



ASX Announcement
28 February 2019

Half Year Results Summary

Westgold Resources Limited (**ASX:WGX**) (**Westgold**) is pleased to report its half yearly report for the period ending 31 December 2018. The half year has been a substantial period of activity and development for Westgold, with a focus on setting up its Murchison operations for a long and productive future.

Over the half year, all three of the Murchison Region processing hubs of Meekatharra Gold Operations (**MGO**), Cue Gold Operations (**CGO**) and Fortnum Gold Operations (**FGO**) operated at near full mill throughput capacity from a mixture of ore sources. However, operating costs were higher as a number of the underground ore sources feeding these operations continued development as opposed to the steady state production phase. The Higginsville Gold Operations (**HGO**) continued to underperform during the half as plant issues combined with the harder and low-grade Mt Henry ores impacted output.

As previously foreshadowed in the quarterly reports, Westgold reported a consolidated loss for the half year of \$17.78 million on a group basis following the integration of our mine contracting arm – Australian Contract Mining Pty Ltd (**ACM**) into our operating accounts.

Westgold's key segments generated a positive EBITDA for the half year of \$29.5 million split as follows:

- Meekatharra Gold Operations – positive EBITDA of \$14.8 million.
- Cue Gold Operations – EBITDA loss of \$0.5 million.
- Fortnum Gold Operations – positive EBITDA of \$10.1 million.
- Higginsville Gold Operations – positive EBITDA of \$1.6 million.
- ACM external works – positive EBITDA of \$3.5 million.

As Westgold's operations build towards long-term and sustainable higher gold output, capital investment and re-investment in the segments totalled \$71 million for the half year, split as follows:

- Meekatharra Gold Operations – capital investment of \$24.5 million.
- Cue Gold Operations – capital investment of \$30.8 million.
- Fortnum Gold Operations – capital investment of \$8.8 million.
- Higginsville Gold Operations – capital investment of \$5.6 million.
- ACM external works – capital investment of \$1.3 million.

Westgold maintained an aggressive approach to amortisation on an individual mine and ore reserve basis resulting in a comparatively higher rate for the one-off refurbishment costs of old mines. Total depreciation and amortisation for the half was \$55.7 million representing 11% of group carrying values of property, plant and equipment (\$189.1 million) and 18% of mine properties and development costs (\$194.4 million).

Westgold closed the half year with cash and cash equivalents of \$43.8 million and reduced its trade payables by \$16.7 million.

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Westgold replenished its working capital with a placement of a \$23.4 million and the extension of its gold-prepay arrangement with Citibank which provided an immediate \$20.85 million. Westgold also announced the sale of its Mt Marion Lithium Royalty in a deal that is yet to complete but could raise a further \$10-15 million in working capital.

Westgold prudently added to its hedge book during the half year and now has underwritten the revenue for 40-50% of our planned gold production over the coming fifteen months at an average gold price of A\$1,776.1 per ounce.

In commenting on the results, Westgold's Managing Director Peter Cook said

"We are glad to put what has been a difficult six months behind us. Despite the disappointment in booking a loss for the half, Westgold has made substantial progress towards its objectives of long term sustainable gold production from the Murchison Region and are poised to bring the plan to fruition in the coming year".

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Forward Looking Statements

Certain statements in this report relate to the future, including forward looking statements relating to Westgold's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Westgold to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than required by law, neither Westgold, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur. You are cautioned not to place undue reliance on those statements.