



**Press Release**  
28 February 2017

## Half Year Report for Period Ending 31 December 2016

It is with pleasure that the Board of Westgold Resources Limited (**Westgold**) releases its first half yearly report as a newly minted gold miner.

Westgold operated as a wholly owned subsidiary of Metals X Limited (**Metals X**) for most of the period. Metals X shareholders approved the demerger of Westgold at an Extraordinary General Meeting held on 24 November 2016. Following a in-specie distribution to shareholders of Metals X on a '1 WGX for 2 MLX' basis Westgold commenced trading on 6 December 2016.

As part of the demerger process, Westgold completed full audited accounts going back three years which are used for comparison purposes.

The key outcomes of Westgold's inaugural Half Yearly report as a separate public company are summarised below and compared to the previous corresponding period:

- **Revenue up 81% to \$199.06 million.**
- **Cash flow from operations up 84% to \$48.27 million.**
- **Profit up 1,279% to \$12.4 million.**
- **Return on Equity (ROE) up 5.18% to 4.38%.**
- **Capital Investment:**
  - » **Property Plant & Equipment expenditure up 173% to \$13.7 million.**
  - » **Mine Properties & Development expenditure down 26% to \$29.8 million.**
  - » **Exploration & evaluation expenditure down 3% to \$13.4 million.**

Westgold's Managing Director, Peter Cook said:

"It is a pleasing result to generate strong cash flow and profits in our inaugural half yearly financial report. Two of our gold projects remain in a development position with productivity and costs still decreasing over time and we look forward to these achieving their steady state goals and our shareholders being rewarded".

### Enquiries

**Peter Cook**  
Managing Director  
peter.cook@westgold.com.au

**Steve Norregaard**  
Operations Director  
steve.norregaard@westgold.com.au

**Rod Corps**  
Manager – Investor Relations  
rod.corps@westgold.com.au

**Westgold Resources Limited**  
ACN 009 260 306

t: +61 8 9462 3400 | e: reception@westgold.com.au | w: www.westgold.com.au  
PO Box 1353 West Perth WA 6872 | Level 3, 18-32 Parliament Place, West Perth WA 6005



# **WESTGOLD RESOURCES LIMITED**

**ACN 009 260 306**

**Half-year Financial Report  
for the half-year ended  
31 December 2016**

## CORPORATE DIRECTORY

This half-year report covers the consolidated entity comprising Westgold Resources Limited (the Company) and its subsidiaries (the Consolidated Entity). The Consolidated Entity's functional and presentation currency is AUD (\$).

A description of the Consolidated Entity's operations and its principal activities is included in the review of operations and activities in the directors' report on page 3. Westgold was demerged from its parent and commenced trading as an independent Company on 1 December 2016. The majority of this half-yearly report relates to its performance as a wholly owned subsidiary of Metals X Limited.

### Directors

Peter Newton (Non-Executive Chairman)  
Peter Cook (Managing Director)  
Steve Norregaard (Executive Director)  
Peter Schwann (Non-Executive Director)  
Fiona Van Maanen (Non-Executive Director)

### Registered Office

Level 3  
18 – 32 Parliament Place  
WEST PERTH WA 6005

Phone: 61-8-9462 3400  
Fax: 61-8-9462 3499  
E-mail: [reception@westgold.com.au](mailto:reception@westgold.com.au)  
Website: [www.westgold.com.au](http://www.westgold.com.au)

### Company Secretary

David Okeby

### Postal Address

PO Box 1959  
WEST PERTH WA 6872

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153

Phone: 61-8-9315 2333  
Fax: 61-8-9315 2233  
E-mail: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### Securities Exchange

Listed on the Australian Securities Exchange

Codes: ASX: WGX

### Domicile and Country of Incorporation

Australia

## CONTENTS

APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX .....	2
DIRECTORS' REPORT .....	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016.....	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 .....	9
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 .....	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016.....	11
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016.....	12
DIRECTORS' DECLARATION .....	21
AUDITOR'S INDEPENDENCE DECLARATION .....	22
INDEPENDENT REVIEW REPORT.....	23

## APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2016 General Purpose Financial Report for the year ended 30 June 2016, the December 2016 Half-year Financial Report and Directors' Report.

The Directors do not propose to pay any dividend for the half-year ended 31 December 2016.

### Key Financial Highlights

Consolidated	31 December 2016 \$	31 December 2015 \$	Movement \$	Movement %
Revenue from ordinary activities:	199,057,994	109,872,681	89,185,313	81%
Profit from ordinary activities after tax attributable to members:	12,406,234	(1,051,953)	13,458,187	(1,279%)
Net profit attributable to members:	12,406,234	(1,051,953)	13,458,187	(1,279%)
Net tangible assets per share:	0.93	0.25		

### Key financial highlights

Financial performance	31 Dec 2016 \$	31 Dec 2015 \$	Movement \$
Total sales revenue	199,057,994	109,872,681	89,185,313
Cost of sales	(188,332,307)	(111,257,270)	(77,075,037)
Gross profit	10,725,687	(1,384,589)	12,110,276
Net profit after tax	12,406,234	(1,051,953)	13,458,187

Cash flows			
Cash flow from operating activities	48,268,209	5,746,833	42,521,376

Capital reinvestment			
Property, plant and equipment	(13,685,193)	(7,913,133)	(5,772,060)
Mine properties and development	(29,774,765)	(40,322,687)	10,547,922
Exploration and evaluation expenditure	(13,401,043)	(13,831,296)	430,253

Financial position	31 Dec 2016 \$	30 Jun 2016 \$	Movement %
Net assets	282,989,986	104,110,607	172%
Cash balance	124,805,399	478,316	25,993%

**Review of Results:** refer to the review of results included in the Directors' Report.

## DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2016.

### 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 Newton (Non-Executive Chairman) (appointed 6 October 2016)

Peter Cook (Managing Director)

Steve Norregaard (Executive Director) (appointed 29 December 2016)

Warren Hallam (Non-Executive Director) (resigned 2 February 2017)

Peter Schwann (Non-Executive Director) (appointed 2 February 2017)

Fiona Van Maanen (Non-Executive Director) (appointed 6 October 2016)

### RESULTS AND REVIEW OF OPERATIONS

#### RESULTS OF OPERATIONS

- Consolidated total profit after income tax - \$12,406,234 (2015: \$1,051,953 loss);
- Total consolidated revenue - \$199,057,994 (2015: \$109,872,681);
- Total cost of sales - \$188,332,307 (2015: \$111,257,270);
- Cash flow from operating activities - \$48,268,209 (2015: \$5,746,833);
- Cash flows used in investing activities - \$56,848,728 (2015: \$61,917,558);
- Cash flows from financing activities - \$132,907,602 (2015: \$50,629,262).

#### Key results for the half-year are:

##### Central Murchison Gold Project

- Revenue from the Central Murchison Gold Project (CMGP) was \$82.8M (2015: \$8.5M).
- The cost of sales was \$76.3M (2015: \$9.4M).

##### Higginsville Gold Operations

- Revenue from the Higginsville Gold Operations (HGO) was \$84.2M (2015: \$68.3M).
- The cost of sales was \$75.1M (2015: \$68.0M).

##### South Kalgoorlie Gold Operations

- Revenue from the South Kalgoorlie Gold Operations (SKO) was \$31.9M (2015: \$33.1M).
- The cost of sales was \$36.8M (2015: \$33.8M).

##### Capital Investment Activities

Cash flows used in investing activities across the group totalled \$56,848,728, which was lower than the previous period (2015: \$61,917,558) reflecting the slowing of capital investment rates as the CMGP transitioned to production and increased its productivity. Further, it reflects a cessation in sustainable mine development expenditure as the Trident underground mine at HGO was brought to closure in November 2016. These reductions were offset by increases in capital mine development at the HBJ mine and the refurbishment of the Fortnum Gold Project in readiness for its transition to production in the March quarter of 2017.

Cash capital re-investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the period:

- HGO \$8,300,753 (2015: \$11,090,787);
- SKO \$11,853,180 (2015: \$15,627,992);
- CMGP \$27,607,376 (2015: \$33,601,001);
- Fortnum Gold Project (FGP) \$8,536,717 (2015: nil)
- Other exploration and corporate activities \$562,975 (2015: \$3,462,000).

## REVIEW OF OPERATIONS

### DIVIDENDS

No dividends were paid to members during the 2016 half-year (2015: nil).

### CORPORATE

#### Demerger from Metals X Limited

On 24 November 2016 at an Extraordinary General Meeting of Metals X Limited, shareholders approved the demerger of its gold assets via a capital reduction and in specie distribution of all the shares in Westgold Resources Limited (Westgold). On 6 December 2016 Westgold commenced trading on the ASX.

### GOLD DIVISION

The Gold Division's key assets are:

1. The Higginsville Gold Operation (HGO);
2. The Central Murchison Gold Project (CMGP);
3. The South Kalgoorlie Operation (SKO);
4. The Fortnum Gold Project (FGP); and
5. The Rover Project.

#### The Higginsville Gold Operation

HGO is centred on a modern 1.3Mtpa CIP plant and infrastructure, and a 300 person village which operates as a centralised milling facility with ores carted to it from various mines.

Mining at HGO during the period was from the Lake Cowan, Fairplay and Mt Henry open pits as well as the tail end of the Trident underground mine which was closed in November 2016.

After many past years with the Trident underground mine being the key source of ores, the transition to have the Mt Henry open pits established as the key ore source to underwrite production was completed.

#### The Central Murchison Gold Project

The CMGP is centred upon the refurbished 2.0Mtpa process CIP plant and associated infrastructure. The project has numerous open pit and underground production options which are carted to the process plant.

The CMGP project is a consolidation of nine historic gold mining centres in the Central Murchison Region between the regional towns of Cue and Meekatharra. These include the Day Dawn, Cuddingwarra, Big Bell, Pinnacles, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres which have historic production of over 10 million ounces, but with historic production being sourced from a handful of larger underground mines. The key objective of the CMGP is to re-establish steady state production from these key underground mines.

Mining at CMGP during the period was from a number of low-grade open pits initiated to provide plant feed whilst the first of the larger underground mines, Paddy's Flat was re-established. Towards the end of the period Paddy's Flat was transitioned from a development to a production phase with long term steady-state output within reach. Development of the second underground mine, the Comet mine (Pinnacles Mining Centre) commenced late in the period with the portal being established. The dewatering of the Big Bell underground mine which is expected to be the biggest of the CMGP underground mines continued for the whole period and access for refurbishment is expected in the ensuing half.

## REVIEW OF OPERATIONS (continued)

### The South Kalgoorlie Operation

The SKO operations are centred upon a 1.2Mtpa CIP plant and infrastructure. Numerous open pits and underground deposits have previously been mined within the tenement area since the late 1980's.

Mining at SKO during the period was from the wholly owned HBJ underground mine and George's Reward open pit. Ore feed to the plant is supplemented with low grade ore stocks and toll processing primarily from the Cannon open pit mine where Westgold has a mine financing and profit sharing agreement with the mine owner, Southern Gold Limited (SAU). All proceeds from the sale of the Cannon production goes first to repay all costs incurred by the project and SKO has the right to a 50% share of all surplus profits.

**REVIEW OF OPERATIONS (continued)**

Performance of the Gold Division is summarised below:

31 December 2016		Higginsville	SKO (incl. Cannon)	CMGP	Group
<b>Physical Summary</b>	Units				
UG Ore Mined	t	300,925	140,705	215,400	657,030
UG Grade Mined	g/t	3.99	2.60	3.39	3.49
OP BCM Mined	BCM	1,218,099	1,501,270	2,661,106	5,380,474
OP Ore Mined	t	267,967	357,634	527,127	1,152,728
OP Grade Mined	g/t	2.40	3.06	1.82	2.34
Ore Processed	t	610,043	479,781	818,624	1,908,448
Head Grade	g/t	2.90	2.69	2.16	2.53
Recovery	%	93.34%	90.68%	87.55%	90.19%
Gold Produced	oz	53,120	37,726	49,551	140,398
Gold Sold	oz	50,668	39,328	49,608	139,604
Achieved Gold Price	A\$/oz	1,669	1,624	1,669	1,656
<b>Cost Summary</b>					
Mining	A\$/oz	619	769	742	703
Processing	A\$/oz	269	192	309	262
Admin	A\$/oz	95	50	154	104
Stockpile Adj	A\$/oz	(78)	61	(96)	(47)
<b>C1 Cash Cost (produced oz)</b>	<b>A\$/oz</b>	<b>904</b>	<b>1,072</b>	<b>1,109</b>	<b>1,021</b>
Royalties	A\$/oz	153	42	83	98
Marketing/Cost of sales	A\$/oz	2	1	0	1
Corporate Costs	A\$/oz	6	9	4	6
Sustaining Capital	A\$/oz	39	90	64	62
<b>All-in Sustaining Costs</b>	<b>A\$/oz</b>	<b>1,104</b>	<b>1,214</b>	<b>1,260</b>	<b>1,189</b>
Project Startup Capital	A\$/oz	59	158	415	211
Exploration Holding Cost	A\$/oz	58	67	113	80
<b>All-in Cost</b>	<b>A\$/oz</b>	<b>1,221</b>	<b>1,438</b>	<b>1,788</b>	<b>1,480</b>

31 December 2015		Higginsville	South Kal	CMGP	Group
<b>Physical Summary</b>	Units				
UG Ore Mined	t	328,369	206,612	49,951	584,932
UG Grade Mined	g/t	3.58	2.34	0.90	2.91
OP BCM Mined	BCM	834,793	496,364	1,860,737	3,191,894
OP Ore Mined	t	136,162	155,703	356,311	648,177
OP Grade Mined	g/t	1.50	1.46	1.17	1.31
Ore Processed	t	589,133	447,415	287,477	1,324,025
Head Grade	g/t	2.75	1.66	1.06	2.02
Recovery	%	89.81%	90.29%	90.77%	90.18%
Gold Produced	oz	47,109	21,637	8,934	77,680
Gold Sold	oz	44,329	20,753	5,177	70,258
Achieved Gold Price	A\$/oz	1,564	1,564	1,564	1,564
<b>Cost Summary</b>					
Mining	A\$/oz	719	875	728	763
Processing	A\$/oz	310	307	235	301
Admin	A\$/oz	120	61	102	102
Stockpile Adj	A\$/oz	28	-	46	22
<b>C1 Cash Cost (produced oz)</b>	<b>A\$/oz</b>	<b>1,177</b>	<b>1,243</b>	<b>1,111</b>	<b>1,188</b>
Royalties	A\$/oz	106	24	42	76
Marketing/Cost of sales	A\$/oz	2	2	0	2
Sustaining Capital	A\$/oz	87	130	0	89
Corporate Costs	A\$/oz	9	22	7	13
<b>All-in Sustaining Costs</b>	<b>A\$/oz</b>	<b>1,381</b>	<b>1,421</b>	<b>1,160</b>	<b>1,368</b>
Project Startup Capital	A\$/oz	100	518	2,030	438
Exploration Holding Cost	A\$/oz	48	74	245	78
<b>All-in Cost</b>	<b>A\$/oz</b>	<b>1,529</b>	<b>2,013</b>	<b>3,435</b>	<b>1,884</b>



## REVIEW OF OPERATIONS (continued)

\* 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 made up of the AISC plus growth (major project) capital and discovery expenditure.

C1, AISC and AIC are non-IFRS financial information and are not subject to audit. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

### The Fortnum Project

The FGP is centred upon the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill, a 1.0M tpa CIL plant and a 100 person village

Re-permitting was completed and refurbishment of the operation commenced during the period with a budget of \$15m required for pre-production and plant refurbishment. Production, initially from low grade stockpiles is scheduled to commence by the end of the March Quarter 2017. Open pit mining and the re-establishment of the Starlight underground mine will commence soon after

### The Rover Project

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far tested a small number of anomalies and significant mineralised Iron Oxide Copper Gold (IOCG) systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition, significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to its south. The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

## 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  
Managing Director

28 February 2017

## Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2016

	Notes	31 December 2016	31 December 2015
<b>Continuing operations</b>			
Revenue		199,057,994	109,872,681
Cost of sales		(188,332,307)	(111,257,270)
<b>Gross profit/(loss)</b>		10,725,687	(1,384,589)
Other income		7,842,261	1,296,080
Other expenses		(701,088)	(208,381)
Finance costs		(532,180)	(1,205,901)
<b>Profit/(loss) before income tax</b>		17,334,680	(1,502,791)
Income tax (expense)/benefit		(4,928,446)	450,838
<b>Net profit/(loss) after tax</b>		12,406,234	(1,051,953)
<b>Other comprehensive income for the period, net of tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets, net of tax	7	18,150	-
<b>Other comprehensive income for the period, net of tax</b>		18,150	-
<b>Total comprehensive profit/(loss) for the period</b>		12,424,384	(1,051,953)
<b>Profit attributable to:</b>			
Members of the parent		12,406,234	(1,051,953)
		12,406,234	(1,051,953)
<b>Total comprehensive profit/(loss) attributable to:</b>			
Members of the parent		12,424,384	(1,051,953)
		12,424,384	(1,051,953)
<b>Profit per share for the profit attributable to the ordinary equity holders of the parent (cents per share)</b>			
Basic profit/(loss) per share			
Continuing operations		4.07	(0.35)
Diluted profit/(loss) per share			
Continuing operations		4.07	(0.35)

## Consolidated Statement of Financial Position as at 31 December 2016

	Notes	As at 31 December 2016	As at 30 June 2016
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		124,805,399	478,316
Trade and other receivables		6,784,571	38,729,505
Inventories	3	41,714,716	35,881,733
Prepayments		510,217	309,810
Other financial assets		1,207,388	-
<b>Total current assets</b>		<b>175,022,291</b>	<b>75,399,364</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	69,357,837	59,494,356
Mine properties and development costs	5	80,286,917	87,891,162
Exploration and evaluation expenditure	6	176,173,409	164,583,990
Available-for-sale financial assets	7	125,929	-
<b>Total non-current assets</b>		<b>325,944,092</b>	<b>311,969,508</b>
<b>TOTAL ASSETS</b>		<b>500,966,383</b>	<b>387,368,872</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		67,160,167	129,298,655
Unearned income		17,437,500	22,493,125
Interest bearing liabilities		3,840,445	3,130,282
Provisions		4,453,595	3,021,268
<b>Total current liabilities</b>		<b>92,891,707</b>	<b>157,943,330</b>
<b>NON-CURRENT LIABILITIES</b>			
Unearned income		-	5,812,500
Interest bearing liabilities		3,105,443	4,205,433
Provisions		81,049,174	83,147,893
Deferred tax liabilities		40,930,073	32,149,109
<b>Total non-current liabilities</b>		<b>125,084,690</b>	<b>125,314,935</b>
<b>TOTAL LIABILITIES</b>		<b>217,976,397</b>	<b>283,258,265</b>
<b>NET ASSETS</b>		<b>282,989,986</b>	<b>104,110,607</b>
<b>EQUITY</b>			
Issued capital	10	171,644,902	171,644,902
Share based payments reserve		5,664,403	5,664,403
Other reserves		173,792,961	7,319,816
Accumulated losses		(68,112,280)	(80,518,514)
<b>TOTAL EQUITY</b>		<b>282,989,986</b>	<b>104,110,607</b>

## Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2016

	Notes	31 December 2016	31 December 2015
<b>Cash flows from operating activities</b>			
Receipts from customers		188,043,867	99,760,233
Interest received		146,004	1,198
Other receipts		7,762,737	1,146,522
Payments to suppliers and employees		(147,337,234)	(95,069,677)
Interest paid		(347,165)	(91,443)
<b>Net cash flows from operating activities</b>		<b>48,268,209</b>	<b>5,746,833</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(13,685,193)	(7,913,133)
Payments for mine properties and development		(29,774,765)	(40,322,687)
Payments for exploration and evaluation		(13,401,043)	(13,831,296)
Proceeds from sale of property plant and equipment		12,273	149,558
<b>Net cash flows used in investing activities</b>		<b>(56,848,728)</b>	<b>(61,917,558)</b>
<b>Cash flows from financing activities</b>			
Proceeds from intercompany loans		38,736,799	51,661,930
Proceeds from parent entity on demerger		96,000,000	-
Repayment of borrowings		(1,829,197)	(1,032,668)
<b>Net cash flows from financing activities</b>		<b>132,907,602</b>	<b>50,629,262</b>
Net increase/(decrease) in cash and cash equivalents		124,327,083	(5,541,463)
Cash at the beginning of the financial period		478,316	5,851,150
<b>Cash and cash equivalents at the end of the period</b>		<b>124,805,399</b>	<b>309,687</b>

## Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2016

	Issued capital	Accumulated losses	Share based payments reserve	Other reserves	Total Equity
<b>At 1 July 2016</b>	171,644,902	(80,518,514)	5,664,403	7,319,816	104,110,607
Profit for the period	-	12,406,234	-	-	12,406,234
Other comprehensive income, net of tax	-	-	-	18,150	18,150
<b>Total comprehensive income and expense for the half-year, net of tax</b>	-	12,406,234	-	18,150	12,424,384
<b>Transactions with owners in their capacity as owners</b>					
Tax consolidated group accounting	-	-	-	(4,787,438)	(4,787,438)
Intercompany loans written off on demerger	-	-	-	171,242,433	171,242,433
<b>At 31 December 2016</b>	171,644,902	(68,112,280)	5,664,403	173,792,961	282,989,986
	<b>Issued capital</b>	<b>Accumulated losses</b>	<b>Share based payments reserve</b>	<b>Other reserves</b>	<b>Total Equity</b>
<b>At 1 July 2015</b>	171,644,902	(59,948,867)	5,664,403	15,929,719	133,290,157
Profit for the period	-	(1,051,953)	-	-	(1,051,953)
Other comprehensive income, net of tax	-	-	-	-	-
<b>Total comprehensive income and expense for the half-year, net of tax</b>	-	(1,051,953)	-	-	(1,051,953)
Transactions with owners in their capacity as owners	-	-	-	(450,838)	(450,838)
<b>At 31 December 2015</b>	171,644,902	(61,000,820)	5,664,403	15,478,881	131,787,366

## Notes to the Financial Statements for the Half-Year ended 31 December 2016

### 1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited (Westgold) for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 28 February 2017.

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

The address of the registered office is Level 3, 18-32 Parliament Place, West Perth, WA 6005.

### 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 2016 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 Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the general purpose financial report of Westgold for the year ended 30 June 2016 and considered together with any public announcements made by Westgold and its controlled entities during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

#### **Amended accounting policies resulting from the group leaving the Metals X Limited tax consolidated Group**

##### ***Income Tax***

##### *Prior to Demerger*

Refer to the General Purpose Financial Report for the year ending 30 June 2016.

##### *Post Demerger*

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 2. SUMMARY OF ACCOUNTING POLICIES (continued)

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

##### Amended accounting policies resulting from the group leaving the Metals X Limited tax consolidated Group (continued)

###### *Income Tax (continued)*

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised income taxes are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### (b) Basis of consolidation

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

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. Unrealised losses are eliminated unless costs cannot be recovered.

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

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.

## Notes to the Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 2. SUMMARY OF ACCOUNTING POLICIES (continued)

#### (c) New and amended accounting standards and interpretations

Since 1 July 2016, the Consolidated Entity has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or after 1 July 2016. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity. The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Consolidated Entity's general purpose financial report for the year ended 30 June 2016, except for those noted above in note 2(a). The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 3. INVENTORIES

During the half-year ended 31 December 2016 there was a net inventory write-down of \$4,980,021 relating to ore stockpiles, stores and spares (2015: \$2,362,980) for the Consolidated Entity. This amount is included in the cost of sales line in the statement of comprehensive income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

### 4. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2016 the Consolidated Entity paid \$13,685,193 (2015: \$7,913,133) in relation to property, plant and equipment acquisitions.

### 5. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2016 the Consolidated Entity paid \$29,774,765 (2015: \$40,322,687) in relation to mine properties and developments costs.

### 6. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2016 the Consolidated Entity paid \$13,401,043 (2015: \$13,831,296) in relation to exploration and evaluation expenditure.

In the previous period Westgold issued shares to acquire the Mt Henry Gold Project and Fortnum Gold Project exploration and evaluation assets for a total value of \$60,697,817.

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.

### 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Company has a 3.43% (30 June 2016: nil) interest in Overland Resources Limited (Overland), which is involved in the exploration of base metals in Canada and gold in Australia. Westgold was issued 12,592,872 shares on 16 December 2016 as payment for a \$100,000 option fee for Overland to acquire Westgold tenement M25/104. Overland is listed on the Australian Securities Exchange (ASX: OVR). At the end of the period the Company's investment was \$125,929 (30 June 2016: nil) which is based on Overland's quoted share price.

### 8. 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 2016 (continued)

### 9. COMMITMENTS AND CONTINGENCIES

#### Commitments

At 31 December 2016 the Consolidated Entity had the following commitments:

- capital expenditure commitments of \$6,259,161 principally relating to plant and equipment upgrades and replacements at our gold operations and the refurbishment underway at the Fortnum Gold Project (30 June 2016: \$1,602,269);
- lease expenditure commitments of \$84,364,148 relating to tenements on which mining and exploration operations are located (30 June 2016: \$89,159,322).

#### Contingencies

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

### 10. ISSUED CAPITAL

	<b>31 December 2016</b>	<b>30 June 2016</b>
<b>ISSUED CAPITAL</b>		
<i>Ordinary shares</i>		
Issued and fully paid	171,644,902	171,644,902
	<b>Number of shares on issue</b>	<b>\$</b>
<i>Movements in ordinary shares on issue</i>		
<b>At 1 July 2016</b>	<b>417,178,651</b>	<b>171,644,902</b>
Share consolidation*	(112,507,164)	-
<b>At 31 December 2016</b>	<b>304,671,487</b>	<b>171,644,902</b>
<b>At 1 July 2015</b>	<b>417,178,651</b>	<b>171,644,902</b>
<b>At 30 June 2016</b>	<b>417,178,651</b>	<b>171,644,902</b>

\* In preparation for the demerger from Metals X Limited a share consolidation took place resulting the cancellation of 112,507,164 ordinary shares to allow a two for one in specie distribution of Westgold shares to Metals X Limited shareholders. For the purposes of earnings per share calculations the share consolidation has been treated as effective from 1 July 2015.

## Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 11. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2016 and 31 December 2015.

Half-year ended 31 December 2016	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
<b>Revenue</b>							
External customers	84,193,496	31,873,776	82,844,718	-	-	-	198,911,990
<b>Total revenue</b>	<b>84,193,496</b>	<b>31,873,776</b>	<b>82,844,718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,911,990</b>
<b>Results</b>							
Segment profit/(loss)	9,045,065	2,341,570	6,553,680	(76,680)	(12,801)	(532,179)	17,318,655
Half-year ended 31 December 2015	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
<b>Revenue</b>							
External customers	68,278,432	33,140,142	8,452,909	-	-	-	109,871,483
<b>Total revenue</b>	<b>68,278,432</b>	<b>33,140,142</b>	<b>8,452,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,871,483</b>
<b>Results</b>							
Segment profit/(loss)	760,859	541,237	(918,691)	(212,442)	(20,616)	(1,205,902)	(1,055,555)

## Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 11. OPERATING SEGMENTS (continued)

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2016 and 30 June 2016.

	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Gold Projects	Adjustments and eliminations	Total
<b>Segment assets</b>							
As at 31 December 2016	<b>70,006,451</b>	<b>49,153,516</b>	<b>192,847,778</b>	<b>44,954,822</b>	<b>17,842,458</b>	-	<b>374,805,025</b>
As at 30 June 2016	<b>75,473,457</b>	<b>48,966,587</b>	<b>176,474,827</b>	<b>36,584,245</b>	<b>17,424,394</b>	-	<b>354,923,510</b>
<b>Segment liabilities</b>							
As at 31 December 2016	<b>(40,136,296)</b>	<b>(36,638,254)</b>	<b>(63,999,666)</b>	<b>(15,103,611)</b>	<b>(86,112)</b>	-	<b>(155,963,939)</b>
As at 30 June 2016	<b>(45,883,925)</b>	<b>(39,060,748)</b>	<b>(58,685,165)</b>	<b>(11,873,262)</b>	<b>(1,435)</b>	-	<b>(155,504,535)</b>

## Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 11. OPERATING SEGMENTS (continued)

#### Unallocated, adjustments and eliminations

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 Consolidated Entity basis.

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

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

	31 December 2016	30 June 2016
<b>Reconciliation of Assets</b>		
<b>Segment operating assets</b>	<b>374,805,025</b>	<b>354,923,510</b>
<i>Unallocated corporate assets</i>		
Cash and cash equivalents	124,449,158	14,113
Trade and other receivables	1,402,992	32,413,829
Prepayments	42,585	-
Available-for-sale financial assets	125,929	-
Property, plant and equipment	140,694	17,420
<b>Group operating assets</b>	<b>500,966,383</b>	<b>387,368,872</b>
<b>Reconciliation of Liabilities</b>		
<b>Segment operating liabilities</b>	<b>155,963,939</b>	<b>155,504,535</b>
<i>Unallocated corporate liabilities</i>		
Trade and other payables	19,503,901	89,192,752
Provision for employee benefits	1,218,861	-
Interest bearing loans and borrowings	359,623	6,411,869
Deferred tax liability	40,930,073	32,149,109
<b>Group operating liabilities</b>	<b>217,976,397</b>	<b>283,258,265</b>

There has been no change in the basis of segmentation or in the basis of measurement of segment profit from those used in the last general purpose financial report.

## Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 12. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

#### Fair Value hierarchy

The Consolidated Entity held the following financial instruments measured at fair value:

		31 December 2016			
		Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
<b>Financial Assets</b>					
Available-for-sale financial assets					
	Listed investments	125,929	-	-	125,929
		125,929	-	-	125,929
		30 June 2016			
		Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
<b>Financial Assets</b>					
Available-for-sale financial assets					
	Listed investments	-	-	-	-
		-	-	-	-

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

#### 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.

The table above illustrates the classification of the Consolidated Entity'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.

### 13. RELATED PARTY DISCLOSURES

On 1 December 2016, Westgold Resources Ltd and its subsidiaries, demerged from Metals X Ltd ("Metals X"). The demerger transaction comprised of Westgold receiving \$96,000,000 cash from Metals X and the forgiveness of intercompany loans owing by Westgold to Metals X of \$171,242,433.

## Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2016 (continued)

### 14. EVENTS AFTER THE BALANCE DATE

#### SHARE BASED PAYMENTS

Under the Company's Employee Share and Option Plan (ESOP), included in the information memorandum published on the ASX 2 December 2016 for admission to the ASX, share options are issued to senior employees and Directors (subject to shareholder approval) as a part of their remuneration.

On 11 January 2017, 11,000,000 share options were granted to senior employees and a director under the ESOP. The options will become exercisable on 11 January 2018 and expire on 11 January 2020. No amount has been recorded in the current period relating to these options.

On 2 February 2017, Mr Peter B Schwann was appointed to the board of Westgold as an Independent Non-Executive Director. Concurrently Mr Warren Hallam resigned from the Westgold board in line with the previously announced strategic direction.

On 13 February 2017, Westgold announced it has reached a toll processing and purchase option agreement with RNC Minerals (RNC) at Westgold's South Kalgoorlie Operations (SKO). Under the agreement Westgold has granted RNC access to 50% of its plant capacity at SKO on an approximate three weeks on three weeks off basis for a 12 month period from 1 July 2017. RNC will pay Westgold toll processing fees on a fixed plus variable arrangement on commercial terms. To secure access to the processing facility RNC will issue Westgold approximately \$4M AUD in RNC shares. Westgold has also granted RNC a six month option to outright purchase SKO for A\$80M. RNC will pay Westgold a 5% option fee in RNC shares to secure the option. RNC can extend the option for a further six months by paying an additional 5% option fee in RNC shares.

## Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the Consolidated Entity; and
  - (ii) complying with 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  
Managing Director  
28 February 2017

## Auditor's Independence Declaration



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

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

As lead auditor for the review of Westgold Resources Limited for the half-year ended 31 December 2016, 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, appearing to read 'Philip Teale', written over a horizontal line.

Philip Teale  
Partner  
28 February 2017



## Independent Review Report



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

To the members of Westgold Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westgold Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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, other information and the directors' declaration of the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' responsibility for the 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 controls that the directors determine are 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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001*. As the auditor of Westgold Resources Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Independent Review Report (continued)



### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westgold Resources Limited is not in accordance with:

- a. the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

Ernst & Young

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

Philip Teale  
Partner  
Perth  
28 February 2017