



WESTGOLD RESOURCES LIMITED

ACN 009 260 306

**Half-year Financial Report
for the period ended
31 December 2020**

CORPORATE DIRECTORY

This half-year report covers the Group comprising Westgold Resources Limited (**Westgold** or the **Company**) and its subsidiaries (the **Group**).

The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and its principal activities is included in the Review of Operations in the Directors' Report.

Directors

Peter Cook (Executive Chairman)
Peter Schwann (Non-Executive Director)
Fiona Van Maanen (Non-Executive Director)
Wayne Bramwell (Non-Executive Director)

Company Secretary

Lisa Smith

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Securities Exchange

Listed on the Australian Securities Exchange

ASX code: WGX

Domicile and Country of Incorporation

Australia

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APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2020 Annual Financial Report, the 31 December 2020 Half-year Financial Report and Directors' Report.

DIVIDEND INFORMATION

The directors do not propose to pay any dividend for the half-year ended 31 December 2020.

No dividends were paid to members for the financial year ended 30 June 2020.

Consolidated	31 December 2020	31 December 2019	Movement	Movement
Revenue from ordinary activities ¹	\$301,810,401	\$228,859,719	\$72,950,682	32%
Cost of sales	\$228,662,734	\$219,558,430	\$9,104,304	4%
Profit from ordinary activities after tax attributable to members	\$47,543,353	\$9,745,512	\$37,797,841	388%
Net profit attributable to members	\$47,543,353	\$9,745,512	\$37,797,841	388%
Cash inflow from operating activities	\$139,838,040	\$54,392,162	\$85,445,878	157%
Cash outflow used in investing activities	\$108,380,472	\$80,606,854	\$27,773,618	34%
Cash outflow used in (inflow from) financing activities	\$7,117,964	(\$6,995,263)	\$14,113,227	202%
Cash costs per ounce	\$1,121	\$1,236	\$115	9%
All-in sustaining costs per ounce	\$1,377	\$1,480	\$103	7%
Gold produced	126,010 oz	120,127 oz	5,883 oz	5%
Consolidated	31 December 2020	30 June 2020	Movement	Movement
Assets	\$839,131,020	\$757,487,102	\$81,643,918	11%
Liabilities	\$261,356,291	\$235,626,275	\$25,730,016	11%
Net Assets	\$577,774,729	\$521,860,827	\$55,913,902	11%
Cash and cash equivalents	\$161,904,518	\$137,564,914	\$24,339,604	18%
Financial assets at fair value through profit and loss	\$13,513,889	\$13,000,000	\$513,889	4%
Net tangible assets per share ²	\$1.36	\$1.24		

1. Revenue from ordinary activities relates to revenue from contracts with customers from continuing operations.

2. Net tangible assets includes right-of-use assets.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2020.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter G Cook (Executive Chairman)
 Peter B Schwann (Independent Non-Executive Director)
 Fiona J Van Maanen (Independent Non-Executive Director)
 Wayne C Bramwell (Independent Non-Executive Director)

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

Westgold is a responsible and committed gold producer in Western Australia. Whilst the mining of gold is the extraction of a non-renewable resource, the sustainability outcomes of this activity are reflected in the creation of knowledge and skills in human resources and creation of regional, local and public wealth through economic output.

In making its business decisions, Westgold continually seeks to balance economic sustainable development with ecologically sustainable development. In order to ensure that this occurs in a meaningful way, these matters are enshrined in our Core Values, the framework governing our decision-making process. Our Core Values are promoted across the Group and to our direct stakeholders with simple and easily understood objectives as the benchmark for all our activities.

Westgold operates within a comprehensive compendium of corporate and operational governance guidelines that underpin the policies and procedures designed to best mitigate risk and ensure the safety of all those associated with the Company's activities. Westgold undertakes to promptly disclose any identified deficiencies or breaches to our policies in a transparent manner in line with our culture of understanding and continuous improvement.

Further detail on the Company's ESG Policy and Core Values are detailed on the Company's website.

The Group's lag safety indicators showed some improvements over the period as a result of the continued focus on enhancing safety plans and reviewing safety systems. The skills shortage and COVID-19 related impacts on the workforce have in particular placed an increased demand on the need for improved training and education of the workforce.

The table below shows the key measures over the period.

Group	31 December 2020		30 June 2020	
	LTIFR	TRIFR	LTIFR	TRIFR
Total	2.95	31.03	5.64	27.28

However, in late December the Company had a fatality at its Big Bell mine when a mine truck impacted a worker. This matter remains under investigation.

COVID-19 IMPACTS

Westgold has been proactive in managing the impacts of the restrictions and will continue to adapt and evolve in this ever-changing pandemic environment.

The Group's operations performed broadly as planned, despite increasing constraints from the global COVID-19 pandemic namely ad hoc border closures and retrospective quarantine directions. However, the government response to COVID-19 is creating a skills and labour shortage which impacts heavily on the mobility and commitment of the workforce, resulting in significant challenges in sourcing suitable experienced staff.

REVIEW OF OPERATIONS

Group Operational Results

- Consolidated total profit after income tax of \$47,543,353 (2019: \$9,745,512);
- Total consolidated revenue of \$301,810,401 (2019: \$228,859,719);
- Total cost of sales of \$228,662,734 (2019: \$219,558,430);
- Cash flows from operating activities of \$139,838,040 (2019: \$54,392,162);
- Cash flows used in investing activities of \$108,380,472 (2019: \$80,606,854);
- Cash flows used in financing activities of \$7,117,964 (2019: inflow \$6,995,263).

Financial outcomes reflect an accounting profit of \$47,543,353 supported by an increase in consolidated revenue of \$72,950,682 in comparison to the prior period due to an increase in gold sales of 9,500 ounces as well as an increase in the average gold sales price of \$442 per ounce.

Cost of sales of \$228,662,734 included \$74,200,909 for depreciation and amortisation expenses.

Cash flow used in investing activities included an investment in property plant and equipment of \$16,734,790 mainly associated with underground and surface mining plant.

Cash flows from financing activities included proceeds from the exercise of options over shares granted to employees and totalled \$8,373,750.

Dividends

No dividends were paid to members during the half-year ended 31 December 2020 (2019: nil). However, shareholders received a demerger dividend of \$13,051,549 in December 2019 in respect of the in specie distribution of shares in Castile Resources Limited.

Corporate

During the half-year the Company allotted 3,625,000 shares following the exercise of employee options. At the end of the reporting period the Company had 423,855,270 fully paid ordinary shares on issue.

The Group's hedge book at 31 December 2020 totalled 168,000oz of fixed forward sales at a price of A\$2,082.60/oz. Deliveries are scheduled at 6,000 ounces per month from January 2021 to December 2021 and 8,000 ounces per month from January 2022 to December 2022. The Company reduced overall hedging by 38,000oz during the half-year.

During the half-year Westgold was admitted to the ASX 200 and was added to the VanEck GDX Gold ETF.

Preamble

Westgold is a gold producer with its operations concentrated in the Central Murchison region of Western Australia. The Group has consolidated most of the historic mining centres in the region which have historically produced more than 10 million ounces of gold.

Westgold's consolidated Mineral Resources total more than 8.8 million ounces and its consolidated Ore Reserves in the region aggregate 2.6 million ounces which underwrite considerable mine life from its operations (refer to ASX announcement "Westgold Annual Resource and Reserve Updates" dated 13 August 2020).

Westgold currently operates seven underground mines and numerous open pits across the Central Murchison area which provide feedstock for three processing plants strategically located to service the region. The process plants have a combined capacity of approximately 4 million tonnes per annum. Gold production from the operations have been ramping up as its latest mines transition from development to production phases. During the half-year the Group produced at an annualised rate of 250,000oz per annum and the Company has provided forward output guidance of 270,000 - 300,000oz for the ensuing twelve months.

The Murchison operations comprise three operating segments, Fortnum Gold Operations (**FGO**), Meekatharra Gold Operations (**MGO**) and Cue Gold Operations (**CGO**), each defined by a processing hub (or plant) and village as its core infrastructure.

Westgold has a different operating model to most of its peers in that it is predominantly the owner-operator of all functions in its open-pit and underground mines enabling the internalisation of typical mine service/contractor margins. This feature also makes the Group a high fixed cost operator and the beneficiary of lower unit costs as output increases.

REVIEW OF OPERATIONS (continued)

Consolidated Operational Results

The Group reported a steady increase in gold output with significantly improved revenue culminating in higher profits and reduced unit operating costs when compared to the previous corresponding period:

Group	Unit	Half-year ended 31 December 2020	Half-year ended 31 December 2019
Ore Processed	t	1,888,017	1,789,339
Head Grade	g/t	2.36	2.35
Recovery	%	88.0	89.0
Gold Produced	oz	126,010	120,127
Gold Sold	oz	125,197	115,697
Achieved Gold Price	A\$/oz	2,410	1,968
C1 Cash Cost (produced oz)*	A\$/oz	1,121	1,236
All-in Sustaining Costs**	A\$/oz	1,377	1,480
All-in Costs***	A\$/oz	2,047	1,968

* C1 Cash Cost (C1): represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles).

It includes net proceeds from by-product credits, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

** All-in Sustaining Cost (AISC): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.

*** All-in Cost (AIC): is the total project expenditure including AISC, growth capital and discovery expenditure.

C1, AISC and AIC are non-IFRS measures and have not been audited. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

Consolidated Financial Operational Results

Revenue increased markedly over the previous corresponding period as higher overall gold prices were received. Overall 'Cash Costs of Sales' were steady with the previous corresponding period reflecting the high fixed cost nature of the operating model.

Depreciation and amortisation charges increased over the corresponding period and reflect the impact of short life stepping stone type open pits and smaller underground mines which have been exploited whilst the main and larger mines build to full capacity.

Operation	Revenue		Cash Costs of Sales		Amortisation / Depreciation	
	2020	2019	2020	2019	2020	2019
	\$m	\$m	\$m	\$m	\$m	\$m
MGO	126.9	97.1	74.7	63.3	30.0	31.9
CGO	99.8	69.6	44.5	61.1	28.6	18.4
FGO	75.1	61.2	35.3	32.3	15.6	11.8
Other	-	1.0	-	0.7	0.4	0.5
Total	301.8	228.9	154.5	157.4	74.6	62.6

REVIEW OF OPERATIONS (continued)

Capital Investment Activities

The Company remained in a phase of heavy capital investment during the half-year mainly associated with the Big Bell underground mine at its CGO operations. Big Bell is establishing a sub-level caving type mining operation which is much more capital intensive than the typical underground mines Westgold operates. The sub-level caving method is at a lower operating cost which is beginning to be reflected in cash costs.

Cash flows used in investing activities totalled \$108,380,472. This was higher than the previous period \$80,606,854 due to the intensive capital phase at Big Bell and additional expenditure on capital plant and equipment associated with the owner-operator mining model.

Across each major operating unit, investment compared to the previous year is summarised below by the categories Mine Properties & Development (**MP&D**), Exploration & Evaluation (**E&E**) and Plant & Equipment (**P&E**). P&E expenditure of \$8,472,579 is attributable to expanding the mining fleet with the operational growth in the mining services division (**MPL**).

Operation	MP&D		E&E		P&E	
	2020	2019	2020	2019	2020	2019
	\$m	\$m	\$m	\$m	\$m	\$m
MGO	22.5	24.1	4.8	3.7	5.7	5.5
CGO	51.6	27.0	2.4	2.9	7.9	4.2
FGO	11.4	5.4	1.0	1.8	3.0	5.4
Other	-	-	-	0.9	0.1	0.2
Total	85.5	56.5	8.2	9.3	16.7	15.3

Gold Operations

Fortnum Gold Operations (FGO)

FGO is the northern-most operating unit in the Group's Central Murchison region, encompassing the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill. The Fortnum processing hub is a CIP plant, with a throughput capacity of between 0.8 and 1 million tonnes per annum. FGO operates its own 150-person Village and airstrip and other services to function as an independent FIFO site.

Ore production for the half-year was predominantly from the Starlight underground mine, supplemented by feed from the existing large low-grade stockpiles. Gold production was 30,665oz and similar to previous corresponding period of 33,229oz.

Significant additional capital works were completed in establishing long term ventilation, dewatering and egress networks for the expanding Starlight underground mine which is reflected in the increased MP&D at FGO over the previous corresponding period.

Underground exploration continues to successfully extend the Starlight lode system. Re commencement of open pit mining is planned to further bolster plant feed.

Meekatharra Gold Operations (MGO)

MGO is the central operating unit in the Group's Central Murchison region. Its processing hub is a 1.6 million tonnes per annum CIP plant referred to as the Bluebird Mill. A 350-person village and other associated infrastructure to service the central region are located nearby.

MGO operates three underground mines and a number of open pits providing a blended feedstock to the processing hub. The largest and main underground mine is the Paddy's Flat underground mine (10km north of the plant) which operates at approximately 750,000 tonnes per annum.

REVIEW OF OPERATIONS (continued)

At the Reedy's mining centre (40kms south of the plant) the Company operates the South Emu underground mine which produces at a rate of 300,000 tonnes per annum. During the half-year, a second decline was established into the Triton lodes located north of the mine which enabled sustained production from the area. The third underground mine, Bluebird, was beginning to transition from a development to production phase at the end of the reporting period and is expected to have an annualised output of approximately 240,000 tonnes per annum.

The underground ore feeds were the main source of gold production during the period and these were supplemented with ore won from open pit mining from the Five Mile Well and Mickey Doolan mines.

Gold production for the half-year was 53,180 ounces and slightly above previous corresponding period of 51,391 ounces, reflecting the steady state of these operations.

Cue Gold Operations (CGO)

CGO is the southernmost operating centre in the Group's Central Murchison region. Its processing hub is a 1.2 million tonne per annum CIP plant referred to as the Tuckabianna Plant. The Company operates two villages in the CGO region, one at the regional town of Cue (250-person capacity) and the other at Big Bell (120-person capacity)

CGO operations were dominated by the continued establishment of sub-level caving operations at the Big Bell mine (60km west of the plant) and its progressive and strictly sequenced ramp-up in output. A smaller underground mine is operated at Comet (15km south of the plant) which operates at approximately 240,000 tonnes per annum and supplements gold production during the ramp up phase at Big Bell.

Additional plant feedstock was also provided from a number of short-life open pits in the Big Bell and Cuddingwarra areas as a bridge to the ramp-up at Big Bell. A new open-pit mining hub has been established at Cuddingwarra North (40kms west of the plant) with the Jim's Find and City of Chester open pits scheduled to commence production during the second half of the financial year. These ores provide a buffer for plant feedstock during the Big Bell ramp-up but could also provide additional feed to MGO (100km north).

Gold output at CGO increased to 42,166oz (previous corresponding period 35,507oz) as first ores from the Big Bell cave dirt started to flow. Big Bell will continue in ramp up over the ensuing half-year.

Annual Ore Reserve and Mineral Resource Updates

Westgold released its annual update of Ore Reserves and Mineral Resources on 13 August 2020. The Total Mineral Resource as of 30 June 2020 was 127.6 million tonnes at 2.14g/t containing 8.8 million ounces. The Ore Reserve as of 30 June 2020 was 32.1 million tonnes at 2.48g/t containing 2.6 million ounces.

Lithium Interests

Westgold still retains the Mount Marion Lithium Royalty which is likely to provide an income stream in future financial years.

End of Directors' Report

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 23 of this report.

Signed in accordance with a resolution of the directors.



Peter Cook
Executive Chairman

19 February 2021

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2020

	31 December 2020	31 December 2019
Notes	\$	\$
Continuing operations		
Revenue	3 301,810,401	228,859,719
Cost of sales	(228,662,734)	(219,558,430)
Gross profit	73,147,667	9,301,289
Other income	4 1,205,530	1,994,397
Gain on demerger of subsidiary	5 -	8,727,618
Finance costs	(300,584)	(460,096)
Other expenses	6 (4,267,134)	(3,912,148)
Fair value gain (loss) of financial assets	13,889	(4,944,592)
Profit before income tax from continuing operations	69,799,368	10,706,468
Income tax expense	(22,256,015)	(960,956)
Profit for the period from continuing operations	47,543,353	9,745,512
Other comprehensive profit for the year, net of tax	-	-
Total comprehensive profit for the period	47,543,353	9,745,512
Total comprehensive profit attributable to:		
Members of the parent entity	47,543,353	9,745,512
	47,543,353	9,745,512
 Earnings per share for the profit attributable to the ordinary equity holders of the parent (cents per share)		
Basic profit per share		
Continuing operations	11.28	2.46
Total operations	11.28	2.46
Diluted profit per share		
Continuing operations	11.26	2.46
Total operations	11.26	2.46

Consolidated Statement of Financial Position as at 31 December 2020

	Notes	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		161,904,518	137,564,914
Trade and other receivables		7,587,610	7,231,137
Inventories	7	51,503,145	43,948,165
Prepayments		2,142,243	3,369,998
Other financial assets		1,149,449	1,149,449
Total current assets		224,286,965	193,263,663
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	8	13,513,889	13,000,000
Property, plant and equipment	9	166,303,439	161,893,032
Mine properties and development costs	10	340,726,580	298,513,129
Exploration and evaluation expenditure	11	86,562,722	78,874,701
Right-of-use assets	12	7,737,425	11,942,577
Total non-current assets		614,844,055	564,223,439
TOTAL ASSETS		839,131,020	757,487,102
CURRENT LIABILITIES			
Trade and other payables		69,368,910	69,664,918
Provisions		11,035,514	9,786,926
Interest-bearing loans and borrowings	13	22,318,384	23,734,814
Unearned income		-	198,841
Total current liabilities		102,722,808	103,385,499
NON-CURRENT LIABILITIES			
Provisions		78,175,274	78,490,073
Interest-bearing loans and borrowings	13	18,329,986	14,091,636
Deferred tax liabilities		62,128,223	39,659,067
Total non-current liabilities		158,633,483	132,240,776
TOTAL LIABILITIES		261,356,291	235,626,275
NET ASSETS		577,774,729	521,860,827
EQUITY			
Issued capital	14	364,290,664	356,130,055
Retained earnings (accumulated losses)		17,314,130	(30,229,223)
Share-based payments reserve		14,676,304	14,466,364
Other reserves		181,493,631	181,493,631
TOTAL EQUITY		577,774,729	521,860,827

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2020

	31 December 2020 \$	31 December 2019 \$
OPERATING ACTIVITIES		
Receipts from customers	301,611,560	215,916,033
Interest received	230,571	591,738
Other income	876,912	1,756,449
Payments to suppliers and employees	(162,274,223)	(162,635,950)
Interest paid	(606,780)	(903,811)
Income tax paid	-	(332,297)
Net cash flows from operating activities	139,838,040	54,392,162
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(16,734,790)	(15,341,040)
Payments for mine properties and development	(85,517,941)	(56,544,165)
Payments for exploration and evaluation	(8,150,850)	(9,293,543)
Payments for performance bond facility	-	(472,787)
Payments for financial assets	(666,844)	(1,098,784)
Cash transferred on disposal of subsidiary	-	(86,967)
Proceeds from sale of property, plant and equipment	2,424,775	237,482
Proceeds from sale of financial assets	265,178	1,992,950
Net cash flows used in investing activities	(108,380,472)	(80,606,854)
FINANCING ACTIVITIES		
Proceeds from share issue	8,373,750	21,011,207
Payments for share issue costs	-	(171,700)
Payment of lease liabilities	(4,472,739)	(4,049,945)
Payment of hire purchase arrangements	(11,018,975)	(9,794,299)
Net cash flows (used in) from financing activities	(7,117,964)	6,995,263
Net increase (decrease) in cash and cash equivalents held	24,339,604	(19,219,429)
Cash and cash equivalents at the beginning of the financial period	137,564,914	67,196,289
Cash and cash equivalents at the end of the financial period	161,904,518	47,976,860

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2020

	Issued capital \$	Retained earnings (accumulated losses) \$	Share-based payments reserve \$	Other reserves \$	Total Equity \$
2020					
At 1 July 2020	356,130,055	(30,229,223)	14,466,364	181,493,631	521,860,827
Profit for the period	-	47,543,353	-	-	47,543,353
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	47,543,353	-	-	47,543,353
Transactions with owners in their capacity as owners					
Share-based payments	-	-	209,940	-	209,940
Issue of share capital	8,373,750	-	-	-	8,373,750
Share issue costs (non-cash)	(213,141)	-	-	-	(213,141)
At 31 December 2020	364,290,664	17,314,130	14,676,304	181,493,631	577,774,729
2019					
At 1 July 2019	299,494,861	(51,784,989)	14,282,408	181,493,631	443,485,911
Profit for the period	-	9,745,512	-	-	9,745,512
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	9,745,512	-	-	9,745,512
Transactions with owners in their capacity as owners					
Share-based payments	-	-	115,969	-	115,969
Capital reduction via share distribution (Note 5)	(8,803,840)	-	-	-	(8,803,840)
Issue of share capital	21,413,206	-	-	-	21,413,206
Share issue costs	(171,700)	-	-	-	(171,700)
Demerger dividend (Note 5)	-	(13,051,549)	-	-	(13,051,549)
At 31 December 2019	311,932,527	(55,091,026)	14,398,377	181,493,631	452,733,509

Notes to the Financial Statements for the Half-Year ended 31 December 2020

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 23 February 2021.

Westgold is a for-profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (**ASX**). The nature of the operations and principal activities of the Group are described in the Directors' Report.

The address of the registered office is Level 6, 197 St Georges Terrace, Perth, WA 6000.

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Westgold for the year ended 30 June 2020 and considered together with any public announcements made by Westgold and its controlled entities during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report is presented in Australian dollars (A\$) unless otherwise specified.

(b) Basis of consolidation

The half-year financial report is comprised of the financial statements of Westgold (the Company) and its controlled entities (the Group).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Controlled entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) New and amended accounting standards and interpretations

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2020. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

Several other new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2020 but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
3. REVENUE		
Sale of gold at spot	210,513,932	133,383,881
Sale of gold under forward contracts	91,227,400	81,705,150
Sale of gold under a prepay facility	-	12,875,000
Mining and contracting services	69,069	895,688
Total revenue from contracts with customers	301,810,401	228,859,719
4. OTHER INCOME		
Interest income calculated using the effective interest rate method	230,283	187,775
Net gain on financial assets at FVTPL	98,335	44,061
Net gain on sale of assets	-	6,113
Other income	876,912	1,756,448
Total other income	1,205,530	1,994,397

5. GAIN ON DEMERGER OF SUBSIDIARY

On 3 December 2019, Castile Resources Pty Ltd (**Castile**) was demerged from the Group, following approval by Westgold Shareholders at the Annual General Meeting held on 25 November 2019. Existing Westgold shareholders received shares in Castile on a 1 Castile share for every 4 Westgold shares held (in specie distribution). The fair value of Castile at demerger was determined to be \$21,855,389 being distributed as a demerger dividend of \$13,051,549 with an associated reduction in share capital of \$8,803,840. The number of Castile shares on issue was 99,844,305 resulting in a market value of \$0.2189 per share.

	3 December 2019 \$
Carrying value of net assets of demerged entity	
Assets	
Cash and cash equivalents	106,966
Trade and other receivables	38
Property, plant and equipment	264,969
Mine properties and development costs	756,919
Exploration and evaluation expenditure	16,129,868
	17,258,760
Liabilities	
Trade and other payables	(201,877)
Interest bearing liabilities	(1,172)
Deferred tax asset	(3,927,940)
	(4,130,989)
Net assets and liabilities disposed of	13,127,771
Reduction in share capital	(8,803,840)
Demerger dividend	(13,051,549)
Gain on demerger of entity	(8,727,618)

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
6. OTHER EXPENSES		
Administration expenses		
Employee benefits expense		
Salaries and wages expense	1,945,933	1,940,246
Directors' fees and other benefits	166,988	164,100
Other employee benefits	43,489	33,531
Share-based payments expense	209,940	115,969
	<hr/> 2,366,350	<hr/> 2,253,846
Other administration expenses		
Consulting expenses	521,303	764,470
Travel and accommodation expenses	38,086	167,457
Administration costs	371,013	314,285
	<hr/> 930,402	<hr/> 1,246,212
Depreciation expense		
Property plant and equipment	165,819	167,543
Right-of-use assets (Note 12)	258,014	244,547
	<hr/> 423,833	<hr/> 412,090
Other expenses		
Net loss on sale of assets	546,549	-
	<hr/> 546,549	<hr/> -
Total other expenses	<hr/> 4,267,134	<hr/> 3,912,148

	31 Dec 2020	30 Jun 2020
7. INVENTORIES		
Ore stocks at net realisable value	16,706,085	9,421,225
Gold in circuit at cost	13,257,204	15,326,412
Gold metal at cost	1,092,878	197,885
Stores and spares at cost	24,369,090	22,561,112
Provision for obsolete stores and spares	(3,922,112)	(3,558,469)
Total inventories at lower of cost and net realisable value	<hr/> 51,503,145	<hr/> 43,948,165

During the half-year ended 31 December 2020, there were no write-downs in inventories (2019: \$697,073) from continuing operations for the Group. This amount was included in the cost of sales line in the Consolidated Statement of Comprehensive Income

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed Shares

These financial assets consist of investments in ordinary shares. The fair value of financial assets at fair value through profit or loss has been determined directly by reference to published price quotations in an open market.

Movement in investments during the half year ended 31 December 2020 are as follows:

- Acquired shares in Karora Resources and subsequently disposed of its total investment.
- Acquired shares in Musgrave Minerals Limited (**Musgrave**) by participating in a placement. The Group has a 0.27% (30 June 2020: nil) interest in Musgrave, which is involved in the exploration of gold and base metals in Australia. Musgrave is listed on the Australian Securities Exchange (ASX: MGV). At the end of the period, the fair value of the Group's investment was \$513,889 (30 June 2020: nil).

Royalties Receivable

These financial assets consist of the Mount Marion Lithium royalty rights. The fair value of royalties receivable at fair value through profit or loss has been determined using a discounted cash flow model.

9. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2020:

- the Group paid \$16,734,790 (2019: \$15,341,040) in relation to property, plant and equipment acquisitions
- The Group received \$2,424,775 (2019: \$237,482) in relation to the sale of plant and equipment.

10. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2020, the Group paid \$85,517,941 (2019: \$56,544,165) in relation to mine properties and development costs. During the period, there were transfers of \$462,829 (2019 \$3,800,273) to mine properties and development from exploration and evaluation as mining areas commenced development.

11. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2020, the Group paid \$8,150,850 (2019: \$9,293,543) in relation to exploration and evaluation expenditure.

During the period, a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. As a result, no areas of interest were determined to be impaired (2019: nil).

12. RIGHT-OF-USE ASSETS

Group as a lessee

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Leases of mining equipment generally have lease terms between three and seven years, while motor vehicles and buildings generally have lease terms between three and five years.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

12. RIGHT-OF-USE ASSETS (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Power Stations \$	Premises \$	Mining Equipment \$	Total \$
As at 1 July 2019	9,154,480	3,812,164	-	12,966,644
Additions	6,009,296	67,335	933,196	7,009,827
Depreciation expense	(6,685,437)	(916,407)	(432,050)	(8,033,894)
As at 30 June 2020	8,478,339	2,963,092	501,146	11,942,577
As at 1 July 2020	8,478,339	2,963,092	501,146	11,942,577
Additions	62,376	-	-	62,376
Depreciation expense	(3,586,566)	(464,937)	(216,025)	(4,267,528)
As at 31 December 2020	4,954,149	2,498,155	285,121	7,737,425

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Half-year ended 31 December 2020 \$	Half-year ended 31 December 2019 \$
As at 1 July	11,942,577	12,966,644
Additions	62,376	5,187,704
Accretion of interest	205,211	322,308
Payments	(4,472,739)	(4,049,945)
As at 31 December 2020	7,737,425	14,426,711

The following are the amounts recognised in profit or loss:

Depreciation expense for right-of-use assets		
Included in cost of sales	4,009,514	3,639,126
Included in admin expenses (Note 6)	258,014	244,547
Interest expense on lease liabilities	205,211	322,308
Less interest expense capitalised to qualifying asset	(205,211)	(322,308)
Total amount recognised in profit or loss	4,267,528	3,883,673

The interest expense of these lease liabilities in the prior year was capitalised to the qualifying assets.

13. INTEREST-BEARING LOANS AND BORROWINGS

	31 Dec 2020 \$	30 Jun 2020 \$
Current		
Lease liabilities	5,313,296	7,425,093
Hire purchase arrangements	17,005,088	16,309,721
	22,318,384	23,734,814
Non-Current		
Lease liabilities	2,704,278	4,797,566
Hire purchase arrangements	15,625,708	9,294,070
	18,329,986	14,091,636

The Group had total cash outflows for lease liabilities of \$4,472,739 under financing activities in 2020 (2019: \$4,049,945). The Group had total cash outflows for hire purchase arrangements of \$11,018,975 under financing activities in 2020 (2019: \$9,794,299).

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

14. ISSUED CAPITAL

	31 December 2020 \$	30 June 2020 \$
Issued capital		
<i>Ordinary shares</i>		
Issued and fully paid	364,290,664	356,130,055
	Number of shares on issue	\$
Movements in ordinary shares on issue		
At 1 July 2019	389,154,354	299,494,861
Issued share capital	200,000	402,000
Issued share capital on conversion of options	10,315,603	21,011,206
Capital reduction via demerger (Note 5)	-	(8,803,840)
Share issue costs	-	(171,700)
At 31 December 2019	399,669,957	311,932,527
At 1 July 2020	420,230,270	356,130,055
Issued share capital on conversion of options	3,625,000	8,373,750
Share issue costs	-	(213,141)
At 31 December 2020	423,855,270	364,290,664

15. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments determined by the location of the mineral being mined or explored, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable segments comprise the following:

Meekatharra Gold Operations (MGO)	Mining, treatment, exploration and development of gold assets
Cue Gold Operations (CGO):	Mining, treatment, exploration and development of gold assets
Fortnum Gold Operations (FGO)	Mining, treatment, exploration and development of gold assets

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Other

Certain income and expenses are managed on a consolidated basis and are not allocated to operating segments. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

15. OPERATING SEGMENTS (continued)

The following table presents revenue and profit information regarding the Group's operating segments for the half-years ended 31 December 2020 and 31 December 2019.

Half-year ended	MGO \$	CGO \$	FGO \$	Other \$	Total \$
31 December 2020					
External revenue					
Sale of gold					
- at spot	85,125,633	71,276,389	54,111,910	-	210,513,932
- under forward contracts	41,732,369	28,517,536	20,977,495	-	91,227,400
Mining services	-	-	-	69,069	69,069
Total revenue	126,858,002	99,793,925	75,089,405	69,069	301,810,401
Segment profit (loss)	22,186,586	26,748,934	24,200,359	(288,796)	72,847,083
31 December 2019					
External revenue					
Sale of gold					
- at spot	49,633,517	43,299,492	40,450,872	-	133,383,881
- under forward contracts	41,051,159	19,864,032	20,789,959	-	81,705,150
- under a prepay facility	6,437,500	6,437,500	-	-	12,875,000
Mining services	-	-	-	895,688	895,688
Total revenue	97,122,176	69,601,024	61,240,831	895,688	228,859,719
Segment profit (loss)	1,936,790	(9,921,965)	17,154,542	(328,174)	8,841,193

The following table presents assets and liabilities of the Group's operating segments as at 31 December 2020 and 30 June 2020.

Half-year ended	MGO \$	CGO \$	FGO \$	Other \$	Total \$
Segment assets					
As at 31 December 2020	197,941,142	348,907,938	114,923,146	13,394,058	675,166,285
As at 30 June 2020	189,724,542	301,119,381	113,175,719	13,077,793	617,097,435
Segment liabilities					
As at 31 December 2020	(76,268,369)	(83,297,940)	(35,809,167)	(30,852)	(195,406,328)
As at 30 June 2020	(81,497,781)	(72,469,552)	(36,709,743)	(62,890)	(190,739,966)

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

15. OPERATING SEGMENTS (continued)

Unallocated corporate costs

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

	31 December 2020	31 December 2019
	\$	\$
(a) Reconciliation of profit		
Segment profit	72,847,083	8,841,193
Corporate administration expenses	(3,720,585)	(3,912,148)
Corporate interest income	230,283	187,775
Corporate other income	876,912	1,756,448
Gain on demerger of subsidiary	-	8,727,618
Gain (loss) on fair value changes of financial assets	13,889	(4,944,592)
Net gains on disposal financial assets	98,335	44,061
Net (loss) gain on disposal of assets	(546,549)	6,113
Total consolidated profit from continuing operations before income tax	69,799,368	10,706,468
(b) Reconciliation of assets		
Segment operating assets	675,166,285	617,097,435
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	160,759,066	136,810,316
Trade and other receivables	159,025	170,765
Prepayments	315,028	525,681
Other financial assets	795,590	1,141,677
Financial assets at fair value through profit and loss	513,889	-
Property, plant and equipment	647,948	709,025
Right-of-use assets	774,189	1,032,203
Total consolidated assets	839,131,020	757,487,102
(c) Reconciliation of liabilities		
Segment operating liabilities	195,406,328	190,739,966
<i>Unallocated corporate liabilities</i>		
Trade and other payables	623,462	1,736,621
Provision for employee benefits	2,365,015	2,395,708
Interest-bearing loans and borrowings	833,263	1,094,913
Deferred tax liability	62,128,223	39,659,067
Total consolidated liabilities	261,356,291	235,626,275

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

All financial instruments carrying values are a reasonable approximation of their fair value.

Fair value hierarchy

The table below illustrates the classification of the Group's financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments

	Quoted market price (Level 1) \$	Valuation technique market observable inputs (Level 2) \$	Valuation technique non- market observable inputs (Level 3) \$	Total \$
31 December 2020				
Financial assets				
<i>Instruments carried at fair value</i>				
Listed investments	513,889	-	-	513,889
Royalties receivable	-	-	13,000,000	13,000,000
	513,889	-	13,000,000	13,513,889
30 June 2020				
Financial assets				
<i>Instruments carried at fair value</i>				
Royalties receivable	-	-	13,000,000	13,000,000
	-	-	13,000,000	13,000,000

Quoted market price represents the fair value of listed investments determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

The fair values of royalties receivable is based on a discounted cash flow model.

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

17. DIVIDENDS PAID

No dividends have been paid or declared by the Company during the half year or up to the date of this report.

Notes to the Financial Statements for the Half-Year ended 31 December 2020 (continued)

18. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2020, the Group had the following commitments:

- Capital expenditure commitments of \$12,224,606 principally relating to plant and equipment upgrades and the development of the Big Bell Underground Mine (30 June 2020: \$10,098,601);
- Tenement commitments of \$47,739,729 relating to tenements on which mining and exploration operations are located (30 June 2020: \$46,823,295).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Group.

19. RELATED PARTY DISCLOSURES

Transactions with related parties

There was no related party transaction during the financial period.

20. SHARE-BASED PAYMENTS

Share options

On 24 November 2020, 1,252,153 unlisted share options were issued to directors and senior management.

The fair value of the equity-settled share options is estimated using the Monte Carlo simulation and Trinomial lattice option pricing model, that takes into account factors including the option's exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying security at grant date, historical and expected dividends and the expected life of the option, and the probability of fulfilling the required hurdles.

	RTSR	ATSR	EPS	Growth
Grant date	24 Nov 20	24 Nov 20	24 Nov 20	24 Nov 20
Expected volatility (%)	53.2%	53.2%	53.2%	53.2%
Risk-free rate (%)	0.105%	0.105%	0.105%	0.105%
Expected life of options (years)	2.6	2.6	2.6	2.6
Options exercise price (\$)	\$0.00	\$0.00	\$0.00	\$0.00
Share price at grant date (\$)	\$2.23	\$2.23	\$2.23	\$2.23
Fair value at grant date (\$)	\$1.48	\$1.25	\$2.17	\$2.17

For the six months ended 31 December 2020, the Group has recognised \$209,940 of share based payment expense in the statement of profit or loss (2019: \$115,969).

21. EVENTS AFTER THE BALANCE DATE

There are no other significant events after the balance sheet date.

Directors' Declaration

In accordance with a resolution of the directors of Westgold Resources Limited (the Company), I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Peter Cook
Executive Chairman
19 February 2021



**Building a better
working world**

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Auditor's independence declaration to the Directors of Westgold Resources Limited

As lead auditor for the review of the financial report of Westgold Resources Limited for the half-year ended 31 December 2020, I declare 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Westgold Resources Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Philip Teale' in a cursive style.

Philip Teale
Partner
19 February 2021



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Independent auditor's review report to the members of Westgold Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Philip Teale'.

Philip Teale
Partner
Perth
19 February 2021