



**WESTGOLD**  
RESOURCES LIMITED

## Quarterly Report

for the period ending 30 September 2019

**ASX:WGX**

### Highlights

- The September Quarter 2019 is the first on the more condensed “Murchison only” assets following the divestment of the Higginsville Gold Operations in the previous quarter.
- Group gold output for the September Quarter was 57,472 ounces at a Cash cost (C1) of A\$1,173/oz and an AISC of A\$1,410/oz.
- Group gold output was outside physical guidance by 9% but beat fiscal (range midpoint) by 7% for cash costs (C1) and 2% for AISC.
- Meekatharra Gold Operations (MGO) output returned to expected levels with the newly commissioned secondary crusher increasing plant throughput and underground head grades recovering from the dilution impacts experienced in the previous quarter.
- Group gold operations also benefited from a stronger achieved gold price of A\$1,959/oz after delivering into hedges and pre-pay.
- Group gold operations generated a Mine Operating Cash Flow of \$25.3 million.
- Excellent exploration results were received including:
  - » 75.0 m at 8.15g/t from 49m in hole WGU230 at the Starlight Mine (FGO).
  - » 25.04 m at 6.32g/t from 50m in SEDD007 at the South Emu Mine (MGO).
  - » 11.0 m at 7.77g/t from 263m in hole CNDD044 from Consol’s Lode, at the Paddy Flat Mine (MGO).
  - » 13.5 m at 9.82g/t from 64m in BBDD016 at the Big Bell Mine (CGO).
- The \$13 million sale of the Mt Marion Lithium Royalty is still pending.
- Closing Cash & Bullion at the end of the quarter was \$70.8 million. In addition, WGX held shares in other Companies (RNC Mineral and Musgrave Minerals) worth \$29.4 million.
- Gold pre-pay debt was reduced by 3,750 ounces to 11,250 ounces with approx. A\$6.1 million amortising/repaid over the quarter.
- The gold hedge position at end of quarter was 202,500 ounces at an average of A\$1,879/oz (essentially 10,000 ounces per month until June 2021).
- All statutory and regulatory approvals for the demerger of Castile Resources Limited and the groups NT polymetallic assets was received and shareholder will vote on the demerger at the upcoming AGM.

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# Executive Summary

## Preamble

Westgold's core operations are now concentrated in the Central Murchison region of Western Australia where it is the dominant owner of mining titles, mining and process infrastructure. Westgold holds over 350 mining titles covering over 124,000 hectares. It operates three processing plants spread over this tenure with a combined capacity of approximately four million tonnes per annum. The Westgold operations are predominantly FIFO and it has four workers villages with 600 beds.

Westgold is also unique in the Australian Gold sector as owner-operator in the vast majority of its activities through its wholly-owned mining services division, Australian Contract Mining Pty Ltd (ACM) who operates its seven underground mines, the majority of its open pit mines, other surface mining services and underground diamond drilling activities.

The September 2019 quarter was Westgold's first on its smaller and more focused asset base following the divestment of its Higginsville mine in the Kalgoorlie region. It is also its first quarter in its break-out year where after significant capital investment, its project ramp-ups will complete and long-term steady state gold production will be achieved.

Westgold also completed its annual update of Mineral Resources and Ore Reserves (refer to Appendix 1 of this announcement and the ASX announcement of 4 October 2019 for detail) which estimate its total aggregated Mineral Resources in its Murchison Projects at 130 million tonnes at 2.17 g/t Au containing 9.12 million ounces of gold. Further the aggregated total Ore Reserve in the Murchison Projects is estimated at 31.6 million tonnes at 2.58 g/t Au containing 2.62 million ounces which underpins an average project life of 8+ years based on the Group's target of 300,000 ounces per annum of steady-state production.

## Outputs

The core business of the Group surrounds its three processing hubs and the mines feeding them referred to as the Fortnum Gold Operations (FGO) in the north, the Meekatharra Gold Operations (MGO) in the centre and the Cue Gold Operations (CGO) in the south.

These performed steadily during the quarter however, lower output at FGO and CGO resulted in the Group's physical output falling 9% out of guidance at 57,472 ounces. Positively, and also reflecting the improved productivity and flexibility of being owner operator, fiscal output returned a 7% beat of (mid-range) cash cost (C1) guidance and a 2% beat of AISC guidance.

## Comparison to Guidance

Physical output against guidance during the current quarter, guidance for the ensuing quarter (Q2) and FY2020 guidance is tabulated below on an operation and group basis:

Operation	Guidance Q1	Output Actual	Outcome	Guidance Q2	Annual Guidance
FGO	16-17,000 oz	13,764 oz	Under by 14%	16-17,000 oz	65 - 70,000 oz
MGO	26-28,000 oz	25,958 oz	In-line	27-29,000 oz	110 - 120,000 oz
CGO	21-23,000 oz	17,750 oz	Under by 15%	24-26,000 oz	100 - 110,000 oz
Group	63-68,000 oz	57,472 oz	Under by 9%	67-72,000 oz	275 - 300,000 oz

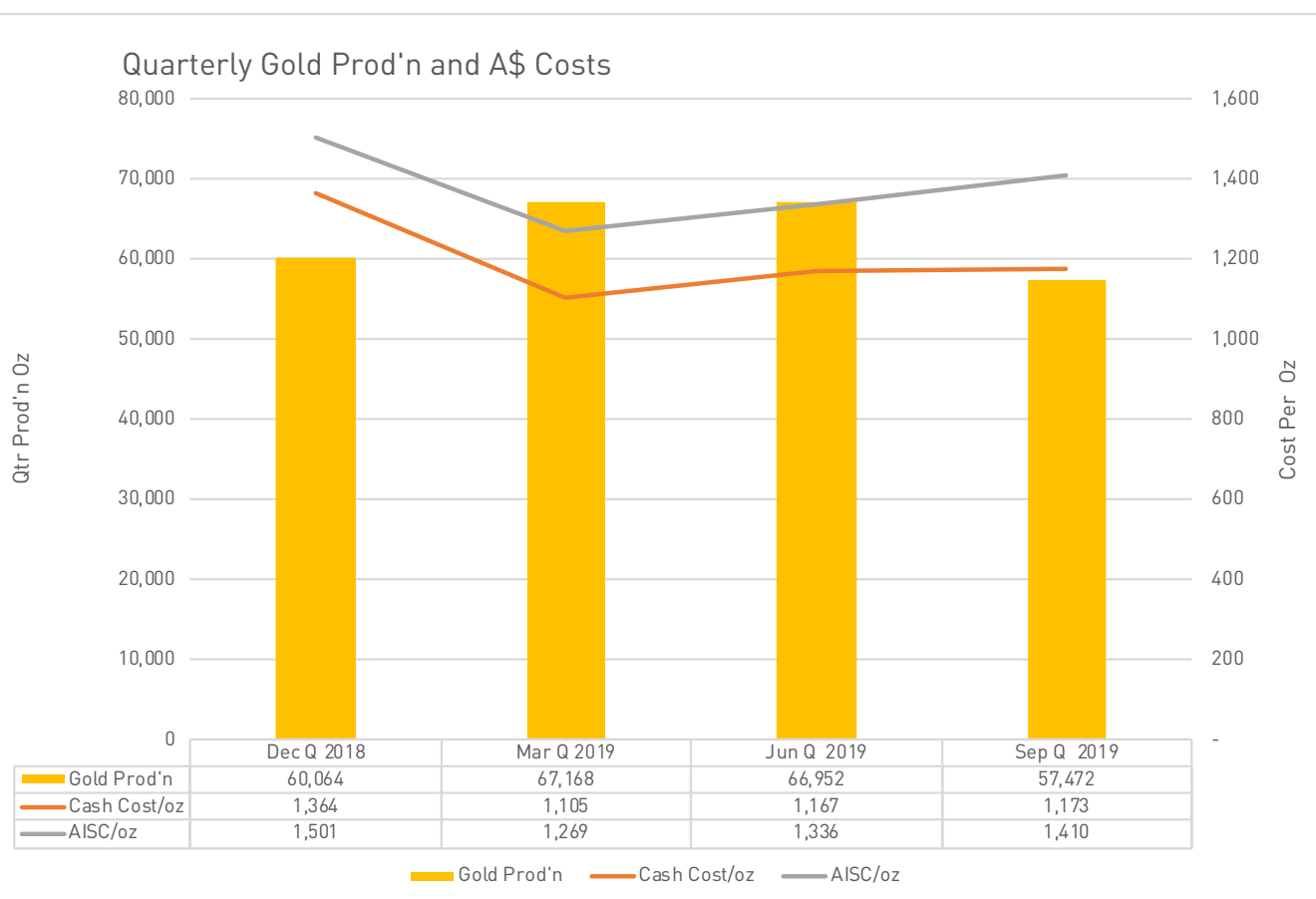
Fiscal output as cash cost (C1) output against guidance during the current quarter, guidance for the ensuing quarter (Q2) and FY2020 guidance is tabulated below on an operation and group basis:

Operation	Cash Cost (C1) Guidance	Cash Cost (C1) Actual	Outcome vs. Midpoint	Guidance Q2	Annual Guidance
FGO	\$1,250-1,300/oz	\$1,139/oz	Under by 11%	\$1,200-1,250/oz	\$1,150-1,200/oz
MGO	\$1,350-1,400/oz	\$1,037/oz	Under by 25%	\$1,400-1,450/oz	\$1,350-1,400/oz
CGO	\$1,250-1,300/oz	\$1,397/oz	Over by 10%	\$1,050-1,100/oz	\$1,065-1,125/oz
Group	\$1,230-1,280/oz	\$1,173oz	Under by 7%	\$1,230-1,280/oz	\$1,175-1,230/oz

Fiscal output as All-in Sustaining Costs (AISC) against guidance during the current quarter, guidance for the ensuing quarter (Q2) and FY2020 guidance is tabulated below on an operation and group basis:

Operation	AISC Guidance	AISC Actual	Outcome vs. Midpoint	Guidance Q2	Annual Guidance
FGO	\$1,420-1,470/oz	\$1,354/oz	Under by 6%	\$1,410-1,460/oz	\$1,370-1,420/oz
MGO	\$1,550-1,600/oz	\$1,360/oz	Under by 14%	\$1,600-1,650/oz	\$1,550-1,600/oz
CGO	\$1,400-1,450/oz	\$1,528/oz	Over by 7%	\$1,200-1,250/oz	\$1,215-1,265/oz
Group	\$1,420-1,470/oz	\$1,410/oz	Under by 2%	\$1,410-1,460/oz	\$1,370-1,420/oz

Quarterly performance with YTD performance is tabulated and graphed below:



Refer to details of each operation below for commentary on their performance.

### Business Reorganisation Strategy

During the previous quarter, Westgold sold its Higginsville Gold Operations (HGO) to RNC Minerals (RNC). Westgold took half of its consideration for the HGO sale in shares in RNC. The strategy to divest by merging with RNC's Beta Hunt Mine was proved by the aggregation of the RNC/HGO group assets delivering an impressive increase in gold output to 24,216 ounces for the September 2019 quarter. Westgold remains as the largest single shareholder of RNC with a shareholding of approximately 10%.

Westgold is persisting with the contracted A\$13 million sale of its Mt Marion Lithium royalty to Silversteam SEZC which is still bogged down in finalisation matters. However, whilst Westgold continues to do all it can to resolve outstanding matters, the pay-day for this royalty stream is fast approaching and Westgold would be happy to hold the royalty if that situation eventuates.

## Castile Demerger

All statutory approvals and processes for the demerger of wholly owned subsidiary, Castile Resources Pty Ltd are now in place and shareholders will vote on its demerger at the upcoming Annual General Meeting of Westgold on 25 November 2019. If approved, each and every Westgold shareholder will receive a one (1) Castile share for every four (4) Westgold shares they hold at the record date. Further each and every shareholder will receive an entitlement right to acquire an additional Castile share as part of its planned capital raising to list on the ASX. The entitlement issue is expected to be fully underwritten and Westgold has received a letter of intent for the same from Canaccord Genuity.

## Business Development

The core business of the Group is now its three Murchison region assets at Fortnum Gold Operations (FGO), Meekatharra Gold Operations (MGO) and Cue Gold Operations (CGO) where it dominates the region with processing plants in the north (FGO), central (MGO) and south (CGO). Westgold continues to structure and focus its business toward a pureplay gold production base. Westgold has also invested in its neighbour at CGO, Musgrave Minerals Limited where it holds a 16.5% stake. Musgrave is continuing to successfully explore the Lena, Break of Day and other regional prospects in the area.

Westgold's internal mines serviced division (ACM) operated steadily keeping pace with the Group's internal growth projects. Internal revenue is consolidated back into the mining operations. Productivity measures continued to improve in what is an extremely difficult labour market for skills and trades people. However, the forward-looking move of Westgold to take control of, and internalise contractor margins has begun to bear fruit as "daylight has become the disinfectant" of mining cost creep and the impact of the tight mine contracting market on the mining costs of our peer group.

## Safety & Environmental Performance

Group safety stats for the quarter are summarised below:

Operation	LTI	LTIFR	TRIFR
FGO	0	0.0	118.3
MGO	2	3.5	48.7
CGO	0	0.0	35.6
ACM	2	6.7	161.6

There were no environmental breaches recorded against the Group during the quarter.

## Operations Report

FGO saw gold output below guidance by 14% to 13,764 ounces impacted by lower mine grades from bulk stoping and stockpiles. A massive positive is the mining efficiency and cost by the wholly owned mine services division which enabled cash costs (C1) to beat guidance (midpoint) by 11% and consequently AISC by 6%. Despite the output shortfall FGO generated a Mine Operating Cash Flow of \$10.5 million for the quarter and Net Mine Cash Flow of \$8.6 million for the quarter.

MGO output was in-line with guidance at 25,958 ounces as the increased output from the newly commissioned secondary crushing circuit increased production and the remedial actions taken to improve dilution in the bulk ultramafic hosted lodes at Fatt's and Mudlode were successful. Fiscal performance was also excellent as cash costs (C1) to beat guidance (midpoint) by 25% and consequently AISC by 14%. MGO generated a Mine Operating Cash Flow of \$8.3 million for the quarter and Net Mine Cash Outflow of \$0.5 million for the quarter as waste pre-strips on small open pits and start-up capital for its third underground source (the Bluebird Underground Mine) impacted costs.

CGO output was below guidance by 15% to 17,750 ounces. The two main impacts were a delay in tonnes won from ore development at the Big Bell Underground Mine as rehabilitation of old drives in the cave zone consequently delayed the development of new ore drives. This was exacerbated by lower grades at the Comet Underground Mine which provided filler output whilst Big Bell builds to full output. This resulted in a high fixed cost component of CGO costs being unable to be mitigated and fiscally Cash Costs (C1) to miss guidance (midpoint) by 10% and consequently AISC by 7%.

Physical and financial outputs for the Group's gold operations for the quarter are summarised below:

		<b>MGO Sep Qtr 2019</b>	<b>CGO Sep Qtr 2019</b>	<b>FGO Sep Qtr 2019</b>	<b>Group Sep Qtr 2019</b>
<b>Physical Summary</b>	<b>Units</b>				
ROM - UG Ore Mined	t	195,009	92,833	113,270	<b>401,112</b>
UG Grade Mined (Inc. LG)	g/t	3.77	3.41	3.12	<b>3.50</b>
OP Ore Mined	t	224,087	218,545	0	<b>442,631</b>
OP Grade Mined	g/t	1.43	1.34	0.00	<b>1.39</b>
All Ores Processed	t	376,663	312,967	224,145	<b>913,775</b>
Head Grade	g/t	2.55	1.92	2.02	<b>2.20</b>
Recovery	%	84.0	91.9	94.4	<b>89.3</b>
Gold Produced	oz	25,958	17,750	13,764	<b>57,472</b>
Gold Sold	oz	23,360	17,063	13,242	<b>53,666</b>
Achieved Gold Price	\$/oz	1,917	1,972	2,016	<b>1,959</b>
<b>Cost Summary</b>	<b>Units</b>				
Mining#	A\$/oz	682	853	516	<b>695</b>
Processing	A\$/oz	348	486	403	<b>404</b>
Admin	A\$/oz	60	72	72	<b>67</b>
Stockpile adjustments	A\$/oz	(53)	(14)	148	<b>7</b>
<b>C1 Cash Cost (produced oz)</b>	<b>A\$/oz</b>	<b>1,037</b>	<b>1,397</b>	<b>1,139</b>	<b>1,173</b>
Royalties	A\$/oz	104	45	53	<b>74</b>
Sustaining Capital	A\$/oz	210	73	133	<b>149</b>
Corp.Costs/Reclam. etc	A\$/oz	9	13	29	<b>15</b>
<b>All-in Sustaining Costs</b>	<b>A\$/oz</b>	<b>1,360</b>	<b>1,528</b>	<b>1,354</b>	<b>1,410</b>
Growth/Start-up Capital	A\$/oz	341	896	137	<b>464</b>
Exploration	A\$/oz	103	61	137	<b>98</b>
<b>Mine Operating Cash Flow</b>	<b>A\$ m</b>	<b>8.32</b>	<b>6.52</b>	<b>10.50</b>	<b>25.33</b>
<b>Net Mine Cash Flow</b>	<b>A\$ m</b>	<b>(0.54)</b>	<b>(9.40)</b>	<b>8.61</b>	<b>(1.33)</b>

Notes:

# ACM margins credited back to project.

Mine Operating Cash Flow = Total Revenue less AISC less Ore Inventory Adjustments plus Corporate Costs.

Net Mine Cash Flow = Mine Operating Cash Flow less Growth/Start-up Capital.

## Fortnum Gold Operations (FGO)

FGO produced 13,764 ounces for the quarter, down 3% on the previous quarter (14,222 ounces) and also under physical quarterly guidance by 14%. Fiscal outcomes were better than expected with a 11% beat of cash costs (C1) mid-range guidance at A\$1,139/oz and a 6% beat of AISC at A\$1,410/oz.

The main contributors to the shortfall in gold output was the head grade in the Starlight mine and the average grade of mixed surface stockpiles. The Starlight mine contributed 50.5% of plant feed and the average grade was lower than expected averaging 3.12 g/t Au.

As was previously disclosed the second virgin level of the Starlight ore system has presented a changed opportunity for bulk stoping. Rather than following the complex vein array and inside-coring the higher grade zones, a bulk mining approach is being trialled with positive initial signs as is depicted by the cost reduction in mining unit costs to A\$516/oz. The net outcome should be higher underground output and an increase in plant feedstock to 60-65% over the ensuing half.

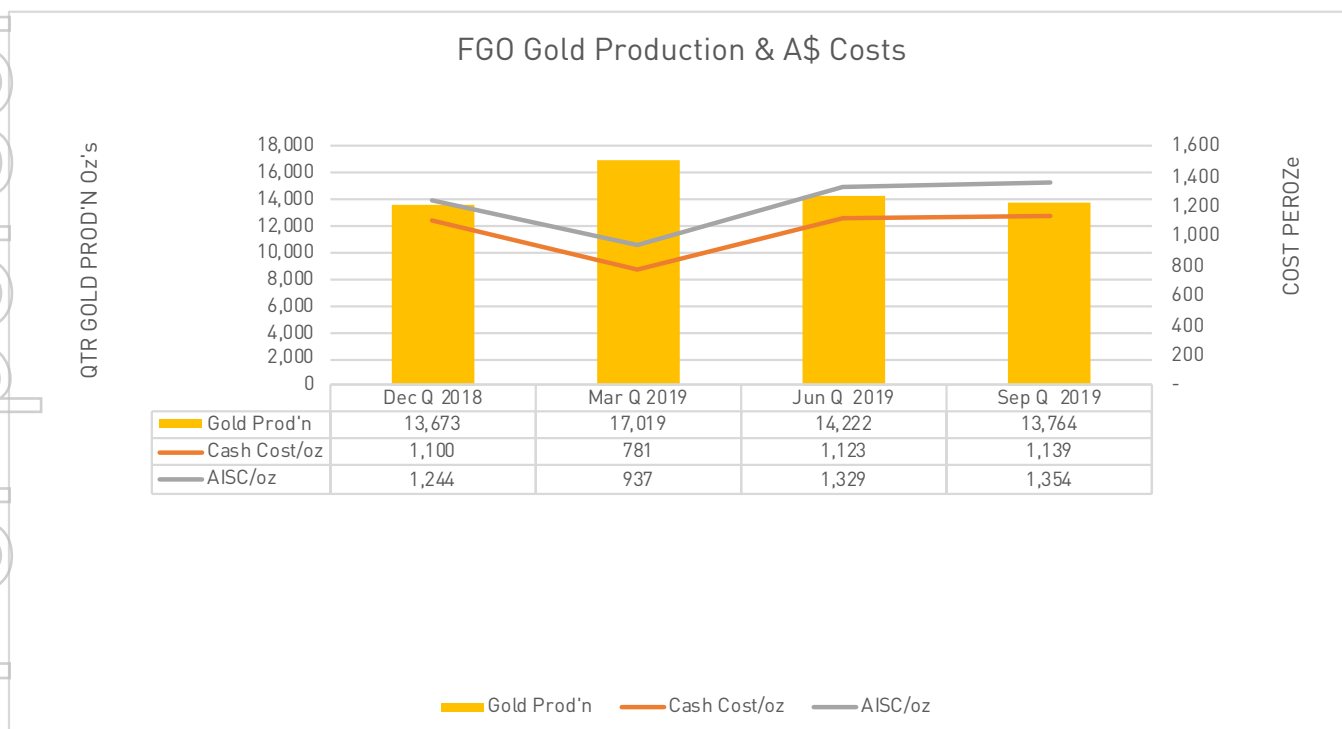
The other feedstock was a blend of surface stockpiles including remaining ore from the Yarlaweelor Pit. This blend only managed an average grade of 0.90 g/t Au which points to a negative reconciliation from mining at the Yarlaweelor Pits and other low-grade blended stocks. Amendments to plant feed blends have been made to address this and larger output from underground bulk stoping will see its impact reduced and higher overall output.

The process plant performed consistently over the quarter stabilising at the nominated 900,000 tpa rate. Metallurgical residues were excellent, and recoveries were 94.4% despite the lower overall head grade.

Rolling 12-month output is 58,678 ounces at cash cost (C1) of A\$1,022/oz and AISC of A\$1,201/oz. This compares with FY2020 guidance of 65-70,000 ounces at cash cost (C1) of A\$1,150-1,200/oz and AISC of A\$1,370-1,420/oz. Despite the minor shortfall in the current quarter, the Company believes it remains on track to achieve FY 2020 guidance from Fortnum.

Physical and fiscal guidance for the ensuing quarter is unchanged at 16-17,000 ounces at a cash cost C1 of A\$1,200-1,250/oz and an AISC of A\$1,410-1,460/oz.

Performance, for the quarter and the backward-looking 12 months is shown graphically below:



## FGO Exploration & Development

Fortnum has been the standout exploration success story for Westgold this quarter, with further drilling extending the Starlight lode system. As the Starlight Underground Mine progresses beyond historical mining, drilling still brings surprises such as within hole WGU0230 where an intercept of 75 m at 8.15g/t Au was returned (estimated true width of circa 55 m).

Further results from resource definition also returned 33 m at 2.78 g/t Au from 60 m in WGU0204 also at Starlight. Returns of 6.4 m @ 6.74 g/t from 83 m in WGU0218 and 18 m at 9.77 g/t Au from 98 m in WGU0214 in the parallel Trev's Lode continue to demonstrate its potential as a secondary source of production. The first stope from Trev's was mined during the quarter.

To compliment these fantastic results a surface diamond rig was also active last quarter at Fortnum, testing down-plunge of the main Starlight lodes, as well as defining the extents of peripheral lodes which cannot be targeted from current underground drilling platforms. Unfortunately, the first deeper hole wandered from target and inconclusively tested the depth potential and failed to intersect the mine host sequence. A remedial second deep hole is underway with results expected in the ensuing quarter.

Surface drilling also tested the poorly evaluated Dougie's lode hole beneath the old open pit and successfully proved extensions of the expected narrow but high-grade mineralisation as was mined in the pit with a hit of 0.8 m @ 22.3g/t Au from 309 m in WGC019. The Dougie's lode is presenting as a new underground mining opportunity accessible from existing Starlight infrastructure.

Additionally, short surface RC drilling programs were completed at the Messiah and Regents Prospects at Labouchere, approximately 12 km north of the plant. RC intercepts such as 10.5 m @ 2.86 g/t Au from 9 m in hole WGC039, 25.9 m @ 1.36 g/t Au from 29 m in hole WGC057 and 19.6 m @ 1.80 g/t Au from surface in hole WGC059 show that there may be open pit mining potential at the Messiah prospect. Similarly, intercepts such as 16.8 m @ 2.12 g/t Au from 43 m in hole WGC094 and 9 m @ 1.57g/t from 1 m in hole WGC059 also show promise for open pit mining.

Refer to ASX announcement on 14 October 2019 for detailed intercepts.



## Meekatharra Gold Operations (MGO)

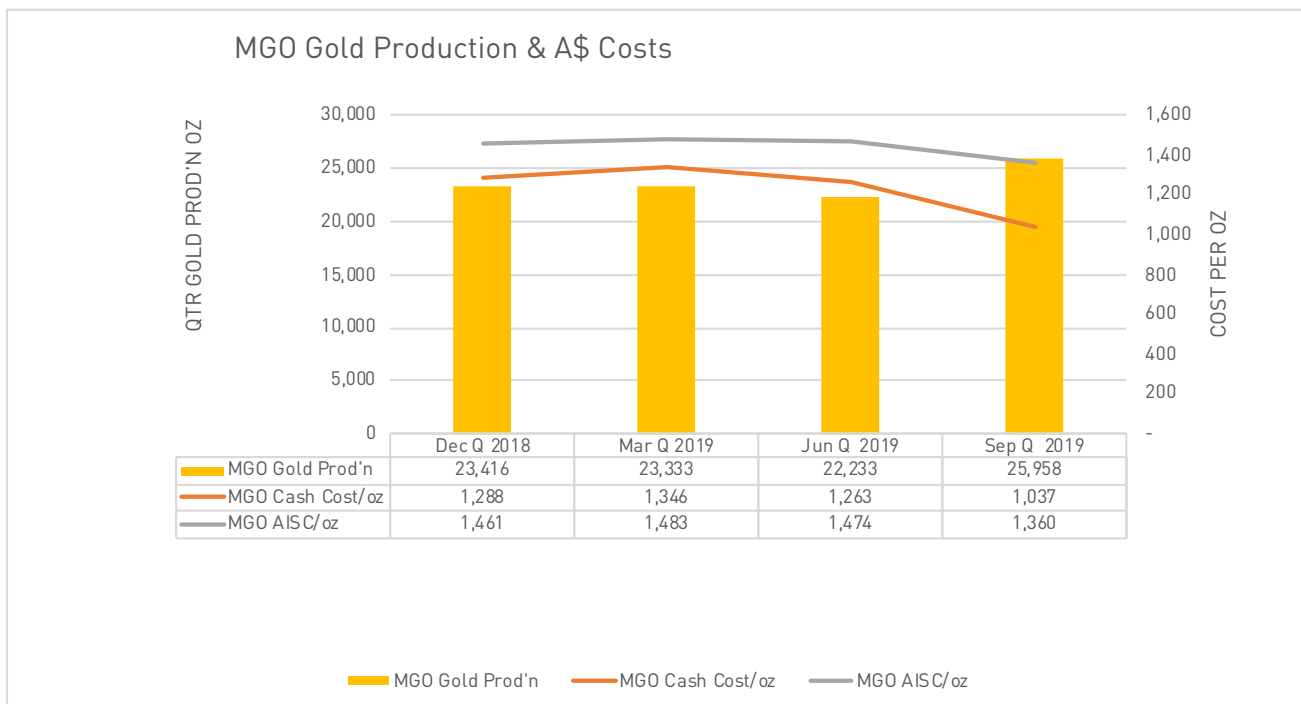
MGO produced 25,958 ounces of gold for the quarter up 12% on the previous quarter (22,233 ounces). Gold output was in-line with guidance and resulted from a 17% increase in plant throughput following the commissioning of the new secondary crushing circuit early in the quarter.

Underground output improved with a 17% tonnage and 27% contained increase over the previous quarter. The dilutionary issues of the ultramafic hosted lodes at Paddy's Flat were resolved and the South Emu Mine had excellent performance as it transitioned to combined development and stoping operations. Consequently, mining unit costs improved by 15% over the previous quarter to A\$682/oz.

The successful commissioning and operating of the new secondary crushing circuit had profound impact lowering unit costs by 12% over the previous quarter to A\$348/oz.

All together, these efficiencies combined to result in 25% beat of cash cost (C1) mid-range guidance at A\$1,037/oz and a 14% beat in AISC mid-range guidance at A\$1,360/oz.

Gold output for the September Prod'n quarter is summarised below:



Rolling 12-month output for MGO is 94,940 ounces at cash cost (C1) of A\$1,228/oz and AISC of A\$1,442/oz. This compares with FY2020 guidance of 110-120,000 ounces at cash cost (C1) of A\$1,350-1,400/oz and AISC of A\$1,550-1,600/oz.

The focus at MGO continues to be on the increase in underground feed as a percentage of total plant feed, with the commensurate increase in ounces coming from increased grade. The works commenced on the third underground mine at MGO during the quarter at Bluebird. The pre-production capital to bring Bluebird is estimated at approximately A\$10 million which will be expended over the ensuing six months and it is expected that it will build to be a steady 15-20,000 tonne per month underground mine on the doorstep of the process plant.

Subsequent to the end of the quarter, the MGO process plant suffered a major disruption due to failure of the SAG Mill bearings and also the spare. The issue was rectified by 23 October 2019. Whilst this is expected to have cost the project some 2,500 ounces in output during the current quarter, Westgold believes that with the enhanced plant capacity from the new secondary crushing circuit, it remains on track to pick this up over time and can still achieve its FY2020 guidance in both output and costs.



## MGO Exploration & Development

At the Meekatharra Gold Operations, Paddy Flat has again provided a strong suite of drilling results from mine extension activities during the quarter. These include 11 m at 7.77 g/t Au from 263 m in hole CNDD044 from Consols Lode, 3.24 m at 15.19 g/t Au from 41 m in hole MUDD015 from Mud Lode, 18.1 m at 3.21 g/t Au from 145 m in hole PRDD088 from Prohibition lode, 0.7 m at 45.59 g/t Au from 163 m in hole VIDD099 from the Vivian's Lode and 1.6 m at 34.46 g/t Au from 59 m in hole VIDD116 from the Ingliston's Lode.

At the Reedy's mining centre, the first major drill program since commencement of mining was completed at the South Emu Mine. This drilling program has been hugely beneficial for the project in that it has clarified the structural and geochemical controls on mineralisation, provided adequate definition of ore geometry resulting in more efficient mine designs, and most significantly demonstrated mineralisation grades and widths which are in excess of initial expectations, and thus will impact significantly positively on the economics of the project a whole.

Better results such as 25.04 m at 6.32 g/t Au from 50 m in 19SEDD007, 33.25 m at 4.87 g/t Au from 43 m in 19SEDD010 and 10.3 m at 28.24 g/t Au from 21 m in 19SEDD019 demonstrate this upside, and Westgold is confident that South Emu represents the entrée into the redevelopment of the adjacent, larger, historic Triton Mine which produced approximately 225,000 ounces and sit immediately north of South Emu.

Refer to ASX announcement on 14 October 2019 for detailed intercepts.

## Cue Gold Operations (CGO)

CGO produced 17,750 ounces of gold for the quarter, down 15% on the previous quarter (20,914 ounces) and falling outside of physical guidance by 15%.

There were a combination of reasons for this. Primarily, the delay in development ore tonnes resulting from the late commencement of ore driving at Big Bell had the biggest impact. However, mine output and grade from the Comet mine were coincidentally lower than planned during the quarter and hence the overall underground head grade was 9% lower overall.

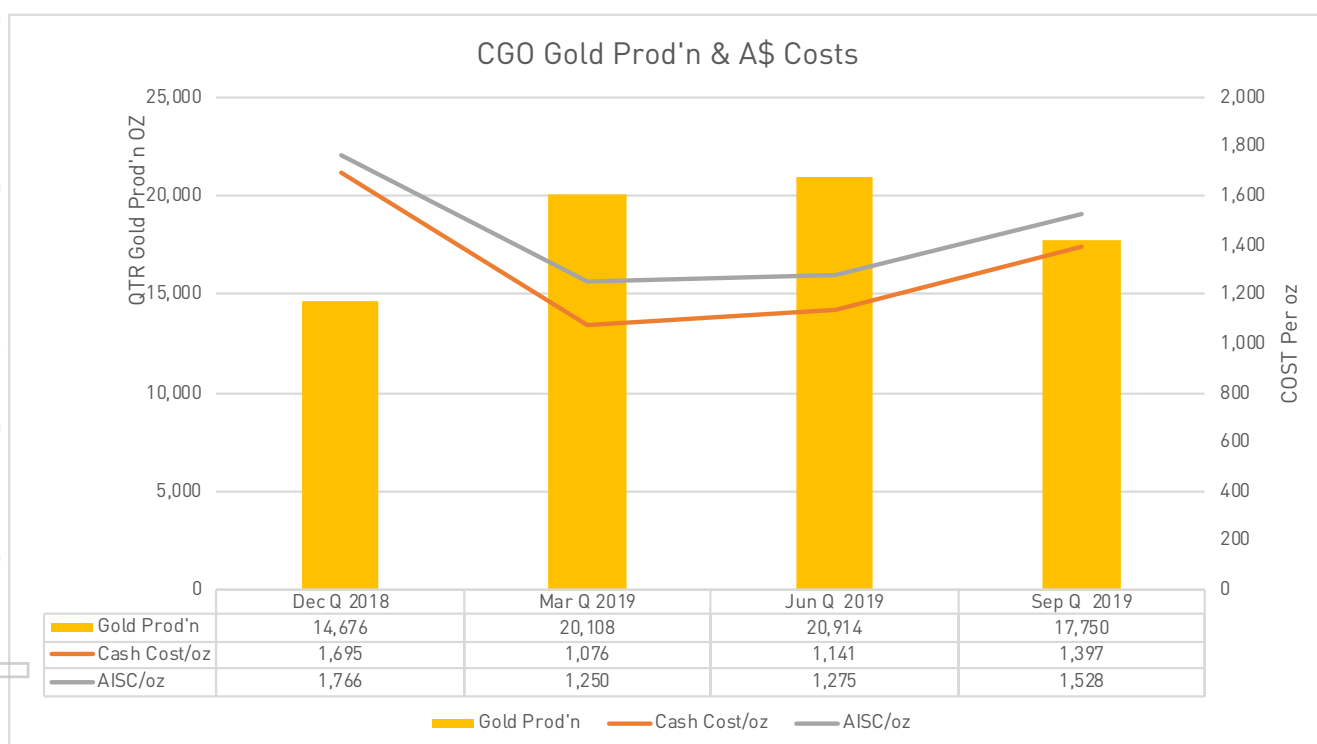
This was exacerbated by a decision to aggregate high & low grade ore in the Great Fingall Pit to simplify mine blocking in a complex zone of the ore system. This lowered open grades on during this particular quarter to 1.34 g/t Au compared with the previous quarter 1.70 g/t Au.

There were strong positives during the quarter, as the strike extent of the Big Bell cave has been extended by up to 100m with exploration and development success. Whilst impacting the short-term ramp up timing this is hugely positive for the mine. Westgold still expects to be at a stoping run rate of approximately 500,000 tonnes by year end and 1 millions tonnes per annum by the end of the FY2020 as originally planned.

The Tuckabianna plant performed well with quarterly throughput above the nameplate capacity (1.2 mtpa) at 312,967 tonnes at 1.92 g/t Au achieving a 91.9% metallurgical recovery.

The high fixed cost of CGO and the lower output translated to a 10% miss in cash cost (C1) guidance (range midpoint) to A\$1,397/oz and a 7% miss in AISC to A\$1,528/oz.

Gold output for the quarter is summarised below:



The rolling twelve month output for CGO has been 73,448 ounces at a Cash Costs (C1) of A\$1,296/oz and an AISC of A\$1,427/oz which is still to reflect the impact of the Big Bell Underground Mine in any meaningful way.

Guidance for the ensuing quarter is 24-26,000 ounces at cash cost (C1) of A\$1,050-1,110/oz and AISC of A\$1,200 - 1,250/oz. At this stage Westgold expects to be just short of output guidance and at the upper end of cost guidance due to these short-term variations.

Guidance for CGO in FY 2020 is 100-110,000 ounces at cash cost (C1) A\$1,065-1,125/oz and AISC of A\$1,215-1,265/oz. Westgold believes it is capable of mitigating the first quarter shortfall and maintains its full year guidance.

## **CGO Exploration & Development**

At CGO infill drilling in the form of the initial sub-level cave definition program commenced. This drilling is completed to guide development into virgin levels of the Big Bell Underground Mine over the coming year. Work to this end has progressed steadily, with the program approximately  $\frac{1}{3}$  complete at quarter's end.

Pleasingly some of the better results to date have indicated that there is potential for grade upside within the cave, with broad zones of significant grade encountered which are well above historic Big Bell cave production grades, and also significantly above average run of mine grades as predicted by Westgold. Whilst results such as 13.50 m at 9.82 g/t Au from 64 m in 19BBDD0016, 9.0 m at 13.33 g/t Au from 35 m in 19BBDD0017 and 14 m at 8.55 g/t Au from 87 m in 19BBDD0029 are from the core of the sub-level zone and are not indicative of likely production grades to be seen over any meaningful period of time (or historic production averages), they are clear evidence of the ability of the large, long-life Big Bell Underground Mine to underpin Westgold's production targets for its Cue Gold Operations into the future.

Further and subsequent to the end of the quarter, drilling has now commenced on the first of a series of significant step-out holes aimed at proving the continuity of the prolific Great Fingall and Golden Crown ore systems at large step-outs from their current deepest holes. It is hoped that these holes can demonstrate both the continuity and quality of these major high-grade orebodies at depth.

Westgold looks forward to providing updates on the results of this drilling program as they come to hand.

## **Australian Contract Mining Pty Ltd (ACM)**

ACM performed steadily during the quarter with its key focus on internal Westgold operations.

Major expansions to its diamond drilling services operations and capacity were completed and implemented during the quarter and ACM now operates four full time underground rigs across the Group's Murchison operations.

Following the large investment in modernisation, organisational and maintenance areas of the ACM organisation, significant improvements in productivity and efficiency are beginning to be noted and assisting Westgold's mining cost make-up.

ACM continued to generate positive EBITDA on its internal contracts on an aggregated basis.

The tightening underground contracting market and labour pool continues to generate challenges and inefficiency in operations which Westgold has partially mitigated through its regional, operational and commercial flexibility in the way ACM provides its services.

## **Castile Resources Pty Ltd (Castile)**

Castile is the wholly owned subsidiary Company who owns and operates Westgold's Northern Territory polymetallic interests. The Board of Westgold has spent considerable time and focus on the repositioning of the Company to its core business as the dominant gold producer in the Central Murchison region.

A major part of this strategy has been the decision to separate by demerger the assets of Castile to enable Westgold to remain as a pureplay gold West Australian gold company. All statutory approvals and processes for the demerger Castile are now in place and shareholders will vote on its demerger at the upcoming AGM of Westgold on 25 November 2019. If approved, each and every Westgold shareholder will receive a one (1) Castile share for every four (4) Westgold shares they hold at the record date. Further each and every shareholder will receive an entitlement right to acquire an addition Castile share as part of its planned capital raising to list on the ASX which is expected to be fully underwritten.

Westgold believes the assets of Castile are substantial and will provide significant optionality for shareholders as they are advanced and potentially developed in their own right in the future. Substantial detail on the assets and their potential will be available to shareholders as well as a detailed Independent Technical Assessment of the assets and resources in the soon to be lodged prospectus as part of the demerger and future listing. These will come available in the ensuing quarter.

## Lithium Interests

Further to the agreements for the \$13 million sale of the Mount Marion Royalty to Silverstream SEZC for A\$13 million, Westgold advises that the settlement is yet to occur. Delays relate to finalisation of the documentation and required registration of interests in the titles by the buyer and their validation of the conditions of the royalty. Information by the royalty payer has been difficult to collect.

Westgold has provided all the support and information it has available to the buyer and is yet to force settlement of the contract. As the pay-day for royalty receipts is now significantly closer, Westgold remain unfussed about the divestiture or keeping the asset.

Westgold has been advised by the corporate division of Canaccord Genuity – Australia on the transaction who will receive a commission on completion of the sale if it occurs.

Westgold also retains lithium exploration and mining rights over the freehold lands of Hampton Grants known as Location 59 and Location 53.

(Refer to ASX announcement of 9 April 2019 for more detail).

## Corporate

Westgold closed the quarter with cash and bullion of \$70.8 million.

### Issued Capital

Fully paid ordinary shares on Issue as at 30 September 2019	399,469,957
Unlisted employee options (various exercise prices and expiry dates)	6,249,600

(Note that 9.7 million options at \$2.02/share and 600,000 options at \$2.31/share were converted during the period).

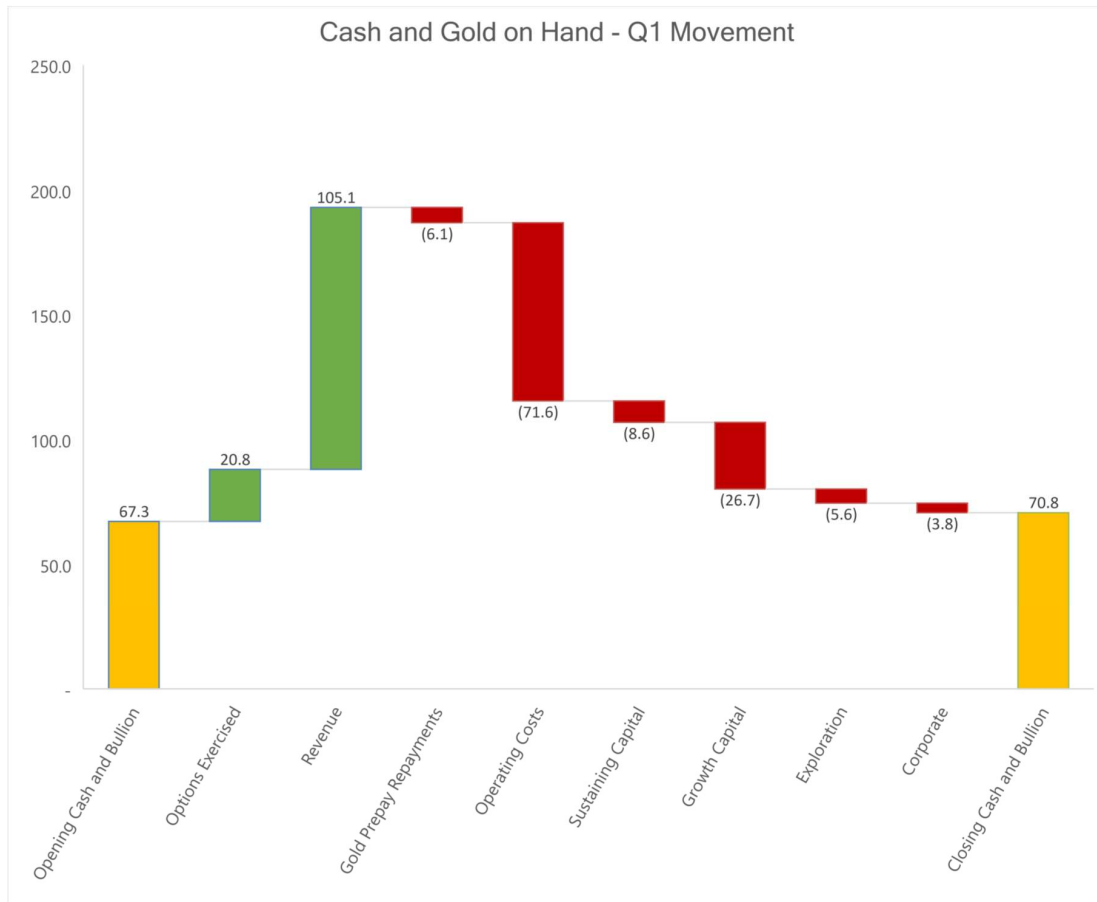
Westgold reduced its gold pre-pay debt by 3,750 ounces to 11,250 ounces with approx. \$6.1 million amortising/repaid over the quarter. It will continue to amortise a 1,250 ounces per month until fully eliminated at 30 June 2020.

### Gold Hedging

Westgold continued to upgrade its hedge book as a means of diligent management of short-term revenue expectations. The gold hedge position at end of quarter was 202,500 ounces at an average of A\$1,879/oz (essentially 10,000 ounces per month until June 21).

## Cash Movements

Cash and bullion movements over the quarter are detailed below:



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## Appendix 1 – Mineral Resources & Ore Reserves

WESTGOLD RESOURCES LIMITED			
Gold Operations			
Consolidate Mineral Resource Statement - Rounded for Reporting			
30/6/19			
Project	Tonnes ('000s)	Grade	Ounces Au ('000s)
<b>Measured</b>			
CMGP (MGO + CGO)	3,328	3.11	333
FGO	753	2.76	67
<b>Sub-Total</b>	<b>4,081</b>	<b>3.04</b>	<b>399</b>
<b>Indicated</b>			
CMGP (MGO + CGO)	60,854	2.26	4,416
FGO	15,436	1.89	938
<b>Sub-Total</b>	<b>76,290</b>	<b>2.18</b>	<b>5,355</b>
<b>Inferred</b>			
CMGP (MGO + CGO)	44,641	2.08	2,978
FGO	5,829	2.07	389
<b>Sub-Total</b>	<b>50,470</b>	<b>2.07</b>	<b>3,367</b>
<b>Total</b>			
CMGP (MGO + CGO)	108,823	2.21	7,727
FGO	22,018	1.97	1,394
<b>Grand Total</b>	<b>130,841</b>	<b>2.17</b>	<b>9,121</b>

### Glossary

CGO – Cue Gold Operations.

CMGP – Central Murchison Gold Project (aggregate of CGO and MGO to reflect processing optionality).

FGO - Fortnum Gold Operations.

MGO – Murchison Gold Operations.

WESTGOLD RESOURCES LIMITED			
Gold Operations			
Consolidated Ore Reserve Statement - Rounded for Reporting			
30/6/19			
Project	Tonnes ('000s)	Grade	Ounces Au ('000s)
<b>Proven</b>			
CMGP (MGO + CGO)	1,814	2.43	142
FGO	891	2.55	73
<b>Sub-Total</b>	<b>2,705</b>	<b>2.47</b>	<b>215</b>
<b>Probable</b>			
CMGP (MGO + CGO)	23,379	2.73	2,054
FGO	5,473	1.99	350
<b>Sub-Total</b>	<b>28,852</b>	<b>2.59</b>	<b>2,404</b>
<b>Total</b>			
CMGP (MGO + CGO)	25,193	2.71	2,196
FGO	6,364	2.07	423
<b>Grand Total</b>	<b>31,558</b>	<b>2.58</b>	<b>2,620</b>

## COMPLIANCE STATEMENTS

### Exploration Targets, Exploration Results and Mineral Resources

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources is compiled by Westgold technical employees and contractors under the supervision of Mr. Jake Russell B.Sc. (Hons), who is a member of the Australian Institute of Geoscientists. Mr Russell is a full time employee to the company, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Russell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr Russell is eligible to participate in short and long term incentive plans of the company.

### Exploration Results

The information is extracted from the report entitled 'Exploration Highlights - 30 September 2019 Quarter' created by Westgold on 14 October 2019 and available to view on Westgold's website ([www.westgold.com.au](http://www.westgold.com.au)) and the ASX ([www.asx.com.au](http://www.asx.com.au)). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### Forward Looking Statements

Certain statements in this report relate to the future, including forward looking statements relating to Westgold's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Westgold to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than required by law, neither Westgold, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur. You are cautioned not to place undue reliance on those statements.