WESTGOLD RESOURCES LIMITED

ACN 009 260 306

Half-year Financial Report for the half-year ended 31 December 2019

CORPORATE DIRECTORY

This half-year report covers the Group comprising Westgold Resources Limited (Westgold or the Company) and its subsidiaries (the Group).

The Group's functional and presentation currency is AUD ($).

A description of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 3.

Directors
Peter Cook (Executive Chairman)
Steve Norregaard (Executive Director)
Peter Schwann (Non-Executive Director)
Suresh Shet (Non-Executive Director)
Fiona Van Maanen (Non-Executive Director)
Wayne Bramwell (Non-Executive Director)

Company Secretary
Lisa Smith (appointed 30 December 2019)
David Okeby (resigned 30 December 2019)

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Securities Exchange
Listed on the Australian Securities Exchange

Codes: ASX: WGX, WGXO

Domicile and Country of Incorporation
Australia

CONTENTS

APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2019 Annual Financial Report, the 31 December 2019 Half-year Financial Report and Director's Report.

DIVIDEND INFORMATION

The directors do not propose to pay any dividend for the half-year ended 31 December 2019.

No dividends were paid to members for the 30 June 2019 financial year.

Consolidated	31 December 2019	31 December 2018	Movement	Movement
Revenue from ordinary activities [1]	\$228,859,719	\$193,617,942	\$35,241,777	18%
Cost of sales	\$219,558,430	\$210,725,997	\$8,832,433	4%
Profit (loss) from ordinary activities after tax attributable to members [2]	\$9,745,512	(\$11,228,352)	\$20,973,864	187%
Net profit (loss) attributable to members	\$9,745,512	(\$17,784,401)	\$27,529,913	155%
Cash inflow from operating activities	\$54,392,162	\$2,286,431	\$52,105,731	2279%
Cash outflow from investing activities	\$80,606,854	\$64,265,579	\$16,341,275	25%
Cash outflow from financing activities	\$6,995,263	\$32,323,868	\$25,328,605	78%
Cash costs per ounce	\$1,236	\$1,341	\$105	8%
All-in sustaining costs per ounce	\$1,480	\$1,485	\$5	-
Gold produced	120,127 oz	103,013 oz	17,114 oz	17%

Consolidated	31 December 2019	30 June 2019	Movement	Movement
Assets	\$682,837,273	\$676,722,745	\$6,114,528	1%
Liabilities	\$230,103,764	\$233,236,834	\$3,133,070	1%
Net Assets	\$452,733,509	\$443,485,911	\$9,247,598	2%
Cash and cash equivalents	\$47,976,860	\$67,196,289	\$19,219,429	29%
Other financial assets	\$50,122,261	\$56,210,813	\$6,088,552	11%
Gold prepay facility	\$12,891,827	\$25,470,487	\$12,578,660	49%
Net tangible assets per share [3]	\$1.10	\$1.06		

1. Revenue from ordinary activities relates to revenue from contracts with customers from continuing operations.
2. Loss from ordinary activities after tax discloses the loss from continuing operations after tax.
3. Excludes right-of-use assets.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2019.

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) (retired 25 November 2019)
Peter Cook (Executive Chairman)
Johannes Norregaard (Executive Director)
Peter Schwann (Non-Executive Director)
Suresh Shet (Non-Executive Director)
Fiona Van Maanen (Non-Executive Director)
Wayne Bramwell (Non-Executive Director) (appointed 3 February 2020)

REVIEW OF OPERATIONS

Group Operational Results

- Consolidated total profit after income tax of $9,745,512 (2018: loss of $17,784,401);
- Total consolidated revenue of $228,859,719 (2018: $193,617,942);
- Total cost of sales of $219,558,430 (2018: $210,725,997);
- Cash flows from operating activities of $54,392,162 (2018: $2,286,431);
- Cash flows used in investing activities of $80,606,854 (2018: $64,265,579);
- Cash flows from financing activities of $6,995,263 (2018: $32,323,868).

Financial outcomes reflect an accounting gain of $9,745,512 supported by an increase in consolidated revenue of $35,241,777 in comparison to the prior period due to an increase in production of 17,114 ounces as well as an increase in the average gold sales price.

Cost of sales of $219,558,430 included $62,214,374 for depreciation and amortisation expenses.

Cash flows from operating activities included the reduction in trade payables of $5,583,662.

Cash flow used in investing activities included an investment in property plant and equipment of $15,341,040 mainly associated with the surface contract mining services department.

Cash flows from financing activities included proceeds from shares issued on the exercise of options.

Dividends

No dividends were paid to members during the half-year ended 31 December 2019 (2018: nil).

Corporate

Working capital was replenished as a result of shares issued on the exercise of options generating a net cash inflow of $20.84 million.

The Group's gold pre-pay facility was reduced by delivering 7,500 ounces. The balance of 7,500 ounces will be repaid by the delivery of 1,250 ounces per month from January to June 2020.

The Group's hedge book comprised of 180,000 ounces at 31 December 2019, forward sold at a price of $1,891.60/oz. Deliveries are scheduled at 10,000 ounces per month from January 2020 to June 2021. (Refer to Subsequent Events Note 23 on page 27 for an update to the hedge position.)

REVIEW OF OPERATIONS (continued)

Preamble

Following the divestment of the Higginsville Gold Operations in the previous half, Westgold's core operations are now concentrated in the Central Murchison region of Western Australia. Westgold is the dominant miner in the region having aggregated most of the historic gold mining centres in a package covering approximately 124,000 hectares and 350 mining titles.

The Murchison operations comprise three operating units, Fortnum Gold Operations (FGO), Meekatharra Gold Operations (MGO) and Cue Gold Operations (CGO). Each operation has a processing plant known as Fortnum Mill (at FGO), the Bluebird Mill (at MGO) and the Tuckabianna Mill (at CGO). These facilities have a combined capacity of around four (4) million tonnes per annum.

Westgold operates seven (7) underground mines and numerous open pits in the region and ores are trucked to these processing plants to recover gold. Gold production is ramping up with increased output from these underground mines from the approximate 250,000oz per annum run rate of the past few years towards 300,000oz per annum with an expectation of further rises as additional higher-grade underground sources are developed.

Westgold is also unique in the Australian Gold Sector as an owner-operator in the vast majority of its mining activities through its wholly owned mining services division, Australian Contract Mining Pty Ltd (ACM). ACM performs full service mine contracting at the Group's underground mines and the majority of its open pit mines. ACM also performs other surface mining services and underground diamond drilling activities for the Group.

Strategically Westgold also holds significant shareholdings in RNC Minerals (TSX:RNX) which relate to part proceeds from the sale of the Higginsville Gold Operations in the previous half. Westgold also holds a significant and strategic shareholding (~16%) in Musgrave Minerals Limited (ASX:MGV) who is an explorer with tenements proximate to CGO.

Consolidated Operational Results

The gold group reported a solid increase in gold output against the previous corresponding period:

Group	Unit	First Half 2019	First Half 2018
Ore Processed	t	1,789,339	1,674,802
Head Grade	g/t	2.35	2.18
Recovery	%	89.0%	88.1%
Gold Produced	oz	120,127	103,013
Gold Sold	oz	115,697	99,561
Achieved Gold Price	A$/oz	1,968	1,717
C1 Cash Cost (produced oz)*	A$/oz	1,236	1,341
All-in Sustaining Costs**	A$/oz	1,480	1,485
All-in Costs***	A$/oz	1,968	2,022

* 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 the total project expenditure including AISC, growth capital and discovery expenditure.

C1, AISC and AIC are non-IFRS measures and have not been audited. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

REVIEW OF OPERATIONS (continued)

Consolidated Financial Operational Results

Operation	Revenue		Costs of Sales (i)		Amortisation / Depreciation	
	2019	2018	2019	2018	2019	2018
	$m	$m	$m	$m	$m	$m
MGO	97.1	81.6	63.3	66.8	31.9	23.7
CGO	69.6	44.7	61.1	45.1	18.4	9.4
FGO	61.2	44.7	32.3	34.6	11.8	9.9
Other	1.0	22.6	0.7	22.2	0.5	2.1
Total	**228.9**	**193.6**	**157.4**	**168.7**	**62.6**	**45.1**

i. Excludes amortisation and depreciation

Capital Investment Activities

Cash flows used in investing activities totalled $80,606,854. This was higher than the previous period $64,265,579 as it now includes the flow through of capital equipment for the internal mining services division.

Across each major operating unit, investment compared to the previous year is summarised below by the categories Mine Properties & Development (MP&D), Exploration & Evaluation (E&E) and Plant & Equipment (P&E). On the matter of P&E, some $14.9m of the expenditure is attributable to expanding the fleet with the operational growth in the mining services division (ACM).

Operation	MP&D		E&E		P&E	
	2019	2018	2019	2018	2019	2018
FGO	5.4	3.2	1.8	0.6	5.4	6.4
MGO	24.1	13.5	3.7	1.7	5.5	8.4
CGO	27.0	15.0	2.9	3.1	4.2	13.1
Other	-	2.8	0.9	2.2	0.2	1.2
Total	**56.5**	**34.5**	**9.3**	**7.6**	**15.3**	**29.1**

Gold Operations

Fortnum Gold Operations

FGO encompasses the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill gold mining centres with the Fortnum CIP plant (0.8 -1 million tpa) and associated infrastructure as a processing plant for this region. Fortnum is in the northern region of the Central Murchison region.

During the half-year, mining continued at the Starlight underground mine. The Starlight lodes system which began to transition from selective up-hole benching of high-grade zones to bulk stoping of an aggregated lode system, particularly in the southern extremity of the orebody. In addition, the decline has transitioned from the footwall of the Starlight lodes to the hanging wall enabling better angles for extensional drilling, long term vent planning and the exploitation of the narrower, but high-grade Trev's lodes.

Production was dominated by Starlight and supplemented by feed from miscellaneous stockpiles. Fortnum has also been the standout exploration success story within the Group with drilling extending the Starlight lode system.

REVIEW OF OPERATIONS (continued)

The physical and fiscal outcomes for FGO for the half-year and their direct comparison with the previous corresponding reporting period are tabulated below:

FGO	Unit	First Half 2019	First Half 2018
Ore Processed	t	436,986	421,898
Head Grade	g/t	2.48	2.09
Recovery	%	95.2	95.6
Gold Produced	oz	33,229	27,067
Gold Sold	oz	30,549	26,181
Achieved Gold Price	A$/oz	2,005	1,708
C1 Cash Cost (produced oz)	A$/oz	943	1,211
All-in Sustaining Costs	A$/oz	1,109	1,348
All-in Costs	A$/oz	1,308	1,590

Meekatharra Gold Operations

MGO comprises the Bluebird CIP plant (1.4 - 1.8 million tpa) and associated infrastructure and is the processing plant for the northern part of the Central Murchison Region.

During the half-year, mining occurred at the Paddy's Flat and South Emu underground mines. The portal and decline for the Bluebird underground mine commenced late in the half with an expectation to be driving the first ore by the end of the next half. Open pit mining occurred at the Mickey Doolan, Five Mile Well and Sabbath open pits with the latter two being predominantly in early stages with waste pre-stripping capitalised.

Crushing plant throughput was significantly improved with the commissioning and successful operation of a new secondary crushing circuit in August 2019. Operational output was impacted by a major disruption (20 days) due to the failure of the SAG Mill bearings during October 2019, however, the higher plant throughput with the new secondary crusher offset these losses resulting in a reduction in processing unit costs.

The operating physical and fiscal outcomes for MGO for the half-year and their direct comparison with the previous corresponding reporting period are tabulated below:

MGO	Unit	First Half 2019	First Half 2018
Ore Processed	t	718,479	674,964
Head Grade	g/t	2.67	2.67
Recovery	%	83.10	84.0
Gold Produced	oz	51,391	48,714
Gold Sold	oz	50,037	47,453
Achieved Gold Price	A$/oz	1,939	1,720

REVIEW OF OPERATIONS (continued)

C1 Cash Cost (produced oz)	A$/oz	1,118	1,223
All-in Sustaining Costs	A$/oz	1,455	1,411
All-in Costs	A$/oz	1,903	1,798

Cue Gold Operations

CGO comprises the Tuckabianna CIP plant (1.2 - 1.4 million tpa) and associated infrastructure as a processing plant for the southern part of the Central Murchison Region.

During the half-year, mining occurred at the Comet underground mine and various open pits in the Day-Dawn area.

Big Bell is the long-term feed source that will underpin CGO. The commencement of sub-level cave mining was however delayed as deteriorated ground conditions slowed the establishment of cave front headings on levels associated with historic mining. Consequently, output was lower than expected, with higher fixed and unit costs.

Total expenditure reflects the large capitalised investment continuing to be invested to re-establish the large, long-term mining operation.

The operating physical and fiscal outcomes for CGO for the half-year and their direct comparison with the previous corresponding reporting period are tabulated below:

CGO	Unit	First Half 2019	First Half 2018
Ore Processed	t	663,874	577,940
Head Grade	g/t	1.90	1.67
Recovery	%	91.50	87.3
Gold Produced	oz	35,507	27,232
Gold Sold	oz	35,111	25,927
Achieved Gold Price	A$/oz	1,979	1,722
C1 Cash Cost (produced oz)	A$/oz	1,681	1,680
All-in Sustaining Costs	A$/oz	1,866	1,751
All-in Costs	A$/oz	2,681	2,849

Annual Ore Reserve and Mineral Resource Updates

Westgold released its annual update of Ore Reserves and Mineral Resources on 4 October 2019 (refer to ASX announcement for detail). The Total Mineral Resource as of 30 June 2019 was 130.8 million tonnes at 2.17g/t containing 9.12 million ounces. The Ore Reserve as of 30 June 2019 was 31.6 million tonnes at 2.58g/t containing 2.62 million ounces. Both categories again showed a rate of growth above depletion.

REVIEW OF OPERATIONS (continued)

Other Operations

Contract Mining Services Division (ACM)

This division is now aligned with the expanding needs of the Group's internal operations following the significant re-investment and substantial equipment re-build during the previous financial year.

Northern Territory Exploration Assets

Castile

Castile Resources Ltd (Castile) was demerged from the Westgold Group on 3 December 2019 with the in-specie distribution of Castile shares to Westgold shareholders on a one for four basis, post approval from shareholders at the Annual General Meeting on 25 November 2019. Castile successfully listed on the ASX on 14 February 2020 and is now an independent company trading under ASX code: CST.

Lithium Interests

Westgold remains in discussions with Silverstream SSZ in efforts to complete its previously announced $13 million sale of its Mount Marion Lithium Royalty Rights (refer to ASX announcement on 24 July 2019). The transaction has been delayed by a requirement for the registration of interests in the titles by the buyer as well as their validation of the conditions of the royalty. Information required from the royalty payer has been difficult to collect in a level of detail satisfactory to the buyer. Westgold believes that it is unlikely that the transaction will complete in its current form.

The Lithium assets are non-core to Westgold's business.

End of Directors' Report

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 29 of this report.

Signed in accordance with a resolution of the directors.

Peter Cook
Executive Chairman

21 February 2020

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2019

	Notes	31 December 2019	31 December 2018
Continuing operations			
Revenue	3	228,859,719	193,617,942
Cost of sales		(219,558,430)	(210,725,997)
Gross profit (loss)		**9,301,289**	**(17,108,055)**
Other income	4	1,994,397	8,085,832
Other expenses	5	(3,912,148)	(4,343,778)
Finance costs		(460,096)	(1,514,307)
Gain on demerger of subsidiary	6	8,727,618	-
Fair value (loss) gain of financial assets		(4,944,592)	828,000
Impairment of assets		-	(1,571,057)
Profit (loss) before income tax from continuing operations		**10,706,468**	**(15,623,365)**
Income tax (expense) benefit		(960,956)	4,395,013
Profit (loss) for the period from continuing operations		**9,745,512**	**(11,228,352)**
Discontinued operations			
Loss from discontinued operations after tax	19	**-**	**(6,556,049)**
Net profit (loss) for the year		**9,745,512**	**(17,784,401)**
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit (loss) for the period		**9,745,512**	**(17,784,401)**
Total comprehensive profit (loss) attributable to:			
Members of the parent entity		9,745,512	(17,784,401)
		9,745,512	**(17,784,401)**
Earnings per share for the profit attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit (loss) per share			
Continuing operations		2.46	(3.29)
Discontinued operations		-	(1.92)
Total operations		2.46	(5.21)
Diluted profit (loss) per share			
Continuing operations		2.46	(3.29)
Discontinued operations		-	(1.92)
Total operations		2.46	(5.21)

Consolidated Statement of Financial Position as at 31 December 2019

	Notes	31 December 2019	30 June 2019
CURRENT ASSETS			
Cash and cash equivalents		47,976,860	67,196,289
Trade and other receivables		7,896,099	6,992,121
Inventories	7	51,210,836	45,502,914
Prepayments		4,436,761	1,336,486
Other financial assets		1,880,623	1,427,836
Total current assets		**113,401,179**	**122,455,646**
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	8	50,122,261	56,210,813
Property, plant and equipment	9	168,971,676	175,572,503
Mine properties and development costs	10	242,029,632	218,207,334
Exploration and evaluation expenditure	11	94,041,851	104,276,449
Right-of-use assets	12	14,270,674	-
Total non-current assets		**569,436,094**	**554,267,099**
TOTAL ASSETS		**682,837,273**	**676,722,745**
CURRENT LIABILITIES			
Trade and other payables		62,929,894	57,741,966
Provisions		8,667,658	7,963,523
Interest-bearing loans and borrowings	13	23,856,316	18,271,020
Unearned income	14	12,891,827	25,470,487
Total current liabilities		**108,345,695**	**109,446,996**
NON-CURRENT LIABILITIES			
Provisions		71,823,889	70,323,565
Interest-bearing loans and borrowings	13	18,233,046	18,465,857
Deferred tax liabilities		31,701,134	35,000,416
Total non-current liabilities		**121,758,069**	**123,789,838**
TOTAL LIABILITIES		**230,103,764**	**233,236,834**
NET ASSETS		**452,733,509**	**443,485,911**
EQUITY			
Issued capital	17	311,932,527	299,494,861
Accumulated losses		(55,091,026)	(51,784,989)
Share-based payments reserve		14,398,377	14,282,408
Other reserves		181,493,631	181,493,631
TOTAL EQUITY		**452,733,509**	**443,485,911**

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2019

	31 December 2019	31 December 2018
OPERATING ACTIVITIES		
Receipts from customers	215,916,033	228,741,895
Interest received	591,738	4,207,202
Other income	1,756,449	4,024,976
Payments to suppliers and employees	(162,635,950)	(233,618,031)
Interest paid	(903,811)	(857,758)
Income tax paid	(332,297)	(211,853)
Net cash flows from operating activities	**54,392,162**	**2,286,431**
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(15,341,040)	(29,006,636)
Payments for mine properties and development	(56,544,165)	(34,550,016)
Payments for exploration and evaluation	(9,293,543)	(7,461,794)
Payments for performance bond facility	(472,787)	(141,290)
Payments for financial assets	(1,098,784)	-
Cash transferred on disposal of subsidiary	(86,967)	-
Proceeds from sale of property, plant and equipment	237,482	1,408,751
Proceeds from sale of financial assets	1,992,950	5,485,406
Net cash flows used in investing activities	**(80,606,854)**	**(64,265,579)**
FINANCING ACTIVITIES		
Proceeds from share issue	21,011,207	23,400,000
Payments for share issue costs	(171,700)	(1,170,000)
Payment of lease liabilities	(4,049,945)	-
Payment of hire purchase arrangements	(9,794,299)	(10,759,682)
Proceeds from gold prepayment	-	20,853,550
Net cash flows from financing activities	**6,995,263**	**32,323,868**
Net decrease in cash and cash equivalents held	(19,219,429)	(29,655,280)
Cash and cash equivalents at the beginning of the financial period	67,196,289	73,446,753
Cash and cash equivalents at the end of the financial period	**47,976,860**	**43,791,473**

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2019

	Issued capital	Accumulated losses	Share-based payments reserve	Other reserves	Total Equity
2019					
At 1 July 2019	**299,494,861**	**(51,784,989)**	**14,282,408**	**181,493,631**	**443,485,911**
Profit for the period	-	9,745,512	-	-	9,745,512
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	**-**	**9,745,512**	**-**	**-**	**9,745,512**
Transactions with owners in their capacity as owners					
Share-based payments	-	-	115,969	-	115,969
Capital reduction via share distribution (Note 5)	(8,803,840)	-	-	-	(8,803,840)
Issue of share capital	21,413,206	-	-	-	21,413,206
Share issue costs	(171,700)	-	-	-	(171,700)
Demerger dividend (Note 5)	-	(13,051,549)	-	-	(13,051,549)
At 31 December 2019	**311,932,527**	**(55,091,026)**	**14,398,377**	**181,493,631**	**452,733,509**
2018					
At 1 July 2018	**276,976,897**	**(65,915,053)**	**13,260,686**	**181,493,631**	**405,816,161**
Loss for the period	-	(17,784,401)	-	-	(17,784,401)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year net of tax	**-**	**(17,784,401)**	**-**	**-**	**(17,784,401)**
Transactions with owners in their capacity as owners					
Share-based payments	-	-	973,323	-	973,323
Issue of share capital	23,400,000	-	-	-	23,400,000
Share issue costs	(1,170,000)	-	-	-	(1,170,000)
At 31 December 2018	**299,206,897**	**(83,699,454)**	**14,234,009**	**181,493,631**	**411,235,083**

Notes to the Financial Statements for the Half-Year ended 31 December 2019

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 21 February 2020.

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 Group are described in the Directors' Report.

The address of the registered office is Level 6, 197 St Georges Terrace, Perth, WA 6000.

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 2019 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 Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Westgold for the year ended 30 June 2019 and considered together with any public announcements made by Westgold and its controlled entities during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Basis of consolidation

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

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.

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

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.

(c) New and amended accounting standards and interpretations

The Group has adopted all Accounting Standards and Interpretations effective from 1 July 2019. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

The Group applied AASB 16 *Leases* and Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time from 1 July 2019. The nature and effect of the adoption of these new standards are described below. Several other new and amended Accounting Standards and Interpretations applied for the first time from 1 July 2019 but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

AASB 16 Leases

Overview

AASB 16 supersedes AASB 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model.

AASB 16 also requires lessees and lessors to make more extensive disclosures than under AASB 117.

Impact

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings. It does not have any sub-leases. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. On the date of initial application, the right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 11 for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group, as set out below:

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of initial application and leases of low-value assets. The right-of-use assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application,
- Included non-lease components for all classes of assets, and
- Applied the short-term leases exemptions to leases with lease terms that end within 12 months of the date of initial application.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

The effective increase (decrease) of adoption AASB 16 at 1 July 2019 is set out below:

Assets	
Right-of-use assets	12,966,644
Total assets	12,966,644
Liabilities	
Interest-bearing loans and borrowing	
Current	6,031,093
Non-current	6,935,551
Total liabilities	12,966,644

As at 1 July 2019

- ‘Right-of-use assets’ were recognised and presented separately in the statement of financial position,
- Additional lease liabilities were recognised and included under ‘Interest-bearing loans and borrowings’,
- Additional ‘Deferred tax assets’ and ‘Deferred tax liabilities’ were recognised because of the deferred tax impact of the changes in recognised lease-related assets and liabilities, and
- Payment of principal for operating leases previously classified as operating activities will be classified as financing activities in the cash flow statement.

Lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Lease commitments as at 30 June 2019 (undiscounted)	13,174,298
Add (deduct)	
(a) Commitments relating to unrecognised leases of low-value assets	(131,637)
(b) Adjustment for fixed outgoings associated with rental of premises	697,041
(c) Effect of discounting	(773,058)
Discounted recognised lease liabilities as at 1 July 2019	**12,966,644**

(a) As permitted by AASB 16, the Group has elected not to recognise right-of-use assets and lease liabilities relating to short-term leases and leases of low-value assets. The lease commitments disclosed as at 30 June 2019 included amounts in relation to such leases,

(b) An adjustment was required in order to take into account fixed outgoings associated with the rental of premises, which had not been included as at 30 June 2019, and

(c) The lease liabilities recognised under AASB 16 are measured on a discounted basis, whereas the lease commitments disclosed as at 30 June 2019 were disclosed on an undiscounted basis. The discount rate used to discount the lease payments for each lease is the incremental borrowing rate appropriate for each lease at the date of initial application, i.e., the rate as at 1 July 2019. The discount rate used was the Group’s incremental borrowing rate at the initial date of application.

The weighted average incremental borrowing rate at transition was 3.95% per annum.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

IFRIC *23 Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately,
- The assumptions an entity makes about the examination of tax treatments by taxation authorities,
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether the Interpretation had an impact on its consolidated financial statements and considered whether it has any uncertain tax positions.

The Group determined, based on a review of its tax compliance that it is probable that its tax treatments (including those for its subsidiaries) will be accepted by the taxation authorities. Therefore, the Interpretation did not have an impact on the consolidated financial statements of the Group.

AASB 112 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 July 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

AASB 123 *Borrowing Costs*

The amendments clarify that an entity treats, as part of general borrowings, any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which it first applies those amendments. The entity applies those amendments for annual reporting periods beginning on or after 1 July 2019, with early application permitted.

The amendment had no impact on the consolidated financial statements however may increase the capitalisation of borrowings going forward.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
4. REVENUE		
Sale of gold at spot	133,383,881	41,521,172
Sale of gold under forward contracts	81,705,150	127,471,801
Sale of gold under a prepay facility	12,875,000	2,008,375
Mining and contracting services	895,688	22,616,594
Total revenue from contracts with customers	**228,859,719**	**193,617,942**

5. OTHER INCOME

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
Interest income calculated using the effective interest rate method	187,775	147,002
Net gain on financial assets at FVTPL	44,061	3,121,248
Net gain on sale of assets	6,113	972,458
Other income	1,756,448	3,845,124
Total other income	**1,994,397**	**8,085,832**

6. GAIN ON DEMERGER OF SUBSIDIARY

On 3 December 2019, Castile Resources Pty Ltd was demerged from the Westgold Consolidated Group, following approval by Westgold Shareholders at the Annual General Meeting held on 25 November 2019. Existing Westgold shareholders received shares in Castile on a 1 Castile share for every 4 Westgold shares held (in specie distribution). The fair value of Castile at demerger was determined to be $21,855,388 being distributed as a demerger dividend of $13,051,549 with an associated reduction in share capital of $8,803,840. The number of Castile shares on issue was 99,844,305 resulting in a market value of $0.2189 per share.

Carrying value of net assets of demerged entity	**31 December 2019**
Assets	
Cash and cash equivalents	106,966
Trade and other receivables	38
Property, plant and equipment	264,969
Mine properties and development costs	756,919
Exploration and evaluation expenditure	16,129,868
	17,258,760
Liabilities	
Trade and other payables	(201,877)
Interest bearing liabilities	(1,172)
Deferred tax asset	(3,927,940)
	(4,130,989)
Net assets and liabilities disposed of	**13,127,771**
Reduction in share capital	(8,803,840)
Demerger dividend	(13,051,549)
Gain on demerger of entity	**(8,727,618)**

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
6. OTHER EXPENSES		
Administration expenses		
Employee benefits expense		
Salaries and wages expense	1,940,246	1,958,841
Directors' fees and other benefits	164,100	160,000
Other employee benefits	33,531	27,000
Share-based payments expense	115,969	973,323
	2,253,846	3,119,164
Other administration expenses		
Consulting expenses	764,470	582,218
Travel and accommodation expenses	167,457	98,087
Administration costs	314,285	38,102
Operating lease rentals	-	360,906
	1,246,212	1,079,313
Depreciation expense		
Property plant and equipment	167,543	145,301
Right-of-use assets (Note 12)	244,547	-
Total administration expenses	**3,912,148**	**4,343,778**

7. INVENTORIES

During the half-year ended 31 December 2019, there was a net inventory write-down of $697,073 relating to ore stockpiles, stores and spares (2018: $3,659,608) for the Group. This amount is included in the cost of sales line in the Consolidated Statement of Comprehensive Income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group has a 10.32% (30 June 2019: 10.29%) interest in RNC Minerals (RNC). RNC is listed on the Toronto Stock Exchange (TSX: RNX). These shares were acquired as a result of the sale of Higginsville. At the end of the period, the Group's investment was $31,287,248 (30 June 2019: $38,418,312), which is based on the quoted share price.

The Group has a 16.01% (30 June 2019: 13.31%) interest in Musgrave Minerals Limited (Musgrave), which is involved in the exploration of gold and base metals in Australia. Musgrave is listed on the Australian Securities Exchange (ASX: MGV). At the end of the period, the fair value of the Group's investment was $5,775,012 (30 June 2019: $2,729,500), which is based on the quoted share price.

The Group has a 0.73% (30 June 2019: 0.73%) interest in Auris Minerals Limited (Auris), which is involved in the exploration of base metals in Australia. Auris is listed on the Australian Securities Exchange (ASX: AUR). At the end of the period, the fair value of the Group's investment was $42,000 (30 June 2019: $45,000), which is based on the quoted share price.

The Group has a 0.85% (2019: 0.91%) interest in Aruma Resources Limited (Aruma), which is involved in the exploration of gold in Australia. Aruma is listed on the Australian Securities Exchange. At the end of the period, the fair value of the Company's investment was $18,000 (2019: $18,000), which is based on Aruma's quoted share price.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2019, the Group paid $15,341,040 (2018: $29,006,636) in relation to property, plant and equipment acquisitions.

10. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2019, the Group paid $56,544,165 (2018: $34,550,016) in relation to mine properties and development costs. During the period, there were transfers of $3,800,273 (2018 $5,018,067) to Mine Properties and Development from Exploration and Evaluation as mining areas commenced development.

11. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2019, the Group paid $9,293,543 (2018: $7,461,794) in relation to exploration and evaluation expenditure.

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 (2018: nil).

12. RIGHT-OF-USE ASSETS

Group as a lessee (applicable from 1 July 2019)

AASB 16 *Leases* requires the recognition of right-of-use assets for the remaining term of the current leases for office premises and the warehouse facility, as well as the power stations at the various mine sites as from 1 July 2019. Refer to note 2 (c) for right-of-use assets first recognised.

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Leases of mining equipment generally have lease terms between three and seven years, while motor vehicles and buildings generally have lease terms between three and five years.

The Group also has certain leases of assets with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Power Stations	Premises	Mining Equipment	Total
As at 1 July 2019	9,154,480	3,812,164	-	12,966,644
Additions	4,254,507	-	933,196	5,187,703
Depreciation expense	(3,214,506)	(451,470)	(217,697)	(3,883,673)
As at 31 December 2019	**10,194,481**	**3,360,694**	**715,499**	**14,270,674**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

As at 1 July 2019	12,966,644
Additions	5,187,704
Accretion of interest	322,308
Payments	(4,049,945)
As at 31 December 2019	**14,426,711**

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

12. RIGHT-OF-USE ASSETS (continued)

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
The following are the amounts recognised in profit or loss:		
Depreciation expense for right-of-use assets		-
Included in cost of sales	3,639,126	
Included in admin expenses (Note 6)	244,547	
Interest expense on lease liabilities	322,308	-
Less interest expense capitalised to qualifying asset	(322,308)	-
Total amount recognised in profit or loss	**3,883,673**	-

The interest expense of these lease liabilities has been capitalised to the qualifying assets.

13. INTEREST BEARING LOANS AND BORROWINGS

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
Current		
Lease liabilities	7,717,910	-
Hire purchase arrangements	16,138,406	18,271,020
	23,856,316	18,271,020
Non-Current		
Lease liabilities	6,708,801	-
Hire purchase arrangements	11,524,245	18,465,857
	18,233,046	18,465,857

The Group had total cash outflows for lease liabilities of $4,049,945 under financing activities in 2019 (2018: Nil). The Group had total cash outflows for hire purchase arrangements of $9,794,299 under financing activities in 2019 (2018: $10,759,682).

Accounting policy applicable prior to 1 July 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets) are not explicitly specified in an arrangement. The Group is not a lessor in any transactions, it is only a lessee.

(a) Group as a lessee

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

13. INTEREST BEARING LOANS AND BORROWINGS (continued)

(b) Embedded leases

All take-or-pay contracts are reviewed at inception to determine whether they contain any embedded leases. If there are any embedded leases, they are assessed as either finance or operating leases and accounted for accordingly.

Accounting policy applicable from 1 July 2019

The Group assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date should the interest rates implicit in the lease be not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

13. INTEREST BEARING LOANS AND BORROWINGS (continued)

Significant judgements, estimates and assumptions

Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in its leases, it uses the relevant incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Significant judgement in relation to future cash flow

The Group has several lease contracts relating to premises and power stations that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. For renewal options that were reasonably certain to be exercised, these have been included in the calculation of right-of-use assets and lease liabilities.

14. UNEARNED INCOME

The Group has a gold pre-pay facility with Citibank N.A ("Citi"), classified as unearned income on the Consolidated Statement of Financial Position as Citi has prepaid the Group for a fixed quantity of gold ounces based on a pre-determined gold forward price.

The Group has a legal obligation to deliver gold ounces, subsequently recognised as revenue upon the gold repayment. Delivery of ounces is spread across the ensuing period.

As the original facility extended beyond 12 months, the Group has recognised an interest expense of $200,701 as at 31 December 2019 ($2,407,894 as at 30 June 2019), based on the interest rate determined by the timing of those future gold deliveries. Furthermore, as the Big Bell Underground Mine is considered a qualifying asset, all finance costs were capitalised to Mine Properties and Development.

15. DIVIDENDS PAID

No dividends have been paid or declared by the Company during the half year or up to the date of this report.

16. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2019, the Group had the following commitments:

- Capital expenditure commitments of $6,726,957 principally relating to plant and equipment upgrades and the development of the Big Bell Underground Mine (30 June 2019: $8,996,852);
- Tenement commitments of $49,886,696 relating to tenements on which mining and exploration operations are located (30 June 2019: $49,774,582).

Contingencies

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

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

17. ISSUED CAPITAL

	31 December 2019	30 June 2019
Issued capital		
Ordinary shares		
Issued and fully paid	**311,932,527**	**299,494,861**

Movements in ordinary shares on issue	Number of shares on issue	$
At 1 July 2018	363,109,569	276,976,897
Issued share capital	26,000,000	23,400,000
Share issue costs	-	(1,170,000)
At 31 December 2018	389,109,569	299,206,897
At 1 July 2019	389,154,354	299,494,861
Issued share capital	200,000	402,000
Issued share capital on conversion of options	10,315,603	21,011,206
Capital reduction via demerger (Note 5)	-	(8,803,840)
Share issue costs	-	(171,700)
At 31 December 2019	**399,669,957**	**311,932,527**

18. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments determined by the location of the mineral being mined or explored, as these are the sources of the Group's major risks and have the most effect on rates of return.

Reportable segments comprise the following:

Meekatharra Gold Operations (**MGO**)	Mining, treatment, exploration and development of gold assets
Cue Gold Operations (**CGO**):	Mining, treatment, exploration and development of gold assets
Fortnum Gold Operations (**FGO**)	Mining, treatment, exploration and development of gold assets
Other	External contract mining services and other mineral assets

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, certain income and expenses are managed on a consolidated basis and are not allocated to operating segments. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

18. OPERATING SEGMENTS (continued)

The following table presents revenue and profit information regarding the Group's operating segments for the half-years ended 31 December 2019 and 31 December 2018.

Half-year ended	MGO	CGO	FGO	Other	Total
31 December 2019					
External revenue					
Sale of gold					
- at spot	49,633,517	43,299,492	40,450,872	-	133,383,881
- under forward contracts	41,051,159	19,864,032	20,789,959	-	81,705,150
- under a prepay facility	6,437,500	6,437,500	-	-	12,875,000
Mining and contracting services	-	-	-	895,688	895,688
Total revenue	**97,122,176**	**69,601,024**	**61,240,831**	**895,688**	**228,859,719**
Segment profit (loss)	**1,936,790**	**(9,921,965)**	**17,154,542**	**(328,174)**	**8,841,193**
31 December 2018					
External revenue					
Sale of gold					
- at spot	15,439,829	13,154,818	12,926,525	-	41,521,172
- under forward contracts	64,126,176	31,568,117	31,777,508	-	127,471,801
- under a prepay facility	2,008,375	-	-	-	2,008,375
Mining and contracting services	-	-	-	22,616,594	22,616,594
Total revenue	**81,574,380**	**44,722,935**	**44,704,033**	**22,616,594**	**193,617,942**
Segment profit (loss)	**(8,959,350)**	**(9,754,765)**	**245,465**	**(1,724,768)**	**(20,193,418)**

The following table presents assets and liabilities of the Group's operating segments as at 31 December 2019 and 30 June 2019.

	MGO	CGO	FGO	Other	Total
Segment assets					
As at 31 December 2019	**192,950,917**	**272,007,492**	**115,116,128**	**13,443,356**	**593,517,893**
As at 30 June 2019	**178,125,218**	**243,187,048**	**112,187,209**	**31,216,018**	**564,715,493**
Segment liabilities					
As at 31 December 2019	**(83,176,557)**	**(62,888,790)**	**(32,271,293)**	**(228,161)**	**(178,564,801)**
As at 30 June 2019	**(58,344,581)**	**(80,098,686)**	**(28,359,223)**	**(874,484)**	**(167,676,974)**

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

18. OPERATING SEGMENTS (continued)

Unallocated corporate costs

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 Group basis.

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

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

(a) Reconciliation of profit (loss)

	31 December 2019	31 December 2018
Segment profit (loss)	**8,841,193**	**(20,193,418)**
Corporate administration expenses	(3,912,148)	(4,343,778)
Corporate interest income	187,775	147,002
Corporate other income	1,756,448	3,845,123
Gain on demerger of subsidiary	8,727,618	-
Gain on fair value changes of financial assets	(4,944,592)	828,000
Net gains on disposal financial assets	44,061	3,121,248
Net gain (loss) on disposal of assets	6,113	972,458
Total consolidated loss before income tax	**10,706,468**	**(15,623,365)**

(b) Reconciliation of assets

	31 December 2019	30 June 2019
Segment operating assets	**593,517,893**	**564,715,493**
Unallocated corporate assets		
Cash and cash equivalents	47,052,905	65,483,767
Trade and other receivables	1,105,765	944,183
Prepayments	493,654	378,462
Other financial assets	1,526,764	1,180,677
Financial assets at fair value through profit and loss	37,122,261	43,210,813
Property, plant and equipment	795,149	809,350
Right-of-use assets	1,222,882	-
Total consolidated assets	**682,837,273**	**676,722,745**

(c) Reconciliation of liabilities

	31 December 2019	30 June 2019
Segment operating liabilities	**178,564,801**	**167,676,974**
Unallocated corporate liabilities		
Trade and other payables	16,419,743	28,367,977
Provision for employee benefits	2,126,460	2,133,433
Interest-bearing loans and borrowings	1,291,626	58,034
Deferred tax liability	31,701,134	35,000,416
Total consolidated liabilities	**230,103,764**	**233,236,834**

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

19. DISCONTINUED OPERATION – DISTRIBUTION OF CONTROLLED ENTITY

Higginsville Gold Operations

Westgold had sold its wholly owned subsidiaries Hill 51 Pty Ltd, Avoca Resources Pty Ltd, Avoca Mining Pty Ltd and Polar Metals Pty Ltd (collectively the Higginsville Gold Operations) to RNC Minerals Limited on 10 June 2019.

Results of the discontinued operations:	**Half-year ended 31 December 2018**
Revenue	38,915,954
Cost of sales	(48,425,019)
Gross loss	(9,509,065)
Other income	180,659
Loss on sale of financial assets	(30,000)
Finance costs	(7,378)
Loss before tax	(9,365,784)
Income tax benefit	2,809,735
Loss for the year from discontinued operations	**(6,556,049)**

20. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Fair value hierarchy

The Group held the following financial instruments measured at fair value:

	Quoted market price (Level 1)	**Valuation technique market observable inputs (Level 2)**	**Valuation technique non- market observable inputs (Level 3)**	**Total**
31 December 2019				
Financial assets				
Instruments carried at fair value				
Listed investments	37,122,261	-	-	37,122,261
Royalties receivable	-	-	13,000,000	13,000,000
	37,122,261	**-**	**13,000,000**	**50,122,261**
30 June 2019				
Financial assets				
Instruments carried at fair value				
Listed investments	41,210,813	-	-	41,210,813
Royalties receivable	-	-	15,000,000	15,000,000
	41,210,813	**-**	**15,000,000**	**56,210,813**

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 values of the listed equity investments are based on quoted market prices.

Notes to the Financial Statements for the Half-Year ended 31 December 2019 (continued)

20. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

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 Group'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.

21. RELATED PARTY DISCLOSURES

(a) Subsidiaries

During the period Castile Resources Pty Ltd was demerged from the Group (Note 5).

(b) Transactions with related parties

Westgold Resources Limited charged $601,520 to Castile Resources Pty Ltd during the financial period in relation to expenditure incurred on their behalf.
PG Cook was a director of Castile Resource Pty Ltd during the financial period.
There was no other related party transaction during the financial period.

22. SHARE-BASED PAYMENTS

There were no new share based payments during the period, however for the six months ended 31 December 2019, the Group has recognised $115,969 of share based payment expense in the statement of profit or loss (2018: $973,323).

23. EVENTS AFTER THE BALANCE DATE

As announced to the ASX on 18 February 2020, Westgold has extended and restructured the hedge book with Citibank N.A. by adding an additional 60,000 oz and restructuring the deliveries to an average hedge price of $2,010/oz. Delivery will occur at a rate of 10,000 oz per month over the next 23 months.

There are no other significant events after the balance sheet date.

Directors' Declaration

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

In the opinion of the directors:

(a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

   (ii) complying with Australian 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
Executive Chairman
21 February 2020

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Auditor's Independence Declaration to the Directors of Westgold Resources Limited

As lead auditor for the review of the financial report of Westgold Resources Limited for the half-year ended 31 December 2019, 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.

Ernst & Young

Ernst & Young

Philip Teale
Partner
21 February 2020

PT:KW:WESTGOLD:044

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Building a better working world

Independent Auditor's Review Report to the Members of Westgold Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year 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 control as the directors determine is 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, anything has come to our attention that causes us to 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 Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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*.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
21 February 2020