

CORPORATE SOCIAL RESPONSIBILITY REPORT

30 June 2018

WESTERN AREAS LTD



TABLE OF CONTENTS

CHAPTER 1	CORPORATE SOCIAL RESPONSIBILITY AT WESTERN AREAS	3
CHAPTER 2	APPROACH TO CSR REPORTING	3
CHAPTER 3	CORPORATE GOVERNANCE	4
CHAPTER 4	ENGAGING STAKEHOLDERS	5
CHAPTER 5	ECONOMIC IMPACT.....	7
CHAPTER 6	PEOPLE.....	8
6.1	Safety.....	8
6.2	Employment	10
CHAPTER 7	ENVIRONMENT	12
7.1	Biodiversity.....	12
7.2	Emissions, Energy Consumption and Climate Change	14
7.3	Water.....	15
7.4	Tailings Management	16
7.5	Mine Closure Planning	16
CHAPTER 8	SOCIAL	17
8.1	Local Communities	17
8.1.1	Traditional Owners and Land Custodians	17
8.1.2	Fire & Emergency Services.....	18
8.1.3	Local Communities - Varley, Lake King and Hyden.....	18
8.1.4	Local Communities - Esperance	18
8.2	Anti-corruption.....	19
8.3	Compliance.....	19
CHAPTER 9	GRI INDEX	20

FORWARD LOOKING STATEMENTS & DISCLAIMER:

This report may contain certain forward-looking statements and historical operating and financial data. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs.

Forward-looking statements are subject to a variety of risks and uncertainties which are beyond the Company's ability to control and could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Western Areas Ltd undertakes no obligation to revise these forward-looking statements to reflect subsequent events or changes in circumstances.

This Report does not include reference to all available information on the Company and should not be used in isolation as a basis to invest in Western Areas. Any potential investors should refer to Western Areas’ other public releases and statutory reports and consult their professional advisers before considering investing in the Company.

CHAPTER 1 CORPORATE SOCIAL RESPONSIBILITY AT WESTERN AREAS

The Board of Western Areas Limited (“Western Areas” or “Company”) is pleased to present the 2018 Corporate Social Responsibility (CSR) Report. Unless noted otherwise, the data presented in the report is as at 30 June 2018.

Western Areas acknowledges that it operates within an extractive industry, however the Company is committed to minimising any potential adverse impacts, and operating responsibly in the community. This commitment is reflected in its governance practices, its active engagement and strong relationships with stakeholders, and the resources it devotes to managing the health, safety, environmental and social impacts of the business.

Western Areas’ focus on sustainability is underpinned by five key principles:

1. Sustainability is a consideration in Western Areas’ daily business activities and operations;
2. The key to Western Areas’ success is the health, safety and targeted development of its employees;
3. Expertise, innovation and technology are important tools to ensure adverse environmental, community and social impacts are minimised;
4. The communities in which Western Areas operate are partners in the Company’s development; and
5. Continual review and improvement is critical to maintaining the highest standards in sustainable business practice.

Western Areas’ approach to CSR is supported by its global risk management program (RMP), which identifies and analyses material risks to the Company’s sustainability objectives, and ensures that these risks are both adequately managed and reported to the Board.

CHAPTER 2 APPROACH TO CSR REPORTING

The Company’s approach to CSR reporting is guided by the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines (“the GRI Guidelines”). The GRI Guidelines are an internationally recognised standard for CSR reporting, referenced in the ASX Corporate Governance Principles and Recommendations, and form the framework for this CSR report.

This report provides an overview of how Western Areas manages its CSR. It contains standard disclosures from the GRI Sustainability Reporting Guidelines, and a GRI Index can be found at the end of this report.

Along with the GRI Guidelines, the report content has been prepared in conjunction with:

- A review of sustainability risks and other relevant risks identified as part of Western Areas’ risk management program; and
- The concerns of stakeholders, as understood from the Company’s ongoing engagement with them.

Based on these considerations, the material aspects selected for reporting are:

- Economic performance;
- Occupational Health and Safety;
- Employment;
- Biodiversity;
- Emissions;
- Energy consumption;
- Water;
- Mine closure;
- Local community impacts;

- Anti-corruption; and
- Compliance.

Unless otherwise stated, the impacts included in this report are those arising from the Company's own operations, which take place within Western Australia.¹

CHAPTER 3 CORPORATE GOVERNANCE

Western Areas is committed to high standards of corporate governance. The Company believes that corporate governance is an essential component of sustained value creation and sound corporate governance practices are reflected in the Company's decision making and culture.

The Board has developed policies and charters to ensure that an appropriate level of corporate governance is in place. These can be found on the Company's website and include, but are not limited to:

- Risk Management Policy;
- Remuneration Committee Charter;
- Nomination Committee Charter;
- Diversity Policy;
- Shareholder Communications Policy;
- Continuous Disclosure Policy; and
- Share Trading and Disclosure Policy.

Western Areas' Corporate Code of Conduct has been prepared to help stakeholders understand its standards of ethical business practice. This code applies to all employees, officers, directors, consultants, agents, and other representatives retained by Western Areas.

The corporate governance system is reviewed regularly by the Board to ensure that it fulfils the needs of all stakeholders and most importantly, Company shareholders.

¹ On 6 May 2016, the Australian Government announced it would implement the fiscal transparency principles of the Extractive Industries Transparency Initiative (EITI), an international standard for increased transparency and accountability in the oil, gas and mining sectors.

CHAPTER 4 ENGAGING STAKEHOLDERS

Effective stakeholder engagement is the key to Western Areas' long-term social licence to operate. Western Areas is committed to ensuring it delivers the highest possible benefits to the Company's stakeholders over the long term.

The Company's key social licence stakeholder groups, their interests and concerns and how the Company engages with them is outlined below:

Shareholders Stakeholders: Shareholders that invest in the equity of the company	
Interests and concerns: <ul style="list-style-type: none"> • Preservation of equity • Return on investment • Prudent allocation of capital 	Stakeholder engagement and response: <ul style="list-style-type: none"> • Executives engaged directly with shareholders • Regular reporting and communication of financial results • Accessibility via shareholder communication policy and protocols
Customers Stakeholders: Customers that receive nickel products	
Interests and concerns: <ul style="list-style-type: none"> • Safe, reliable and consistent supply of nickel products • Foster strong commercial relationships through open and honest communication 	Stakeholder engagement and response: <ul style="list-style-type: none"> • Executives engaged directly with customers • Regular face to face and electronic communication • Skilled and experienced logistics team
Employees Stakeholders: Employees working across WSA's operations	
Interests and concerns: <ul style="list-style-type: none"> • Ensuring a safe workplace • Fostering a rewarding work environment, where employees feel empowered • Building a strong culture • Respect individual differences 	Engagement: <ul style="list-style-type: none"> • Flat management structures and reporting lines • Access to training and development • Free flowing two-way exchange • Equal opportunity and diversity policy
Traditional Owners Stakeholders: Traditional Owners and Native Title groups	
Interests and concerns: <ul style="list-style-type: none"> • Respect for local customs and laws • Compliance with Land Access Agreements, including heritage and Native Title compliance • Strengthening cultural awareness and understanding 	Engagement: <ul style="list-style-type: none"> • Senior managers responsible for Aboriginal heritage, Native Title and Aboriginal engagement • Regular communication and consultation with Native Title groups • Support of local community groups • Local content engaged to provide services where possible • Cultural awareness training

Government and regulators Stakeholders: Federal, State and Local Government agencies and regulators	
Interests and concerns: <ul style="list-style-type: none"> • Environmental, social and financial performance and compliance reporting • Legislative and regulatory policy frameworks • Land access and approvals 	Engagement: <ul style="list-style-type: none"> • Regular engagement with government and regulators at federal, state and local levels • Regulatory information • Public information including financial results • Royalty and taxation filings and payments
Non-government organisations Stakeholders: Local, regional and international organisations concerning environment, human rights, sustainability and corporate social responsibility	
Interests and concerns: <ul style="list-style-type: none"> • Risk management • Community engagement • Environmental performance • Compliance 	Engagement: <ul style="list-style-type: none"> • Reporting • ASX announcements and media releases • Environment department • Engagement and consultation • Corporate policies • Sponsorship of local community organisations
Suppliers and contractors Stakeholders: Businesses supporting our operations	
Interests and concerns: <ul style="list-style-type: none"> • Working with contractors to achieve sustainable and mutually beneficial outcomes 	Engagement: <ul style="list-style-type: none"> • Regular meetings with primary contractors • Transparent dealing during renewal or establishment of contracts

CHAPTER 5 ECONOMIC IMPACT

The mining industry continues to underpin Western Australia's economic fortunes, contributing approximately 30% of the gross value added to the State economy in the 2017 financial year². Nickel is the State's fourth most valuable mineral sector, and fourth largest employer, following iron ore, gold and alumina.

Where possible, the Company supports local manufacturers and suppliers for the purchase goods and services. During the 2018 financial year, 88% of the Company's goods and services, by dollar value, were procured from suppliers based in Western Australia.

The following table highlights Western Areas' economic contribution to the community. For further detail on the Company's operational and financial performance, refer to the 2018 Annual Report.

The information contained in the table below has been prepared for CSR information purposes only and has not been prepared, audited or displayed in accordance with International Financial Reporting Standards or Australian Accounting Standards. The information is derived from the Company's audited financial information.

<u>FINANCIAL INFORMATION</u>	FY18 (000's)	FY17 (000's)	FY16 (000's)
Revenue	248,268	213,920	209,117
Other income	3,411	4,247	2,670
Investment Proceeds	83	33,302	-
Total Economic value generated	251,762	251,469	211,787
Operating Costs	188,059	190,948	192,957
Salary and Wages	27,837	25,918	27,813
Payments to providers of capital	-	-	267
Payments to government *	7,038	(222)	(6,949)
Payments of state government royalty	10,415	9,743	9,391
Capital / Construction	67,362	30,628	52,928
Project Acquisition	-	-	27,105
Total Economic value distributed	300,711	257,015	303,511
Economic value retained	(48,950)	(5,546)	(91,724)

* Payments to governments have been restated to allow for timing differences between tax expenses and cash payments to the Australian Taxation Office. Volatile commodity prices have caused Company earnings to fluctuate, and at times prior year advance instalment payments have been refunded.

² West Australian Economic Profile January 2018, Government of Western Australia, Department of Jobs, Tourism, Science and Innovation

CHAPTER 6 PEOPLE

Western Areas places people at the heart of its definition of corporate success, and this is reflected in the Company's emphasis on building a safe, healthy and rewarding work place.

6.1 Safety

At Western Areas, the safety of our people is fundamental to the success and sustainability of our operations; this principle is supported by an organisational culture that emphasises individual empowerment and accountability. Combined with a robust and properly resourced work health and safety management system, the way we choose to operate has contributed to achieving a class-leading low injury rate and a fatality free operation. In the 2018 financial year this was achieved on the back of operating two active underground mining operations, a processing facility, construction of the Mill Recovery Enhancement Project (MREP), active exploration activities across multiple sites, commencement of early work activities at the Cosmos Nickel Complex (CNC), and a multitude of associated infrastructure, development and logistics activities across the group.

There has been a considerable focus on risk assessment across the business with commencement of early works activities at the CNC and the commissioning of the MREP facility at the Forrestania site, which has required development of new and appropriate work procedures as this hydrometallurgical facility has been brought online.

As part of the planning process for the new financial year further workstreams have been identified, including updated hygiene assessments and inspection regimes across site.

0.90	475	8.13
Lost Time Injury Frequency Rate	Days without a Lost Time Injury – all sites ³	Total Recordable Injury Frequency Rate ⁴

These headline safety figures cover both Western Areas employees and independent contractors working at all Western Areas' sites. The table below shows days without a lost time injury at each site.⁵

Site or Activity	Days LTI Free
Exploration	3,592
Spotted Quoll	2,636
Village	2,343
Haulage	1,551
Cosmos	1,095
Flying Fox	475
Concentrator	53

³ As at 30 June 2018.

⁴ LTIs plus incidents requiring medical treatment and/or restricted duties, but no lost time.

⁵ WSA uses an email flash alert system to report all safety incidents as soon as they occur. All incidents are captured in a dedicated computerised system by trained OHS Coordinators, investigated for root causes and prevention. Each incident is discussed in management, contractor and safety meetings. All are reported to Western Areas' corporate office.

Our aerodromes have passed inspections and audits, including technical, electrical and a Civil Aviation Safety Authority audit.

Safety in the workplace is fundamental to ensuring the Company's future success. As such, a number of new safety initiatives were implemented throughout Western Areas' operations during the year, including the establishment of walking and running tracks at Forrestania for use by site personal, enabling controlled access to the incredible bushland surrounding the site. The 2018 financial year has also seen several successful initiatives undertaken in partnership with our wellness provider Performex, these activities included 'warm-up to work' programs, weekly exercise activities and continuation of our monthly site communications on health, safety and emergency matters.

In conjunction with human resource planning for the 2019 financial year further programs have been identified through our Work Health and Safety Improvement Plan 2019. Our six key focus areas are Quality, Emergency Preparedness, Consultation and Communication, Health and Hygiene, Contractor Management and Risk Management. Focus on these areas will continue to bolster foundations for an intelligent approach to risk management and a sustainable and successful operation.

Emergency Preparedness

Emergency preparedness is viewed as a critical function and process at the Company's mining operations. The need to remain vigilant and in a state of readiness was highlighted in May 2018 when a bushfire seriously threatened critical assets at Forrestania. The fact that the emergency infrastructure, emergency response team (ERT) and contract resources proved resilient to this threat was due to organisational maturity and the planning and resources put in place over many years. Although the defensive response was successful, with no harm to personnel or critical assets, it was also taken as an opportunity to identify improvements for the following bushfire season, which are being imbedded and implemented in emergency plans across the site. These include closer relationships with the local community and its volunteer emergency service resources.



Bushfire in May 2018

The sites upgraded various ERT training facilities and equipment during the year. Forrestania has now incorporated a simulated underground mine tunnel and a set of blacked out buildings for fire training exercises. The building can be configured into a range of designs to assist in the preparedness for a variety of situations.

A significant investment in refreshed radio communications infrastructure has occurred at Forrestania, upgrading the equipment to the latest digital technology. As communication is critical to the Company operations and ensuring safety and emergency preparedness, it is hoped that these upgrades will benefit the wider operation in the future.



New ambulance equipped for underground operations



ERT Training Course: Forrestania

As activity increases at Cosmos, the systems and processes already in place at Forrestania will be reviewed, adopted and implemented. Emergency response facilities, resources and equipment are being progressively upgraded in line with the ramp-up of operational risks at the site.

6.2 Employment

145	2	8
Full time employees	Part time employees	Casual employees

Western Areas contributes to the Western Australian community by providing well remunerated work to its full-time, part-time and casual employees.

The Company continues to employ new staff as required. After experiencing extremely low turnover rates for several years, this year has seen a shift due to improved commodity prices and increased activity in the Australian resources and construction sector resulting in a tightening of the labour market. Western Areas maintains an enviable retention rate, with 53% of employees having greater than 5 years’ service.

Western Areas’ part time employees enjoy all benefits of full-time employees, on a pro rata basis. Casual employees do not receive the health care benefits provided to other employees, and receive only the statutory required superannuation provision.⁶

⁶ While the sample is small, there is a 50% retention rate among employees who took extended parental leave, all of whom, were female.

Supporting the Miners of the Future

Western Areas is the longest standing co-sponsor of the Western Australian Mining Club Scholarship Award. Over 10 years, Western Areas has provided scholarships to 11 students and has selected a further recipient for the 2019 Award. In recent years a mining engineering student has been selected on the basis of academic achievement, community involvement and academic need. The scholarship, which is open to students at any university in Western Australia, provides \$10,000 as well as, mentoring and opportunities for vacation work. Two of our recent award recipients have entered graduate programs with Western Areas at the completion of their degrees.

Western Areas has four employees currently completing graduate programs and has increased vacation work opportunities this year.

Considerable investment on training has continued across the Company, including both soft and hard skills intended to help with management of site-specific risks such as leadership training, working at heights, confined space, forklift, dogman, snake handling and first aid.

Diversity

The Company's Diversity policy (Refer to the Corporate Governance section our website www.westernareas.com.au) includes, but is not limited to, gender, age, ethnicity and cultural background. The policy ensures that roles and positions are filled by the best possible candidate available without discrimination.

The Company believes that diversity in the workplace is important across all of the various diversity measures. The Company's employee base contains a diverse range of staff that either originated or have been trained across a broad international geographic area and have varied work experience.

The Diversity policy outlines the requirements of the Board to develop measurable objectives for achieving diversity, and annually assesses both the objectives and the progress in achieving those objectives. Over the next few years, the Company aims to increase diversity in senior appointments as positions become available. All appointments will be based on merit and expertise required to discharge the duties of such roles.

	30 June 2018	%	30 June 2017	%	30 June 2016	%
<i>Women on the Board</i>	1	14	1	14	-	-
<i>Women in Senior Management</i>	1	5	1	5	1	5
<i>Women employees in total</i>	28	18	26	18	25	17

To assist in fostering diversity, the diversity policy includes the requirement for a least one female candidate to be shortlisted for all senior appointments (including Director appointments), should a suitably qualified candidate apply, or be identified, for the role.

The employment market for mining professionals remains very competitive, with limited supply of candidates across several key disciplines. The Company actively recruits, trains, mentors and promotes staff to secure diversity in gender, race and age across all levels and functions within our organisation, believing that by providing opportunities to the next generation of mining professionals today, we will develop the leaders who will enhance and grow not only our business, but our industry, into the future.

CHAPTER 7 ENVIRONMENT**7.1 Biodiversity**

Western Areas operates in proximity to a number of important biodiverse areas. Consequently, the Company takes great care to manage activities that might potentially impact flora and fauna, particularly vehicle movements and clearing for exploration drill sites. This management includes flora and fauna surveys, modifying drill plans to avoid protected areas, fencing off protected zones in high traffic areas, weed management procedures, weed reduction programs in mining areas, the requirement for a ground disturbance permit prior to any actual disturbance occurring and compliance with relevant regulatory requirements.

Western Areas conducts progressive rehabilitation at the Forrestania Nickel Operation each year. The Company collects native seeds from around the project area that are propagated into seedlings at a local nursery. The annual rehabilitation planting program was completed in June 2018 with 39,000 seedlings planted on waste rock dumps and gravel pits, rehabilitating approximately 3.5 hectares. The Company has successfully rehabilitated over 200 hectares in total as part of the progressive rehabilitation program.

In 2018, Western Areas had no significant oil, fuel, waste, chemical or other spills, nor any other significant environmental incidents or regulatory breaches.



Kangaroo Mouse



Thorny Devil



**Ironcap Banksia)
(sphaerocarpa var. dolichostyla)**



**Orchid
(Thelymitra macrophylla)**

The following table provides an overview of the significant biodiversity areas in and around the active Western Areas worksites in the Forrestania Nickel Operations, Cosmos Nickel Complex and Western Gawler project area.

Biodiversity Area	Great Western Woodlands	Lake Cronin Nature Reserve	Jilbadgi Nature Reserve	Priority Ecological Communities (Ironcap Hills vegetation complexes; North, Middle and South Ironcap, Mt Holland and Hatter Hill, Violet Range complexes)
Position in relation to Western Areas land or activity	The Forrestania Mine is situated within the Great Western Woodlands	Adjacent to Flying Fox Mine	40km north of Forrestania Mine site	Scattered around within a radius of 30km, some within several kilometres
Subsurface and underground land that may be owned, leased, or managed by the organisation	All tenements except for three (Mosscro Farm)	None, but entered for exploration	None, but entered for exploration	Cosmic Boy Operations and exploration Cosmos Nickel Complex (within buffer of Violet Range complexes)
Type of operation	Mine, processing, exploration	Mine, processing, exploration	Mine, processing, exploration	Mine, processing, exploration
Biodiversity value characterised by	Largest intact temperate woodland on Earth (16 million ha) ¹ , hosting over 3,300 species of flowering plants and a quarter of Australia's Eucalyptus species.	Biodiversity of flora and fauna (malleefowl, black cockatoos etc.); Density and complexity	Biodiversity of flora and fauna (malleefowl, black cockatoos etc.); Density and complexity	Biodiversity of flora and fauna (malleefowl, black cockatoos etc.); Density and complexity
Listing of protected status	Not IUCN etc. regulatory protections only	Not IUCN etc. regulatory protections only	Not IUCN etc. regulatory protections only	Not IUCN etc. regulatory protections only

Western Shield, Perth Zoo and National Malleefowl Monitoring Team

Over the past 100 years, more mammals have become extinct in Australia than anywhere else in the world. Since European settlement, Western Australia has seen 11 mammal species become extinct, and many remaining species are considered under threat or endangered, due to predation by introduced species such as cats and foxes, and the loss of habitat.

Western Shield is the Department of Biodiversity Conservation and Attractions (DBCA) lead animal conservation program, and one of the biggest wildlife conservation programs ever undertaken in Australia. Through repopulation, baiting of feral predators and community education, the program aims to return the balance and mix of native animals in selected areas of WA's environment to levels comparable to pre-European settlement.

In recognition of this important work, Western Areas has committed to sponsor Western Shield for five years from 2015 – 2020.

In addition to this sponsorship, the Company also sponsors the Perth Zoo's Chuditch Enclosure. Western Areas is extending its sponsorship of the Perth Zoo for a further 3 years to 2021. Working with the DBCA, Perth Zoo has released five populations of captive-bred Chuditch into feral-proofed environments in Western Australia. This program has been so successful that the status of the Chuditch has been down-listed from endangered to vulnerable. 315 Chuditch were released at locations including Julimar State Forest, Lake Magenta Nature Reserve, Cape Arid National Park, Mount Lindsay National Park and Kalbarri National Park over the life of the breeding programme.

Western Areas also undertake monitoring of Malleefowl mounds within the Forrestania region and provides the results to the National Malleefowl Recovery Database.

Seed collection and revegetation efforts

As part of the Company's environmental efforts, Western Areas employees collect seeds of flora known to sustain local black cockatoos and other endangered or threatened species in the area.

The annual rehabilitation program was completed in June 2018 and involved a successful seed collection program that resulted in approximately 39,000 seedlings being propagated at our partner nursery, Chatfield's. The total number of seedlings propagated increased by over 50% compared to the previous year due to significant learnings and adaptive management. The total rehabilitation area was approximately 3.5 hectares over three separate disturbance areas including waste dumps and gravel pits.

Western Areas has also provided the Museum of Western Australia with \$200,000 over a period of five years (2012 – 2017) to support its ongoing research into black cockatoos.



Seedlings for the annual rehabilitation program

7.2 Emissions, Energy Consumption and Climate Change

Climate change risk and opportunities are considered specifically in the Company's global risk management program (RMP). The outcome reports of all RMP activities are tabled as part of a standing agenda item at Western Areas Board meetings. This ensures the Board receives regular and up-to-date information relating to the identification, consequence assessment and mitigation controls in place to manage material risks.

The RMP has considered the potential risks and opportunities at our mining operations arising from climate change and carbon emission management. It was concluded that, due to the relatively low energy requirements of Western Areas' operations and the inland location of its sites, climate change poses no material risks to the operations. However, the forecast increase in demand for electric vehicles, due to climate change, is an opportunity for Western Areas as nickel is a key material used in the construction of the batteries that power electric vehicles.

Western Areas actively tracks and reports on energy consumption and activities that lead to carbon emissions, in compliance with the National Greenhouse and Energy Reporting Act. Western Areas is one of the lowest CO₂ emitters per tonne of nickel produced in Australia, because the Company's primary operation at Forrestania is fed via the main Western Australian power grid, rather than burning fossil fuels on site to generate electricity. The table below shows emissions and energy consumption since 2013/2014 across all operations the Company owns.

Year	Total Emissions tonnes CO ₂ e-	Scope 1 tonnes CO ₂ e-	Scope 2 tonnes CO ₂ e-	Energy Consumption GJ
2017/18	57,249	15,373	41,876	445,712
2016/17	52,231	14,046	38,185	398,274
2015/16	56,603	14,641	41,965	413,457
2014/15	61,855	17,021	44,834	463,625
2013/14	61,709	16,271	45,438	447,235

The total emissions increased by 9.6% in FY18 due to:

- Forrestania's electricity demand increasing due to the commissioning of the MREP plant;
- Increased underground machinery requirements as mine development returned to normalised levels;
- Installation and commissioning of the primary return airway infrastructure at Spotted Quoll due to increased ventilation requirements as the mine advances at depth; and
- The transition of the Cosmos Nickel Project from care and maintenance to early construction.

7.3 Water

Water in Western Australia requires responsible management. The vast majority of water extracted or used at Western Areas operations is hypersaline and unsuitable for drinking; however, the Company works with regulators to ensure it manages its use of fresh water so as not to permanently impact overall water supplies. Over the last year, the Company used approximately 12% of its allowable limit. The remote locations of the Company's operating and exploration properties mean that no fresh water supplies are susceptible to damage due to the Company's activities.

Forrestania Nickel Operation

Groundwater is extracted as part of mine dewatering from the Flying Fox Mine, the Spotted Quoll Mine and the Cosmic Boy underground workings. Potable groundwater is extracted from the Jackson Rock Borefield.⁷ These sources supply water for mineral processing, mining activities and a potable water supply for the camp and mine sites. Excess water is evaporated at the Mossco Farm evaporation facility and reinjected into the groundwater aquifer at the Sibelius injection field.

The table below shows groundwater extraction at the Forrestania Nickel Operations against allowable regulated limits since 2013/2014. Net water extraction at Forrestania decreased slightly in FY18, with extraction remaining at only 12% of the allowable licence limit.

⁷ Note - none of these water sources are designated as protected areas or of value or importance to local communities or indigenous people.

Year	Total GW extraction (kL)	Net GW extraction (kL)	Allowable Regulated Limit (kL)	Percentage of Allowable Limit (%)
2017/18	1,392,449	1,020,286	8,500,000	12.2
2016/17	1,459,877	1,035,135	8,500,000	12.2
2015/16	1,412,841	1,037,869	8,500,000	12.2
2014/15	1,503,198	1,062,564	8,500,000	12.5
2013/14	1,611,970	312,368	8,500,000	15.4

Cosmos Nickel Complex

In addition, 852,545kl of water was extracted at Cosmos from the Cosmos pit and Yakabindie borefield, as part of early construction and Stage 1 dewatering activities. This equates to approximately 19% of the allowable regulated limit of 4,500,000 kL at Cosmos.

7.4 Tailings Management

Tailings management is independently reviewed and audited by Coffey Geotechnics⁸. Risks associated with tailings were considered by the risk management program and found to be not material. The table below sets out the total tonnage of tailings deposited in tailings dams, the nickel tonnage contained in the tails deposited and nickel concentration percentage for 2014/15 to 2017/18.

Year	2017/18	2016/17	2015/16	2014/15
Tonnes	478,163	467,789	454,242	434,951
Ni Tonnes	3,227	2,950	2,859	2,882
Nickel in tails (%)	0.67	0.63	0.63	0.66

The MREP construction was completed at the Forrestania operation late in FY18. The MREP utilises the 100% owned BioHeap™ technology to increase the overall recovery of nickel into product at the Cosmic Boy Concentrator (CBC). This is expected to lead to a reduction in the tonnage of nickel in tails deposited on the CBC tailings storage facility in the future. Furthermore, the waste tailing material that is produced from operation of the MREP, Ferroarsenate, is a benign and stable tailing material that is not expected to cause mine acid drainage in the future.

7.5 Mine Closure Planning

Western Areas updates the company wide mine closure plan on a rolling three year basis, last being prepared in December 2016. The plan is developed followed close engagement with key regulators within the Department of Mines and Petroleum, the Department of Environmental Regulation and the Environmental Protection Authority, as well as the Shire of Kondinin, to receive input to the plan and completion criteria. The plan is refined and updated for new information on a regular basis, work undertaken during FY18 included a waste rock material characterisation programme at Forrestania and Cosmos to better understand waste rock management risks. The regular triannual update of the mine closure plans is due to be submitted in December 2019.

⁸ In general accordance with the requirements of the Department of Mines and Petroleum (DMP) (2013)1 'Code of practice: tailings storage facilities in Western Australia' and DMP (2015)2 'Guide to Departmental requirements for the management and closure of tailings storage facilities (TSFs)'.

CHAPTER 8 SOCIAL

8.1 Local Communities

While there are no local towns or communities near to Western Areas' Forresteria operations, the Company actively supports the nearest communities, of Varley, Lake King and Hyden, and continues to develop good relationships with the various Indigenous communities located near the regional exploration programs. The Company carefully manages potential impacts arising from transport of its concentrate products via road to Kambalda and via the Esperance Port.

The nearest town to the Cosmos Nickel Complex is Leinster, approximately 40km away. Cosmos is located on the Yakabindie Pastoral Station.

8.1.1 Traditional Owners and Land Custodians

Western Areas has established excellent relations with the traditional owners and land custodians who live near its Cosmos Nickel Complex and Western Gawler exploration sites. In particular, the Company has:

- Conducted introductory and project update meetings with various groups;
- Completed heritage surveys;
- Engaged local native title holders at Cosmos (the Tjiwarl group) to provide cultural awareness training;
- Engaged a contractor linked with the Tjiwarl group to assist in rehabilitation and recommissioning of various mining assets and infrastructure;
- At Cosmos, employed Tjiwarl group members to clear and prepare drill pads and to act as heritage monitors;
- At Western Gawler, employed traditional owners to complete rehabilitation of drilling sites; and
- Provided the Leonora Women's Group with sewing machines, overlockers and fabric printed with aboriginal designs, and raffia basket weaving supplies.



Leonora Women's Group and Western Areas staff

8.1.2 Fire & Emergency Services

The Forrestania Nickel Operations ERT is a registered fire brigade within the Kondinin Shire. The ERT regularly support the community in emergency events, including responding to uncontrolled bushfire emergencies on properties outside of the Forrestania nickel operation footprint and provides first aid assistance to vehicle accidents that are suffered by third parties on the various public roads that surround the operations.

8.1.3 Local Communities - Varley, Lake King and Hyden

The Company regularly supports towns in the regions of its operations and exploration activities. This includes donating funds to the many individual requests from the local communities and active sponsorship of various programs.



Kent Street High School visit to Forrestania Operations

8.1.4 Local Communities - Esperance

Nickel concentrates are transported via road freight to Kambalda for local customers and shipped through the Esperance Port to export customers. Nickel concentrates are not classified as dangerous goods and Western Areas' original intention had been to bulk transport the concentrate to Esperance Port and then use conveyors to load nickel concentrates onto ships. In response to community concerns regarding wind-blown concentrate dust, the Company completely redesigned its plans to introduce an innovative containerised method for export shipments.

Concentrate is currently shipped via sealed shipping containers which are inspected after loading for external residue and dust prior to leaving site. Containers are then transported to a location outside Esperance, where they are re-inspected for any residual concentrate on the outside of containers, prior to transport through the access roads to the port, where they are loaded, still in the sealed containers, onto vessels for shipment to China. This process effectively eliminates the local community's potential exposure to the Company's nickel concentrate, due to the containers remaining sealed from the time they leave the Company's tenements until they arrive at the destination export port.

8.2 Anti-corruption

There have been no cases of corruption at Western Areas. Risks related to corruption have been formally considered as part of Western Areas' CSR risk review but found not to be significant due to the Company predominantly operating in Western Australia in accordance with state and national laws, the robust quality of systems and processes around contractor selection, management, invoice preparation and payments. Western Areas code of conduct specifically addresses fraud and corruption and is signed by all employees. The code of conduct contains provisions related to whistle-blower policy and complaint handling.

8.3 Compliance

Western Areas has incurred no notable fines, penalties or non-monetary sanctions for non-compliance with laws and regulations.

CHAPTER 9 GRI INDEX

G4	Disclosure	Location
G4-1	Statement from the most senior decision-maker of the organisation	Annual Report: Chairman's Letter Report Annual Report: Managing Director's Report
G4-2	Key impacts, risks and opportunities	Annual Report: Managing Director's Report
G4-3	Name of the organisation	Annual Report: Corporate Directory
G4-4	Primary brands, products, and/or services	Annual Report: Operations Review
G4-5	Location of organisation's headquarters	Annual Report: Corporate Directory
G4-6	Countries where the organisation operates	Australia
G4-7	Nature of ownership and legal form	Annual Report: Shareholder Information
G4-8	Markets served	Annual Report: Managing Director's Report
G4-9	Scale of the reporting organisation	Annual Report: Managing Director's Report Annual Report: Operations Review
G4-10	Number of employees	Corporate Social Responsibility – People
G4-11	Employees covered by collective bargaining agreements	Corporate Social Responsibility – People
G4-12	Description of supply chain	Western Areas has over 160 suppliers and contractors, which provide electrical power, diesel fuel, mining plant equipment and services, etc.
G4-13	Significant changes to organisation	Annual Report: Annual Report: Chairman's Letter Report Annual Report: Managing Director's Report Annual Report: Directors' Report
G4-14	Use of precautionary principles	Corporate Social Responsibility – CSR at Western Areas
G4-15	List of charters, principles or initiatives	Corporate Social Responsibility – Corporate Governance
G4-16	Membership of associations	Annual Report: Chairman's Letter Report
G4-17	Entities included in financial statements	Annual Report: Financial Statements Annual Report: Notes to the Financial Statements
G4-18	Defining report content	Corporate Social Responsibility – Approach to CSR Reporting
G4-19	Material aspects identified	Corporate Social Responsibility – Approach to CSR Reporting
G4-20	Aspect boundary within the organisation	Corporate Social Responsibility – Approach to CSR Reporting
G4-21	Aspect boundary outside the organisation	Corporate Social Responsibility – Approach to CSR Reporting
G4-22	Restatements of information	None
G4-23	Significant changes	None
G4-24	Stakeholder Groups	Corporate Social Responsibility – Engaging Our Stakeholders
G4-25	Basis for identification	Corporate Social Responsibility – Engaging Our Stakeholders
G4-26	Approach to stakeholder engagement	Corporate Social Responsibility – Engaging Our Stakeholders
G4-27	Topics raised through stakeholder engagement	Corporate Social Responsibility – Engaging Our Stakeholders
G4-28	Reporting period	FY 2017/2018
G4-29	Date of most recent previous report	December 2017
G4-30	Reporting cycle	Annual
G4-31	Contact point	Annual Report: Corporate Directory
G4-32	GRI reporting standard	Corporate Social Responsibility – Approach to CSR

G4	Disclosure	Location
		Reporting
G4-33	External assurance of report	None
G4 - DMA		Annual Report: Chairman's Letter Report Annual Report: Managing Director's Report Corporate Social Responsibility – CSR at Western Areas
G4-EC1	Direct economic value generated and distributed	Corporate Social Responsibility – Economic
G4-EC2	Risks and opportunities posed by climate change	Corporate Social Responsibility – CSR at Western Areas
G4-EN3	Energy consumption	Corporate Social Responsibility – Environment
G4-EN8	Water withdrawal	Corporate Social Responsibility – Environment
G4-EN9	Water sources affected	Corporate Social Responsibility – Environment
G4-EN11	Operations proximity to areas of biodiversity value	Corporate Social Responsibility – Environment
G4-EN13	Habitats protected or restored	Corporate Social Responsibility – Environment
G4-MM1	Land disturbed or rehabilitated	Corporate Social Responsibility – Environment
G4-EN15	Emissions Scope 1	Corporate Social Responsibility – Environment
G4-EN16	Emissions Scope 2	Corporate Social Responsibility – Environment
G4-EN22	Water discharge	Corporate Social Responsibility – Environment
G4-EN24	Significant spills	Corporate Social Responsibility – Environment
G4-EN26	Affected water bodies	Corporate Social Responsibility – Environment
G4-EN29	Compliance	Corporate Social Responsibility – Environment
G4-LA1	New employee hires	Corporate Social Responsibility – People
G4-LA2	Benefits to full-time, part-time and casual employees	Corporate Social Responsibility – People
G4-LA3	Retention rates after parental leave	Corporate Social Responsibility – People
G4-LA5	Health & safety committees	Corporate Social Responsibility – People
G4-LA6	Type and rates of injuries, occupational diseases	Corporate Social Responsibility – People
G4-LA7	Diseases related to occupation	Corporate Social Responsibility – People
G4-LA8	Health & safety topics covered in trade union agreements	Corporate Social Responsibility – People
G4-SO1	Local community engagement	Corporate Social Responsibility – Social
G4-SO2	Actual or potential negative impacts on local communities	Corporate Social Responsibility – Social
G4-SO3	Significant corruption risks	Corporate Social Responsibility – Social
G4-SO4	Anti-corruption training	Corporate Social Responsibility – Social
G4-SO5	Incidents of corruption and steps taken	Corporate Social Responsibility – Social
G4-SO8	Significant fines for non-compliance	Corporate Social Responsibility – Social