36/0127	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0180	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0212	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0302	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0303	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0305	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0329	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0330	Granted	80.6%	Australian Nickel Investments Pty Ltd (80.6%) and Alkane Resources Ltd (19.4%)
	M36/0332	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0349	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0365	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0371	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0375	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0376	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0377	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0441	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0632	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0633	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0659	Granted	100%	Australian Nickel Investments Pty Ltd
	M36/0688	Pending	100%	Australian Nickel Investments Pty Ltd
Forrestania	E74/0470	Granted	100%	Western Areas Limited
	E77/1734	Granted	100%	Western Areas Limited *
	E77/1865	Granted	100%	Western Areas Limited
	E77/2127	Granted	100%	Western Areas Limited *
	E77/2228	Granted	100%	Western Areas Limited *
	E77/2235	Granted	100%	Western Areas Limited *
	E77/2236	Granted	100%	Western Areas Limited *
	E77/2261	Granted	100%	Western Areas Limited *
	E77/2440	Granted	100%	Western Areas Limited
	E77/2523	Granted	100%	Western Areas Limited
	E77/2524	Granted	100%	Western Areas Limited
	E77/2527	Granted	100%	Western Areas Limited *
	E77/2641	Pending	100%	Western Areas Limited
	G70/0226	Granted	100%	Western Areas Limited
	G70/0231	Granted	100%	Western Areas Limited
	G77/0135	Granted	100%	Western Areas Limited
	L70/0111	Granted	100%	Western Areas Limited
	L74/0011	Granted	100%	Western Areas Limited
	L74/0012	Granted	100%	Western Areas Limited
	L74/0025	Granted	100%	Western Areas Limited

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

TENEMENT LISTING

Name	Lease	Status	WSA Interest	Applicant/Holder
	E77/1416	Granted	100%	Western Areas Nickel Pty Ltd
	E77/1436	Granted	100%	Western Areas Nickel Pty Ltd *
	E77/1581	Granted	100%	Western Areas Nickel Pty Ltd *
	M77/0099	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0324	Granted	100%	Western Areas Nickel Pty Ltd *
	M77/0467	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0468	Granted	100%	Western Areas Nickel Pty Ltd
	M77/0544	Granted	100%	Western Areas Nickel Pty Ltd (Excludes Gold Rights)
	P77/4067	Granted	100%	Western Areas Nickel Pty Ltd *
	E77/1400	Granted	100% Ni Rights	MH Gold Pty Ltd (50%), SQM Australia Pty Ltd (50%)
	E77/2099	Granted	100% Ni Rights	MH Gold Pty Ltd (50%), SQM Australia Pty Ltd (50%)
Mt Alexander JV	E29/0638	Granted	25%	Blue Thunder Resources Pty Ltd (75%), Western Areas Ltd (25%)
Mt Gibb JV	E74/0603	Granted	90%	Western Areas Ltd (90%) (JV with Great Western Exploration 10%)
Metal Hawk JV	E27/562	Granted	0%	Metal Hawk Limited
	E27/596	Granted	0%	Tasex Geological Services Pty Ltd
	E27/615	Granted	0%	Metal Hawk Limited
	P27/2428	Granted	0%	Metal Hawk Limited
	E63/1936	Granted	0%	Skryne Hill Pty Ltd
	E69/3584	Pending	0%	Skryne Hill Pty Ltd
	E69/3593	Pending	0%	Skryne Hill Pty Ltd
	E69/3808	Pending	0%	Metal Hawk Limited
	E69/3809	Granted	0%	Metal Hawk Limited
Western Gawler (SA)	EL 5688	Granted	100%	Western Areas Limited
	EL 5939	Granted	100%	Western Areas Limited
	EL 6087	Granted	100%	Western Areas Limited
	EL 6248	Granted	100%	Western Areas Limited
	EL 6249	Granted	100%	Western Areas Limited
	EL 6494	Granted	100%	Western Areas Limited
Iluka (Eucla Basin) JV (SA)	EL 5675	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 5878	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 5879	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 6251	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 6376	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 6544	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	EL 6545	Granted	75%	Western Areas Limited (75%) and Iluka (Eucla Basin) Pty Limited (25%)
	ELA2020/00071	Pending	100%	Tenement will transfer to Iluka (Eucla Basin) Pty Limited on grant.

* Joint Venture, with Westfarmers Chemicals Energy & Fertilisers earning Rights for Lithium and Lithium By-products

Range of Units As Of 31/08/2021

Range	Total Holders	Units	% Units
1,001 - 5,000	3,742	10,412,803	3.24
5,001 - 10,000	1,589	12,510,659	3.89
10,001 - 100,000	1,828	48,241,177	15.00
100,001 Over	135	249,003,342	77.42
Total	10,307	321,643,155	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 3.0900 per unit	162	516	17,275

Top Holders (Ungrouped) As Of 31/08/2021

Name	No. of shares	%
HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	104,556,688	32.51
CITICORP NOMINEES PTY LIMITED	40,390,823	12.56
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	33,863,168	10.53
BNP PARIBAS NOMS PTY LTD <DRP>	7,185,446	2.23
NORTHMEAD HOLDINGS PTY LTD <THE GREENWELL FAMILY A/C>	4,350,000	1.35
HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED - A/C 2	3,623,635	1.13
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	2,921,993	0.91
NATIONAL NOMINEES LIMITED	2,508,835	0.78
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	2,487,659	0.77
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,424,213	0.75
UBS NOMINEES PTY LTD	2,286,543	0.71
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,980,529	0.62
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,712,379	0.53
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,562,339	0.49
MS BO XU	1,500,000	0.47
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <MLPRO A/C>	1,317,841	0.41
BRAZIL FARMING PTY LTD	1,260,000	0.39
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	1,074,212	0.33
3RD WAVE INVESTORS PTY LTD	1,000,000	0.31
ALPHAGEN CAPITAL PTY LTD	1,000,000	0.31
FARJOY PTY LTD	1,000,000	0.31
Totals: Top 21 holders of ORDINARY FULLY PAID (Total)	**220,006,303**	**68.40**
Total Remaining Holders Balance	**101,636,852**	**31.60**

Substantial Shareholders

Name	No. of shares	%
Perpetual Limited	40,255,187	14.63%
Dimensional Fund Advisors LP	17,459,265	5.43%
Wyloo Consolidated Investments Pty Ltd	16,986,404	5.28%

WESTERN AREAS LTD

Registered Office
Level 2, 2 Kings Park Road
West Perth WA 6005

PO Box 1891
West Perth WA 6872

Phone: +61 (0) 8 9334 7777
Fax: +61 (0) 8 9486 7866

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