

NON-CASH IMPAIRMENT FOR FY22

Westgold Resources Limited (**Westgold** or the **Company**) (ASX: WGX) advises that it will recognise a non-cash impairment charge between \$175 million to \$200 million in the FY22 full year financial results to be released on Friday 26 August 2022.

Impairment testing is an annual process and assesses the carrying value of the Company's assets and Cash Generating Units (CGUs) on 30 June. This assessment is in accordance with the relevant accounting standards taking into consideration the current outlook for gold prices, increasing supply chain cost pressures including diesel fuel, consumables, labour costs and interest rates while maintaining the production, processing and recovery assumptions.

The impairment charge relating to certain assets of the Company is a result of:

- **Big Bell mine carrying value being significantly greater than the initial expected project development costs**
 - The project commenced at the end of 2016. The challenges of dewatering six million cubic meters of water from the mine and rehabilitation of old workings to provide safe access, constrained cave advance and materially delayed the establishment and ramp up of the cave to support design ore production tonnages. These factors saw the transition to commercial production delayed until the end of March 2022.
- **South Emu Triton mine** - placed into care and maintenance during Q1 FY23 (refer Westgold's June 2022 Quarterly Report dated 21 July 2022).
- **Cessation of open pit mining** – announced late in Q4 FY22 (refer Westgold's March 2022 Quarterly Report dated 28 April 2022).
- **Write-off of capital development of the Trev's decline at the Bryah Operations** – this second access point established into the Starlight underground mine did not produce the required economic returns.

The impairment charge is a non-cash item, is subject to finalisation of the full year accounts and the auditor review process and has no impact on cashflows or EBITDA. There is also no impact to Westgold's mine plans, gold reserves and resources.

Westgold Managing Director, Wayne Bramwell commented:

"Westgold delivered its production guidance in FY22 and closed the year debt free and with A\$190 million in cash, equivalents and liquid investments. In FY23 we are focussed upon profitable ounces and free cash flow. Our operational reset is advancing rapidly and alongside a more disciplined approach to capital and operating expenditure, this non-cash impairment positions us to deliver enhanced financial returns to our shareholders going forward."

ENDS

THIS ANNOUNCEMENT IS AUTHORISED FOR RELEASE TO THE ASX BY THE BOARD.

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