



**ASX Announcement**  
27 August 2019

## FY 2019 Financial Results

Westgold Resources Limited (**ASX:WGX**) (**Westgold** or the **Company**) has today released its financial results for the 2019 Financial year which show a strong turnaround in the groups fiscal performance.

Commenting on the results, Westgold Managing Director Peter Cook said:

“We are pleased to release our annual result which reflects the maturing of our key Murchison Projects after a few years of major focus on renovation and investment to set them up for a bright future. Importantly our projects will really begin to ‘hit their straps’ in the ensuing year which coincides nicely with stronger gold prices.

Our FY 2019 was a real tipping point for us with our operations experiencing a massive \$45.88 million turnaround in profits.

In late June 2019, the spot gold price has begun to surge surpassing A\$2,300 per ounce yesterday which monsters the average sales price of A\$1,768 per ounce recived for FY 2019.

We have simplified and refocussed our business on our core Murchison projects where as owner-operator we are massively enthusiastic and hugely excited about bringing the regions wealth to fruition for our shareholders.”

### Group Physical Outputs

Westgold produced 255,221 ounces (253,874 ounces sold) across the group of which 34,378 ounces were produced (33,168 ounces sold) from the discontinued Higginsville Gold Operations.

Group cash cost (C1) for the continuing operations were A\$1,234/oz, AISCs were A\$1,390/oz after ACM (internal contractor) costs and revenue are rolled back into the operations.

Gold output is forecast to progressively rise over the ensuing year as the ramp-up of the Big Bell mine and expanded output from the Meekatharra Gold Operations takes effect.

Westgold has previously provided forward-looking guidance for FY2020 and further defines the progressive output build and cost guidance on a quarterly basis as follows:

Westgold Group Gold Production & Cost Guidance – FY2020					
Period	Q1	Q2	Q3	Q4	FY2020
Gold Production	63 - 68,000 oz	67 - 72,000 oz	71 - 79,000 oz	74 - 81,000 oz	275 - 300,000 oz
C1 Cost (A\$/oz)	1,230 - 1,280/oz	1,230 - 1,280/oz	1,190 - 1,240/oz	1,100 - 1,150/oz	1,175 - 1,230/oz
AISC (A\$/oz)	1,420 - 1,470/oz	1,410 - 1,460/oz	1,370 - 1,420/oz	1,290 - 1,345/oz	1,370 - 1,420/oz

### Group Fiscal Outputs

Group revenue increased by 51% to \$418.32 million of which \$25.67 million related to third party revenue from ACM’s external mining activities.

Westgold Group’s overall NPAT grew by 1,307% over the previous year to \$14.13 million after collective impairment of \$17.1 million (exploration and accumulated mill scat write-offs) and gains on financial assets.

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The Westgold Group's net assets grew by 9.3% to \$443.49 million despite the sale of the Higginsville Gold Operations.

The Westgold Group closed the year with cash and cash equivalents of \$67.2 million plus equity shareholdings and other financial assets with a fair value of \$56.1 million, most of which are subject to escrow provisions.

For further information, please refer to the Appendix 4E and FY2019 Financial Report released separately today.

## Operational Results

There was a strong turn-around in the fiscal outcomes at our mining operations during the year:

- Group cash flow generated by continuing operations and other activities increased by 452% to \$81.23 million.
- Operational profits turned from red to black with a positive \$35.70 million swing in gross profit from continuing operations, from a loss of \$25.46 million in the previous year to a profit of \$10.24 million.

## Investing Activities

As the Group's Murchison assets matured, the intense capital investment into their growth and sustainability began to reduce:

- Expenditure on Property, Plant and Equipment decreased by \$13.26 million to \$34.10 million (2018: \$47.4 million) which included additions associated with a new air strip and camp upgrade at Fortnum, a new village at Big Bell and the bulk of the secondary crusher installation at the MGO plant.
- Investment in Mine Properties and Development reduced by \$9.72 million to \$89.33 (2018: \$99.05 million) despite the heavy capital investment from Big Bell and growth capital in establishing the South Emu and Great Fingall underground mines.
- Exploration and Evaluation expenditure was \$16.41 million (2018: \$25.52 million).

The Company again displayed its robustness in managing growth requirements by effectively disposing its underperforming operations and assets at higher levels than their carrying values. Proceeds from divestments totalled \$24.08 million in cash plus significant payments in shares in RNC Minerals.

## Financing Activities

The Group's financing requirements reduced by \$66.04 million over the previous year to a net \$22.32 million.

Key movements were:

- \$20.85 million in proceeds from the gold loan (un-earned income amortisation)
- \$22.32 million net raised from the placement of 26 million shares at \$0.90/share.
- \$20.85 million repayment of equipment leasing costs (primarily related to the mining services division).

## Gold Price Protection

Westgold seeks to protect short-term revenue with fixed forward price hedging of a prudent portion of the expected gold output. This strategy ensures solid margin over costs whilst still providing significant exposure to rising prices.

At the end of the reporting period Westgold had 183,500 ounces in forwards hedged at \$1,827/oz deliverable at 10,000 ounces per month until December 2020.

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### **Forward Looking Statements**

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