



ASX Announcement
31 August 2018

2018 Financial Results Highlights

Westgold Resources Limited (**ASX:WGX**) (**Westgold**) is pleased to release its 2018 financial results.

2018 was a transformational year for Westgold, its first as a separately listed company and one of tremendous steps towards building its business as a significant Australian gold producer.

For full details, refer to the full Financial Report for year ending 2018 released today.

Key Results

- Group revenue: \$372M (21% increase year on year).
- After tax operating loss: \$1.2M.
- Cash flow for operating activities \$14.7M.
- Net assets grew by 35.4% to \$405.8M (despite the sale of the South Kalgoorlie Operations).
- Cash and cash equivalents at year end increased to \$75.4M (\$67.1M in 2017).

Substantial Capital invested for sustainable growth during the past year.

- CMGP (comprising the Meekatharra and Cue Gold Operations): \$92.4M.
- Higginsville Gold Operations: \$25.1M.
- Fortnum Gold Project: \$32.1M.
- Australian Contract Mining: \$25.7M.
- Exploration Expenditure: \$25.4M.

Gold Prepayment Reduction

- During the year 15,000 ounces of Westgold's gold prepayment with Citibank was delivered at an average price of A\$1,593 per ounce. Total repayment to the facility was \$24.6M.

Managing Director, Peter Cook said:

The 2018 financial year has been a year of significant progress for Westgold as we continued to invest in our long term future in the Murchison region. We refurbished and commissioned processing plants at Fortnum and Tuckabianna and commenced five underground mines during the year.

2018 was transformational for Westgold as we now have three operating processing plants in the Murchison region. Our key Big Bell mine moved closer to production as the two year dewatering and refurbishment program nears completion. Westgold deployed substantial capital at our assets to ensure the successful development and long term sustainability in the coming decade.

During the year Westgold sold its South Kalgoorlie Operations and deployed the capital to accelerate its Murchison Region operations. South Kalgoorlie was Westgold's shortest life project and the disposal upgraded the term and quality of its assets.

The Fortnum Gold Operations has had four consecutive quarters of improvements in growth and production. The Paddy's Flat Underground Mine continues to be a star in the group with recent high grade exploration results demonstrating the quality and potential of this mine.

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2018 was also year of substantial challenges with the purchase and integration of Australian Contract Mining Pty Ltd (ACM) and the operational performance of the Higginsville Gold Operations weighing heavily on the net results.

Westgold took the decision to acquire ACM, it's major underground mining contractor, to ensure the stability in its gold output and growth. The acquisition cost was \$27.8M (in cash and shares) and Westgold took on an addition of \$45.7M in creditor and lease commitments.

ACM was in significant distress at the time of acquisition and represented a serious risk to Westgold's overall business. After reviewing and restating the ACM accounts, ACM incurred a loss of \$21.1M for the year which has impacted Westgold's overall accounts.

Westgold has now committed the necessary capital (\$25.5M) to reinvigorate ACM's plant and equipment which will deliver long term cost benefits for Westgold and allow it significant flexibility in its mining operations.

The Higginsville Gold Operations incurred a segment loss of \$13.5M due to significant mechanical repairs and maintenance to the crushing and fine ore handling system which impacted output and increased unit operating costs. In a positive move, Westgold acquired Polar Metals Pty Ltd from S2 Resources Limited for \$9.1M (in cash and shares) to add future growth to HGO and regional toll processing opportunities provide optimism for the project to be rebuilt to higher and more profitable levels of output.

Westgold is confident that during the 2018 financial year it has prudently managed and deployed the appropriate capital to build a solid platform for growth and that the its shareholders are well placed to reap the substantial rewards in the near future.

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