APPENDIX 4E – PRELIMINARY FINAL REPORT

Financial year ended 30 June 2018

August 22, 2018

ASX: WSA

Reporting Period

The reporting period is the financial year ended 30 June 2018. The previous corresponding period is 30 June 2017.

Results for announcement to the market

		% Change		Amount A$'000
Revenue from ordinary activities	Up	16%	to	248,268
Net profit from ordinary activities after tax attributable to members of Western Areas Ltd	Down	39%	to	11,837
Net profit after tax attributable to members of Western Areas Ltd	Down	39%	to	11,837

Dividends

A fully franked dividend of 2.0 cents per ordinary share has been declared for the year ended 30 June 2018.

	Amount per security	Unfranked amount per security	Franked amount per security	% CFI
Financial year ended 30 June 2018				
Final dividend	2.0 cents	Nil	2.0 cents	0%
Interim dividend	Nil	Nil	Nil	0%
Financial year ended 30 June 2017				
Final dividend	2.0 cents	Nil	2.0 cents	0%
Interim dividend	Nil	Nil	Nil	0%
Ex-Dividend date for FY18 Final Dividend	13 September 2018			
Record Date for FY18 Final Dividend	14 September 2018			
Payment Date for FY18 Final Dividend	5 October 2018			

Dividend Reinvestment Plan

The Company does not operate a dividend reinvestment plan.

Net Tangible Asset Backing

	Current year	Previous year
The net tangible assets per security	183.4 cents	170.7 cents

Investments in Controlled Entities

Wholly Owned and Controlled Subsidiaries of Western Areas Ltd:

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

Investments in Associates & Joint Ventures

Associates of Western Areas Ltd did not contribute to the result of the consolidated group for the financial year ended 30 June 2018.

Associates of Western Areas Ltd:

- Grid Metals Corp (formerly Mustang Minerals Corp) 12.1% (Canadian Entity)

Audit Review & Accounting Standards

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

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

Other Information

The income statement, statement of financial position, statement of cash flows and associated notes are contained in the financial statements in the attached Financial Report for the year ended 30 June 2018. Other detailed commentary on the variation between the results for the year ended 30 June 2018 and the comparative period is provided in the Directors Report of the Financial Report.

Except for the matters noted above, all the disclosure requirements pursuant to ASX Listing Rule 4.3A are contained within Western Areas Limited 30 June 2018 Consolidated Financial Statements which accompany this Preliminary Final Report.

Date: 22 August 2018

Daniel Lougher
Managing Director

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

WESTERN AREAS LTD

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DIRECTORS REPORT

The Directors of Western Areas Limited present the financial report of the Company for the financial year ended 30 June 2018. 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 all other forms corporate development initiatives. Mr Macliver is Executive Chairman of Grange Consulting Group Pty Limited which provides specialist corporate advisory services to both listed and unlisted companies. **Committee responsibilities:** • Member of the Audit & Risk, Remuneration, Nomination and Treasury Committee **Other current listed company directorships:** • Otto Energy Ltd (since January 2004) o Member of Audit & Risk Committee o Member of Remuneration Committee o Member of Nomination Committee **Former listed company directorships in last three years:** • Rent.com.au Ltd (ceased June 2015) o Chairman of the Board
Daniel Lougher *BSc. (Mining Geology) Msc. Eng, MAusIMM* ***Managing Director & CEO*** *Director Appointed* *May 2008*	Mr Lougher is a qualified Mining Geologist and Mining Engineer with over 35 years experience in all facets of mining project exploration, feasibility, development and operational activities in Australia and overseas. Mr Lougher's experience covers a diverse range of commodities including gold, platinum and copper. **Committee responsibilities:** • Member of the Nomination Committee **Other current listed company directorships:** • N/A **Former listed company directorships in last three years:** • Bluejay Mining Plc (formally FinnAust Mining Plc) (ceased March 2016) o Chairman of the Board • Mustang Minerals Corp (ceased October 2015) **Other relevant experience:** • Extensive training in Mine, Planning and Geotechnical Engineering (Chamber of Mines, South Africa • WA Mines Manager Certificate

David Southam *BCom, CPA, MAICD* ***Executive Director*** *Director Appointed November 2010*	Mr Southam is a Certified Practicing Accountant with over 25 years experience in accounting, banking and finance across the resources and industrial sectors. Mr Southam has been responsible for completing significant capital management initiatives and commodity offtake contracts with large domestic and international companies. **Committee responsibilities:** • N/A **Other current listed company directorships:** • Kidman Resources Ltd (Nominee Director on behalf of Western Areas Limited) (since July 2017) o Chairman of Audit & Risk Committee o Member of Remuneration & Nomination Committee • Ramelius Resources Limited (Non-Executive Director) (since 1 July 2018) o Chairman of Audit & Risk Committee o Member of Remuneration & Nomination Committee **Former listed company directorships in last three years:** • Troy Resources Ltd (ceased December 2016) o Member of Audit and Nomination & Remuneration Committee • Sundance Resources Ltd (ceased January 2016) o Member of Audit Committee **Other relevant experience:** • Member of the Curtin University Audit & Risk Committee
Richard Yeates *BSc (Geology), MAusIMM, GAICD* ***Non-Executive Independent Director*** *Director Appointed October 2009*	Mr Yeates is an experienced international mining executive with 36 years industry experience, variously 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 Intech) in 2006. Mr Yeates experience covers a wide range of commodities (including tin, tungsten, gold, copper, lead zinc, nickel, coal and mineral sands), in 39 countries on five continents. **Committee responsibilities:** • Chairman of the Nomination Committee • Member of the Remuneration Committee **Other current listed company directorships:** • Middle Island Resources Ltd (since March 2010) o Managing Director and CEO o Member of Remuneration Committee o Member of Nomination Committee **Former listed company directorships in last three years:** • Independent Non-Executive Director, Atherton Resources Ltd (formerly Mungana Goldmines Limited) (ceased December 2015) o Member of Audit & Risk Committee o Member of Remuneration Committee o Member of Nomination Committee **Other relevant experience:** • Director, Austmine (ceased October 2009) • Director, Australia-Africa Mining Industry Group (AAMIG, now AAMEG) (ceased November 2016) • Member, Swick Mining Services Limited R&D Advisory Board (current)

Craig Readhead *B.Juris, LL.B, FAICD* ***Non-Executive Independent Director*** *Director Appointed June 2014*	Mr Readhead is a lawyer with over 30 years legal and corporate advisory experience with specialisation in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. Mr Readhead had a distinguished legal career specialising in mining and corporate law. **Committee responsibilities:** • Chairman of the Audit, Risk and Treasury Committee **Other current listed company directorships:** • Beadell Resources Ltd (since April 2010) o Member of the Remuneration, Nomination & Diversity and Audit & Risk Committee o Formerly Chairman of the Board (ceased July 2018) • Eastern Goldfields Ltd (since March 2013) • Redbank Copper Ltd (since April 2013) **Former listed company directorships in last three years:** • General Mining Corporation Ltd (ceased October 2015) **Other relevant experience:** • Formerly President of the Australian Mining and Petroleum Law Association • Previously a member of the WA Council of the Australian Institute of Company Directors
Tim Netscher *BSc (Eng) (Chemical), BCom, MBA, FIChE, CEng, MAICD* ***Non-Executive Independent Director*** *Director Appointed August 2014*	Mr Netscher is an experienced international mining executive with extensive operational, project development, transactional and sustainability experience gained in senior executive and board roles over many years. His key executive positions during the past 25 years included Managing Director and CEO of Gindalbie Metals Ltd, Senior Vice President Asia Pacific Region of Newmont Inc., Managing Director of Vale Coal Australia, President of P T Inco and Executive Director of Refining & New Business at Impala Platinum Ltd. Mr Netscher's experience covers a wide range of resources including nickel, coal, iron ore, uranium and gold in Africa, Asia and Australia. **Committee responsibilities:** • Chairman of the Remuneration Committee • Member of the Audit, Risk and Treasury Committee **Other current listed company directorships:** • Gold Road Resources Limited (since September 2014) o Chairman o Member of Audit & Risk Committee o Member of Remuneration & Nomination Committee • St Barbara Limited (since February 2014) o Chairman of the Health, Safety, Environment and Community Committee o Member of the Audit and Risk Committee o Member of the Remuneration and Nomination Committee **Former listed company directorships in last three years:** • Chairman, Toro Energy Limited (ceased September 2016) o Member of Audit & Risk Committee o Member of Remuneration Committee • Chairman, Deep Yellow Limited (ceased December 2015) o Member of Audit & Risk Committee o Member of Remuneration Committee **Other relevant experience:** • Director, Queensland Resources Council • Director, Minerals Council of Australia • Director, Chamber of Minerals and Energy of Western Australia

Natalia Streltsova *MSc, PhD (Chem Eng), GAICD, MSME, MCIM* ***Non-Executive Independent Director*** *Director Appointed January 2017*	Dr Streltsova is a Chemical Engineer with over 25 years' experience in the minerals industry. She has a strong background in mineral processing and metallurgy with specific expertise in nickel, gold and base metals. Dr Streltsova has held various leadership and technical roles with major mining houses including Vale SA, BHP Billiton and WMC Resources Limited. She has broad international experience, both in technical and in business development capacities, covering projects in Australia, Africa, South America and in the countries of the Former Soviet Union. **Committee responsibilities:** • Member of the Nomination Committee **Other current listed company directorships:** • Neometals Ltd (since April 2016) o Chairman of the Risk Committee o Member of the Audit, Nominations and Remuneration Committees • Parkway Minerals NL (since June 2015) o Chairman of the Nomination Committee o Member of the Audit & Risk and Remuneration Committees **Other relevant experience:** • Director, CRC Parker Centre Limited

Company Secretary

Mr Belladonna is a Certified Practicing Accountant and has been employed at Western Areas Limited since 2005, originally as Financial Controller and then as the Company Secretary and Chief Financial Officer. In his time at the Company he has been intimately involved in the accounting, debt financing, corporate governance, risk management, capital raising and financial initiatives at the Company. Mr Belladonna has over 15 years experience in the resources industry including listed gold and base metal companies in a range of management positions.

Interests in Shares and Options of the Company

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

Remuneration of Key Management Personnel

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report on page 13.

Performance Rights Granted to Key Management Personnel

Performance Rights granted to directors and senior management during the financial year ended 30 June 2018 is set out in the Remuneration Report of this Directors' Report on page 17.

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.

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 21 of the Directors' Report) by reason of a contract made by the parent entity or a related body corporate with the director or with any entity in which the director has a substantial financial interest, with the exception of benefits that may be deemed to have arisen in relation to the transactions entered into in the ordinary course of business as disclosed in Note 28 to the accounts.

Directors' Meetings

The following table sets out the number of meetings of the parent entity's Directors and meetings of the sub-committees of the Board held during the year ended 30 June 2018 and the number of meetings attended by each Director.

	Meetings of Committees				
	Directors Meetings	Audit & Risk Mgmt	Remuneration	Nomination	Treasury
Meetings held :	11	3	2	1	1
Meetings attended :					
I Macliver	11	3	2	1	1
D Lougher	11	-	-	1	-
D Southam	11	-	-	-	-
R Yeates	11	-	2	1	-
C Readhead	11	3	-	-	1
T Netscher	11	3	2	-	1
N Streltsova	10	-	-	1	-

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.

Dividends Paid or Recommended

In respect of the financial year ended 30 June 2018, the Board of Directors declared a final fully franked dividend of 2 cents to the holders of fully paid ordinary shares on 22 August 2018.

In relation to the 30 June 2017 financial year the Board declared a final 2 cent fully franked dividend on 22 August 2017 and paid to shareholders on 6 October 2017.

Subsequent Events

The Board of Directors, on 22 August 2018, declared a final fully franked dividend of 2 cents to the holders of fully paid ordinary shares.

Other than matters detailed above, there have been no subsequent events after 30 June 2018 which have a material effect on the financial statements for the year ended 30 June 2018.

Principal Activities

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

Review of Operations

Operational metrics

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

Financial Year - Physical Summary			
		FY18	**FY17**
Tonnes Mined	*Tns*	607,120	591,778
Nickel Grade (average)	*%*	4.0%	4.4%
Tonnes Milled	*Tns*	616,598	617,808
Milled Grade (average)	*%*	4.0%	4.2%
Recovery	*%*	87%	89%
Nickel in Concentrate	*Tns*	21,060	23,005
Nickel Sales in Concentrate	*Tns*	20,549	22,639

Total ore mined was materially in line with the prior year, whilst head grade delivered materially matched the estimated Ore Reserve grades. The Spotted Quoll mine produced 346,455 tonnes of ore at a grade of 4.2% nickel, with Flying Fox producing 260,665 ore tonnes at an average grade 3.9%.

The nickel concentrator treated a total of 616,598 tonnes of ore during FY18, continuing to operate well above its 550,000 tonne per annum name plate capacity. As planned, year on year milled grade and nickel production were slightly lower as a result of the mines producing at Ore Reserve grades and completion of the remaining ore-sorter material (sourced from low grade Flying Fox stockpiles) in the first half of the financial year. The overall result of the ore sorter campaign was very positive increasing ore stockpile volumes and allowing flexibility in selecting the optimum mill feed blends.

Significant asset construction activity to enhance the operational capacity at Forrestania was completed during the year. The main items included the Mill Recovery Enhancement Project (MREP), that utilises the Company's 100% owned Bioheap™ technology, and the return airway shaft at the Spotted Quoll underground mine, including the mechanical fitout. The Spotted Quoll return airway is the final significant infrastructure capital item required to support the life of the Spotted Quoll mining, outside of regular sustaining underground mine development.

Financial Metrics

Income Statement

Full Financial Year – Earnings Results Summary			
	FY18	**FY17**	**Change**
	$m	**$m**	**$m**
Revenue	248.3	213.9	34.4
EBITDA[1]	84.0	84.9	(0.9)
EBIT	18.5	18.6	(0.1)
Profit Before Tax	17.2	17.4	(0.2)
Net Profit After Tax	**11.8**	**19.3**	**(7.5)**

The A$34.4m increase in Revenue was due to the higher average nickel price for the year at A$7.53/lb (FY17 A$6.11/lb), which was partially offset by a reduction in sales volumes.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) and Profit Before Tax were consistent with the prior year. Underlying this result was a significant increase in earnings from ordinary business activities, that was offset by two non-recurring material transactions in the prior year being:

1) The sale of the Company's investment in Bluejay Mining Plc (A$25.6m); and
2) Recognition of the share based consideration received from Kidman Resources Ltd (A$7.5m).

When excluding these one off prior year items, year on year underlying EBITDA increased by $32.1m and underlying Net Profit after Tax increased by $23.4m.

Net Profit After Tax was $7.5m lower than the prior year due to the increased earnings from ordinary mining activities that resulted in an increased taxation expense (A$7.3m) as underlying business earnings are subject to normal corporate income tax.

Statement of Cash Flows

Full Financial Year – Cashflow Summary			
	FY18	**FY17**	**Change**
	$m	**$m**	**$m**
Revenue	237.2	226.8	10.4
Payments to suppliers	(154.0)	(157.7)	3.7
Other	(6.2)	(2.9)	(3.3)
Net Operating Cashflow	**77.0**	**66.2**	**10.8**
Sale of investments	*0.0*	*32.6*	*(32.6)*
Capital Purchases	*(59.8)*	*(34.0)*	*(25.8)*
Net Investing Cashflow	**(59.8)**	**(1.4)**	**(58.4)**
Net Financing Cashflow	**(5.8)**	**(0.2)**	**(5.6)**
Net Cashflow	**11.3**	**64.6**	**(53.3)**
Cash At Bank	**151.6**	**140.3**	**11.3**

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

Net cash flow of A$11.3m resulted in A$151.6m cash at bank at year end. The free cashflow result was generated as a result of an increase in nickel sales receipts resulting from a higher average nickel price for the year and the continued focus on absolute cost management and control. The absolute free cashflow result is an excellent achievement in the context of the significant year on year increase in capital and development expenditure at the current production assets located at Forrestania and investment into the Company's organic growth projects.

Net operating cashflow increased by A$10.8m primarily due to the higher average nickel price and lower payments to suppliers during the year.

The significant year on year change in Investing Cashflow, primarily relates to investments in production assets at Forrestania, such as the Mill Recovery Enhancement Project and completion of the Spotted Quoll Return Airway Shaft. The year on year variance is also materially affected by the absences of the non-recurring sale of the investment in Bluejay Mining Plc (A$32.6m) that occurred in the prior year.

The year on year change in net financing cashflow was due to the reintroduction of a final dividend related to the FY17 financial results which was paid in the first half of FY18.

Statement of Financial Position

Full Financial Year - Balance Sheet Summary			
	FY18	FY17	Change
	$m	$m	$m
Current Assets	208.7	181.2	27.5
Total Assets	571.9	518.9	53.0
Current Liabilities	47.8	29.8	18.0
Total Liabilities	83.1	59.6	23.5
Net Equity	**488.8**	**459.3**	**29.5**

Current assets increased primarily due to the cash at bank increasing by A$11.3m and the ore stockpile inventory value increasing by A$13.5m. The increase in inventory value related to both mined ore stockpiles and finished concentrate awaiting shipment at year end.

The increase in non-current assets primarily relates to the favourable revaluation of the Company's shareholding in Kidman Resources Ltd, which increased in value by A$21.8m during FY18. Furthermore, non-current asset investment increased with construction of capital assets at the Forrestania Nickel Operation and the Odysseus early works program at Cosmos. Amortisation charges against mine properties of A$47.1m was partly offset by new development expenditure of A$34.0m. Exploration and evaluation expenditure of A$10.6m was capitalised during the year as the Company continued to invest in exploration at Cosmos, Forrestania and Western Gawler. Total assets as at the reporting date were A$571.9m, representing an increase of A$53.0m as compared to the prior year.

Total liabilities of A$83.1m represented an increase of A$23.5m from the prior year as a result of a general increase in operating and capital works across the group, which results in higher average payable balances, and an increased deferred tax liability related to a reduction in offsetting deferred tax assets.

Total equity attributable to the shareholders increased by A$29.5m to A$488.8m, mainly due to a significant increase in the revaluation reserve related to the Company's investment in Kidman Resources Limited and NPAT of A$11.8m partly offset by the dividend paid during the year related to the FY17 earnings result.

Material Business Risks

Western Areas is faced with economic and non-economic risks associated with achieving its business strategy and goals. An existing risk management framework formally deals with risk to ensure that the control environment is appropriate having consideration for the level of risk exposure. The senior management team regularly report to the Board on key material risks and the quality of their controls to ensure they exist within the Board's risk appetite.

Strategic Long Term Economic Risks (2 – 5 years)

- ***Exploration Risk***
  Organic growth is a key strategic pillar, and we therefore accept the inherent risks associated with mineral exploration. Our exploration program is focussed on highly prospective tenements within the regions of Forrestania, the Cosmos Nickel Complex and the West Gawler region. It is believed that these regions will provide us with the best opportunity to grow our near mine Resources, and establish new mining areas for the Company.
  The Company cannot control the risk of there being no economic resources within the ground we are exploring, however we apply advance exploration techniques and geological knowledge to provide the best and most cost-effective way to confirm the existence of economic resources.
- ***Metal & Currency Markets***
  The Company has no influence over the movement in the nickel price, or foreign exchange rates. Western Areas does at time hedge a portion of expected nickel sales and foreign exchange exposures in line with the board approved treasury management policy. Though the Company does not hedge 100% of the exposure, and believe it is not prudent to do so, a high level of operating and commercial discipline is practiced, which has in the past resulted in the generation of free cash flows for the business. Western Areas remains one of the lowest cost nickel producers and is debt free, which provides a significant buffer against the adverse effects of a deterioration in nickel market fundamentals.
- ***Inorganic Growth & Investment***
  Western Areas' strategy includes investment in business development activities (joint ventures, mergers, acquisitions, innovation) to enhance our current project portfolio. Business development opportunities remain tightly contested, however we are debt free and continue to generate positive cash flow from the Forrestania Nickel Operation. Western Areas is in a competitive position to pursue business development opportunities that can provide the best possible value for our shareholders.

Operating Risks

- ***Business Interruption***
  A significant disruption to Forrestania Nickel Operations could have a significant adverse effect on Western Areas' operating revenue. The Forrestania Nickel Operations consist of the Spotted Quoll and Flying Fox mines, the Cosmic Boy concentrator and associated infrastructure. There are some single line exposures in our production chain, including the primary supply of electricity from a third-party provider. A significant failure event at one of the single line exposures has the potential to significantly reduce nickel production and consequent revenue from nickel sales. In recent times, bushfires have exposed our operations to some delays and downtime particularly in relation to infrastructure connected to our operations (power lines and roads). Forrestania Nickel Operations has well established risk and business continuity management practices that prevent and respond to known business interruption risks.

  Within our corporate environment we have made significant strides to enhance the protection of the Company's information technology systems and data.

- ***Counter Parties***
  Western Areas relies on a number of contractor entities to support exploration, mining, logistics and maintenance activities. The financial failure of one of our key contractors (e.g. a mining contractor) could result in interruptions to production plans, and affect our operating costs. Western Areas practices a high level of due diligence prior to awarding a contract, and actively manage our supply chain partners. The Company believes in building relationships with our supply chain partners to generate long term value.
- ***New Technology/Markets***
  There is inherent risk of developing new production lines and the Company has been working with offtake partners to establish appetite for offtake for an enhanced value in use high grade concentrate product that can be utilised within the growing electric vehicle (EV) battery market. The Mill Recovery Enhancement Project is new technology that is facilitating the entry into new markets, while realising greater recoveries from nickel tonnes mined by monetising what would once be sent to waste.

Sustainability Risks

- ***Safety & Health***
  The safety and well-being of people undertaking activities on behalf of the Company remains an absolute priority. There are a number of inherent hazards associated with exploration, mining and mineral processing that require ongoing management and assurance to ensure our safety performance is in line with the high standards we expect. Western Areas continues to demonstrate excellence in safety performance, and continues to work with its contractors and partners to make Western Areas a safe place.

  Western Areas’ values the contribution of our people and have put in place the required systems and support to motivate, empower, and reward our people.
- ***People***
  The attraction and retention of skilled personnel is an emerging risk attributed to the increase in mining and project activity within West Australia and abroad, along with a loss of capacity within the West Australian job market due to the recent downturn and an aging workforce. With the growing optimism within the natural resource industry, the demand for good quality people will continue to be challenging.

  Western Areas focuses on recognising and rewarding performance to incentivise individuals, and maintaining a positive, supportive and open communication to foster a culture of learning and development. The Western Areas employment offering is an attractive proposition for the skills, experience and expertise the Company requires.
- ***Compliance***
  The Company has a number of statutory and regulatory obligations to fulfil including corporate, financial, health and safety, environmental, land management, tenure, and human resources. Western Areas readily accepts that fulfilling compliance obligations is a necessary part of maintaining its license to operate. The governance framework and compliance management practices are built into roles and responsibilities, planning processes and day to day activities. Compliance is an accepted part of Western Areas culture.
- ***Stakeholders***
  Western Areas is committed to being a proactive member in the communities where it operates, recognising the needs of all stakeholder groups and engaging with them to seek positive outcomes. This includes working closely with relevant government departments, traditional owners, pastoralists, businesses, and community members to ensure there is ongoing support for the Company’s activities.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Key Management Personnel (KMP) which includes Non-Executive Directors and Executives of Western Areas Ltd. The remuneration structures of Western Areas have been extremely well supported by its shareholders based on the Annual General Meeting (AGM) voting results, and the Company has been mindful to monitor market standards and conditions closely. Given the level of support and acceptance, there have been no material changes in remuneration practices or incentive programmes during the 2018 financial year (FY18).

Key points/changes for FY18

- The Remuneration Report resolution at the 2017 AGM was incredibly well supported with 99% of votes cast supporting the resolution;
- Continuation of the highly successful $1,000 tax exempt share plan offering to all staff (excluding KMP), aligning all staff to shareholder outcomes and encouraging employees to act like owners of the business;
- Following an improvement in market conditions, corporate performance, increasing competition for talent and positive commodity price outlook, a staged reversal of the 10% base salary reduction for the Executive Directors' and Key Management Personnel was implemented during the FY18 - The initial base salary reduction was implemented in March 2016; and
- A partial reversal of the 10% reduction in Non-executive Directors' remuneration was agreed with effect from 1 January 2018. The Non-executive Directors salaries still remain reduced by 5%, which was first implemented in March 2016.

The report is comprised of the following key sections:

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

SECTION A: WHO THIS REPORT COVERS

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

Mr I Macliver	Independent Non-Executive Chairman
Mr D Lougher	Managing Director
Mr D Southam	Executive Director
Mr R Yeates	Independent Non-Executive Director
Mr C Readhead	Independent Non-Executive Director
Mr T Netscher	Independent Non-Executive Director
Mrs N Streltsova	Independent Non-Executive Director

Other 'KMP's of the Company during the financial year were:

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

SECTION B: REMUNERATION GOVERNANCE AND PHILOSOPHY

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

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

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

SECTION C: USE OF REMUNERATION CONSULTANTS

Western Areas engaged PwC as Remuneration Consultants during FY18 to provide assistance with documentation management and ongoing market trend monitoring and development in relation to the Long Term Incentive ("LTI") plans. No 'remuneration recommendations' as defined in the Corporation Act 2001 were made or supplied by PwC.

SECTION D: EXECUTIVE REMUNERATION FRAMEWORK

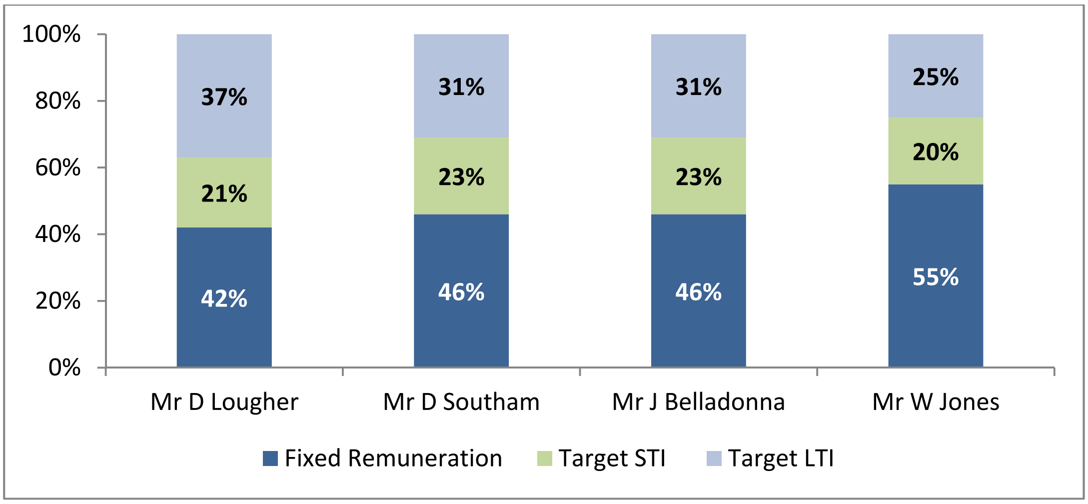
The Company's Executive reward structure provides a combination of fixed and variable pay, and is comprised of:

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

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

Remuneration mixes

The relative proportion of target FY18 total remuneration packages split between fixed and variable remuneration is shown below:



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

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

Fixed remuneration

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

Following a near two year 10% reduction in KMP base salaries, the discount was reversed in a staged manner during the financial year. The discount was first implemented in March 2016. In assessing the removal of the discount, the Remuneration Committee considered the overall Company performance, earnings and cashflow outcomes, reinstatement of a final dividend, the increasingly competitive employee market and the positive commodity price outlook.

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. It is noted that all STI targets for FY18 were based off the 5% reduced base salary level.

The full list of KPIs set for Executives in FY18 is below. For each Executive, KPIs relevant to their area of influence are selected from the list below and assigned each year.

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

Long Term Incentive ('LTI')

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

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

The quantum of LTI grants made during FY18 was as follows:

Name	LTI quantum (% of base salary) (i)	Number of Performance Rights issued (ii)	Fair Value at allocation date (ii)	Exercise date	Expiry date
Mr D Lougher	100%	420,280	$1.66	Upon receipt of a vesting notice issued in FY21	30/6/2023
Mr D Southam	75%	236,480	$1.66	As above	30/6/2023
Mr J Belladonna	75%	159,320	$1.66	As above	30/6/2023
Mr W Jones	50%	114,570	$1.66	As above	30/6/2023

(i) % of base salary was calculated on the base salary applicable 1 July 2017 including the 5% base salary discount.
(ii) $1.66 was the fair value of the performance rights as calculated on 1 July 2017. 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 FY18 this was $2.47/right as at 22 November 2017.

Performance conditions

Western Areas TSR performance for the FY18 grant will be assessed against a customised peer group comprising the following 24 companies:

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

No Performance Rights will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSR's for the peer group companies, is at or above the 50th percentile and the participant remains employed with the Company as at 30 June 2020.

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

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

Performance period and vesting

No Performance Rights will vest unless they meet a relative TSR measure for the period 1 July 2017 to 30 June 2020 as measured against the peer group and satisfaction of the service based vesting condition which requires the participant remains employed as at 30 June 2020. Upon satisfaction of the performance and service condition, the Performance Rights will vest upon receipt of a vesting notice during the 2021 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 continued a consistent high level to performance during FY18 achieving its production and cost guidance, as provided and updated for the market during the year. This consistent performance and a strengthening nickel price enabled free cashflow and net profits to be generated. Capital assets have been constructed on time and on budget and importantly new and innovative growth projects have been advanced. These outcomes have occurred while maintaining a class leading performance in safety and environmentally management.

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

Year Ended 30 June	2018	2017	2016	2015	2014
Lost time injury frequency rate	0.9	1.1	0	0	1.9
Nickel tonnes Sold (tns)	20,549	22,639	24,793	26,036	25,756
Nickel Price – US$	5.84/lb	$4.58/lb	$4.14/lb	$6.58/lb	$7.46/lb
Reported Cash Cost US$/lb (*)	$2.03/lb	$1.80/lb	$1.64/lb	$1.94/lb	$2.28/lb
Net Profit / (Loss) after Tax ('000)	11,837	19,299	(29,783)	35,013	25,460
EPS	4.34	7.09	(12.3)	15.1	12.2
Dividend Cents/share	2.0	2.0	-	7.0	5.0
Market capitalisation ($)	971M	575M	582M	753M	1,073M
Closing share price ($)	$3.56	$2.11	$2.15	$3.23	$4.62
TSR – 3 year peer ranking (% percentile)	57th	60th	74th	84th	93rd

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

Short term incentive

Based on the achievements of the Company in FY18, the Remuneration Committee determined that Executives achieved between 76% and 87% of their target STI opportunity. It is noted that no KMP achieved 100% of their target STI award.

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

Name	Target STI quantum (% of base salary)	Target FY18 STI quantum ($)		STI quantum earned ($)	STI quantum not earned ($)
Executive Directors					
Mr D Lougher	55%	383,000		290,000	93,000
Mr D Southam	55%	288,000		253,000	35,000
Executives					
Mr J Belladonna	55%	194,000		170,000	24,000
Mr W Jones	40%	152,000		118,000	34,000

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	2018	2017	2016	2015	2014	2013
Average KMP STI Payout %	82%	83%	56%	90%	87%	29%

Long Term Incentive

The performance rights that vested and were converted into shares during FY18 were originally issued in FY15. The relative TSR performance of the grant was assessed at the completion of the 3 year performance period ending on 30 June 2018. As a result of the assessment, Western Areas was positioned at the 57th percentile against the peer group which resulted in 64% vesting of the grant.

SECTION F: NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Director (NED) fees limits

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

Fees	Fin. Year	Board Chair	Board Member
Actual	2018	$178,391	$154,606

Non-Executive Directors fee structure

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

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

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

SECTION G: SERVICE CONTRACTS

Executives

A summary of the key contractual provisions for each of the current executives as at 30 June 2018 is set out below:

Name & job title	Base salary	Super-annuation	Contract duration	Notice period	Termination provision
D Lougher, Managing Director*	$734,400	11%	No fixed term	3 months	12 months termination payment and accrued leave entitlements
D Southam, Executive Director*	$550,914	11%	No fixed term	3 months	12 months termination payment and accrued leave entitlements
J Belladonna, Chief Financial Officer / Company Secretary*	$371,200	11%	No fixed term	3 months	6 months termination payment and accrued leave entitlements
W Jones, General Manager Operations	$400,400	11%	No fixed term	1 month	6 months termination payment and accrued leave entitlements

*In the event that there is a takeover of, or merger with, the Company, the Company must pay the Executive a change of control bonus within 10 days of that takeover or merger occurring.

The amount of the takeover bonus will be calculated as follows:

(a) The positive difference (expressed as a percentage of the 20 day VWAP) between the bid price for the Company's shares as a result of a takeover or merger bid, and the volume weighted share price of the Company's share price for the 20 days immediately preceding the takeover or merger bid; and

(b) Multiplied by 3, as a percentage of the Executive's base annual salary at the time that such a bid is completed.

(This contractual position is a legacy item that has not been applicable to any new executive appointment in over 7 years.)

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

Non-Executive Directors

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

SECTION H: DETAILS OF REMUNERATION

	Short Term Employee Benefits				Post Employment	Long Term Employee Benefits (accounting valuation)		TOTAL
	Base Salary	STI Payments / Bonuses	Allowances & Other	Non Monetary	Super-annuation	Long Service Leave	Share Based Payments LTI	
Non-executive Directors								
I Macliver	160,713	-	-	-	17,678	-	-	**178,391**
FY2017	*156,369*	-	-	-	*17,201*	-	-	*173,570*
C Readhead	139,284	-	-	-	*15,322*	-	-	**154,606**
FY2017	*135,520*	-	-	-	*14,907*	-	-	*150,427*
T Netscher	154,606	-	-	-	-	-	-	**154,606**
FY2017	*150,427*	-	-	-	-	-	-	*150,427*
R Yeates	139,284	-	-	-	*15,322*	-	-	**154,606**
FY2017	*135,520*	-	-	-	*14,907*	-	-	*150,427*
N Streltsova	139,284	-	-	-	*15,322*	-	-	**154,606**
FY2017	*67,760*	-	-	-	*7,454*	-	-	*75,214*
							Total Non-Executive Remuneration FY2018	**796,815**
							Total Non-Executive Remuneration FY2017	700,065
Executive Directors								
D Lougher	716,040	290,000	57,764	48,748	25,000	18,346	890,042	**2,045,940**
FY2017	*660,961*	*275,700*	*50,681*	*49,488*	*32,083*	*16,512*	*864,519*	*1,949,944*
D Southam	537,142	253,000	38,086	50,663	25,000	13,763	500,750	**1,418,404**
FY2017	*495,823*	*229,500*	*31,040*	*55,178*	*30,000*	*12,386*	*486,388*	*1,340,315*
Executive Officers								
J Belladonna	361,920	170,000	18,807	41,624	25,000	9,271	337,400	**964,022**
FY2017	*334,081*	*157,500*	*13,249*	*45,334*	*27,500*	*8,346*	*327,725*	*913,735*
W Jones	390,390	118,000	19,843	37,091	25,000	10,002	225,669	**825,995**
FY2017	*360,361*	*125,500*	*9,456*	*36,300*	*32,083*	*9,002*	*235,668*	*808,370*
							Total Executive Remuneration FY2018	**5,254,361**
							Total Executive Remuneration FY2017	5,012,364

(i) Includes all paid and/or accrued bonuses for the applicable year.
(ii) Includes over-cap super.
(iii) LTI refers to the value of Performance Rights that were expensed during the FY18. No Options were granted or remain outstanding at the end of the financial year.

Related Party Transactions

There were no related party transactions with KMP during FY18.

Shareholding by Key Management Personnel

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

	Balance at 1 July 2017	Granted as Remuneration	On Vesting of Performance Rights	Other Changes During the Year	Balance at 30 June 2018
I Macliver	36,448	-	-	-	36,448
D Lougher	462,430	-	143,598	(193,598)	412,430
D Southam	131,932	-	80,791	(147,800)	64,923
R Yeates	10,000	-	-	-	10,000
T Netscher	12,000	-	-	-	12,000
C Readhead	20,000	-	-	-	20,000
J Belladonna	242,630	-	54,436	(127,066)	170,000
W Jones	170,950	-	39,145	(40,890)	169,205
TOTAL	**1,086,390**	**-**	**317,970**	**(509,354)**	**895,006**

Options held by Key Management Personnel

There were no options held by key management at any time during FY18.

Performance Rights held by Key Management Personnel

Details of Performance Rights held by KMP and granted but not yet vested under the LTI plan at 30 June 2018 are outlined below:

	Balance at 1 July 2017	Number granted as Remuneration	Number vested	Number expired / Lapsed	Balance at 30 June 2018	Portion vested (%)	Portion unvested (%)
D Lougher	880,430	420,280	(143,598)	(61,542)	1,095,570	0%	100%
D Southam	495,335	236,460	(80,791)	(34,624)	616,380	0%	100%
J Belladonna	333,755	159,320	(54,436)	(23,329)	415,310	0%	100%
W Jones	240,002	114,570	(39,145)	(16,777)	298,650	0%	100%
TOTAL	**1,949,522**	**930,630**	**(317,970)**	**(136,272)**	**2,425,910**	**0%**	**100%**

All Performance Rights issued during FY18 were allotted in accordance with the shareholder approved Western Areas LTI plan. The rights were granted on 30 November 2017 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 24 forms part of the Directors' Report for the year ended 30 June 2018.

Non – Audit Services

The entity's auditor, Crowe Horwath, provided non-audit services, related to renewable energy lodgements, amounting to $4,500 during FY18 (FY17: $4,500). The Board has the following procedures in place before any non-audit services are obtained from the auditors:

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

Rounding of Amounts

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

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

DR Lougher

D Lougher
Managing Director

Perth, 22 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

Crowe Horwath

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 2018, 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 Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 22 August 2018

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2018

	Notes	Consolidated Entity 2018 $'000	Consolidated Entity 2017 $'000
Sales		248,268	213,920
Operating Costs		(146,408)	(146,493)
Depreciation and Amortisation	4	(64,872)	(65,717)
Other income	2	3,494	4,486
Profit on Sale of tenements & investments	2	-	33,063
Finance costs	4	(1,934)	(1,854)
Employee benefit expense		(11,342)	(9,185)
Foreign exchange gain / (loss)		1,143	(436)
Write off of non-current assets		-	(48)
Share based payments	29	(3,598)	(3,060)
Administration expenses		(4,286)	(6,254)
Care and maintenance expense		(1,750)	(1,310)
Share of loss of associates accounted for using the equity method		-	(694)
Realised derivative (loss) / gain		(1,552)	932
Profit before income tax		**17,163**	**17,350**
Income tax (expense) / benefit	7	(5,326)	1,949
Profit for the year		**11,837**	**19,299**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Changes in fair value of hedging instruments		(2,012)	249
Changes in financial assets at fair value through other comprehensive income	9	21,911	2,646
Total comprehensive income for the year		**31,736**	**22,194**
Basic earnings per share (cents per share)	18	4.34	7.09
Diluted earnings per share (cents per share)	18	4.27	7.01

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2018

	Notes	Consolidated Entity 2018 $'000	Consolidated Entity 2017 $'000
Current Assets			
Cash and cash equivalents	19(b)	151,643	140,294
Trade and other receivables	5	22,209	19,182
Inventories	6	34,805	21,280
Derivative financial instruments	16	-	420
Total Current Assets		208,657	181,176
Non Current Assets			
Property, plant and equipment	8	89,003	82,884
Intangible assets		506	506
Exploration & evaluation expenditure	10	97,784	87,157
Mine properties	11	142,673	155,813
Financial assets at fair value through other comprehensive income	9	33,307	11,396
Total Non Current Assets		363,273	337,756
Total Assets		571,930	518,932
Current Liabilities			
Trade and other payables	13	41,396	26,345
Borrowings	14	267	170
Provisions	15	4,514	3,323
Derivative financial instruments	16	1,592	-
Total Current Liabilities		47,769	29,838
Non Current Liabilities			
Borrowings	14	445	304
Provisions	15	24,408	23,544
Deferred tax liabilities	12	10,496	5,902
Total Non Current Liabilities		35,349	29,750
Total Liabilities		83,118	59,588
Net Assets		**488,812**	**459,344**
Equity			
Contributed equity	17	442,963	442,963
Other reserves	30	44,533	21,447
Retained earnings		1,316	(5,066)
Total Equity		**488,812**	**459,344**

The accompany notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year Ended 30 June 2018

	Issued Capital	Capital Raising Costs	Share Based Payment Reserve	Hedge Reserve	Investment Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
TOTAL EQUITY AT 1 JULY 2016	**459,184**	**(16,221)**	**24,528**	**171**	**(9,296)**	**(24,365)**	**434,001**
COMPREHENSIVE INCOME							
Profit for the year						19,299	19,299
Other comprehensive loss for the year				249	2,646		2,895
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR				249	2,646	19,299	22,194
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNER, AND OTHER TRANSFERS							
Share based payments expense			3,060				3,060
Deferred tax asset on performance rights			89				89
TOTAL EQUITY AT 30 JUNE 2017	**459,184**	**(16,221)**	**27,677**	**420**	**(6,650)**	**(5,066)**	**459,344**
COMPREHENSIVE INCOME							
Profit for the year						11,837	11,837
Other comprehensive profit for the year				(2,012)	21,911		19,899
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR				(2,012)	21,911	11,837	31,736
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNER, AND OTHER TRANSFERS							
Share based payments expense			3,598				3,598
Deferred tax liability on performance rights			(411)				(411)
Dividends paid						(5,455)	(5,455)
TOTAL EQUITY AT 30 JUNE 2018	**459,184**	**(16,221)**	**30,864**	**(1,592)**	**15,261**	**1,316**	**488,812**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 30 June 2018

	Notes	Consolidated Entity	
		2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		237,242	226,844
Payments to suppliers and employees		(154,007)	(157,743)
Interest received		2,480	1,702
Royalties paid		(9,194)	(9,818)
Other receipts		880	593
Interest paid		(25)	(14)
Realisation on settlement of derivatives		(410)	496
Income tax refund		-	4,130
Net cash inflow from operating activities	19(a)	**76,966**	**66,190**
Cash flows from investing activities			
Payments for property, plant and equipment		(22,544)	(6,280)
Proceeds from sale of property, plant & equipment		4	-
Proceeds from sale of investments		-	32,583
Mine development expenditure		(26,268)	(15,703)
Exploration & evaluation expenditure		(10,972)	(11,983)
Net cash outflow from investing activities		**(59,780)**	**(1,383)**
Cash flows from financing activities			
Finance lease payments		(282)	(219)
Borrowing costs		(100)	-
Dividends paid to company's shareholders		(5,455)	-
Net cash outflow from financing activities		**(5,837)**	**(219)**
Net increase in cash and cash equivalents held		11,349	64,588
Cash and cash equivalents as at the beginning of the financial year		140,294	75,706
Cash and cash equivalents at end of financial year	19(b)	**151,643**	**140,294**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2018

Note 1: Statement of Significant Accounting Policies

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

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

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

The Financial Report was approved by the Board of Directors on 22 August 2018.

Basis of Preparation

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

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

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

Adoption of new and revised Accounting Standards

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(a) Principles of Consolidation

The Group financial statements consolidate those of the Western Areas Limited (‘company’ or ‘parent’) and all of its subsidiaries as of 30 June 2018. 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

(a) Principles of Consolidation (continued...)

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

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

(b) Investments in Associates and Joint Arrangements

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

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

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

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

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

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

(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.

Note 1: Statement of Significant Accounting Policies

(d) Foreign Currency Transactions and Balances

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

Foreign currency transactions

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

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency equity reserve.

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

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

Sale of Goods

Revenue from the sale of nickel is recognised when the performance obligation of delivering the products to the buyer has been satisfied, currently being the point at which the product is delivered on site to the buyer or passes the ships' rail or as otherwise agreed between Western Areas and the buyer. Revenue is recognised at estimated sales value. The estimated sales value is determined by reference to the estimated metal content, metal recovery, payability, the metal price and exchange rate. Revenue is provisionally priced at the date revenue is recognised. An adjustment is made to reflect the final sales value when the actual metal content and metal recovery has been determined. The final metal content and metal recovery is generally known between 30 and 90 days after delivery to the customer.

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.

Note 1: Statement of Significant Accounting Policies

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories on hand by the method most appropriate to each class of inventory with the majority being valued on an average cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

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

(h) Property, Plant and Equipment

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

Property

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

Plant and Equipment

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

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

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

Depreciation

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

Note 1: Statement of Significant Accounting Policies

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

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

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

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

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

(i) Exploration and Evaluation Expenditure

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

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

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

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

(j) Mine Properties

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

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

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

Note 1: Statement of Significant Accounting Policies

(j) Mine Properties (continued…)

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

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

(k) Income Tax

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

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

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

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

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

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

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

Note 1: Statement of Significant Accounting Policies

(k) Income Tax (continued…)

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

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

(l) Goods and Services Tax (GST)

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

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

(m) Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits obligations

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

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

Defined contribution superannuation expense

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

Note 1: Statement of Significant Accounting Policies

(m) Employee Benefits (continued…)

Share-based payments

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

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

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

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

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

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

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

Note 1: Statement of Significant Accounting Policies

(n) Leases

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

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

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

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

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

(o) Financial Instruments

Initial recognition and measurement

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

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

Classification and Subsequent Measurement

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

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

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

Note 1: Statement of Significant Accounting Policies

(o) Financial Instruments (continued…)

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

As from 1 July 2013 the group classifies its financial assets in the following measurement categories:

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

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

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

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

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

Financial liabilities

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

Note 1: Statement of Significant Accounting Policies

(o) Financial Instruments (continued…)

De-recognition

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

Derivative financial instruments

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

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

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

Fair Value Hedges

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

Cash Flow Hedge

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

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

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

Note 1: Statement of Significant Accounting Policies

(o) Financial Instruments (continued…)

All Other Derivatives

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

(p) Impairment of Assets

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

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

Reversal of impairment losses

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

(q) Rounding Amounts

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

(r) Cash and Cash Equivalents

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

(s) Provisions

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

(t) Intangibles

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

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

Note 1: Statement of Significant Accounting Policies

(u) Critical Accounting Estimates and Balances

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

Share-based payment transactions

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

Provision for impairment of inventories

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

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

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

Fair value measurement hierarchy

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

Note 1: Statement of Significant Accounting Policies

(u) Critical Accounting Estimates and Balances (Continued...)

Fair value measurement hierarchy (continued…)

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

Estimation of useful lives of assets

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

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

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

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure. At 30 June 2018, there were no impairment charge to Exploration, Evaluation and Development.

Income tax

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

Provision for restoration and rehabilitation

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

Note 1: Statement of Significant Accounting Policies

(u) Critical Accounting Estimates and Balances (Continued...)

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

Recovery of deferred tax assets

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

Employee benefits provision

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

(v) Contributed equity

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

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

(w) Comparative figures

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

(x) Trade and other payables

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

(y) Trade and other receivables

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

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

Note 1: Statement of Significant Accounting Policies

(z) Earnings per share

Basic earnings per share
Basic earnings per share are calculated by dividing:

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

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

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

(aa) New Accounting Standards and Interpretations not yet mandatory or early adopted

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition.

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

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

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

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

The Group has reviewed all its sales contracts to identify potential changes in: timing of revenue recognition, measurement of the amount of revenue and note disclosure between the current standard, AASB 118 Revenue, and AASB 15.

Note 1: Statement of Significant Accounting Policies

(aa) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued...)

AASB 15 Revenue from Contracts with Customers (continued…)

Currently revenue for domestic sales is recognised when the concentrates are delivered to the customers' premises, which is the point when the customer takes over the risk and rewards of ownership transfer. The Consolidated Entity's assessment indicates that under AASB 15, revenue will continued to be recognised on the same basis when the customer obtains control of the concentrates as this is when the consolidated entity has satisfied its performance obligations under the contract. Revenue for export sales is currently recognised when shipments of concentrates are loaded on to the vessel as the risk and reward of ownership is transferred to the customer at that point.

The Consolidated Entity's assessment under AASB 15 indicates that the export contracts are made up of two performance obligations. The first obligation to deliver the concentrates to the port of shipment and the second obligation is to organise shipping of the concentrate, which will be satisfied when concentrates are delivered to the destination port. Under AASB 118, the Group recognises such shipping and other freight revenue and accrues the associated costs in full on loading whereas under AASB 15, freight and, where applicable, insurance, are required to be accounted for as separate performance obligations with revenue recognised over time as the service is rendered. The Group has determined that AASB 15 will have no material impact on the way the Group accounts for its revenue.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). The Group has yet to commence an assessment of the impact of AASB 16. Management intend to commence the development of an implementation plan prior to 30 June 2019. It is expected that the plan is likely to involve the establishment of an implementation team whose responsibility will be to firstly gain a clear understanding of the requirements of the new Standards, and thereafter assess the potential impact on the Group (in the form of accounting and disclosure, taxation, systems and processes and internal controls) of this new Standard. This assessment will then establish the areas that require change for the purposes of full implementation. As part of finalising the plan, Management will determine the appropriate adoption date and transition method, as well as ensuring appropriate communication with relevant stakeholders.

Note 2: Other income & Profit on Sale of Tenements & Investments

		Consolidated Entity	
		2018 $'000	2017 $'000
- Interest income		2,611	1,872
- Other income		879	829
- Profit on sale of PP&E		4	-
- Partial Exemption Certificate credits		-	1,785
Total other income		**3,494**	**4,486**
Profit on sale of Bluejay Plc shares		-	12,417
Profit on discontinuance of equity accounting		-	13,178
Profit on sale of tenements to Kidman Resources Ltd		-	7,468
Total profit on sale of tenements & investments		**-**	**33,063**

Note 3: Dividends

Dividends proposed		
A fully franked final dividend of 2 cents per share is proposed for the year ended 30 June 2018 (2017: 2 cents per ordinary share)	5,470	5,446
Dividends paid	**5,456**	**5,446**
A final dividend of 2 cents per share was paid for the year ended 30 June 2017 (2016: Nil).	5,445	-
No interim dividend for 2018 (2017: Nil)	-	-
	5,445	**-**

Note 4: Profit before income tax

Profit before income tax includes the following specific expenses:		
- Depreciation of property, plant and equipment	17,764	17,711
- Amortisation of mine development asset	47,108	48,006
- Rental expenditure relating to operating leases	1,019	1,186
- Employee benefits expense		
Defined contribution superannuation expense	2,117	2,107
- Finance costs:		
Provisions: unwinding of discount	1,297	1,227
Interest expense – finance leases	24	14
Borrowing costs amortised	613	613
Total borrowing costs	**1,934**	**1,854**

Note 5: Trade and Other Receivables

		Consolidated Entity 2018 $'000	2017 $'000
Trade debtors		19,855	8,851
Other receivables		929	2,088
GST refund due		1,128	1,050
Prepayments		297	7,193
		22,209	**19,182**

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

Note 6: Inventories

Ore stockpiles	26,765	16,177
Nickel concentrate stockpiles	3,634	1,281
Consumables and spare parts	4,406	3,822
	34,805	**21,280**

Note 7: Income Tax

The components of the tax expense comprise:		
- Current tax	-	-
- Deferred tax	4,594	(211)
- R&D Tax offset	(246)	(510)
- Adjustment of current tax for prior periods	978	(1,228)
Income tax expense / (benefit)	**5,326**	**(1,949)**

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

Prima facie tax on profit before income tax at 30% (2017: 30%)	5,149	5,205
Adjusted for the tax effect of:		
- Exploration write-off	-	14
- Share based payment expense	1,079	918
- Sale of foreign investment	-	(7,679)
- Foreign branch losses (Bluejay mining Plc)	-	208
- Other temporary differences	821	(333)
- Income tax benefit on share based payments	(1,723)	(282)
Tax Expense / (Benefit)	**5,326**	**(1,949)**

Note 8: Property, Plant and Equipment

		Consolidated Entity 2018 $'000	Consolidated Entity 2017 $'000
Property – at cost		48,049	48,049
Accumulated depreciation		(33,294)	(28,638)
		14,755	19,411
Plant & equipment – at cost		145,693	144,245
Work in Progress – at cost		31,520	9,571
Accumulated depreciation		(103,933)	(91,052)
		73,280	62,764
Plant & equipment under lease		2,428	1,942
Accumulated depreciation		(1,460)	(1,233)
		968	709
Total property, plant & equipment – at cost		227,690	203,807
Accumulated Depreciation		(138,687)	(120,923)
Total		**89,003**	**82,884**

Assets Pledged as Security

The property, plant and equipment are assets over which a mortgage has been granted as security over project loans. The terms of the mortgage preclude the assets from being sold or being used as security for further mortgages without the permission of the existing mortgagor. Assets under lease are pledged as security for the associated lease liabilities (Note 14(b)).

Movement in carrying amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year:

Property		
Written down value at the beginning of the year	19,411	23,135
- Additions	-	872
- Depreciation expense	(4,656)	(4,596)
Written down value at the end of the year	**14,755**	**19,411**
Plant & Equipment		
Written down value at the beginning of the year	62,764	72,683
- Additions	23,397	3,010
- Depreciation expense	(12,881)	(12,929)
Written down value at the end of the year	**73,280**	**62,764**
Plant & Equipment under Lease		
Written down value at the beginning of the year	709	547
- Additions	486	348
- Depreciation expense	(227)	(186)
Written down value at the end of the year	**968**	**709**

Note 9: Financial Assets

		Consolidated Entity	
		2018 $'000	2017 $'000
Opening Balance		**11,396**	**1,281**
- Disposal of investment in associate		-	(280)
- Fair value of consideration received for Tenement sale		-	5,222
- Proceeds on farm in joint venture at initial fair value		-	2,527
- Changes in fair value through other comprehensive income		21,911	2,646
		33,307	**11,396**

In accordance with the terms of AASB 9, the Company made an irrevocable election to recognise movements in the fair value of its shares in Kidman Resources Ltd and Grid Metals Inc at each reporting period through Other Comprehensive Income. As at 30 June 2018, the investment in Kidman was fair valued at $32.42 million (2017:$10.63 million).

Note 10: Exploration & Evaluation Expenditure

Exploration & Evaluation Expenditure consists of:		
- At cost	70,679	60,052
- Cosmos Nickel Complex	27,105	27,105
Total Exploration and Evaluation Expenditure	**97,784**	**87,157**

Movement in carrying amount:

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

Written down value at the beginning of the year	87,157	80,360
- Expenditure incurred during the year	10,627	7,126
- Tenements sold at written down value	-	(281)
- Write-off	-	(48)
Written down value at the end of the year	**97,784**	**87,157**

Carry Forward Exploration & Evaluation Expenditure

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

Note 11: Mine Properties

		Consolidated Entity 2018 $'000	Consolidated Entity 2017 $'000
Capitalised development expenditure consists of:			
- Mine development		166,796	154,872
- Acquisition of mining assets		59,796	59,796
- Exploration expenditure transfer		76,000	76,000
- Deferred mining expenditure		371,825	349,781
- Capitalised restoration costs		11,645	11,645
- Capitalised interest		11,175	11,175
- Accumulated amortisation		(554,564)	(507,456)
Total Mine Development		**142,673**	**155,813**

Movement in carrying amount:

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

Development Expenditure		
Written down value at the beginning of the year	155,813	183,579
- Additions	33,968	20,240
- Amortisation charge for the year	(47,108)	(48,006)
Written down value at the end of the year	**142,673**	**155,813**

Note 12: Deferred Tax Liabilities

The balance comprises temporary differences attributable to:		
(a) Liabilities		
- Exploration & evaluation expenditure	(21,151)	(17,707)
- Mine development	(6,780)	(9,997)
- Other	(213)	(274)
	(28,144)	**(27,978)**
(b) Assets		
- Property, plant and equipment	5,061	5,002
- Provisions	5,006	5,838
- Tax losses	3,879	9,752
- Employee share trust	1,178	192
- Other	2,524	1,292
	17,648	**22,076**
Net deferred tax liabilities	**(10,496)**	**(5,902)**

Note 12: Deferred Tax Liabilities

		Consolidated Entity	
		2018 $'000	2017 $'000
(c) Reconciliation			
(i) Gross movement			
The overall movement in the deferred tax account is as follows:			
Opening balance		(5,902)	(6,113)
(Credit) / Debit to income statement		(4,594)	211
Closing balance		**(10,496)**	**(5,902)**
(ii) Deferred tax liability			
The movement in the deferred tax liabilities for each temporary difference during the year is as follows:			
Exploration & development expenditure			
Opening balance		(17,707)	(50,782)
(Debit) / Credit to income statement		(3,444)	33,075
Closing balance		**(21,151)**	**(17,707)**
Mine development			
Opening balance		(9,997)	27,673
Credit / (Debit) to income statement		3,217	(37,670)
Closing balance		**(6,780)**	**(9,997)**
Other			
Opening balance		(274)	(286)
Credit to income statement		61	12
Closing balance		**(213)**	**(274)**
(iii) Deferred tax assets			
The movement in the deferred tax assets for each temporary difference during the year is as follows:			
Provisions			
Opening balance		5,838	5,583
(Debit) / Credit to income statement		(832)	255
Closing balance		**5,006**	**5,838**
Property, plant and equipment			
Opening balance		5,002	(1,938)
Credit to income statement		59	6,940
Closing balance		**5,061**	**5,002**
Tax losses			
Opening balance		9,752	11,378
Debit to income statement		(5,873)	(1,626)
Closing balance		**3,879**	**9,752**
Employee share trust			
Opening balance		192	965
Credit / (Debit) to income statement		986	(773)
Closing balance		**1,178**	**192**
Other			
Opening balance		1,292	1,294
Credit / (Debit) to income statement		1,232	(2)
Closing balance		**2,524**	**1,292**

Note 13: Trade & Other Payables

		Consolidated Entity	
		2018 $'000	2017 $'000
Trade payables		17,792	8,255
Accrued expenses		23,604	18,090
		41,396	**26,345**

Note 14: Borrowings

Current			
Lease liabilities		267	170
		267	**170**
Non Current			
Lease liabilities		445	304
		445	**304**

(a) **Corporate loan facility**

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

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

Mine properties	11	142,673	155,813
Property, plant & equipment	8	88,035	82,175
		230,708	**237,988**

(b) **Lease liabilities**

The lease liabilities are secured over the assets under the lease. The finance leases have an average term of 3 years and an average implicit discount rate of 5.05%. Refer to Note 8 for the carrying value of the assets under lease.

Note 15: Provisions

		Consolidated Entity	
		2018 $'000	2017 $'000
Current			
Employee Entitlements		**4,514**	**3,323**
Non Current			
Rehabilitation and restoration cost			
Opening balance		22,917	22,649
Unwinding of discount		1,297	1,227
Rehabilitation expenditure incurred during the period		(123)	(959)
Closing balance		24,091	22,917
Employee entitlements		317	627
		24,408	**23,544**

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

(b) Rehabilitation and restoration costs relate to an estimate of restoration costs that will result from the development of the Forrestania Nickel Project and Cosmos Nickel Project. Based on the current known mine life, restoration activities are not expected to commence within the next 8 years, following full exhaustion of mine life rehabilitation activities will be undertaken.

Note 16: Derivative financial instruments

Current Assets		
Foreign exchange / nickel options – current assets	-	420
Foreign exchange / nickel options – current liabilities	1,592	-

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

Note 17: Issued Capital

		Consolidated Entity	
		2018 $'000	2017 $'000
272,792,647 fully paid ordinary shares (2017: 272,276,625)		**442,963**	**442,963**

Movements in issued capital

	Number of Shares	$'000
2018		
Balance at beginning of the financial year	272,276,625	442,963
- Performance rights vested issued as shares	482,422	-
- Tax exempt share plan shares	33,600	-
Balance at end of the financial year	**272,792,647**	**442,963**
2017		
Balance at beginning of the financial year	270,924,958	442,963
- Performance rights vested issued as shares	1,307,740	-
- Tax exempt share plan shares	43,927	-
Balance at end of the financial year	**272,276,625**	**442,963**

Capital management

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

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

Performance rights

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

Terms and conditions of ordinary shares

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

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

Tax Exempt Share Plan

During February 2018, the Company issued $1,000 worth of shares to eligible employees under the newly introduced Western Areas Ltd Tax Exempt Share Plan, eligible employees were those that satisfied the minimum service condition and were not included in the existing performance rights plan.

Note 18: Earnings Per Share

	Consolidated Entity	
	2018 $'000	2017 $'000
	2018 $'000	2017 $'000
Earnings used to calculate basic / diluted earnings per share	11,837	19,299
	2018 Number	2017 Number
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	272,746,202	272,081,823
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share	277,113,672	275,329,044

Note 19: Cash Flow Information

a) Reconciliation of the net profit after tax to net cash provided by operating activities		
Profit after income tax	11,837	19,299
Depreciation expense	17,764	17,711
Amortisation expense	47,721	48,619
Impairment / write-off expenses	-	48
Profit on discontinue of equity accounting and sale of Bluejay shares	-	(25,595)
Profit on sale of tenements	-	(7,468)
Other	1,533	(1,125)
Share based payment expense	3,598	3,060
Rehabilitation provision interest unwound	1,297	1,227
Rehabilitation expense	(123)	(959)
Provision for employee entitlements	881	586
Change in Assets and Liabilities		
Increase in trade and other payables	10,003	2,262
Increase in inventories	(13,524)	(6,520)
(Increase) / Decrease in trade and other receivables	(9,216)	17,164
Decrease in interest receivable	(131)	(170)
Increase / (Decrease) in tax liabilities	5,326	(1,949)
Net cash provided by operating activities	**76,966**	**66,190**
b) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents comprises :		
Cash on hand and at bank	**151,643**	**140,294**

Note 19: Cash Flow Information (Continued…)

c) Financing Facilities Available

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

	Total Facility	Utilised at Balance Date	Available Facilities (*)
	$'000	$'000	$'000
Banking Facilities:-			
ANZ Banking Group			
- Cash advance facility*	25,000	-	25,000
- Asset Finance	1,000	679	321
Performance Guarantees:-			
ANZ Banking Group			
- Security bond facility	1,000	472	528
	27,000	**1,151**	**25,849**

* The Corporate Loan facility can be made available for broad company purposes as agreed between the Australia and New Zealand Banking Group Ltd (ANZ) and Western Areas Ltd (refer Note 13a).

d) Non Cash Financing Activities

During the year, the consolidated entity acquired plant & equipment by means of a finance lease to the value of $486k (2017: $348k).

Note 20: Commitments

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

		Consolidated Entity	
		2018 $'000	2017 $'000

a) Operating Lease Commitments

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

	2018 $'000	2017 $'000
- no later than 1 year	645	680
- later than 1 year and not later than 5 years	1,436	2,081
Lease expenditure contracted for at year end	**2,081**	**2,761**

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

b) Finance Lease Commitments

	2018 $'000	2017 $'000
- no later than 1 year	267	170
- later than 1 year and not later than 5 years	445	304
Total Minimum Lease Payments	712	474
- future finance charges	53	35
Total Lease Liability	765	509
- current	297	197
- non current	468	312
	765	509

Note 20: Commitments (Continued…)

b) Finance Lease Commitments (Continued…)

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

c) Capital Expenditure Commitments

		Consolidated Entity	
		2018 $'000	2017 $'000
- no later than 1 year		25,784	11,963
- later than 1 year and not later than 5 years		-	-
Total minimum commitments		**25,784**	**11,963**

On 10 April 2018, the Company announced the commencement of an early works program for the Odysseus Project at Cosmos. A total of $32m has been approved by the Board and will comprise three major work groups staged over an eighteen-month period. For full details please refer to the ASX Announcement dated 10 April 2018.

d) Exploration Expenditure Commitments

- no later than 1 year	6,255	5,143
- later than 1 year and not later than 5 years	25,020	20,572
Total Minimum Payments	**31,275**	**25,715**

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

Note 21: Auditor Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Company:		
- Audit and review of financial statements	92	94
- Audit of Jobs and Competitiveness Program Assistance Application	5	5
	97	**99**

Note 22: Material Contracts

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

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

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

Note 23: Contingent Liabilities

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

Note 24: Subsequent Events

On 22 August 2018, the Board of Directors declared a fully franked dividend of 2 cents per share to the holders of fully paid ordinary shares.

Other than the matter detailed above, there have been no subsequent events after 30 June 2018 which had a material effect on the financial statements for the year ended 30 June 2018.

Note 25: Statement of Operations by Segments

Identification of reportable segment

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

Note 26: Key Management Personnel

Key Management Personnel

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

I Macliver	Chairman (Non-Executive)
R Yeates	Director (Non-Executive)
C Readhead	Director (Non-Executive)
T Netscher	Director (Non-Executive)
N Streltsova	Director (Non-Executive)
D Lougher	Managing Director
D Southam	Executive Director
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 2018.

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

		Consolidated Entity	
		2018 $'000	**2017 $'000**
Short term employee benefits		3,882	3,576
Share based payments		1,954	1,914
Post-employment benefits		215	222
		6,051	**5,712**

Note 27: Financial Risk Management

Financial Risk Management Policies

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

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

Specific Financial Risk Exposures and Management

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

a) Credit Risk

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

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

		Consolidated Entity	
		2018 $'000	2017 $'000
Cash and cash equivalents		151,643	140,294
Trade and other receivables		22,209	19,182
Financial assets at fair value through other comprehensive income		33,307	11,396
Derivative financial instruments		-	420

Cash and cash equivalents and derivative financial instruments

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

Trade and other receivables

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

Financial assets at fair value through other comprehensive income

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

Note 27: Financial Risk Management (Continued…)

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:

Note 27: Financial Risk Management (Continued…)

b) Liquidity Risk (Continued…)

2018 Consolidated Entity

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Total contractual cash flows $'000
Financial Assets – Non Derivative				
Cash and Cash Equivalents	151,643	-	-	**151,643**
Trade and Other Receivables	22,209	-	-	**22,209**
Financial assets at fair value through other comprehensive income	-	-	33,307	**33,307**
	173,852	-	33,307	**207,159**
Financial Liabilities – Non Derivative				
Trade and Other Payables	41,396	-	-	**41,396**
Lease Liabilities	267	445	-	**712**
Financial Liabilities –Derivative				
Derivative Collar Options (net settled)	1,592	-	-	**1,592**
	43,255	445	-	**43,700**
Net Financial Assets/(Liabilities)	**130,597**	**(445)**	**33,307**	**163,459**

2017 Consolidated Entity

	1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Total contractual cash flows $'000
Financial Assets – Non Derivative				
Cash and Cash Equivalents	140,294	-	-	**140,294**
Trade and Other Receivables	19,182	-	-	**19,182**
Financial assets at fair value through other comprehensive income	-	-	11,396	**11,396**
Financial Assets –Derivative				
Derivative Collar Options (net settled)	420	-	-	**420**
	159,896	-	11,396	**171,292**
Financial Liabilities – Non Derivative				
Trade and Other Payables	26,345	-	-	**26,345**
Lease Liabilities	170	304	-	**474**
	26,515	304	-	**26,819**
Net Financial Assets/(Liabilities)	**133,381**	**(304)**	**11,396**	**144,473**

Note 27: Financial Risk Management (Continued…)

c) Market Risk

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

i) Interest Rate Risk

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

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

2018 Consolidated Entity

	Floating Interest Rate $'000	Fixed Interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate
Financial Assets							
Cash and Cash Equivalents	151,643	-	-	-	-	**151,643**	2.62%
Trade and Other Receivables	-	-	-	-	22,209	**22,209**	
Financial assets at fair value through other comprehensive income	-	-	-	-	33,307	**33,307**	
	151,643	**-**	**-**	**-**	**55,516**	**207,159**	
Financial Liabilities							
Trade and Other Payables	-	-	-	-	41,396	**41,396**	
Lease liability	-	267	445	-	-	**712**	5.05%
	-	**267**	**445**	**-**	**41,396**	**42,108**	
Net Financial Assets / (Liabilities)	**151,643**	**(267)**	**(445)**	**-**	**14,120**	**165,051**	

Note 27: Financial Risk Management (Continued…)

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

i) Interest Rate Risk (Continued...)

2017 Consolidated Entity

	Floating Interest Rate $'000	Fixed Interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000	Weighted Average Interest Rate
Financial Assets							
Cash and Cash Equivalents	140,294	-	-	-	-	**140,294**	2.48%
Trade and Other Receivables	-	-	-	-	19,182	**19,182**	
Financial assets at fair value through other comprehensive income	-	-	-	-	11,396	**11,396**	
	140,294	**-**	**-**	**-**	**30,578**	**170,872**	
Financial Liabilities							
Trade and Other Payables					26,345	**26,345**	
Lease liability	-	170	304	-	-	**474**	4.88%
	-	**170**	**304**	**-**	**26,345**	**26,819**	
Net Financial Assets / (Liabilities)	**140,294**	**(170)**	**(304)**	**-**	**4,233**	**144,053**	

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

ii) Price Risk

a) Equity Price Risk

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

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

The table below summarises the impact of increases/decreases of these two indexes on the Consolidated Entity's comprehensive income. The analysis is based on the assumption that the equity indexes had increased by 10% / decreased by 10% (2017 – increased by 10% / decreased by 10%) and foreign exchange rate increased by 5% / decrease by 5% (2017 increased by 5% / decrease by 5%) with all other variables held constant and all the Consolidated Entity's equity instruments moved according to the historical correlation with the index. The percentages are the sensitivity rates used when reporting equity price risk internally to key management personnel and represents management's assessment of the possible change in equity prices.

Note 27: Financial Risk Management (Continued…)

ii) Price Risk (Continued...)

a) Equity Price Risk (Continued...)

	Consolidated Entity	
	30 June 2018 $'000	30 June 2017 $'000
Financial assets at fair value through other comprehensive income Index		
ASX	3,242	532
TSXV	142	121

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

b) Commodity Price Risk

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

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

Sensitivity analysis

	Profit	Equity
	$'000	$'000
Year Ended 30 June 2018		
+- $500 / tonne nickel	+/-147	+/-147
Year Ended 30 June 2017		
+- $500 / tonne nickel	+/-120	+/-120

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 2018.

	Exchange Rate	
	2018 $000	2017 $
Consolidated Group	**Collar Options**	**Collar Options**
Nickel Tonnes	3,600	-
US Price ($/tonne) Cap	15,587	-
USD Value ($'000)	56,113	-
US Price ($/tonne) Floor	13,167	-
USD Value ($'000)	47,401	-

Note 27: Financial Risk Management (Continued…)

c) Market Risk (Continued…)

iii) Currency Risk

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

	30 June 2018		30 June 2017	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
US$ '000	-	9,655	-	15,494

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

Sensitivity analysis

	Profit $'000	Equity $'000
Year Ended 30 June 2018		
+ 5% in $A/$US	850	850
- 5% in $A/$US	(886)	(886)
Year Ended 30 June 2017		
+ 5% in $A/$US	1,061	1,061
- 5% in $A/$US	(960)	(960)

Foreign exchange collar options

The consolidated entity had open foreign exchange collar options at 30 June 2018 relating to highly probable forecast transactions and recognised financial assets and financial liabilities. These contracts commit the Group to buy and sell specified amounts of foreign currencies in the future at specified exchange rates. The hedges are treated as cash flow hedges in accordance with AASB 9 "Financial Instruments: Recognition and Measurement".

The following table summarises the notional amounts of the consolidated entity's commitments in relation to foreign exchange collar options. The notional amounts do not represent amounts exchanged by the transaction 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	
	2018 $000	2017 $000	2018 $	2017 $
Consolidated Group				
Buy AUD / Sell USD			**Put Call**	**Put Call**
Settlement				
less than 6 months	30,000	15,000	0.737-0.788	0.725-0.755
6 months to 1 year	-	-	-	-

Note 27: Financial Risk Management (Continued…)

d) Net fair values

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

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

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

		2018		2017	
		Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets					
Cash and cash equivalents	i)	151,643	151,643	140,294	140,294
Financial assets at fair value through other comprehensive income	ii)	33,307	33,307	11,396	11,396
Derivative financial assets	iii)	-	-	420	420
Trade receivables	i)	22,209	22,209	19,182	19,182
		207,159	**207,159**	**171,292**	**171,292**
Financial Liabilities					
Trade and other payables	i)	41,396	41,396	26,345	26,345
Derivative financial liabilities	iii)	1,592	1,592		
Other liabilities	i)	712	712	474	474
		43,700	**43,700**	**26,819**	**26,819**

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

i) Cash and cash equivalents, trade and other receivables and trade and other liabilities are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

ii) Quoted closing bid prices at reporting date.

iii) Fair valuation calculations are performed by an independent financial risk management consulting firm, the calculations include valuation techniques incorporating observable market data relevant to the hedged position.

Note 27: Financial Risk Management (Continued…)

Financial Instruments Measured at Fair Value

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

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

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2018				
Financial assets:				
Financial assets at fair value through other comprehensive income	33,307	-	-	33,307
Financial liabilities				
Derivative financial instruments	-	(1,592)	-	(1,592)
	33,307	**(1,592)**	**-**	**31,715**
2017				
Financial assets:				
Financial assets at fair value through other comprehensive income	11,396	-	-	11,396
Derivative financial instruments	-	420	-	420
	11,396	**420**	**-**	**11,816**

Note 28: Related Party Transactions

There were no other related party transactions during the financial year other than those included in the key management compensation as disclosed in the Remuneration Report contained in the Directors' Report.

Note 29: Share Based Payments

(a) Expenses arising from share based transactions

		Consolidated Entity	
		2018 $'000	2017 $'000
Equity settled share options and performance rights granted during:			
Year ended 30 June 2018		1,121	-
Year ended 30 June 2017		1,449	1,248
Year ended 30 June 2016		1,028	974
Year ended 30 June 2015		-	838
Total expense recognised as employee costs		**3,598**	**3,060**

Note 29: Share Based Payments (Continued...)

(b) Performance rights

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

For grants made under the LTI plan during FY16, vesting will occur subject to the meeting of a 3 year service condition to 30 June 2018 and the performance condition tested against the relative TSR measure for the period 1 July 2015 to 30 June 2018.

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

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

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

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

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

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

	2018	2017
Underlying share price	$3.08	$2.98
Exercise price of rights	Nil	Nil
Risk free rate	1.86%	1.85%
Volatility factor	50%	48.4%
Dividend yield	1.18%	1.65%
Effective life	3.0 Years	3.0 years
Entitled number of employees	23	19

Note 29: Share Based Payments (Continued...)

(b) Performance rights (Continued...)

Performance Rights held by Key Management Personnel at 30 June 2018

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

Performance Rights held by Key Management Personnel at 30 June 2017

	Balance at 1 July 2016	Granted as Remuneration	Exercise of Performance Rights	Lapsed / Cancelled / Other	Balance at 30 June 2017	Performance Rights Vested
D Lougher	970,640	375,540	(456,435)	(9,315)	880,430	-
D Southam	546,093	211,280	(256,797)	(5,241)	495,335	-
J Belladonna	355,779	142,360	(161,096)	(3,288)	333,755	-
W Jones	269,481	102,370	(129,212)	(2,637)	240,002	-
TOTAL	**2,141,993**	**831,550**	**(1,003,540)**	**(20,481)**	**1,949,522**	**-**

(c) Share Option Plans

There were no options outstanding as at 30 June 2018.

Note 30: Reserves

(i) *Share Based Payment reserve*

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

(ii) *Hedge reserve*

The hedge reserve records revaluations of items designated as hedges.

(iii) *Investment Revaluation reserve*

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

Note 31: Interests in Subsidiaries

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

Name	Country of Incorporation	Percentage of equity held	
		2018	2017
Western Platinum NL	Australia	100%	100%
Australian Nickel Investments Pty Ltd	Australia	100%	100%
Bioheap Ltd	Australia	100%	100%
Western Areas Nickel Pty Ltd	Australia	100%	100%
Western Areas Employee Share Trust	Australia	100%	100%

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

Note 32: Parent Information

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

Statement of Financial Position

		Parent Entity	
		2018 $'000	2017 $'000
Assets			
Current Assets		206,834	178,618
Non Current Assets		379,589	354,334
Total Assets		586,423	532,952
Liabilities			
Current Liabilities		41,791	28,415
Non Current Liabilities		27,920	21,305
Total Liabilities		69,711	49,720
Net Assets		**516,712**	**483,232**
Equity			
Issued capital		442,963	442,963
Reserves		44,533	21,445
Retained Earnings		29,216	18,824
Total Equity		**516,712**	**483,232**
Statement of Comprehensive Income			
Profit for the year		**15,847**	**23,009**
Total comprehensive income for the year		**35,746**	**25,904**

Guarantees

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

Note 32: Parent Information (Continued...)

Contingent Liabilities

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

Contractual Commitments

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

Note 33: Additional Company Information

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

Registered office and Principal place of business:

Level 2
2 Kings Park Road
West Perth WA 6005
Tel: +61 8 9334 7777
Fax: +61 8 9486 7866
Web: www.westernareas.com.au
Email: info@westernareas.com.au

DIRECTORS DECLARATION

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

   (a) the Consolidated Entity's financial statements and notes set out on pages 25 to 71 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 2018 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 Chief Executive Officer, Managing Director, Executive Director and Chief Financial Officer for the financial year ended 30 June 2018.

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

D Lougher
Managing Director

Dated – 22 August 2018

INDEPENDANT AUDITOR'S OPINION

Crowe Horwath

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

Opinion

We have audited the financial report of Western Areas Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 and of its financial performance for the year then ended; and

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

Key Audit Matter	How we addressed the Key Audit Matter
Amortisation of mine properties (mines in production)	
Amortisation of mine properties was material to our audit and represented an area of significant estimate and judgement within the financial report. As outlined in Note 4, the Group recorded amortisation expenses of $47.1m for the year ended 30 June 2018.	Our procedures included, but were not limited to: • Ensuring the Group's amortisation accounting policy was in accordance with Australian Accounting Standards and was consistently applied;

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Key Audit Matter	How we addressed the Key Audit Matter
As outlined in Notes 1(h) and 1(j), the annual amortization expense was calculated using the unit of production method that was highly dependent on management's estimate of the remaining ore reserves for each mine and actual production volumes.	▪ Recalculation of the amortisation rate and checking the amortisation rate inputs by: – agreeing reserve estimations to published reserve statements; and – agreeing production volumes to the Group's Quarterly Activity Reports. ▪ Assessing the competency and objectivity of the experts used by management in compiling the ore reserve estimations and evaluating the appropriateness and adequacy of the work.
Impairment of mine properties (mines in production) and property, plant and equipment	
As outlined in Notes 8 and 11, the carrying value of the Group's Mine Properties was $142.7m and the carrying value of Property, Plant and Equipment was $89.0m at 30 June 2018. These represented significant balances recorded in the Group's consolidated statement of financial position. The process undertaken by management to assess whether there were any indicators of impairment involved significant judgement.	Our procedures included, but were not limited to: ▪ Evaluating management's documented assessment of the existence or otherwise of impairment indicators from both internal and external sources; ▪ Corroborating representations made by management with available external data and evidence obtained by us during the course of our audit; and ▪ Considering the appropriateness of relevant disclosures in the notes to the financial statements.
Provision for rehabilitation	
At 30 June 2018, the carrying value of the Group's provision for rehabilitation was $24.1m. The accounting policy adopted by the Group in relation to its provision for rehabilitation was disclosed in Notes 1(j, s and u) and further disclosures were in Note 15. This area was a key audit matter because the calculations of the provision were complex and based on the estimates of future costs of the required work, including volume and unit rates, the timing of future cash flows and the discount rate.	Our procedures included, but were not limited to: ▪ Obtaining the closure cost estimates prepared by management; ▪ Challenging the reasonableness of key assumptions and conclusions reached by management, by reference to information obtained by us during the course of our audit, as well as publicly available information; ▪ Checking the mathematical accuracy of the calculations; and ▪ Assessing the competency and objectivity of the expert used by management and evaluating the appropriateness and adequacy of the work.

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Key Audit Matter	How we addressed the Key Audit Matter
Commercial Production for Mill Recovery Enhancement Project (MREP)	
At 30 June 2018, the Group had capitalised costs associated with the MREP of $28.0m. This amount formed part of the Property, Plant and Equipment balance of $89.0m at 30 June 2018. Formal commissioning of the MREP was completed on 31 March 2018, however amortisation of capitalised costs will only commence upon achieving a commercial level of production, as determined by Management. We focused on this area due to the significant degree of management judgement involved in determining when commercial levels of production have been achieved.	Our procedures included, but were not limited to: ▪ Discussion with management on the criteria used to determine the date of commercial production; ▪ Evaluation and challenging of management's assessment as to whether the predetermined criteria had been met by reference to information obtained by us during the course of our audit, as well as any publicly available information; ▪ Reviewed management's cost capitalisation and amortisation methodologies and evaluated the application of these policies in conjunction with the conclusions reached in relation to the achievement (or otherwise) of commercial production. ▪ Considering the appropriateness of relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's 2018 Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 22 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Western Areas Ltd for the year ended 30 June 2018 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 Horwath Perth

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 22 August 2018

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