WESTGOLD
RESOURCES LIMITED
ACN 009 260 306

APPENDIX 4E
DIRECTORS' REPORT
ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2020

Contents

Corporate Directory

Directors
Peter G Cook (Executive Chairman)
Peter B Schwann (Independent Non-Executive Director)
Fiona J Van Maanen (Independent Non-Executive Director)
Wayne C Bramwell (Independent Non-Executive Director) (appointed 3 February 2020)

Company Secretary
Lisa Smith (appointed 30 December 2019)

Key Management
Debra A Fullarton (Chief Executive Officer) (appointed 1 July 2020)
Anthony Buckingham (Chief Operating Officer - Gold Operations)
Peter M Storey (General Manager - Meekatharra Gold Operations)
Phillip W Wilding (General Manager - Cue Gold Operations)

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ASX Code: WGX

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Website: www.computershare.com

Domicile and Country of Incorporation
Australia

Appendix 4E – Results For Announcement to the ASX

Consolidated	30 June 2020 $	30 June 2019 $	Movement $	Movement %
Revenue from ordinary activities: [1]	492,268,271	418,317,447	73,950,824	18
Profit from ordinary activities after tax attributable to members: [2]	34,607,315	13,487,139	21,120,176	157
Net profit attributable to members:	34,607,315	14,130,064	20,477,251	145
Net tangible assets per share: [3]	1.24	1.14		

1. Revenue from ordinary activities relates to revenue from continuing operations.
2. Loss from ordinary activities after tax discloses the loss from continuing operations after tax.
3. Net tangible assets includes right-of-use assets

DIVIDEND INFORMATION

The Company's dividend policy is to deliver superior shareholder value through the return of capital in the form of a reasonable dividend. Premised upon this objective, the Directors have set a discretionary target of 30% of net profit after tax as the maximum annual dividend with this target to be reviewed on an annual basis. During FY2020, the Directors acknowledge that the operations were transitioning from a development phase towards steady state operations and in combination with the uncertainties created by the COVD-19 pandemic, believed it was prudent to maintain balance sheet strength and elected not to distribute a dividend for this period.

The Directors note however that during the year shareholders have received a demerger dividend of $13,051,549 in respect of the in specie distribution of shares in Castile Resources Limited, which held the Northern Territory polymetallic assets (Refer to note 38). By coincidence, this demerger dividend was approximately equivalent to the expected yield under the dividend policy, supporting the bona fide intent of the Directors to reward shareholders.

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

COMMENTARY ON RESULTS FOR THE YEAR		
An explanation of the results is included in the 2020 Annual Report.		
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AUDIT

This report is based on financial statements that have been audited.

This Appendix 4E is to be read in conjunction with the 2020 Annual Financial Report and Director's Report.

Chairman's Letter

Dear Shareholders,

It is with pleasure that I present you the Westgold Resources Limited (Westgold or the Group) Annual Report for the year ended 30 June 2020.

It has been a pleasing year as it is whenever Westgold can create wealth for our shareholders. For the 12 months ended 30 June 2020 the share price has risen a modest 13% which at the time of writing this report has increased to 34%. Share price appreciation, I believe is the key performance indicator of the Board and management whom as custodians of the Company's funds and assets, the shareholders entrust to build wealth.

I am also immensely proud of our physical achievements in regards to establishing Westgold as a long-term sustainable gold producer in the Central Murchison and doing so in a manner that has no material adverse impact on the regions, environment and communities in which we operate.

Westgold's market capitalisation increased by 22% to $878 million over the year and has now joined the Australian ASX200. Commensurate with this elevation and in line with the expectations of our investors and stakeholders we have re-organised our Board to now be comprised of predominantly independent and non-executive directors with an aggregate skill-set aligned with the specialist industry in which we operate.

Westgold's commitment to our workforce and communities is significant. We are pleased to issue our inaugural sustainability report on ESG (Environmental, Social and Governance) matters which measure our footprint and impacts on the regions in which we operate.

During the year Westgold has continued to focus on its core Central Murchison gold assets where it is in the business of exploring, developing and mining of gold. The Group is unique in the Australian gold sector in being the owner operator of all our underground and open pit mines through our internally owned mining service divisions. This makes Westgold a vertically integrated company with an extensive mining fleet and a direct payroll of over 900 people. With this scale comes great responsibility knowing that directly and indirectly we have an estimated employment multiplier of 7-8x, seeing Westgold contributing to the livelihoods of over 6,000 people.

The realities of the scale of our operations and size of our workforce was bought into clear focus with the COVID-19 pandemic potentially threatening our staff, contractors and operations. Proactive management and rigidly complying with health advice to lessen the risk of spread ensured Westgold could maintain operations during early 2020. To date we have been successful and we will continue to do our best with a balanced level of control to ensure we protect and manage the assets, health and wealth of our shareholders, our employees and all stakeholders involved in our business.

COVID-19 crystallised the Board to further focus on our fiscal strength and increasing resilience to potential economic shocks triggered by the crisis. To build resilience the Group continued to divest its non-core assets and topped up its cash reserves to ensure Westgold could continue to advance its business objectives during a period of economic uncertainty without eroding our shareholders wealth.

Westgold is fortunate, that it is in gold, as it is "in gold we trust" in times of economic calamity. We are operating in times of rising gold prices, which augurs well for the Group's future.

Our world lives in uncertain times and the coming economic hit to global economies and the forecast period of low or negative real interest rates is expected to be positive for gold prices into the future. Westgold has a large resource of 8.8 million ounces and a reserve base of 2.5 million ounces which collectively underwrite long mine lives from our three key mining hubs in the Murchison region. We fully repaid our gold-loan debt and significantly improved our gold book lifting its average price from $1,827/oz to $2,062/oz and reducing our hedge position to a modest 8% of its ore reserves granting us great leverage to higher gold prices in the long term.

Operationally it has been a building year for Westgold. Our Fortnum Gold Operations (FGO) and Meekatharra Gold Operations (MGO) delivered gold output just short of expectations but within their cost guidance. Our Cue Gold Operations (CGO) failed to meet expectations in terms of output and cost guidance but those results must be tempered by delays associated with the mammoth task in re-establishing cave mining at Big Bell. The development expectations for a re-start of sub-level cave mining at Big Bell have proven to be ambitious and consequently it has taken longer to commence ore stoping/caving. These delays significantly impacted gold output and combined with a much slower ramp-up planned in the last quarter of FY2020, had a large negative impact on expected Group outputs.

As much as this is disappointing to our operating teams and shareholders there has been no place for complacency and the Company is not prepared to compromise the safety of its employees nor the long-term efficacy of the Big Bell mine to achieve targets. I am pleased that these latent conditions are now vastly behind us and the ramp-up to full scale production for the initial 10-year profile is underway.

From a fiscal perspective Westgold had a solid close to the year. The Group's cash balance increased by 105% to $138 million whilst at the same time the gold pre-pay (unearned income) debt was repaid in full. Net Assets grew by 18% to $522 million and net profit after tax grew by 145% to $35 million leaving the Company in a very strong position going into the 2021 financial year.

Peter Cook
Executive Chairman

The Directors submit their report together with the financial report of Westgold Resources Limited (Westgold or the Company) and of the Consolidated Entity, being the Company and its controlled entities (the Group), for the year ended 30 June 2020.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Newton - Non-Executive Chairman (Retired 25 November 2019)

Mr Newton was a highly successful stockbroker for 25 years before shifting his hand to corporate management of resource companies, participating in the Australian resource industry as an investor, non-executive director, Chairman and mentor in a number of listed and successful companies.

During the past three years, he had served as a director of the following public listed company:

- Metals X Limited (Appointed 14 December 2012 - Resigned 24 October 2019)

Peter Cook - Executive Chairman (Appointed 19 March 2007)

Mr Cook (BSc (Applied Geology), MSc (Min.Econ.) WASM MAusIMM) has over 35 years of experience in the fields of exploration, project, operational and corporate management of mining companies.

During the past three years, he has also served as a director of the following public listed companies:

- Nelson Resources Limited (Appointed 4 June 2013 - Resigned 1 February 2019); and
- Castile Resources Limited (Appointed 7 June 2011). *

Johannes Norregaard - Executive Director (Appointed 29 December 2016, Resigned 22 June 2020)

Mr Norregaard (B.Eng (Mining) WASM, MAusIMM) has over 30 years of corporate and mine management experience in base metal and gold operations across Australia, Canada and South East Asia. Mr Norregaard has held no public company directorships in the past three years.

Peter Schwann - Independent Non-Executive Director (Appointed 2 February 2017)

Mr Schwann (Assoc. in Applied Geology, FAusIMM, FAIG, MSEG) is a highly experienced, internationally recognised geologist and mining executive. Mr Schwann has broad experience across multiple commodities with extensive geological capability as well as significant operational management. Mr Schwann serves on the Company's Audit, Risk & Compliance Committee and Remuneration & Nomination Committee.

During the past three years, he has served as a director of the following public listed company:

- Aruma Resources Limited. *

Suresh Shet - **Non-Executive Director** (Appointed 18 December 2017, Resigned 26 February 2020)

Mr Shet was a nominee director of Golden and Energy Resources Ltd (GEAR) who is a significant shareholder in the Company. Mr Shet held no public company directorships in the past three years.

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

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. Mrs Van Maanen has over 25 years' experience in accounting and financial management in the mining and resources industry. Mrs Van Maanen serves on the Company's Audit, Risk & Compliance Committee and Remuneration & Nomination Committee.

During the past three years, she has served as a director of the following public listed company:

- Pantoro Limited (Appointed 4 August 2020). *

Wayne Bramwell - **Non-Executive Director** (Appointed 3 February 2020)

Mr Bramwell (BSc (Extractive Metallurgy), Grad Dip Bus, MSc (Min.Econ.) has over 26 years of international and Australian project evaluation and development expertise across the base metals, precious metals and bulk commodity sectors. Mr Bramwell serves on the Company's Audit, Risk & Compliance Committee and Remuneration & Nomination Committee.

During the past three years, he has served as a director of the following public listed company:

- Ardea Resources Limited (Resigned 3 July 2020).

***** Denotes current directorship

COMPANY SECRETARY

Lisa Smith (Appointed 30 December 2019)

Ms Smith holds a Bachelor of Laws and a Bachelor of Commerce and brings over 15 years legal experience across a broad range of practice areas including commercial and corporate, regulation and compliance as well as experience with secretarial duties. Ms Smith has previously acted as principal lawyer for a private resources industry services firm and has substantial policy and advocacy experience.

COMPANY SECRETARY

David Okeby (Appointed 1 December 2016, Resigned 30 December 2019)

Mr Okeby has significant legal, contractual, administrative and corporate experience in the mining industry. Mr Okeby brought skills in governance, stakeholder relations and corporate activities including mergers, acquisitions and disposals.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Director	Fully Paid Ordinary Shares	Options
PG Cook	10,762,922	1,639,682
PB Schwann	-	-
FJ Van Maanen	435,521	-
WC Bramwell	-	-
Total	**11,198,443**	**1,639,682**

PRINCIPAL ACTIVITIES

The principal activities during the year of the Group were the exploration, development and operation of gold mines, primarily in Western Australia.

EMPLOYEES

The Group had 934 employees at 30 June 2020 (2019: 808).

CORPORATE OVERVIEW

Westgold is a top-10 Australian gold producer with gold operations in the Central Murchison region of Western Australia.

Western Australia is a low sovereign risk, premier destination for gold production and gold exploration prospectivity.

Westgold's operations encapsulate the vast majority of historic and proven gold mining centres in the Central Murchison region which to date has already produced more than 10 million ounces of gold. The gold inventory of Westgold has a total mineral resource (JORC 2012) of more than 9 million ounces (refer to resource and reserves estimates tab for detail) aggregating to give Westgold control over substantial gold mining province.

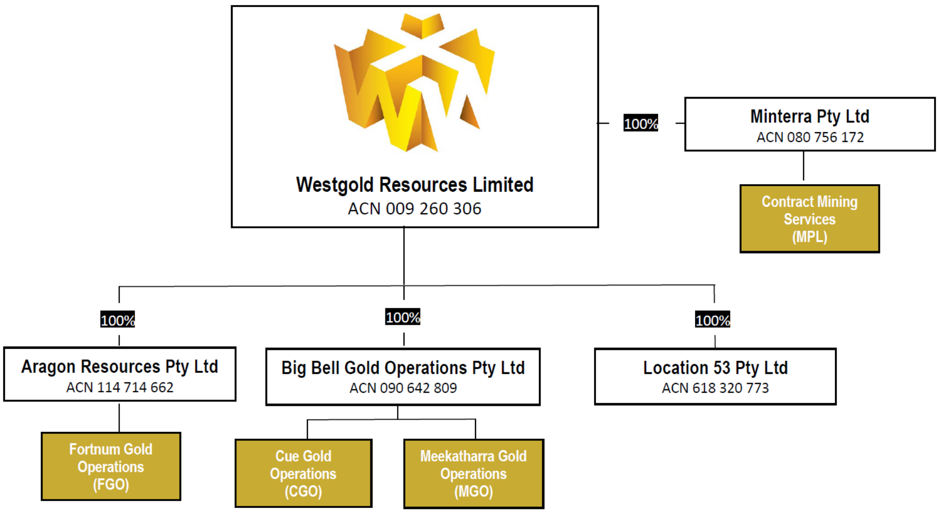
Over the past four years Westgold has invested heavily and has commenced or recommenced gold production from seven underground mines and numerous open pits to produce between 250,000 and 300,000oz per annum. The Company has three processing plants spread across its tenure with an aggregate milling capacity of approximately 3.5 million tonnes per annum.

Westgold's operations are split into three regional operating hubs:

- The northernmost operating hub is referred to as the Fortnum Gold Operations (FGO)
- The central operating hub is referred to as the Meekatharra Gold Operations (MGO)
- The southernmost operating hub is referred to as the Cue Gold Operations (CGO)

CORPORATE STRUCTURE

Westgold operates a corporate structure that places its operations with wholly owned subsidiaries as depicted in the following corporate organisational structure:



OPERATING AND FINANCIAL REVIEW

IMPACT OF COVID-19

The onset of the COVID-19 pandemic was rapid and dramatic both on a corporate and personal level for employees, the Company, our stakeholders and the communities within which we operate and live.

Westgold took immediate action to protect the integrity of the Company's business interests and the safety and well-being of its employees and stakeholders.

Prompt implementation and affirmative compliance with government and health bodies forced quick change to operating processes.

Westgold operates a number of isolated and remote mining operations and fortunately with the positive protection measures and support of governments and employees all our operations continued to function close to normal levels though travel restrictions, social distancing and isolation practices had some impacts on the Group. For instance, the demographic of our direct mining workforce operations was such that approximately 18% of our workforce commuted from outside of the state and 8% from overseas. The closure of borders required immediate action to manage these impacts on our labour force.

Roster changes, changed travel and commuting schedules, changed camp operations including dining and enhanced hygiene practices created potential social and mental health impacts. The Company has taken a considerate approach to the hidden consequences of such changes and continues to work with its employees to lessen the impact. The over-arching objective of the Group has been to keep all its employees and stakeholders safe and free from infection and/or spread, and importantly to keep people employed during these uncertain times.

Though difficult to isolate the net impact of the pandemic was estimated to be minor on the Group's operating outputs.

OPERATING RESULTS

The Group's operating results improved substantially over the previous year with increased profitability resulting in a net profit after income tax of $34,607,315 (2019: $14,130,064).

The results also reflect the continued rationalisation of non-core assets and expansion of the Group's activities in the Murchison Region. These actions over the year are reflected in the following key measures:

- Consolidated revenue increased by 18% over the prior year to $492,268,271 (2019: $418,317,447);
- Consolidated total cost of sales increased by 13% over the prior year to $462,752,732 (2019: $408,078,123);
- The Group repaid the gold loan repayment facility $25,938,399 (2019: $16,011,946); and
- Profit after income tax increased to $34,607,315 (2019: $14,130,064).

REVIEW OF FINANCIAL CONDITION

The Consolidated Statement of Cash Flows reflects a closing cash and cash equivalents of $137,564,914 (2019: $67,196,289).

Operating Activities

Group cash flow generated by operating activities increased on that of the previous year with a total inflow of $155,731,640 (2019: $81,231,882).

Investing Activities

Cash flows used in investing activities across the Group increased on that of the previous year with a total outflow of $122,278,247 (2019: $109,806,561).

Cash flow applied to investing activities in the current year relate to key growth capital at the Big Bell underground mine (CGO) and the South Emu underground mine (MGO) as well as major capital works on plant and equipment such as the new airstrip and village upgrade at Fortnum (FGO), a new village at Big Bell (CGO) and a new secondary crushing circuit at the Bluebird Plant (MGO). Other capital investment was sustaining capital in all of the operating underground mines to maintain developed tonnes and production output at similar levels.

Total capital investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the year was $210,949,085 (2019: $157,065,263), broken into key operations as follows:

- MGO $82,842,250 (2019: $52,958,698);
- CGO $99,721,650 (2019: $81,401,015);
- FGO $27,391,009 (2019: $21,699,381); and
- Other $994,176 (2019: $1,006,168).

Capital commitments of $10,098,601 (2019: $8,996,852) existed at the reporting date, principally relating to the purchase of plant and equipment.

Exploration activities continued at all operations during the year with $14,049,293 (2019: $16,411,426) expended. A review of accumulated land titles was completed resulting in a write-off of $356,317 (2019: $5,471,706) of carrying values.

Financing Activities

External financing requirements increased to $36,915,232 (2019: $22,324,215) reflecting an increase in external sourced financing of growth activities.

- The Group received $66,542,506 from the placement of 20,000,000 ordinary shares at $2.25per share, the conversion of 10,315,603 listed options at $2.02 and the conversion of 230,000 listed options at $2.31;
- The Group repaid the gold prepay facility in full (2019: drew on $20,853,550); and
- The Group's interest bearing loans and borrowings increased to $37,826,450 (2019: $36,736,877) with marginal additions to the mobile mining fleet with the expanded growth activities.

SHARE ISSUES DURING THE YEAR

The following share issues have been undertaken during the year:

Date	Number of shares	Purpose
4 July 2019	15,603	Issued on conversion of options
4 September 2019	9,700,000	Issued on conversion of options
17 September 2019	300,000	Issued on conversion of options
18 September 2019	216,450	Issued on conversion of options
25 September 2019	83,550	Issued on conversion of options
5 December 2019	200,000	Purchase consideration for Peak Hill Royalty
24 February 2020	230,000	Issued on conversion of options
8 May 2020	330,313	Purchase consideration for Albury Heath Prospect
25 May 2020	20,000,000	Placement to supplement working capital
Total	**31,075,916**	

DIVIDENDS

The Company's dividend policy is to deliver superior shareholder value through the return of capital in the form of a reasonable dividend. Premised upon this objective, the Directors have set a discretionary target of 30% of net profit after tax as the maximum annual dividend with this target to be reviewed on an annual basis. During FY2020, the Directors acknowledge that the operations were transitioning from a development phase towards steady state operations and in combination with the uncertainties created by the COVD-19 pandemic, believed it was prudent to maintain balance sheet strength and elected not to distribute a dividend for this period.

The Directors note however that during the year shareholders have received a demerger dividend of $13,051,549 in respect of the in specie distribution of shares in Castile Resources Limited, which held the Northern Territory polymetallic assets (Refer to note 38). By coincidence, this demerger dividend was approximately equivalent to the expected yield under the dividend policy, supporting the bona fide intent of the Directors to reward shareholders.

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

REVIEW OF OPERATIONS

Westgold remained the dominant gold company in the Central Murchison region and has aggregated approximately 350 mining titles covering 124,000 hectares in the region.

Westgold demerged Castile Resources Ltd from the Group via a 1:4 in-specie distribution to its shareholders on 3 December 2019. Castile was a subsidiary that had held the Northern Territory exploration assets.

Westgold owned numerous shareholding in unrelated entities which were liquidated during the year as a proactive measure to ensure fiscal strength as the uncertainty of the impacts of COVID-19 unraveled. As a result, Westgold now has substantial funds at its disposal to facilitate the expansion and integration of its Murchison assets. This will include future investment in both existing internal growth opportunities and further asset acquisitions.

Fortnum Gold Operations (FGO)

FGO is located in the Proterozoic age Bryah Basin stratigraphy approximately 150 km northwest of Meekatharra and and represents the northernmost group of assets in the Central Murchison region. These encapsulate the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill where aggregated gold production of approximately 2 million ounces has occurred.

FGO comprises the Fortnum Plant, a 0.9 million tonne-per-annum carbon-in-leach (CIL) plant, a 175-person village and all the typical plant and infrastructure required to operate a remote FIFO site.

Mining output is currently dominated by the Starlight underground mine which produces at a rate of approximately 600,000 tonnes per annum. This ore is blended with low grade stocks sitting free on surface to make up a blended plant feedstock. A procession of open pit mines sit ready to replace the low grade feedstock with the site having a visible mine life expectation in excess of 6 years.

The increase in the gold output and associated increase in the gold price resulted in an increase in revenue to $130,688,889 (2019: $103,989,696). Segment profits also increased to $33,236,970 (2019: $15,722,413).

Gold output for the year was 60,839 oz at a C1 Cash Cost of $1,077 per ounce and an all-in sustaining cost (AISC) of $1,308 per ounce as disclosed in the table on page 10.

FGO has a number of exploration targets in addition to its current ore resource and reserves which should underwrite sustainable gold production at the operations, including:

- Extensions to the Starlight underground mine where a structural geology study undertaken by industry-leading structural geology experts are defining the keys controls driving Starlight mineralisation and associated targets.
- Resource development work to support the return of open pit mining in the area in subsequent years. This will include final definition works on extensions to the major past producers of Yarlarweelor, Nathan's and Labouchere, as well as pre-grade control works on the new Regent and Messiah deposits.
- Conceptual exploration at Peak Hill with a view to proving an alternative ore sources that can be trucked to either the Fortnum or Bluebird (MGO) processing plants.

Meekatharra Gold Operations (MGO)

MGO is located around the regional towns of Meekatharra and represents the central group of assets in the Central Murchison region. These consolidate the considerable historic gold mining centres of Meekatharra North, Paddy's Flat, Yaloginda, Nannine and Reedy's.

MGO hosts the Bluebird CIP processing hub (approx. 1.6 million tpa on blended feedstock) and associated infrastructure including a 350 person workers village. Bluebird is located at the center of the Group's overall Murchison tenure and is the largest and lowest cost of the Group's processing plants and consequently can accommodate ore feed from any of the region's mines.

The main mine within the MGO output is the Paddy's Flat underground mine which the Company has now been operating for four years. The smaller South Emu-Triton underground mine at the Reedy's gold mining center and the newly started Bluebird underground mine at Yaloginda just 1km south of the Bluebird Plant provide supplementary mill feed. These three underground mines combine to deliver more than 100,000oz per annum to the Bluebird processing plant over the long term.

Underground ores are supplemented by a procession of smaller open pits, primarily cut-backs which have become economically viable as the gold price has risen. In FY2021 open pit mining will occur at the Five Mile Well, Maid Marion, Albury Heath and Aladdin open pits.

Gold output increased and revenue improved to $211,570,622 (2019: $167,960,218). Segment profits increased to $8,379,385 (2019: Loss of $20,392,555).

Gold output from the operation for the year was 104,088 ounces at a C1 Cash Cost of $1,171 per ounce and an all-in sustaining cost of $1,496 per ounce as disclosed in the table on page 10.

The primary exploration focus in the region is the continual definition of extensions to these mines, as well as the progression of the next round of underground projects to be developed including the Aladdin mine (at Nannine), and Boomerang and Rand mines (at Reedy's) which could add significantly to the Group's output. They are high-quality underground exploration targets proximal to existing historic mining centers and provide the option of leveraging the benefits of existing infrastructure.

Cue Gold Operations (CGO)

CGO is located around the regional town of Cue and, represents the southern-most group of assets in the Central Murchison region. Regionally the project covers the historic mining centres of Big Bell, Cuddingwarra, Day Dawn, Tuckabianna and Pinnacles and include two of Australia's most prolific past producers in the Big Bell mine (2.6 million oz) and the Great Fingall mine (1.2 million oz).

CGO has been heavily focused on the re-start of the long-life Big Bell mine. After 3 years of de-watering, mine rehabilitation and refurbishment ore has begun to flow from Big Bell. Over FY2021 this will build to steady state output and dominate ore feed for the Tuckabianna plant, a 1.2 - 1.4 mtpa processing plant. Whilst Big Bell builds to full production, the plant has been filled with various ore sources from small open pits at Day Dawn, low grade stockpiles and the small Comet underground mine at Pinnacles.

CGO is expected to produce 100,000 - 110,000oz per annum for Westgold over the long-term which is essentially underwritten by output from the Big Bell mine.

During the year gold output remained stable and revenue increased to $148,830,137 (2019: $120,694,689). Gold output was focused on minor short-term open pit mines to build capacity, whilst the major Big Bell mine rehabilitation and development works were completed, resulting in a segment loss of $12,641,721 (2019: $1,047,700).

Gold output for CGO was 70,223 ounces at a C1 Cash Cost of $1,549 per ounce and an all-in sustaining cost of $1,729 per ounce as disclosed in the table on page 10.

Exploration and resource development work at Cue has two separate thrusts;

- An emphasis on developing high grade ore sources which can offset a small volume of Big Bell production whilst materially improving the grade profile through the Tuckabianna mill. In particular there is a focus on high-grade quartz reef-hosted mineralisation in the Day Dawn region, which have hosted the significant past producers of Great Fingall and Golden Crown (head grades of 19.5g/t and 14g/t respectively). Great Fingall is expected to become Westgold's latest underground mine adding to the regions overall gold output
- A focus on the Tuckabianna and Cuddingwarra mining centers which are dominated by more recent shallow open pit mining. These area can support a renewed open pit mining phase and eventual underground extraction. Whilst spatially these areas are adjacent to the Tuckabianna mill, the inherent flexibility offered by the owner - operator mining model and multiple processing hubs in the district means that futures mines in either of these centers can be directed to the most commercially attractive of either the Tuckabianna or Bluebird processing plants.

Westgold Operating Performance by Operation

Year Ended 30 June 2020		MGO	CGO	FGO	Group
Physical Summary	**Units**				
UG Ore Mined	t	898,911	462,479	497,578	**1,858,968**
UG Grade Mined	g/t	3.60	2.99	3.18	**3.34**
OP Ore Mined	t	379,909	563,329	-	**943,238**
OP Grade Mined	g/t	1.55	1.34	-	**1.42**
Ore Processed	t	1,508,812	1,270,953	865,254	**3,645,019**
Head Grade	g/t	2.62	1.89	2.29	**2.29**
Recovery	%	81.90	90.75	95.56	**88.23**
Gold Produced	oz	104,088	70,223	60,839	**235,150**
Gold Sold	oz	103,095	70,893	61,208	**235,196**
Achieved Gold Price	$/oz	2,052	2,099	2,135	**2,088**
Cost Summary					
Mining	$/oz	746	985	568	**771**
Processing	$/oz	344	480	360	**389**
Admin	$/oz	61	78	63	**67**
Stockpile Adjustments	$/oz	20	6	86	**33**
C1 Cash Cost (produced) oz) [1]	**$/oz**	**1,171**	**1,549**	**1,077**	**1,260**
Royalties	$/oz	122	58	67	**89**
Sustaining Capital	$/oz	193	107	142	**154**
Corporate Costs	$/oz	10	15	22	**15**
All-in Sustaining Costs [2]	**$/oz**	**1,496**	**1,729**	**1,308**	**1,518**
Project Startup Capital	$/oz	412	988	164	**520**
Exploration Holding Cost	$/oz	64	63	52	**60**
All-in Cost [3]	**$/oz**	**1,972**	**2,780**	**1,524**	**2,098**

Year Ended 30 June 2019		MGO	CGO	FGO	Group
Physical Summary	**Units**				
UG Ore Mined	t	669,201	256,446	398,810	**1,324,457**
UG Grade Mined	g/t	3.82	3.94	2.90	**3.57**
OP Ore Mined	t	452,734	535,036	469,335	**1,457,105**
OP Grade Mined	g/t	1.49	1.77	1.68	**1.65**
Ore Processed	t	1,310,499	1,169,527	849,853	**3,329,879**
Head Grade	g/t	2.64	1.99	2.23	**2.31**
Recovery	%	84.8	90.4	95.7	**89.55**
Gold Produced	oz	94,280	68,255	58,308	**220,843**
Gold Sold	oz	94,544	67,576	58,585	**220,705**
Achieved Gold Price	$/oz	1,758	1,776	1,775	**1,768**
Cost Summary					
Mining	$/oz	744	750	688	**731**
Processing	$/oz	385	537	390	**433**
Admin	$/oz	77	69	75	**74**
Stockpile Adjustments	$/oz	58	(18)	(88)	**(4)**
C1 Cash Cost (produced) oz)	**$/oz**	**1,264**	**1,338**	**1,065**	**1,234**
Royalties	$/oz	94	44	53	**68**
Sustaining Capital	$/oz	85	60	89	**78**
Corporate Costs	$/oz	8	6	19	**10**
All-in Sustaining Costs	**$/oz**	**1,451**	**1,448**	**1,226**	**1,390**
Project Startup Capital	$/oz	241	855	155	**408**
Exploration Holding Cost	$/oz	91	44	29	**60**
All-in Cost	**$/oz**	**1,783**	**2,347**	**1,410**	**1,858**

1. 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.
2. 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.
3. All-in Cost (AIC): is made up of the AISC plus growth (major project) capital and discovery expenditure.

C1, AISC and AIC are non-IFRS measures and have not been audited.

Mining and Services Division (MPL)

Westgold is unique in the WA Australian mining sector in that it is dominantly an owner-operator of its mines. The contracting and underground mining services division was rebadged as Minterra Pty Ltd in April 2020, to focus on fulfilling Westgold's internal contracting requirements. These services were provided on a cost re-imbursement basis. The refocus on internal services resulted in a significant reduction in external revenue of $1,178,623 (2019: $25,672,844).

CORPORATE

Lithium Royalties

Westgold still retains the Mount Marion Lithium Royalty which is likely to provide an income stream in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased to $521,860,827 (2019: $443,485,911), representing 20,530,313 shares issued at $46,102,000 less capital raising costs of $2,270,000; the conversion of 10,545,603 listed options at $21,542,506 less costs of $171,700 and a reduction in share capital of $8,803,840 upon the demerger of Castile Resources Pty Ltd.

Castile Resources Ltd (Castile) 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.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events after the balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is expected to continue exploration, mining, processing, production and marketing of gold bullion in Australia, and will continue the development of its gold exploration projects.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to the relevant environmental protection legislation (Commonwealth and State legislation). The Group holds various environmental licenses issued under these laws, to regulate its mining and exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of mining and exploration activities and the storage of hazardous substances.

The board of directors monitors all environmental performance obligations. The operations are subjected to Government agency audits and site inspections from time to time. There have been no material breaches of the Group's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

SHARE OPTIONS

Employee options

On 7 May 2020, the Company granted 684,141unlisted employee options (WGXO) to senior management under the Employee Share Option Plan. Included in this issue are 153,810 options granted to the Executive Chairman which are subject to shareholder approval.

The principle terms being:

- The Employee Options have been issued for nil consideration;
- Each Employee Option carries an entitlement to one fully paid ordinary share in the Company for each Employee Option vested;
- Vesting only occurs after the end of the Performance Periods (30 June 2022) and the number of Employee Options that vest (if any) will depend on:
    - Growth in Return on Capital Employed over the Performance Periods; and
    - Total shareholder return relative to the S&P/All Ordinaries Gold Index over the Performance Periods.
- Employee Options that vest will expire if not exercised on the vesting date;
- Unvested Employee Options lapse on cessation of a holder's employment with Westgold;
- Any Employee Options that do not vest after the end of the Performance Periods will automatically lapse; and
- No amount is payable by a holder of Employee Options in respect of the shares allocated upon vesting of the Employee Option.

Unissued shares

As at the date of this report, unissued ordinary shares under option relating to unlisted options are:

Premium Exercise Price Options (PEPOs) / Zero Exercise Price Options (ZEPOs)	Number of shares	Exercise Price	Expiry Date
PEPOs - Directors and Employees	3,625,000	$2.31	24 November 2020
ZEPOs - Tranche 2 - Directors	230,307	Zero	30 June 2021
ZEPOs - Tranche 2 - Employees	568,250	Zero	30 June 2023
ZEPOs - Tranche 3 - Directors	153,810	Zero	30 June 2022
ZEPOs - Tranche 3 - Employees	530,331	Zero	30 June 2022
Total	**5,107,698**		

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of exercising options

During the financial year 10,545,603 listed options were converted to acquire fully paid ordinary shares in the Company, refer to note 26 for further details.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract of insurance to insure Directors and Officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors held during the year and the number of meetings attended by each Director was as follows:

	Directors		Audit, Risk & Compliance Committee		Remuneration & Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
PG Cook	17	17	-	-	-	-
PJ Newton	4	4	1	1	-	-
JS Norregaard	17	17	-	-	-	-
PB Schwann	17	17	2	2	1	1
SV Shet	8	8	-	-	-	-
FJ Van Maanen	17	17	2	2	1	1
WC Bramwell	10	10	2	2	1	1

Committee Membership

As at the date of this report, the Company had an Audit, Risk & Compliance Committee and a Remuneration and Nomination Committee of the Board of Directors. Members acting on these committees during the year were:

Audit, Risk & Compliance Committee	Remuneration and Nomination Committee
PJ Newton * (resigned)	PJ Newton * (resigned)
FJ Van Maanen *	WC Bramwell *
PB Schwann	PB Schwann
WC Bramwell	FJ Van Maanen

* Designates the Chairperson of the Committee.

REMUNERATION REPORT (Audited)

Contents

1. REMUNERATION REPORT OVERVIEW

The Directors of Westgold Resources Limited present the Remuneration Report (the Report) for the Group for the year ended 30 June 2020 (FY2020). This Report forms part of the Directors Report and has been audited in accordance with section 300A of the *Corporations Act 2001* and its regulations.

The Report details the remuneration arrangements for Key Management Personnel (KMP) being the:

- Non-Executive Directors (NEDs); and
- Executive Chairman, executive directors and senior executives (collectively "the executives").

KMP are those who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP of the Group are set out below:

	Name	Position	Appointed	Resigned
(i)	**Non-Executive Directors**			
	PJ Newton	Non-Executive Chairman	6 October 2016	25 November 2019
	PB Schwann	Independent Non-Executive Director	2 February 2017	-
	FJ Van Maanen	Independent Non-Executive Director	6 October 2016	-
	WC Bramwell	Independent Non-Executive Director	3 February 2020	-
	SV Shet	Non-Executive Director	18 December 2017	26 February 2020
(ii)	**Executive Directors**			
	PG Cook	Executive Chairman	19 March 2007	-
	JS Norregaard	Executive Director	29 December 2016	22 June 2020
(iii)	**Senior Executives**			
	DA Fullarton	Chief Financial Officer [1]	21 May 2018	-
	JS Norregaard	Chief Executive Officer (MPL)	22 June 2020	14 August 2020
	A Buckingham	Chief Operating Officer	1 October 2019	-
	PM Storey	General Manager (MGO)	23 July 2018	-
	PW Wilding	General Manager (CGO)	1 July 2018	-
	DP Stuart	General Manager (FGO)	7 October 2019	14 August 2020
	L Smith	Company Secretary & General Counsel	30 December 2019	-
	RB Armstrong	General Manager (FGO)	1 July 2018	31 August 2019
	DJ Noort	General Manager (MPL)	20 August 2018	3 January 2020
	DW Okeby	Company Secretary & Legal Manager	1 December 2016	30 December 2019

1. DA Fullarton was promoted to Chief Executive Officer with effect from 1 July 2020.

2. REMUNERATION AND NOMINATION COMMITTEE RESPONSIBILITY

Remuneration and nomination committee duties

The remuneration and nomination committee is a subcommittee of the Board and are chartered to:

- Oversee formulation and review of the Company's organisational development, succession planning for the Group's Executive Directors and senior executives;
- Approve, review and refer to the Board matters relating to the appointment and the removal of executives who report directly to the Managing Director and or Executive Directors to ensure that an appropriate Board succession plan is in place;
- Ensure that the performance of the Board and its members is regularly reviewed; and
- Assist the Chairman in advising Directors about their performance and possible retirement.

Remuneration report at FY2019 AGM

The FY2019 remuneration report received positive shareholder support at the FY2019 AGM with a vote of 99% in favour.

2. REMUNERATION AND NOMINATION COMMITTEE RESPONSIBIITY (CONTINUED)

Director succession planning

The Remuneration and Nomination Committee continually considers the changing needs of the Group with the aim to maintain consistent governance over all activities.

During the financial year Westgold flagged pending changes to its Board structure at its AGM in November, 2019 following the retirement of the Chairman, Mr Peter Newton with short notice. Further, the Board noted advice from proxy advisors voting at the AGM on the balance of executive and non-executive directors as well as independence.

This set-forth a number of changes within the Group to align the corporate and executive management structure whilst maintaining the consistency and integrity of the Group's operating performance.

The immediate move by the Board to replace the retiring Chairman at the 2019 AGM was to appoint the existing Managing Director, Peter Cook to the interim position of Executive Chairman. Mr Cook accepted this position as an interim solution to overall restructuring of the Board to fulfil corporate governance objectives as well as to facilitate management and organisational succession planning. Mr Cook also advised of his intention to transition to a non-executive role during the ensuring year.

The Company has further re-aligned the structure of the Board with the addition of another independent non-executive director and the resignation of a nominee director. Further, the Board executives were reduced from two to one with the resignation of Mr Norregaard from the Board and Mr Cook standing back from day to day operational responsibilities. Due to the instability caused by COVID-19, Mr Cook has however agreed to defer his transition to a non-executive role until the new management structure at Westgold is fully embedded.

The current Board structure is as follows:

Name	Position
PG Cook	Executive Chairman
PB Schwann	Independent Non-Executive Director
FJ Van Maanen	Independent Non-Executive Director
WC Bramwell	Independent Non-Executive Director

3. REMUNERATION GOVERNANCE

The Remuneration and Nomination Committee makes recommendations to the Board on:

- Non-Executive Director fees;
- Executive remuneration (Directors and senior executives); and
- The executive remuneration framework and incentive plan policies.

The remuneration and nomination committee assess the appropriateness of the nature and amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing directors and executive team. The composition of the remuneration and nomination committee is set out on page 12 of this financial report.

Use of remuneration advisors

The Remuneration and Nomination Committee did not engage with any remuneration advisors during the current year but continued to apply the previous recommendations provided by BDO Remuneration and Reward Pty Ltd in FY2018 on the Group's executive remuneration framework and policies.

Recommendations applied

A short-term incentive (STI) policy that has the objective of linking executive remuneration with the achievement of the Group's key operational and financial targets. The STI will be an annual "at risk" component of remuneration for executives that is payable in cash based on performance against key performance indicators (refer to section 4).

A long-term incentive (LTI) policy focussing on the efforts of executives on long-term value creation to further align management's interests with those of the shareholders. The LTI is considered to be an "at risk" component of remuneration for executives that is payable in zero exercise price options (ZEPOs) (being an option to acquire an ordinary share in Westgold for nil consideration).

The Executive Chairman has a maximum LTI opportunity of 80% of fixed remuneration and other executives have a maximum LTI opportunity of 60% of fixed remuneration. The number of options granted is determined by dividing the LTI remuneration dollar amount by the volume weighted average price of Westgold shares traded on the ASX during the 5-day trading period prior to the day of the grant.

Options are granted with a three-year performance period. Any options that do not vest will lapse after testing. Options will be subject to the following performance conditions:

- Relative Total Shareholder Return (RTSR) (50%); and
- Return on Capital Employed (ROCE) (50%).

The Board considers that RTSR is an appropriate performance hurdle because it ensures that a proportion of each participant's remuneration is explicitly linked to shareholder value and ensures that participants only receive a benefit where there is a corresponding direct benefit to shareholders.

The Board considers ROCE as an appropriate measure as it focuses executives on generating earnings that efficiently use shareholder capital as the reinvestment of earnings. The LTI structure will be revisited in FY2021.

4. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

The NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

The Company's constitution and the ASX listing rules specify that the NED fee pool limit, shall be approved periodically by shareholders. The last determination was on listing of the Company was approved at the Extraordinary General Meeting of shareholders on 24 November 2016 with an aggregate fee pool of $500,000 per year. The amount of the aggregate remuneration sought to be approved by shareholders and the manner in which it is paid to NEDs is reviewed annually against comparable companies. The Board also considers advice from external advisors when undertaking the review.

Non-executive directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

NED Remuneration Structure

The remuneration of NEDs consists of director's fees. There is no scheme to provide retirement benefits to NEDs other than statutory superannuation. NEDs do not participate in any performance-related incentive programs. Fees paid to NEDs cover all activities associated with their role on the Board and any sub-committees. Additional fees will be paid to NEDs in FY2021 for being a Chair of a sub-committee. NEDs are entitled to fees or other amounts as the Board determines where they perform special duties or otherwise perform extra services on behalf of the Company. They may also be reimbursed for out-of- pocket expenses incurred as a result of their directorships.

5. EXECUTIVE REMUNERATION

Executive Remuneration Policy

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain high calibre talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The Company's approach to remuneration ensures that remuneration is competitive, performance-focused, clearly links appropriate reward with desired business performance and is simple to administer and understand by executives and shareholders.

In line with the remuneration policy, remuneration levels are reviewed annually to ensure alignment to the market and the Company's stated objectives to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Executive Remuneration Structure

The Company's remuneration structure provides for a combination of fixed and variable pay with the following components:

- fixed remuneration;
- short-term incentives (STI); and
- long-term incentives (LTI).

In accordance with the Company's objective to ensure that executive remuneration is aligned to Company performance, a portion of executives' remuneration is placed "at risk". The relative proportion of FY2020 potential total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Executive Chairman	50%	25%	25%
Other Executives	65%	19%	16%

5. EXECUTIVE REMUNERATION (continued)

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- the scope of the executive's role;
- the executive's skills, experience and qualifications; and
- individual performance.

Short Term Incentive (STI) arrangements

Under the STI, all executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance.

How is it paid?	Any STI award is paid in cash after the assessment of annual performance.
How much can executives earn?	In FY2020, the STI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% for the Executive Chairman and 40% for the other executives.
How is performance measured?	A combination of specific Company Key Performance Indicators (KPIs) are chosen to reflect the core drivers of short-term performance and provide a framework for delivering sustainable value to the Group and its shareholders. These measures have been selected as they can be reliably measured, are key drivers of value for shareholders and encourage behaviours in line with the Company's core values.
What KPIs were chosen?	The following KPIs were chosen for the 2020 financial year: • KPI 1: Safety & Environmental Performance Targets (25%); • KPI 2: All-in Sustaining Cost (AISC) relative to budget (25%); • KPI 3: Gold production relative to budget (25%); and • KPI 4: Personal KPI reviewed by the Remuneration Committee (25%).
When is it paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Remuneration and Nomination Committee. The Board approves the final STI award based on this assessment of performance and the award is paid in cash up to three months after the end of the performance period.
What happens if an executive leaves?	Where executives cease to be an employee of the Group: • due to resignation or termination for cause, before the end of the financial year, no STI is awarded for that year; or • due to redundancy, ill health, death or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year; • unless the Board determines otherwise.
What happens if there is a change of control?	In the event of a change of control, a pro-rata cash payment will be made based on assessment of performance up to the date of the change of control (subject to Board discretion).

A combination of financial and non-financial measures were used to measure performance for STI rewards, with a score being calculated on the following measures:

Metric	Weighting	Targets	Score
Safety - Medically Treated Injury Frequency Rate (MTIFR)	10	Annual MTIFR decreases by 25% or more	10
		Annual MTIFR stays within ±25%	5
		Annual MTIFR increases by 25% or more	0
Safety - Lost Time Injury Frequency Rate (LTIFR)	10	Annual LTIFR decreases by 25% or more	10
		Annual LTIFR stays within ±25%	5
		Annual LTIFR increases by 25% or more	0

5. EXECUTIVE REMUNERATION (continued)

Short Term Incentive (STI) arrangements (continued)

Metric	Weighting	Targets	Score
Environmental	5	Exceptional environmental management performance	5
		No serious breaches of environmental management	2.5
		Serious breach of environmental management	0
AISC relative to budget	25	Actual costs below budget by 10%	25
		Actual costs below budget by between 5% and 10%	20
		Actual costs below budget by less than 5%	15
		Actual costs above budget by less than 5%	10
		Actual costs above budget by between 5% & 10%	5
		Actual costs above budget by more than 10%	0
Gold Production relative to budget	25	Actual production above budget by 10%	25
		Actual production above budget by between 5% and 10%	20
		Actual production above budget by less than 5%	15
		Actual production equals to budget	10
		Actual production below budget by less than 5%	5
		Underperforms budget by between 5% & 10%	0
Personal performance	25	Exceptional Effort and Exceptional Achievement	25
		Exceptional Effort and Good Achievement	20
		Good Effort and Good Achievement	15
		Good Effort and Average Achievement	10
		Average Effort and Average Achievement	5
Total	**100**		

STI outcomes

Performance against those measure is as follows for FY2020:

Name	Position	Achieved STI %	STI Awarded (ii) $	Maximum potential award $
PG Cook	Executive Chairman	33	94,250	290,000
DA Fullarton	Chief Financial Officer	28	20,625	75,000
A Buckingham	Chief Operating Officer	28	30,921	112,438
PM Storey	General Manager (MGO) (i)	43	38,250	90,000
PW Wilding	General Manager (CGO) (i)	28	24,750	90,000
L Smith	Company Secretary & General Counsel	28	11,132	40,479
Total			**219,928**	**697,917**

(i) Performance is measured based on a combination of the operational segment performance as well as overall Group performance.

(ii) The FY2020 STI awards were paid in August 2020.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. EXECUTIVE REMUNERATION (continued)

Long Term Incentive (LTI) arrangements

Under the LTI plan, annual grants of options are made to executives to align remuneration with the creation of shareholder value over the long-term. The following structures will be reviewed during FY2021.

How is it paid?	Executives are eligible to receive options. In FY2020 Zero Exercise Price Options (ZEPOs) were issued, being an option to acquire an ordinary share in Westgold for a zero exercise price.
Are options eligible for dividends?	Executives are not eligible to receive dividends on unvested options.
How much can executives earn?	The LTI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% (FY2019: 100%) for the Executive Chairman and 40% (FY2019: 80%) for the other executives. The number of options granted were determined using the fair value at the date of grant using a Black and Scholes or Monte Carlo valuation model as appropriate, taking into account the terms and conditions upon which the options were granted.
How is performance measured?	Tranche 3 options will vest and become exercisable subject to the following conditions: A service condition which requires: • Continued employment for the three-year period from 1 July 2019 to 30 June 2022. A performance condition which comprises the following: • Relative Total Shareholder Returns (50%); and • Return on Capital Employed (50%).
How is performance measured?	**Relative Total Shareholder Return Performance Condition** Total Shareholder Return (TSR) is the percentage growth in shareholder value, which takes into account factors such as changes in share price and dividends paid. The Relative TSR performance condition measures Westgold's ability to deliver superior shareholder returns relative to its peer companies by comparing the TSR performance of Westgold against the performance of the S&P/All Ordinaries Gold Index. The vesting schedule for the Relative TSR measure is as follows:

Relative TSR Performance	% Contribution to the Number of Employee Options to Vest
Below Index	0%
Equal to the Index	50%
Above Index and below 15% above the Index	Pro-rata from 50% to 100%
15% above the Index	100%

Return on Capital Employed Performance Condition

Return on Capital Employed (ROCE) measures the efficiency with which management uses capital in seeking to increase shareholder value. The vesting schedule for the ROCE measure is as follows:

ROCE Performance	% Contribution to the Number of Employee Options to Vest
Less than or equal to the average annual weighted average cost of capital (**WACC**)	0%
WACC (calculated as above) + 3%	50%
WACC (calculated as above) + between 3% and 6%	Pro-rata from 50% to 100%
WACC (calculated as above) + 6%	100%

When is performance measured?	**Tranche 3** The measurement date is 31 March 2022 unless otherwise determined by the Board. Executives must exercise the options on the vesting date.

5. EXECUTIVE REMUNERATION (continued)

Long Term Incentive (LTI) arrangements (continued)

What happens if an executive leaves?	Where executives cease to be an employee of the Group: • due to resignation or termination for cause, then any unvested options will automatically lapse on the date of the cessation of employment; or • due to redundancy, ill health, death or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested options based on achievement of the performance measures over the performance period up to the date of cessation of employment; and • where an employee ceases employment after the vesting of their options, the options automatically lapse after three months of cessation of employment. unless the Board determines otherwise on compassionate grounds.
What happens if there is a change of control?	In the event of a change of control, the performance-period end date will be brought forward to the date of the change of control and ZEPO's will vest based on performance over the shortened period (subject to board discretion).

6. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2020

The actual remuneration earned by executives in the year ended 30 June 2020 is set out in the Table on page 21. This provides shareholders with a view of the remuneration paid to executives for performance in FY2020 year.

Use of board discretion over remuneration outcomes

During the year the Remuneration and Nomination Committee

- Considered the appropriateness of awarding STI in relation to performance outcomes and market conditions;
- Reviewed the personal KPIs for all senior executives in line with the short term incentive arrangements; and
- Determined the appropriate total remuneration packages for new appointments of senior executives to ensure alignment to the market and the Company's stated objectives.

STI performance and outcomes

A combination of financial and non-financial measures were used to measure performance for STI rewards. As a result of the Group's performance against those measures STIs rewarded for the FY2020 as disclosed in the Table on page 17, were paid in August 2020.

LTI performance and outcomes

ZEPO's have been granted in Tranches during FY2019 (Tranche 1 and 2) and FY2020 (Tranche 3) and are subject to performance hurdles.

- Tranche 1 did not meet the required vesting conditions and have therefore lapsed.
- Tranche 2 has a three-year vesting period ending in June 2021.
- Tranche 3 has a three-year vesting period ending in June 2022.

The 153,810 Tranche 3 ZEPO's granted to the Executive Chairman in May 2020 are still subject to shareholder approval at the upcoming AGM.

Other Executive were granted a total 530,331 Tranche 3 ZEPO's in May 2020 under the ESOP.

For further details of options granted and vested refer to Table 3 below.

Overview of Company performance

The table below sets out information about Westgold's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	30 June 16 *	30 June 17 *	30 June 18 *	30 June 19 *	30 June 20
Closing share price	N/A	$1.84	$1.85	$1.88	$2.09
Profit (loss) per share (cents)	(6.75)	5.18	(0.34)	3.74	8.65
Net tangible assets per share	$0.34	$0.98	$1.12	$1.14	$1.24
Dividend paid per shares (cents)	-	-	-	-	-

* The comparatives have not been adjusted for changes due to the adoption of AASB 15, AASB 16 and AASB 9.

6. EXECUTIVE REMUNERATION (continued)

Clawback of remuneration

In the event of serious misconduct or material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested short-term incentives or long-term incentives.

Share trading policy

The Westgold trading policy applies to all non-executive directors and executives. The policy prohibits employees from dealing in Westgold securities while in possession of material non-public information relevant to the Group. Executives must not enter into any hedging arrangements over unvested long-term incentives under the Group's long-term incentive plan. The Group would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially dismissal.

7. EXECUTIVE EMPLOYMENT ARRANGEMENTS

A summary of the key terms of employment agreements for executives is set out below. There is no fixed term for executive service agreements and all executives are entitled to participate in the Company's STI and LTI plans. The Company may terminate employment agreements immediately for cause, in which the executive is not entitled to any payment other than the value of fixed remuneration and accrued leave entitlements up to the termination date.

Name	Base Salary $	Superannuation	Notice Period	Termination Payment
PG Cook (Executive Chairman)	580,000	9.5%	3 months	6 months base salary
DA Fullarton (Chief Financial Officer) [1]	250,000	9.5%	3 months	Per NES [3]
JS Norregaard (Chief Executive Officer - MPL) [2]	500,000	9.5%	3 months	6 months base salary
A Buckingham (Chief Operating Officer)	400,000	9.5%	3 months	Per NES [3]
PM Storey (General Manager MGO)	300,000	9.5%	3 months	Per NES [3]
PW Wilding (General Manager CGO)	300,000	9.5%	3 months	Per NES [3]
DP Stuart (General Manager FGO) [2]	300,000	9.5%	3 months	Per NES [3]
L Smith (Company Secretary & General Counsel)	250,000	9.5%	3 months	Per NES [3]

1. DA Fullarton was promoted to the position of Chief Executive Officer with effect from 1 July 2020.
2. JS Norregaard and DP Stuart departed on 14 August 2020.
3. NES are NES are National Employment Standards as defined in the *Fair Work Act 2009* (Cth), which outline the minimum termination benefits based on years of service.

REMUNERATION REPORT (Audited) (Continued)

7. Executive contractual arrangements

2020	Short term				Post-employment	Long term benefits	Share-based payment	Total	% Performance related
	Salary and fees	Cash bonus	Annual leave benefit	Non-monetary benefits	Superannuation	Long service leave	Options		
Non-executive Directors									
PJ Newton	33,333	-	-	-	3,167	-	-	36,500	-
PB Schwann	80,000	-	-	-	7,600	-	-	87,600	-
FJ Van Maanen	80,000	-	-	-	7,600	-	-	87,600	-
WC Bramwell (3, 6)	36,500	-	-	-	-	-	-	36,500	-
SV Shet (4)	40,000	-	-	-	-	-	-	40,000	-
	269,833	-	-	-	18,367	-	-	288,200	
Executive Director									
PG Cook (4)	610,101	94,250	44,615	10,861	24,999	14,500	14,651	813,977	12
Other key management personnel									
DA Fullarton 1	248,750	20,625	19,231	7,559	25,000	6,250	14,982	342,397	6
JS Norregaard (5, 6)	522,502	-	38,462	7,559	24,998	12,500	10,057	616,078	-
A Buckingham (2, 6)	423,530	30,921	30,769	9,495	24,999	10,000	21,422	551,136	6
PM Storey (5)	303,500	38,250	23,077	-	25,000	7,500	17,979	415,306	10
PW Wilding (5)	303,508	24,750	23,077	-	24,992	7,500	17,979	401,806	6
DP Stuart (3, 5)	199,151	-	16,898	-	12,030	5,492	-	233,571	-
L Smith (3)	136,539	11,132	10,404	2,122	12,971	3,381	-	176,549	6
RB Armstrong (4)	46,958	-	3,649	-	4,143	1,186	13,773	69,709	-
DJ Noort (4)	290,890	-	14,738	1,890	21,817	4,790	(10,317)	323,808	-
DW Okeby (4)	121,116	-	9,668	9,250	12,516	3,142	(6,878)	148,814	-
	3,206,545	219,928	234,588	48,736	213,465	76,241	93,648	4,093,151	
Totals	**3,476,378**	**219,928**	**234,588**	**48,736**	**231,832**	**76,241**	**93,648**	**4,381,351**	

1. DA Fullarton was promoted to Chief Executive Officer on 1 July 2020 (she previously held the position of Chief Financial Officer).
2. A Buckingham was appointed as Chief Operating Officer on 1 October 2019.
3. DP Stuart, L Smith and WC Bramwell were appointed on 7 October 2019, 30 December 2019 and 3 February 2020 respectively.
4. RB Armstrong, DW Okeby, DJ Noort and SV Shet departed on 31 August 2019, 30 December 2019, 3 January 2020 and 26 February 2020 respectively.
5. JS Norregaard and DP Stuart departed subsequent to the year end on 14 August 2020.
6. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.

REMUNERATION REPORT (Audited) (Continued)

7. Executive contractual arrangements (continued)

2019	Short term				Post-employment	Long term benefits	Share-based payment	Total	% Performance related
	Salary and fees	Cash bonus	Annual leave benefit	Non-monetary benefits	Superannuation	Long service leave	Options		
Non-executive Directors									
PJ Newton	80,000	-	-	-	7,600	-	-	87,600	-
PB Schwann	80,000	-	-	-	7,600	-	-	87,600	-
FJ Van Maanen	80,000	-	-	-	7,600	-	-	87,600	-
SV Shet	80,000	-	-	-	-	-	-	80,000	-
	320,000	-	-	-	22,800	-	-	342,800	
Executive Directors									
PG Cook (4)	609,585	153,700	4,695	5,940	25,515	18,214	282,571	1,100,220	14
JS Norregaard (4)	521,559	96,000	14,192	6,441	25,941	5,793	199,473	869,399	11
Other key management personnel									
PM Storey (1, 4)	285,869	47,700	23,045	-	27,158	1,547	4,487	389,806	12
PW Wilding (2, 4)	287,057	45,450	19,370	-	25,018	19,538	4,487	400,920	11
RB Armstrong (2, 4)	280,000	35,700	10,099	-	26,600	3,451	35,452	391,302	9
DJ Noort (1, 4)	336,936	-	23,483	2,870	21,045	1,161	5,609	391,104	-
DW Okeby (3)	245,192	39,750	(400)	7,342	23,293	7,851	56,821	379,849	10
DA Fullarton	250,000	39,750	7,096	7,809	23,750	1,804	3,739	333,948	12
	2,816,198	458,050	101,580	30,402	198,320	59,359	592,639	4,256,548	
Totals	**3,136,198**	**458,050**	**101,580**	**30,402**	**221,120**	**59,359**	**592,639**	**4,599,348**	

1. PM Storey and DJ Noort were appointed on 23 July 2018 and 20 August 2018 respectively.
2. PW Wilding and RB Armstrong were appointed on 1 July 2018.
3. Includes amounts recovered from Pantoro Limited in respect of remuneration for services provided of $66,733.
4. Where employees have reached the maximum super contribution base, the amount of deemed super in excess of the maximum was paid out as salary at the employee's election.

REMUNERATION REPORT (Audited) (Continued)

8. Additional statutory disclosures required under the Corporations Act 2001

Table 1: Westgold zero exercise price options (ZEPO's) granted, vested or lapsing during the period

Executive	Tranche	Granted	Grant date	Fair value per option	Total value at grant date	Vesting date	Expiry date	Vested	Lapsed
PG Cook	1	69,936	28/11/2018	$0.23	$15,945	30/06/2020	30/06/2020	-	69,936
	1	69,936	28/11/2018	$0.98	$34,443	30/06/2020	30/06/2020	-	69,936
	2	69,936	28/11/2018	$0.33	$22,939	30/06/2021	30/06/2021	-	-
	2	69,936	28/11/2018	$0.98	$34,443	30/06/2021	30/06/2021	-	-
	3	76,905	07/05/2020	$1.44	110,743	30/06/2022	30/06/2022	-	-
	3	76,905	07/05/2020	$2.15	82,673	30/06/2022	30/06/2022	-	-
DA Fullarton	1	22,611	23/05/2019	$0.22	5,065	30/06/2020	30/06/2022	-	22,611
	1	22,612	23/05/2019	$1.34	15,207	30/06/2020	30/06/2022	-	22,612
	2	22,611	23/05/2019	$0.31	6,919	30/06/2021	30/06/2023	-	-
	2	22,612	23/05/2019	$1.34	15,207	30/06/2021	30/06/2023	-	-
	3	19,889	07/05/2020	$1.44	28,640	30/06/2022	30/06/2022	-	-
	3	19,889	07/05/2020	$2.15	21,381	30/06/2022	30/06/2022	-	-
JS Norregaard	1	45,218	28/11/2018	$0.23	10,310	30/06/2020	30/06/2020	-	45,218
	1	45,217	28/11/2018	$0.98	22,269	30/06/2020	30/06/2020	-	45,217
	2	45,218	28/11/2018	$0.33	14,831	30/06/2021	30/06/2021	-	-
	2	45,217	28/11/2018	$0.98	22,269	30/06/2021	30/06/2021	-	-
	3	53,038	07/05/2020	$1.44	76,375	30/06/2022	30/06/2022	-	-
	3	53,038	07/05/2020	$2.15	57,016	30/06/2022	30/06/2022	-	-
A Buckingham	3	23,867	07/05/2020	$1.44	34,368	30/06/2022	30/06/2022	-	-
	3	23,867	07/05/2020	$2.15	25,657	30/06/2022	30/06/2022	-	-
PM Storey	1	27,134	23/05/2019	$0.22	6,078	30/06/2020	30/06/2022	-	27,134
	1	27,134	23/05/2019	$1.34	18,248	30/06/2020	30/06/2022	-	27,134
	2	27,134	23/05/2019	$0.31	8,303	30/06/2021	30/06/2023	-	-
	2	27,134	23/05/2019	$1.34	18,248	30/06/2021	30/06/2023	-	-
	3	23,867	07/05/2020	$1.44	34,368	30/06/2022	30/06/2022	-	-
	3	23,867	07/05/2020	$2.15	25,657	30/06/2022	30/06/2022	-	-
PW Wilding	1	27,134	23/05/2019	$0.22	6,078	30/06/2020	30/06/2022	-	27,134
	1	27,134	23/05/2019	$1.34	18,248	30/06/2020	30/06/2022	-	27,134
	2	27,134	23/05/2019	$0.31	8,303	30/06/2021	30/06/2023	-	-
	2	27,134	23/05/2019	$1.34	18,248	30/06/2021	30/06/2023	-	-
	3	23,867	07/05/2020	$1.44	34,368	30/06/2022	30/06/2022	-	-
	3	23,867	07/05/2020	$2.15	25,657	30/06/2022	30/06/2022	-	-
RB Armstrong	1	27,134	23/05/2019	$0.22	6,078	30/06/2020	30/06/2022	-	27,134
	1	27,134	23/05/2019	$1.34	18,248	30/06/2020	30/06/2022	-	27,134
	2	27,134	23/05/2019	$0.31	8,303	30/06/2021	30/06/2023	-	-
	2	27,134	23/05/2019	$1.34	18,248	30/06/2021	30/06/2023	-	-
DJ Noort	1	33,917	23/05/2019	$0.22	7,597	30/06/2020	30/06/2022	-	33,917
	1	33,918	23/05/2019	$1.34	22,810	30/06/2020	30/06/2022	-	33,918
	2	33,917	23/05/2019	$0.31	10,379	30/06/2021	30/06/2023	-	33,917
	2	33,918	23/05/2019	$1.34	22,810	30/06/2021	30/06/2023	-	33,918
DW Okeby	1	22,611	23/05/2019	$0.22	5,065	30/06/2020	30/06/2022	-	22,611
	1	22,612	23/05/2019	$1.34	15,207	30/06/2020	30/06/2022	-	22,612
	2	22,611	23/05/2019	$0.31	6,919	30/06/2021	30/06/2023	-	22,611
	2	22,612	23/05/2019	$1.34	15,207	30/06/2021	30/06/2023	-	22,612

Notes

- Tranche 1 and 2 were granted in FY2019.
- Tranche 1 lapsed in FY2020.
- Tranche 3 was granted in FY2020; Tranche 3 options granted to the Executive Chairman are subject to shareholder approval.
- ZEPOs lapse immediately on resignation.

The value of the share-based payments granted during the period is recognised in compensation over the vesting period of the grant. For details on the valuation of the options, including models and assumptions used, please refer to note 29.

REMUNERATION REPORT (Audited) (Continued)

8. Additional statutory disclosures (continued)

Table 2: Shareholdings of key management personnel (including nominees)

	Balance held at 1 July 2019	On exercise of options	Net change other [1]	Balance held at 30 June 2020
Directors				
PG Cook	10,779,066	2,250,000	(2,266,144)	10,762,922
PB Schwann	-	-	-	-
FJ Van Maanen	435,521	-	-	435,521
WC Bramwell	-	-	-	-
Executives				
DA Fullarton	-	-	5,000	5,000
JS Norregaard	-	-	-	-
A Buckingham	-	-	-	-
PM Storey	-	-	-	-
PW Wilding	-	-	-	-
DP Stuart	-	-	-	-
L Smith	-	-	-	-
Total	**11,214,587**	**2,250,000**	**(2,261,144)**	**11,203,443**

1. Represents acquisition or disposal of shares on market.

Table 3: Option holdings of key management personnel (including nominees)

Options	Balance at beginning of year 1 July 2019	Granted as remuneration	Exercised	Lapsed	Balance at end of year 30 June 2020	Not vested and not exercisable	Vested and exercisable
Directors							
PG Cook	3,929,744	153,810	(2,250,000)	(139,872)	1,693,682	293,682	1,400,000
PB Schwann	-	-	-	-	-	-	-
FJ Van Maanen	-	-	-	-	-	-	-
WC Bramwell	-	-	-	-	-	-	-
Executives							
DA Fullarton	90,446	39,778	-	(45,223)	85,001	85,001	-
JS Norregaard	1,180,869	106,076	-	(90,435)	1,196,510	196,510	1,000,000
A Buckingham	885,670	47,734	(650,000)	(67,835)	215,569	115,569	100,000
PM Storey	108,536	47,734	-	(54,268)	102,002	102,002	-
PW Wilding	108,536	47,734	-	(54,268)	102,002	102,002	-
DP Stuart	-	-	-	-	-	-	-
L Smith	-	-	-	-	-	-	-
Total	**6,303,801**	**442,866**	**(2,900,000)**	**(451,901)**	**3,394,766**	**894,766**	**2,500,000**

Loans to key management personnel and their related parties

There were no loans to key management personnel during the years ended 30 June 2020 and 30 June 2019.

Other transactions to key management personnel and their related parties

There are no other transactions with key management personnel during the years ended 30 June 2020 and 30 June 2019.

End of Audited Remuneration Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance key statements, frameworks, policies and charters are all available on the Company's website at:

www.westgold.com.au/site/about-us/corporate-governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

The Company released an inaugural ESG report outlining the impacts, footprint and achievements of the Group on 19 August 2020.

Westgold has made significant corporate governance changes during the year to address perceived deficiencies in its disclosure and transparency of its activity in regard to ESG. Apart from actively addressing matters which lead to previous low ratings there have been no discussion of any ESG controversies or criticisms in the public domain.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the Auditor's Independence Declaration, as set out on page 26, from Ernst & Young.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 32):

	$
Tax compliance services	208,409

Signed in accordance with a resolution of the Directors.

PG Cook
Executive Chairman
Perth, 28 August 2020

Ernst & Young
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Perth WA 6000 Australia
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Auditor's independence declaration to the directors of Westgold Resources Limited

As lead auditor for the audit of Westgold Resources Limited for the financial year ended 30 June 2020, 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 audit; and

b) No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westgold Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Teale

Philip Teale
Partner
Perth
28 August 2020

Consolidated Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	2020	2019
Continuing operations			
Revenue	5	492,268,271	418,317,447
Cost of sales	7(a)	(462,752,732)	(408,078,123)
Gross profit		**29,515,539**	**10,239,324**
Other income	6	5,921,274	5,519,887
Gain on demerger of subsidiary	38	8,727,618	-
Finance costs	7(b)	(918,881)	(1,325,025)
Other expenses	7(c)	(7,915,557)	(9,129,172)
Accumulated mill scats written off		-	(11,628,184)
Net gain on fair value changes of financial assets	15	8,888,756	24,474,899
Exploration and evaluation expenditure written off	18	(356,317)	(5,471,706)
Profit before income tax from continuing operations		**43,862,432**	**12,680,023**
Income tax (expense) benefit	8	(9,255,117)	807,116
Profit for the year from continuing operations		**34,607,315**	**13,487,139**
Discontinued operations			
Profit from discontinued operations after tax	39	**-**	**642,925**
Net profit for the year		**34,607,315**	**14,130,064**
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit for the year		**34,607,315**	**14,130,064**
Total comprehensive profit attributable to:			
members of the parent entity		**34,607,315**	**14,130,064**
		34,607,315	**14,130,064**
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit per share			
Continuing operations	9	8.65	3.57
Discontinued operations	9	-	0.17
Total operations		**8.65**	**3.74**
Diluted profit per share			
Continuing operations	9	8.65	3.57
Discontinued operations	9	-	0.17
Total operations		**8.65**	**3.74**

Consolidated Statement of Financial Position as at 30 June 2020

	Notes	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	10	137,564,914	67,196,289
Trade and other receivables	11	7,231,137	6,992,121
Inventories	12	43,948,165	45,502,914
Prepayments	13	3,369,998	1,336,486
Other financial assets	14	1,149,449	1,427,836
Total current assets		**193,263,663**	**122,455,646**
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	15	13,000,000	56,210,813
Property, plant and equipment	16	161,893,032	175,572,503
Mine properties and development	17	298,513,129	218,207,334
Exploration and evaluation expenditure	18	78,874,701	104,276,449
Right-of-use assets	19	11,942,577	-
Total non-current assets		**564,223,439**	**554,267,099**
TOTAL ASSETS		**757,487,102**	**676,722,745**
CURRENT LIABILITIES			
Trade and other payables	20	69,664,918	57,741,966
Provisions	21	9,786,926	7,963,523
Interest-bearing loans and borrowings	23	23,734,814	18,271,020
Unearned income	25	198,841	25,470,487
Total current liabilities		**103,385,499**	**109,446,996**
NON-CURRENT LIABILITIES			
Provisions	22	78,490,073	70,323,565
Interest-bearing loans and borrowings	24	14,091,636	18,465,857
Deferred tax liabilities	8	39,659,067	35,000,416
Total non-current liabilities		**132,240,776**	**123,789,838**
TOTAL LIABILITIES		**235,626,275**	**233,236,834**
NET ASSETS		**521,860,827**	**443,485,911**
EQUITY			
Issued capital	26	356,130,055	299,494,861
Accumulated losses	27	(30,229,223)	(51,784,989)
Share-based payments reserve	28	14,466,364	14,282,408
Other reserves	28	181,493,631	181,493,631
TOTAL EQUITY		**521,860,827**	**443,485,911**

Consolidated Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020	2019
OPERATING ACTIVITIES			
Receipts from customers		466,596,319	478,864,463
Interest received		691,995	4,387,876
Receipts from other income		2,603,081	5,940,455
Payments to suppliers and employees		(311,533,581)	(406,035,568)
Interest paid		(2,293,877)	(2,038,023)
Income tax (paid) refunded		(332,297)	112,679
Net cash flows from operating activities	10	**155,731,640**	**81,231,882**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(31,486,090)	(34,096,282)
Payments for mine properties and development		(132,909,127)	(89,329,478)
Payments for exploration and evaluation		(14,049,293)	(16,411,426)
Payment for financial assets		(2,057,789)	(138,153)
Proceeds from sale of financial assets	15	56,113,502	5,798,098
Proceeds from sale of property, plant and equipment		1,939,129	2,197,033
Proceeds from disposal of a subsidiary		-	22,314,937
Cash relinquished on disposal of a subsidiary	38	(86,966)	-
Proceeds from (payments for) performance bond facility		258,387	(141,290)
Net cash flows used in investing activities		**(122,278,247)**	**(109,806,561)**
FINANCING ACTIVITIES			
Payment of hire purchase arrangements	4(g)	(19,331,761)	(20,848,905)
Payment for lease liabilities		(7,753,813)	-
Proceeds from gold prepayment	25	-	20,853,550
Proceeds from share issue	26(b)	66,542,506	23,489,570
Payments for share issue costs		(2,541,700)	(1,170,000)
Net cash flows from financing activities		**36,915,232**	**22,324,215**
Net increase (decrease) in cash and cash equivalents		70,368,625	(6,250,464)
Cash and cash equivalents at the beginning of the financial year		67,196,289	73,446,753
Cash and cash equivalents at the end of the year	10	**137,564,914**	**67,196,289**

Consolidated Statement of Changes in Equity for the year ended 30 June 2020

	Issued capital	Accumulated losses	Share-based payments reserve	Equity reserve	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 year	-	34,607,315	-	-	34,607,315
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	**34,607,315**	-	-	**34,607,315**
Transactions with owners in their capacity as owners					
Share-based payments	-	-	183,956	-	183,956
Capital reduction via share distribution	(8,803,840)	-	-	-	(8,803,840)
Issue of share capital	67,644,506	-	-	-	67,644,506
Share issue costs, net of tax	(2,205,472)	-	-	-	(2,205,472)
Demerger dividend (Note 38)		(13,051,549)			(13,051,549)
At 30 June 2020	**355,103,055**	**(30,229,223)**	**14,466,364**	**181,493,631**	**521,860,827**
2019					
At 1 July 2018	**276,976,897**	**(65,915,053)**	**13,260,686**	**181,493,631**	**405,816,161**
Profit for the year	-	14,130,064	-	-	14,130,064
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	**14,130,064**	-	-	**14,130,064**
Transactions with owners in their capacity as owners					
Share-based payments	-	-	1,021,722	-	1,021,722
Issue of share capital	23,489,570	-	-	-	23,489,570
Share issue costs, net of tax	(971,606)	-	-	-	(971,606)
At 30 June 2019	**299,494,861**	**(51,784,989)**	**14,282,408**	**181,493,631**	**443,485,911**

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 28 August 2020.

Westgold Resources Limited (the Company or the Parent) is a for profit company limited by shares incorporated in Australia whose shares 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 Tce, Perth WA 6000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for certain financial assets, which have been measured at fair value through profit or loss.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2019. Other than the changes described in note 40, the accounting policies adopted are consistent with those of the previous financial year.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries (the Group) as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intercompany transactions between members of the Group are eliminated in full on consolidation.

(d) Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of the Group is Australian dollars (A$).

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences are taken to the profit or loss.

(e) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided by management to the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(f) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Financial Instruments

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Certain commodity contracts are accounted for as executory contracts and not recognised as financial instruments as these contracts were entered into and continue to be held for the purpose of the delivery of gold bullion in accordance with the Group's expected sale requirements (see note 5).

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, or fair value through profit or loss or fair value through OCI.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Trade receivable that do not contain a significant financing component or for which the Group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, the Group's financial assets are classified in these categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group's financial assets at amortised cost include cash, short-term deposits, and trade and other receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of other income in the Consolidated Statement of Comprehensive Income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified, and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date (see note 3). For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL.

The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Loans, borrowings, and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses.

Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine and useful life. Useful life ranges from 2 to 25 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Refer to note 2(o) for further discussion on impairment testing performed by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(l) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the profit or loss in the period when the new information becomes available.

(m) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. This includes the costs associated with waste removal (stripping costs) in the creation of improved access and mining flexibility in relation to the ore to be mined in the future. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Refer to note 2(o) for further discussion on impairment testing performed by the Group.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a unit of production (“UOP”) method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above).

Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a ‘stripping activity asset’, if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable
- The component of the ore body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons.

These include, but are not limited to the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Group's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the UOP method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

(n) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but is not in excess of any cumulative impairment loss previously recognised.

A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised as the date of de-recognition.

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Consolidated Statement of Comprehensive Income and the assets and liabilities are presented separately on the face of the Consolidated Statement of Financial Position.

(o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal (FVLCD) and its value in use (VIU).

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCD, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure based on life-of-mine plans.

VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(q) Lease liabilities

The Group has lease contracts for various items of mining equipment, motor vehicles and buildings used in its operations. Upon adoption of AASB 16, all leases with the exception of short term (under 12 months) and low value leases, are recognised on the balance sheet as a right-of-use asset and a corresponding interest bearing liability. Lease costs are recognized in the income statement over the lease term in the form of depreciation on the right-of-use asset and finance charges representing the unwinding of the discount on the lease liability. The Group recognises leases entered into after 1 July 2019 using the interest rate implicit in the lease (refer to note 40 for the accounting policy).

(r) Interest revenue

Revenue is recognised using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(s) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Gold bullion sales

For bullion sales, most of this is sold under a long-term sales contract with the refiner, forward sale agreements with various banks or a pre-pay facility with Citibank N.A.. The only performance obligation under the contract is the sale of gold bullion. Revenue from bullion sales is recognised at a point in time when control passes to the buyer. This generally occurs after the unrefined doré is outturned and the Group either instructs the refiner to purchase the outturned fine metal or advises the refiner to transfer the gold to the bank by crediting the metal account of the bank. As all performance obligations are satisfied at that time, there are no remaining performance obligations under the contract. The transaction price is determined at transaction date and there are no further adjustments to this price.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. The Group applies the practical expedient to not adjust the promised consideration for the effects of a significant financing component where the period between the transfer of the refined gold to a customer and the receipt of the advance is one year or less. For long-term advances from customers the transaction price is discounted, using the rate that would be reflected in a separate transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

Mining and contracting services.

Mining and contracting services is the provision of equipment and personnel to carry out mining activities on behalf of the customer.

These contracts are assessed to have multiple performance obligation as each equipment and service are capable of being distinct and separately identifiable. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group as the services are rendered.

The transaction price for each contract is based on an agreed schedule of rates to which the Group is entitled.

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares; adjusted for any bonus element.

(u) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(v) Share-based payment transactions

The Group provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group has one plan in place that provides these benefits. It is the Long-Term Incentive Plan (LTIP) which provides benefits to all employees including Directors.

In valuing equity-settled transactions, no account is taken of any vesting conditions (such as service conditions), other than conditions linked to the price of the shares of Westgold Resources Limited (market conditions) if applicable.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using either a Black & Scholes or a Monte Carlo model as appropriate. Further details of which are given in note 29.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the consolidated statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above, less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(w) Employee benefits

Wages, salaries, sick leave and other short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and other short-term benefits expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions made by the Group to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(x) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(y) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided for using the full liability balance sheet approach.

The tax rates and tax laws used to compute the amount of deferred tax assets and liabilities are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable profits.

Deferred tax liabilities are recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

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

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

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and it is not probable that the temporary difference will reverse in the foreseeable future.

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

Unrecognised deferred tax assets and deferred tax liabilities are reassessed at each reporting date and are recognised to the extent that they satisfy the requirements for recognition.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes relating to transactions recognised outside profit and loss (for example, directly in other comprehensive income or directly in equity) are also recognised outside profit and loss.

Tax consolidation

Westgold Resources Limited and its wholly owned Australian resident subsidiaries formed a tax consolidated group (the Tax Group) with effect from 1 December 2016. Members of the Tax Group have entered into a tax sharing agreement, which provides for the allocation of income tax liabilities between members of the Tax Group should the parent, Westgold Resources Limited, default on its tax payments obligations.

The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Westgold Resources Limited. The nature of the tax funding agreement is such that no tax consolidation adjustments are required.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant judgements

- **Revenue from contracts with customers**

  Judgement is required to determine the point at which the customer obtains control of gold. Factors including transfer of legal title, transfer of significant risks and rewards of ownership and the existence of a present right to payment for the gold typically result in control transferring upon allocation of the gold to the customers' account.

- **Financing component relating to unearned income**

  In determining the finance component related to unearned income for a facility which extends beyond 12 months, the Group concluded that the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the gold bullion, being the spot price at contract inception, to the amount paid in advance) is appropriate because it is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception.

- **Mine properties and development - stripping costs**

  Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

  Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tonnes) of waste to be stripped and ore to be mined in each of these components.

  These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

  Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g., in tonnes) of waste to be stripped for an expected volume (e.g., in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure. Furthermore, judgements and estimates are also used to apply the UOP method in determining the depreciable lives of the stripping activity asset(s).

  There are a number of uncertainties inherent in estimating the carrying value of mine properties and development and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast price of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the requirement to restate the carrying value.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Significant accounting estimates and assumptions

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. The Group estimates its mineral resource and reserves in accordance with the *Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (*the JORC code). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately, result in the reserves being restated.

Mine rehabilitation provision

The Group assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in note 2(j). In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, timing, cost increases as compared to the inflation rate of 2.2% (2019: 1.6%), and changes in discount rates. The applicable discount rates are based on the expected life of mine for each operation.

The expected timing of expenditure can also change, for example in response to changes in reserves or production rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on various factors, including whether the Group decides to exploit the related area interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Life of mine method of amortisation and depreciation

Estimated economically recoverable reserves are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. Changes in estimates are accounted for prospectively.

These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on economically recoverable reserves, or if future capital expenditure estimates change. Changes to economically recoverable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on economically recoverable reserves for differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Impairment of capitalised mine development expenditure, property, plant and equipment

The future recoverability of capitalised mine development expenditure, property, plant and equipment is dependent on a number of factors, including the level of proved and probable reserves, and the likelihood of progressive upgrade of mineral resources in to reserves over time. In addition, consideration is given to future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations), and changes in commodity prices. Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

When applicable, FVLCD is estimated based on discounted cash flows using market based commodity prices and foreign exchange rate assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on the relevant CGU's life-of-mine (LOM) plans.

Consideration is also given to analysts' valuations. The fair value methodology adopted is categorised as Level 3 in the fair value hierarchy.

In determining the VIU, future cash flows for each CGU (i.e. each mine site) are prepared utilising management's latest estimates of:

- the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- royalties and taxation;
- future production levels;
- future commodity prices;
- future cash costs of production and development expenditure; and
- other relevant cash inflows and outflows.

Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a pre-tax discount rate.

The Group's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular, CGO, MGO and FGO are most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions. Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which the Group makes this determination. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

Refer to note 2(o) for further discussion on the impairment assessment process undertaken by the Group.

Provision for expected credit losses (ECLs) on trade receivables and other short-term receivables carried at amortised cost

The Group uses a provision matrix to calculate ECLs for trade and other short-term receivables carried at amortised cost. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a key estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation, using the assumptions as discussed in note 29. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, trade and other payables, finance lease and hire purchase contracts, cash and cash equivalents, deposits and equity investments.

Risk exposures and responses

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, equity price risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(a) Interest rate risk

The Group's exposure to risks of changes in market interest rates relate primarily to the Group's interest-bearing liabilities and cash balances. The level of debt is disclosed in notes 23 and 24. The Group's policy is to manage its interest cost using fixed rate debt. Therefore, the Group does not have any variable interest rate risk on its debt. The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. There is no significant exposure to changes in market interest rates at the reporting date.

At the reporting date the Group's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

	Floating interest rate	Fixed interest	Non-interest bearing	Total carrying amount
2020				
Financial assets				
Cash and cash equivalents	137,218,827	346,087	-	137,564,914
Trade and other receivables	-	-	7,231,137	7,231,137
Royalties receivable	-	-	13,000,000	13,000,000
Other financial assets	-	1,149,449	-	1,149,449
	137,218,827	**1,495,536**	**7,231,137**	**158,945,500**
Financial liabilities				
Trade and other payables	-	-	(69,664,918)	(69,664,918)
Lease liabilities	-	(12,222,659)	-	(12,222,659)
Interest-bearing liabilities	-	(25,603,791)	-	(25,603,791)
	-	**(37,826,450)**	**(69,024,918)**	**(107,491,368)**
Net financial assets				**51,454,132**
2019				
Financial assets				
Cash and cash equivalents	67,196,289	-	-	67,196,289
Trade and other receivables	-	-	6,992,121	6,992,121
Royalties receivable	-	-	15,000,000	15,000,000
Other financial assets	-	1,427,836	-	1,427,836
	67,196,289	**1,427,836**	**6,992,121**	**90,616,246**
Financial liabilities				
Trade and other payables	-	-	(57,741,966)	(57,741,966)
Interest-bearing liabilities	-	(36,736,877)	-	(36,736,877)
	-	**(36,736,877)**	**(57,491,966)**	**(94,478,843)**
Net financial liabilities				**(3,862,597)**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk exposure

	Post tax profit higher (lower)		Other Comprehensive Income higher (lower)	
	30 June 2020	**30 June 2019**	**30 June 2020**	**30 June 2019**
Judgements of reasonably possible movements:				
+ 0.5% (50 basis points)	481,477	235,187	-	-
- 0.5% (50 basis points)	(481,477)	(235,187)	-	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables and other financial assets held as security and loans. Cash and cash equivalents are held with National Australia Bank, which is an Australian Bank with an AA- credit rating (Standard & Poor's).

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts.

Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

(c) Price risk

Equity Security Price Risk

The Group's operations were exposed to equity security price fluctuations arising from investments in equity securities. The Group however disposed of all security holdings at 30 June 2020. Refer to note 15 for details of equity investments at fair value through profit or loss held at 30 June 2020.

(d) Commodity price risk

The Group's operations are exposed to commodity price fluctuations. The Group has a commodity risk management hedging policy that authorises management to enter into price protection contracts to ensure revenue streams up to 60% of gold sales for up to three years of forecast production.

At the end of the financial year, the Group had unrecognised sales contracts for 200,000 ounces at an average price of $2,062 per ounce ending in February 2022, which the Group will deliver physical gold to settle. There was therefore no exposure on recognised financial instruments at the balance sheet date other than the lithium royalty that has been valued by reference to the expected commodity price (refer to note 4(f)).

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of hire purchase arrangements.

The table below reflects all contractually fixed payables for settlement, repayment and interest resulting from recognised financial liabilities as of 30 June 2020. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as 30 June.

The remaining contractual maturities of the Group's financial liabilities are:

	2020	**2019**
6 months or less	(83,348,476)	(67,993,428)
6 - 12 months	(11,222,942)	(9,104,584)
1 - 5 years	(14,542,416)	(19,562,452)
Over 5 years	-	-
	(109,113,834)	**(96,660,464)**

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities, as well as to enable effective controlling of future risks, management monitors its Group's expected settlement of financial assets and liabilities on an ongoing basis.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	<6 months	6-12 months	1-5 years	>5 years	Total
2020					
Financial assets					
Cash and equivalents	138,486,771	-	-	-	138,486,771
Trade and other receivables	7,231,137	-	-	-	7,231,137
Royalties receivable	-	-	3,795,334	9,204,666	13,000,000
Other financial assets	1,149,449	-	-	-	1,149,449
	146,867,357	-	3,795,334	9,204,666	159,867,357
Financial liabilities					
Trade and other payables	(69,664,918)	-	-	-	(69,664,918)
Lease liabilities	(4,448,934)	(3,306,613)	(4,982,152)	-	(12,737,699)
Interest-bearing loans	(9,234,624)	(7,916,329)	(9,560,264)	-	(26,711,217)
	(83,348,476)	(11,222,942)	(14,542,416)	-	(109,113,834)
Net inflow/(outflow)	**63,518,881**	**(11,222,942)**	**(10,747,082)**	**9,204,666**	**50,753,523**
2019					
Financial assets					
Cash and equivalents	67,982,985	-	-	-	67,982,985
Trade and other receivables	6,992,121	-	-	-	6,992,121
Royalties receivable	-	-	15,000,000	-	15,000,000
Other financial assets	1,427,836	-	-	-	1,427,836
	76,402,942	-	15,000,000	-	91,402,942
Financial liabilities					
Trade and other payables	(57,741,966)	-	-	-	(57,741,966)
Interest-bearing loans	(10,251,462)	(9,104,584)	(19,562,452)	-	(38,918,498)
	(67,993,428)	(9,104,584)	(19,562,452)	-	(96,660,464)
Net inflow/(outflow)	**8,409,514**	**(9,104,584)**	**(4,562,452)**	**-**	**(5,257,522)**

(f) Fair values

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

2020	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non-market observable inputs (Level 3)	Total
Financial assets				
Instruments carried at fair value				
Royalties receivable	-	-	13,000,000	13,000,000
	-	**-**	**13,000,000**	**13,000,000**
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**

Sensitivity Analysis

Significant unobservable input	Variance	Estimated increase / (decrease) in fair value	Estimated fair value	Estimated fair value
Ore Processing	+/- 5%	699,572	13,699,572	12,300,428
Lithium price	+/- 20%	1,665,314	14,665,314	11,334,686
Discount rate	100 basis points	(846,516)	12,153,484	13,846,516

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

The fair value of royalties' receivable is valued based on discounted cash flow model.

The fair value of long-term borrowings is based on fixed lease interest rates.

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.

(g) Changes in liabilities arising from financing activities

	Transitional adjustment	Cash flows	New leases	Reclassification adjustment	Closing
Lease liability					
2020					
Current obligations	6,031,093	(7,753,813)	1,722,720	7,425,093	7,425,093
Non-current obligations	6,935,551	-	5,287,108	(7,425,093)	4,797,566
Total liabilities	**12,966,644**	**(7,753,813)**	**7,009,828**	**-**	**12,222,659**

	Opening	Cash flows	Additions	Reclassification adjustment	Closing
Interest bearing liability					
2020					
Current obligations	18,271,020	(19,331,761)	1,060,741	16,309,721	16,309,721
Non-current obligations	18,465,857	-	7,137,934	(16,309,721)	9,294,070
Total liabilities	**36,736,877**	**(19,331,761)**	**8,198,675**	**-**	**25,603,791**
2019					
Current obligations	16,819,651	(20,848,905)	4,029,254	18,271,020	18,271,020
Non-current obligations	13,828,667	-	22,908,210	(18,271,020)	18,465,857
Total liabilities	**30,648,318**	**(20,848,905)**	**26,937,464**	**-**	**36,736,877**

5. REVENUE

	2020	2019
Sale of gold at spot	264,025,099	160,727,868
Sale of gold under forward contracts	201,126,150	215,904,789
Sale of gold under a prepay facility (refer note 25)	25,938,399	16,011,946
Mining and contracting services	1,178,623	25,672,844
Total revenue from contracts with customers	**492,268,271**	**418,317,447**

Disaggregated revenue per segment has been disclosed in note 33.

No revenue was recognised during the year for performance obligations satisfied in previous periods.

The transaction price allocated to remaining performance obligations under forward contracts not recognised at the balance sheet date at 30 June 2020 is as follows:

Gold forward contracts		
- Within 1 year	247,470,000	247,844,578
- 1 to 2 years	164,980,000	113,322,000
	412,450,000	**361,166,578**

The amounts due are for delivery of gold which will be paid within 3 days of delivery.

6. OTHER INCOME

	2020	2019
Interest income calculated using the effective interest rate method	286,620	308,101
Net gain on sale of assets	3,031,573	139,435
Other income	2,603,081	5,072,351
Total other income	**5,921,274**	**5,519,887**

7. EXPENSES

(a) Cost of sales

	2020	2019
Gold production		
Salaries, wages expense and other employee benefits	133,259,379	118,157,970
Operating lease rentals	-	5,065,998
Other production costs	167,889,923	148,191,774
Write down in value of inventories to estimated net realisable value	1,005,487	-
Royalty expense	20,901,094	14,982,184
Contract mining services		
Salaries, wages expense and other employee benefits	632,015	7,787,879
Superannuation expense	-	739,849
Mining and contracting service costs	308,958	13,754,669
Depreciation and amortisation expense		
Depreciation of non-current assets:		
Property, plant and equipment	43,275,574	38,488,019
Buildings	1,827,771	1,351,598
Right-of-use assets	7,531,333	-
Amortisation of non-current assets:		
Mine properties and development costs	86,121,198	59,558,183
Total cost of sales	**462,752,732**	**408,078,123**

(b) Finance costs

	2020	2019
Interest expense	2,694,183	4,579,327
Capitalised borrowing costs to qualifying asset	(2,694,183)	(4,579,327)
Unwinding of rehabilitation provision discount	918,881	1,325,025
Total finance costs	**918,881**	**1,325,025**

The development of the Big Bell Underground Mine is deemed to be a qualifying asset and interest expenses of $2,694,183(2019: $4,579,327) have therefore been capitalised to the underlying qualifying asset. The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.60% (2019: 6.22%).

(c) Other expenses

	2020	2019
Administration expenses		
Employee benefits expense		
Salaries and wages expense	4,343,331	4,379,074
Directors' fees and other benefits	288,200	320,000
Other employee benefits	95,295	76,046
Share-based payments expense	183,956	1,021,722
	4,910,782	5,796,842
Other administration expenses		
Consulting expenses	1,359,535	1,112,868
Travel and accommodation expenses	191,333	185,768
Other costs	606,845	1,357,964
Operating lease rentals	-	367,526
	2,157,713	3,024,126
Depreciation expense		
Property plant and equipment	344,501	308,204
Right-of-use assets	502,561	-
	847,062	308,204
Total administration expenses	**7,915,557**	**9,129,172**
Total other expenses	**7,915,557**	**9,129,172**

8. INCOME TAX

	2020	2019
(a) Major components of income tax expense:		
Income Statement		
Current income tax expense		
Current income tax benefit	7,140,285	(2,984,035)
Adjustment in respect of current income tax of previous years	332,296	-
Deferred income tax		
Relating to origination and reversal of temporary differences	3,040,207	(4,137,750)
Relating to temporary difference recognised	-	3,857,859
Adjustment in respect of prior year tax losses / DTA	(1,257,671)	-
Income tax for continuing and discontinuing operations	**9,255,117**	**(3,263,926)**

(b) Amounts charged or credited directly to equity

	2020	2019
Share issue costs	(336,228)	(198,394)
	(336,228)	**(198,394)**

(c) A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	2020	2019
Accounting profit (loss) before tax from continuing operations	43,862,432	12,680,022
Accounting profit (loss) before tax from discontinuing operations	-	(1,813,885)
Total accounting profit before income tax	**43,862,432**	**10,866,137**
At statutory income tax rate of 30% (2019: 30%)	13,158,730	3,259,841
Non-deductible (non-assessable) items	(2,978,238)	(3,820,162)
Under/over in respect of prior years	(925,375)	(2,703,605)
Income tax expense (benefit) reported in the income statement	**9,255,117**	**(3,263,926)**
Tax expense from continuing operations	9,255,117	(807,116)
Tax (benefit) expense from discontinued operations	-	(2,456,810)
Income tax expense (benefit) reported in the income statement	**9,255,117**	**(3,263,926)**

(d) Deferred income tax at 30 June relates to the following:

	Consolidated Statement of Financial Position		**Consolidated Statement of Comprehensive Income**	
	2020	**2019**	**2020**	**2019**
Deferred tax liabilities				
Exploration	(7,823,986)	(20,510,089)	(12,686,103)	(19,034,322)
Trade and other receivables	(608,739)	(658,745)	(50,006)	127,935
Net gain on financial assets AFVTP	(3,900,000)	(6,414,195)	(2,514,195)	6,414,195
Prepayments	(18,830)	(13,510)	5,320	13,510
Deferred mining	(60,595,582)	(32,846,809)	27,748,773	(9,297,893)
Inventories	(5,691,339)	(4,384,707)	1,306,632	692,722
Property plant and equipment	291,063	(1,857,819)	(2,148,882)	(3,941,116)
Gross deferred tax liabilities	**(78,347,413)**	**(66,685,874)**		
Deferred tax assets				
Financial assets at FVTPL	-	-	-	742,758
Accrued expenses	534,117	524,056	(10,061)	(211,596)
Provision for employee entitlements	3,487,834	2,780,744	(707,090)	(738,524)
Provision for rehabilitation	16,643,909	8,996,764	(7,647,145)	20,688,073
Business related costs	83,205	46,920	(36,285)	(46,920)
Capital raising costs	1,227,768	891,540	-	(198,394)
Recognised tax losses	16,711,513	18,445,434	1,733,921	(2,530,605)
Gross deferred tax assets	**38,688,346**	**31,685,458**		
Net deferred tax liabilities	**(39,659,067)**	**(35,000,416)**		
Deferred tax expense (income)			**4,994,879**	**(7,320,177)**

(e) Unrecognised losses

At 30 June 2020, there are no unrecognised losses for the Group (2019: nil).

9. EARNINGS PER SHARE

The following reflects the data used in the basic and diluted earnings per share computations.

(a) Earnings used in calculating earnings per share

	2020	2019
Net profit attributable to ordinary equity holders of the parent	34,607,315	13,487,139
Profit attributable to discontinued operations	-	642,925
Net profit attributable to ordinary equity holders of the parent	**34,607,315**	**14,130,064**
Basic earnings per share (cents)		
Continuing operations	8.65	3.57
Discontinued operations	-	0.17
	8.65	**3.74**
Earnings used in calculating earnings per share		
For diluted earnings per share:		
Net profit attributable to ordinary equity holders of the parent (from basic EPS)	34,607,315	13,487,139
Profit attributable to discontinued operations	-	642,925
Net profit attributable to ordinary equity holders of the parent	**34,607,315**	**14,130,064**
Diluted profit per share (cents)		
Continuing operations	8.65	3.57
Discontinued operations	-	0.17
	8.65	**3.74**

(b) Weighted average number of shares

	2020	2019
Weighted average number of ordinary shares for basic earnings per share	399,990,790	377,428,117
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**399,990,790**	**377,428,117**

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The Company had 5,107,698 (2019: 16,999,600) share options on issue that are excluded from the calculation of diluted earnings per share for the current financial period because they are considered anti-dilutive or are contingently issuable.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

10. CASH AND CASH EQUIVALENTS

	2020	2019
Cash at bank and in hand	137,218,827	67,196,289
Short-term deposits	346,087	-
Cash at bank and in hand	**137,564,914**	**67,196,289**

CASH FLOW RECONCILIATION

Reconciliation of net profit after income tax to net cash flows from operating activities

	2020	2019
Profit (loss) after income tax	**34,607,315**	**14,130,064**
Amortisation and depreciation	139,602,938	123,059,758
Gold prepayment physical deliveries (refer to note 25)	(25,470,487)	(13,458,438)
Income tax expense (benefit)	9,255,117	(3,263,926)
Share based payments	183,956	1,021,722
Unwinding of rehabilitation provision discount	918,881	1,809,538
Accumulated mill scats written off	-	11,628,184
Net profit on disposal of property, plant and equipment	(3,031,573)	(104,568)
Re-measurement of lithium rights (refer to note 15)	-	(15,000,000)
Fair value change in financial instruments (refer to note 15)	(8,888,756)	(9,384,589)
Mining rights received in financial instruments	-	(238,000)
Exploration and evaluation expenditure written off (refer to note 18)	356,317	6,165,134
Profit on demerger of a subsidiary (refer to note 38)	(8,727,618)	-
Profit on disposal of a subsidiary (refer to note 39)	-	(16,435,747)
	138,806,090	**99,929,132**
Changes in assets and liabilities		
Decrease (increase) in inventories	1,554,748	(11,546,974)
(Increase) decrease in trade and other receivables and prepayments	(2,272,566)	12,319,400
Increase (decrease) in trade and other creditors	15,617,527	(21,343,789)
Increase in provisions	2,025,841	1,874,113
Net cash flows from operating activities	**155,731,640**	**81,231,882**

11. TRADE AND OTHER RECEIVABLES (current)

	2020	2019
Statutory receivables	5,364,679	4,299,560
Other debtors	1,866,458	2,692,561
Total trade and other receivables	**7,231,137**	**6,992,121**

Statutory receivables comprises of GST input tax credits and diesel fuel rebates.

Other debtors are non-interest bearing and generally have a 30-60 day term.

All trade and other receivables are classed as recoverable in full. The carrying amount of other debtors approximate their fair value. Refer note 4(b) for credit risk disclosures.

		2020	2019
12.	**INVENTORIES (current)**		
	Ore stocks at net realisable value	9,421,255	17,081,112
	Gold in circuit at cost	15,326,412	13,773,228
	Gold metal at cost	197,885	-
	Stores and spares at cost	22,561,112	17,099,860
	Provision for obsolete stores and spares	(3,558,469)	(2,451,286)
	Total inventories at lower of cost and net realisable value	**43,948,165**	**45,502,914**

During the year there were write-downs in inventories of $1,005,487 (2019: nil) from continuing operations for the Group. This is included in cost of sales refer to note 7(a).

		2020	2019
13.	**PREPAYMENTS (current)**		
	Prepayments	3,369,998	1,336,486
		3,369,998	**1,336,486**
14.	**OTHER FINANCIAL ASSETS (current)**		
	Cash on deposit	1,149,449	1,427,836
		1,149,449	**1,427,836**

The cash on deposit is interest bearing and is used as security for bank guarantees.

		2020	2019
15.	**FINANCIAL ASSETS**		
	Listed shares - Australian and Canadian	-	41,210,813
	Royalties receivable - Lithium rights	13,000,000	15,000,000
		13,000,000	**56,210,813**
	Movement in Listed Shares		
	At 1 July	41,210,813	6,267,158
	Additions of listed shares	4,263,933	31,357,163
	Proceeds on disposal of financial assets	(54,363,502)	(5,798,098)
	Net gain on fair value changes of financial assets	8,888,756	9,474,899
	Loss on sale of financial assets - discontinued operations (Note 39)	-	(90,309)
	At 30 June	**-**	**41,210,813**
	Movement in Royalties Receivable		
	At 1 July	15,000,000	-
	Re-measurement of receivable	-	15,000,000
	Settlement of Buldania royalty	(2,000,000)	-
	At 30 June	**13,000,000**	**15,000,000**

Listed shares

These financial assets consist of investments in ordinary shares. The fair value of equity investments at fair value through profit or loss has been determined directly by reference to published price quotations in an active market.

Movement in investments during the year ended 30 June 2020 are as follows:

- disposed of its total investment in Aruma Resources Limited, Auris Minerals Limited and Royal Nickel Corporation;
- acquired shares in Galena Mining Limited on the disposal of the paste plant and subsequently disposed of its total investment; and
- acquired additional shares in Musgrave Minerals Limited by participating in a placement and subsequently disposed of its total investment.

Royalties Receivable

These financial assets consist of Lithium royalty rights. The fair value of royalties receivable at fair value through profit or loss has been determined using a discounted cash flow model.

(a) The Buldania Lithium Royalty Rights

Agreement was reached to divest the Buldania Lithium Royalty to Liontown Resources Limited under a pre-emptive arrangement for $2 million in cash with a $250,000 prepayment being received during June 2019 with final settlement occurring on 29 July 2019.

(b) The Mount Marion Lithium Royalty Rights

Westgold had previously reached agreement to divest its Mt Marion Royalty to Silverstream SZ for a gross amount of $13 million in cash. They failed to complete the deal in a timely fashion and Westgold has therefore decided to retain the rights for the expected future income stream. The royalties represented a 1.5% gross revenue royalty and a production royalty of $2 per tonne of ore mined and/or processed from a 30 hectare area of Location 53 which it held for a 20 year period from 2016. There was no production from area during the year but production is expected for the ensuing years.

16. PROPERTY, PLANT & EQUIPMENT

	2020	2019
Plant and equipment		
Gross carrying amount at cost	306,397,153	287,780,355
Accumulated depreciation and impairment	(170,981,154)	(150,613,499)
Net carrying amount	135,415,999	137,166,856
Land and buildings		
Gross carrying amount at cost	23,053,950	19,158,851
Accumulated depreciation and impairment	(5,142,462)	(3,503,451)
Net carrying amount	17,911,488	15,655,400
Capital work in progress at cost	8,565,545	22,750,247
Total property, plant and equipment	**161,893,032**	**175,572,503**
Movement in property, plant and equipment		
Plant and equipment		
At 1 July net of accumulated depreciation	137,166,856	120,764,353
Transfer from capital work in progress	43,117,946	70,509,158
Disposals	(1,157,556)	(2,219,062)
Disposal of subsidiary	(91,173)	(9,428,372)
Depreciation charge for the year	(43,620,074)	(42,459,221)
At 30 June net of accumulated depreciation	**135,415,999**	**137,166,856**
Land and buildings		
At 1 July net of accumulated depreciation	15,655,400	13,200,044
Transfer from capital works in progress	4,257,657	3,840,684
Disposal of subsidiary	(173,797)	102,764
Depreciation charge for the year	(1,827,772)	(1,488,092)
At 30 June net of accumulated depreciation	**17,911,488**	**15,655,400**
Capital work in progress		
At 1 July	22,750,247	47,445,443
Additions	36,684,765	60,352,877
Transfer to mine properties (refer to note 17)	(2,179,429)	(7,740,341)
Transfer to mine capital development (refer to note 17)	(1,314,436)	(2,957,890)
Transfer to plant and equipment	(43,117,945)	(70,509,158)
Transfer to property	(4,257,657)	(3,840,684)
At 30 June	**8,565,545**	**22,750,247**

The carrying value of plant and equipment purchase under financing arrangements at 30 June 2020 is $40,034,638 (2019: $42,714,688).

Assets under hire purchase contracts are pledged as security for the related interest bearing liabilities (refer to notes 23 and 24).

17. MINE PROPERTIES AND DEVELOPMENT

Development areas		
Gross carrying amount at cost	-	756,919
Net carrying amount	-	756,919
Mine properties		
Gross carrying amount at cost	219,555,904	133,131,950
Accumulated amortisation and impairment	(30,605,966)	(15,291,812)
Net carrying amount	188,949,938	117,840,138
Mine capital development		
Gross carrying amount at cost	303,343,786	222,583,827
Accumulated amortisation	(193,780,595)	(122,973,550)
Net carrying amount	109,563,191	99,610,277
Total mine properties and development costs	**298,513,129**	**218,207,334**

17. MINE PROPERTIES AND DEVELOPMENT (continued)

	2020	2019
Movement in mine properties and development		
Development areas		
At 1 July	756,919	756,919
Disposal of subsidiary	(756,919)	
At 30 June	**-**	**756,919**
Mine properties		
At 1 July net of accumulated amortisation	117,840,138	19,678,627
Additions	58,293,797	8,497,402
Transfer from capital work in progress (refer to note 16)	2,179,429	7,740,340
Transfer from mine capital development	726,071	88,445,597
Transfer from exploration (refer to note 18)	18,510,592	4,067,124
Increase in rehabilitation provision	6,714,063	-
Disposal of subsidiary	-	(732,928)
Amortisation charge for the year	(15,314,152)	(9,856,024)
At 30 June net of accumulated amortisation	**188,949,938**	**117,840,138**
Mine capital development		
At 1 July net of accumulated amortisation	99,610,277	155,208,641
Additions	74,615,330	80,832,077
Disposal of subsidiary	-	(9,874,531)
Transfer from capital work in progress (refer to note 16)	1,314,436	2,957,890
Movement in rehabilitation liability (refer to note 21)	-	12,527,922
Transfer from exploration (refer to note 18)	5,556,265	15,660,293
Transfer to capital development	(726,071)	(88,445,597)
Amortisation charge for the year	(70,807,046)	(69,256,418)
At 30 June net of accumulated amortisation	**109,563,191**	**99,610,277**

18. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of mining areas of interest

Pre-production areas		
At cost less expenditure written off	78,874,701	104,276,449
Net carrying amount	**78,874,701**	**104,276,449**
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	104,276,449	147,262,738
Additions	15,151,294	16,411,424
Disposal of subsidiary	(16,129,868)	(33,505,161)
Transferred to mine properties (refer to note 17)	(18,510,592)	(4,067,125)
Transferred to mine capital development (refer to note 17)	(5,556,265)	(15,660,293)
Expenditure written off - continuing operations:	(356,317)	(5,471,706)
Expenditure written off - discontinued operations	-	(693,428)
At 30 June net of accumulated impairment	**78,874,701**	**104,276,449**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. During the year, 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. In assessing the carrying value of all of the Group's projects, certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. As a result, exploration and evaluation expenditure of $356,317 (2019: $6,165,134) was written off to the profit and loss. The amount relates to tenements which were written down to nil as the expenditure did not result in the discovery of commercially viable quantities of mineral resources and as a result no future benefits are expected.

19. 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 40 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	6,009,296	67,335	933,196	7,009,827
Depreciation expense	(6,685,437)	(916,407)	(432,050)	(8,033,894)
As at 30 June 2020	**8,478,339**	**2,963,092**	**501,146**	**11,942,577**

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

	2020	2019
As at 1 July	12,966,644	-
Additions	7,009,827	-
Accretion of interest	593,956	-
Payments	(8,627,850)	-
As at 30 June	**11,942,577**	-
The following are the amounts recognised in profit or loss:		
Depreciation expense for right-of-use assets		
Included in cost of sales	7,531,333	-
Included in admin expenses (Note 6)	502,561	-
Interest expense on lease liabilities	593,956	-
Less interest expense capitalised to qualifying asset	(593,956)	-
Total amount recognised in profit or loss	**8,033,894**	-

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

20. TRADE AND OTHER PAYABLES

	2020	2019
Trade creditors (a)	34,521,626	27,915,244
Sundry creditors and accruals (b)	35,143,292	29,826,722
	69,664,918	**57,741,966**

The carrying value of trade and other payables approximates the fair value.

(a) Trade creditors are non-interest bearing and generally on 30-day terms.

(b) Sundry creditors and accruals are non-interest bearing and generally on 30-day terms.

21. PROVISIONS (current)

	2020	2019
Provision for annual leave	7,884,585	6,201,679
Provision for long service leave	1,902,341	1,761,844
	9,786,926	**7,963,523**

22. PROVISIONS (non-current)

	2020	2019
Provision for long service leave	1,839,187	1,305,623
Provision for rehabilitation (a)	76,650,886	69,017,942
	78,490,073	**70,323,565**

(a) Provision for rehabilitation

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2030, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believe is a reasonable basis upon which to estimate the future liability.

22. PROVISIONS (non-current) (continued)

(a) Provision for rehabilitation (continued)

These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

The discount rates used in the calculation of the provision as at 30 June 2020 range from 0.58% to 0.87% (2019: range from 1.09% to 1.40%). Refer to note 3) for further detail.

(b) Current and non-current movements in provision for rehabilitation

	2020	**2019**
At 1 July	69,017,942	76,945,945
Disposal of subsidiary	-	(22,265,463)
Adjustment due to revised conditions	6,714,063	12,527,922
Unwind of discount	918,881	1,809,538
At 30 June	**76,650,886**	**69,017,942**

23. INTEREST-BEARING LOANS AND BORROWINGS (current)

Lease liabilities	7,425,093	-
Hire purchase arrangements	16,309,721	18,271,020
At 30 June	**23,734,814**	**18,271,020**

Represents current portion of hire purchase arrangements which have repayment terms of 36 months from inception.

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current)

Lease liabilities	4,797,566	-
Hire purchase arrangements	9,294,070	18,465,857
At 30 June	**14,091,636**	**18,465,857**

Represents non-current portion of hire purchase arrangements which have repayment terms of 36 months from inception.

The weighted average interest rate is 4.60% per annum (2019: 6.22%).

Assets pledged as security:

The carrying amounts of assets pledged as security for current and non-current interest-bearing liabilities:

Non-current

Hire purchase arrangements

Plant and equipment	40,034,638	42,714,688
Total non-current assets pledged as security	**40,034,638**	**42,714,688**

Plant and equipment assets are pledged against liabilities for the term of the arrangement.

Future commitments in respect of interest bearing loans

Hire purchase commitments

The Company has hire purchase contracts for various items of plant and machinery. The contracts do have terms of renewal but no escalation clauses. Renewals are at the option of the specific entity that holds the asset. The hire purchase contracts have an average term of 36 months with the right to purchase the asset at the completion of the contract term.

Interest bearing liabilities	**Minimum lease payments**	**Present value of lease payments**
2020		
Within one year	17,150,953	16,309,721
After one year but not more than five years	9,560,264	9,294,070
Total minimum lease payments	26,711,217	25,603,791
Less amounts representing finance charges	(1,107,426)	-
Present value of minimum lease payments	25,603,791	25,603,791
2019		
Within one year	19,741,650	18,271,020
After one year but not more than five years	19,205,342	18,465,857
Total minimum lease payments	38,946,992	36,736,877
Less amounts representing finance charges	(2,210,115)	-
Present value of minimum lease payments	**36,736,877**	**36,736,877**

24. INTEREST-BEARING LOANS AND BORROWINGS (non-current)

(d) Lease liabilities

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 and equipment at the various mine sites.

Lease liabilities	**Minimum lease payments**	**Present value of lease payments**
2020		
Within one year	7,755,547	7,425,093
After one year but not more than five years	4,982,152	4,797,566
Total minimum lease payments	12,737,699	12,222,659
Less amounts representing finance charges	(515,040)	-
Present value of minimum lease payments	**12,222,659**	**12,222,659**

25. UNEARNED INCOME

UNEARNED INCOME	**2020**	**2019**
Gold prepayment	-	25,470,487
Provisional gold sales	198,841	-
	198,841	**25,470,487**

Movement in gold prepayment		
At 1 July	**25,470,487**	**18,075,375**
Revenue recognised during the year (refer note 5)	(25,938,399)	(16,011,946)
Fee for restructure	67,606	145,614
Additional facility	-	20,853,550
Deemed finance component	400,306	2,407,894
At 30 June	**-**	**25,470,487**

The gold pre-pay facility with Citibank N.A (Citi), was settled in full. The associated interest expense has been capitalised to the qualifying assets.

Movement in provisional gold sales		
At 1 July	**-**	**-**
Provisional gold sales at 30 June	198,841	-
At 30 June	**198,841**	**-**

This represents gold sold on provisional outturns on 30 June 2020.

26. ISSUED CAPITAL

(a) Ordinary Shares

Issued and fully paid	**356,130,055**	**299,494,861**

(b) Movements in ordinary shares on issue

	Number	**$**
At 1 July 2018	**363,109,569**	**276,976,897**
Issued share capital on conversion of options (f)	44,785	89,570
Issued share capital	26,000,000	23,400,000
Share issue costs, net of tax	-	(971,606)
At 30 June 2019	**389,154,354**	**299,494,861**
Capital reduction via demerger	-	(8,803,840)
Issued share capital (refer note 29 (b))	530,313	1,102,000
Issued share capital on conversion of listed options	10,545,603	21,542,506
Issued share capital	20,000,000	45,000,000
Share issue costs, net of tax	-	(2,205,472)
At 30 June 2020	**420,230,270**	**356,130,055**

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

26. ISSUED CAPITAL (continued)

(d) **Escrow restrictions**

There are no current escrow restrictions on the issued capital of the Company.

(e) **Options on issue**

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Type	Expiry Date	Exercise Price	Number of options
Unlisted (i)	24 November 2020	$2.31	3,625,000
Unlisted - Tranche 2 (ii)	30 June 2021	Nil	230,307
Unlisted - Tranche 2 (ii)	30 June 2023	Nil	568,250
Unlisted - Tranche 3 (ii)	30 June 2022	Nil	530,331
Unlisted - Tranche 3 (ii), (iii)	30 June 2022	Nil	153,810
Total			**5,107,698**

(i) PEPOs issued pursuant to the Westgold Resources Limited Employee Share and Option Plan.

(ii) ZEPOs issued pursuant to the Westgold Resources Limited Employee Share and Option Plan.

(iii) ZEPOs issued are still subject to shareholder approval.

(f) **Option conversions**

10,545,603 listed options were exercised during the financial year (2019: 44,785).

	2020	2019
(g) **Capital management - gearing ratio**		
Gearing ratio	7.25%	8.27%
Debt	37,826,450	36,736,877
Capital	521,860,827	443,968,663

Capital includes issued capital and all other equity reserves attributable to the equity holders of the parent for the purpose of the Group's capital management. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder's value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019. The Group monitors capital using a gearing ratio, which is debt divided by the aggregate of equity. The Group includes in its net debt, interest bearing loans and borrowings. The Group's policy is to keep the gearing ratio between 5% and 20%.

27. ACCUMULATED LOSSES

At 1 July	(51,784,989)	(65,915,053)
Net profit in current year attributable to members of the parent entity	34,607,315	14,130,064
Dividend on demerger of Castile (refer to note 38)	(13,051,549)	-
At 30 June	**(30,229,223)**	**(51,784,989)**

28. RESERVES

	Share-based payments reserve	Equity reserve	Total
At 30 June 2018	**13,260,686**	**181,493,631**	**194,754,317**
Share-based payments	1,021,722	-	1,021,722
At 30 June 2019	**14,282,408**	**181,493,631**	**195,776,039**
Share-based payments	183,956	-	183,956
At 30 June 2020	**14,466,364**	**181,493,631**	**195,959,995**

Nature and purpose of reserves

Equity reserve

This reserve relates to the intercompany loans with Metals X Ltd written off on demerger of the Group and includes tax consolidated adjustments.

Share-based payments reserve

This reserve is used to recognise the fair value of options issued to employees in relation to equity-settled share-based payments.

29. SHARE-BASED PAYMENTS

(a) **Recognised share-based payment expense**

The expense recognised for services received during the year is shown in the table below:

	2020	2019
Expense arising from equity-settled share-based payments	**183,956**	**1,021,722**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2020 and 2019.

(b) **Transactions settled using shares**

- On 23 April 2020, the Company announced that it had agreed to acquire the Albury Heath project from Cervantes Corporation Limited. Consideration for the acquisition included the issue of 303,313 fully paid ordinary shares to the value of $700,000. Contingent consideration includes $400,000 if future production from the project exceeds 25,000 ounces and an additional $200,000 if the quantity of gold produced exceeds 35,000 ounces. The contingent consideration is payable in cash and/or shares. The Company determined that it could not readily estimate the fair value of the assets acquired on the basis that this was an exploration asset. The purchase was measured by reference to the share issued measured at market value on 8 May 2020 (acquisition date) at $2.31 per share.
- On 27 November 2019, the Company announced that it had agreed to acquire the 20% free carried interest owned by Fe Ltd in the Peak Hill JV agreement. Consideration for the acquisition included the issue of 200,000 fully paid ordinary shares. The Company determined that it could not readily estimate the fair value of the assets acquired on the basis that this was an exploration asset. The purchase was measured by reference to the share issued measured at market value on 04 December 2019 (acquisition date) at $2.01 per share.

There were no transactions settled using shares in the previous financial year

(c) **Employee share and option plan**

Under the Employee Share and Option Plan (ESOP), grants are made to senior executives and other staff members who have made an impact on the Group's performance. ESOP grants are delivered in the form of share options or performance rights which vest over periods as determined by the Board of Directors.

(d) **Share options**

PEPOs

Share options are issued for nil consideration. The exercise price, vesting conditions and expiry date are determined by the Board of Directors. The expiry date is not less than two years from issue date. Any options that are not exercised by the expiry date will lapse. Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

ZEPOs

Unlisted employee options are issued to senior management under the Employee Share Option Plan, the principle terms being:

- The Employee Options have been issued for nil consideration;
- Each Employee Option carries an entitlement to one fully paid ordinary share in the Company for each Employee Option vested;
- Vesting only occurs after the end of the Performance Periods (30 June 2020 and 30 June 2021) and the number of Employee Options that vest (if any) will depend on:
- Growth in Return on Capital Employed over the Performance Periods; and
- Total shareholder return relative to the S&P/All Ordinaries Gold Index over the Performance Periods.
- Options issued that vest will expire if not exercised on the vesting date;
- Unvested Employee Options lapse on cessation of a holder's employment with Westgold;
- Any Employee Options that do not vest after the end of the Performance Periods will automatically lapse; and
- No amount is payable by a holder of Employee Options in respect of the shares allocated upon vesting of the Employee Option.

Summary of options granted under the Employee Share and Option Plan

	2020 Number	2020 WAEP	2019 Number	2019 WAEP
Outstanding at the beginning of the year	16,999,600	1.87	15,000,000	2.12
Granted during the year	684,141	0.00	1,999,600	0.00
Exercised during the year	(10,530,000)	2.04	-	-
Lapsed/cancelled during the year	(2,046,043)	0.95	-	-
Outstanding at the year end	**5,107,698**	**1.64**	**16,999,600**	**1.87**
Exercisable at the year end	**3,625,000**	**2.31**	**15,000,000**	**2.12**

29. SHARE-BASED PAYMENTS (continued)

The following table represents the outstanding balance as at 30 June 2020:

Grant Date	Vesting date	Expiry date	Exercise price	Number of Options	Options lapsed / cancelled	Options Issued / (exercised)	Number of options at end of the year On issue	Vested
ZEPO - Tranche 1								
28/11/2018	30/06/2020	30/06/2020	$0.00	230,307	(230,307)	-	-	-
10/05/2019	30/06/2020	30/06/2022	$0.00	769,493	(769,493)	-	-	-
ZEPO - Tranche 2								
28/11/2018	30/06/2021	30/06/2021	$0.00	230,307	-	-	230,307	-
10/05/2019	30/06/2021	30/06/2023	$0.00	769,493	(201,243)	-	568,250	-
ZEPO - Tranche 3								
07/05/2020	30/06/2022	30/06/2022	$0.00	153,810	-	153,810	153,810	-
07/05/2020	30/06/2022	30/06/2022	$0.00	530,331	-	530,331	530,331	-
PEPOS								
22/11/2017	22/11/2018	24/11/2020	$2.31	2,400,000	-	-	2,400,000	2,400,000
23/11/2017	24/11/2018	24/11/2020	$2.31	2,900,000	(845,000)	(830,000)	1,225,000	1,225,000
24/11/2016	11/1/2018	11/1/2020	$2.02	2,250,000	-	(2,250,000)	-	-
11/1/2017	11/1/2018	11/1/2020	$2.02	7,450,000	-	(7,450,000)	-	-
Total				16,999,600	(2,046,043)	(9,845,859)	5,107,698	3,625,000

Weighted average remaining contractual life of share options
The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 is 0.93 years (2019: 1.06 years).

Range of exercise price of share options

The range of exercise price for options outstanding at the end of the year is $0.00 to $2.31 (2019: $0.00 to $2.31).

Weighted average fair value of share options

The weighted average fair value of options granted during the year was $0.80 (2019: $0.57).

Share option valuation
The fair value of the equity-settled share options granted under the ESOP is estimated at the date of grant using either a Black & Scholes or a Monte Carlo model, which takes into account factors including the option's exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date, historical and expected dividends and the expected life of the option, and the probability of fulfilling the required hurdles.

Tranche 1 options lapsed during the period.

Tranche 2 options vest subject to performance hurdles, measured for the period 1 July 2018 to 30 June 2021.

Tranche 3 options vest subject to performance hurdles, measured for the period 1 July 2019 to 30 June 2022.
The two measures are:
- Growth in Return on Capital Employed over the Performance Periods; and
- Total shareholder return relative to the S&P/All Ordinaries Gold Index over the Performance Periods.

The following table gives the assumptions made in determining the fair value of the options granted in Tranche 3:

Grant date	**7 May 2020**	**7 May 2020**
	RTSR	ROCE
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	0.15%	0.15%
Expected life of options (years)	2.0	2.0
Options exercise price ($)	$0.00	$0.00
Share price at grant date ($)	$2.15	$2.15
Fair value at grant date ($)	$1.44	$2.15

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of the Company's share price over a three-year period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Tranche 3 Options issued to the Executive Chairman are subject to shareholder approval which will be sought at the upcoming Annual General Meeting.

30. COMMITMENTS

(a) Capital commitments

At 30 June 2020, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

	2020	2019
- Within one year	**10,098,601**	**8,996,852**

(b) Mineral tenement lease commitments

The Company has commercial leases over the tenements in which the mining operations are located. These tenement leases have a life of between six months and twenty-one years. In order to maintain current rights to explore and mine the tenements, the Group is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts.

Mineral tenement leases:		
- Within one year	3,921,796	3,898,504
- After one year but not more than five years	15,431,391	15,319,776
- After more than five years	27,470,108	30,556,302
	46,823,295	**49,774,582**

(c) Operating leases

Prior to the adoption of AASB16 *Leases*, minimum payments under lease agreements were as follows:

2019	
Within one year	5,433,524
After one year but not more than five years	7,740,774
	13,174,298

(d) Other commitments

The Group has obligations for various expenditures such as royalties, production-based payments and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business.

	2020	2019
Royalties paid under contractual arrangements	**20,901,094**	**14,982,184**

31. CONTINGENT ASSETS AND LIABILITIES

(i) Bank guarantees and rental deposits

The Group has a number of bank guarantees and rental deposits in favour of various government authorities and service providers. These primarily relate to office leases and environmental and rehabilitation bonds at the various projects. The total amount of these guarantees at the reporting date is $1,149,449 (2019: $1,427,836). The bank guarantees are fully secured by term deposits (refer to note 14).

32. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Ernst & Young (Australia) for:		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	245,577	312,467
Fees for other services:		
- tax compliance	208,409	116,000
Total auditor's remuneration	**453,986**	**428,467**

33. 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

The Group comprises the following reportable segments

Reference	Segment	Nature
FGO	Fortnum Gold Operations	Mining, treatment, exploration and development of gold assets
MGO	Meekatharra Gold Operations	Mining, treatment, exploration and development of gold assets
CGO	Cue Gold Operations	Mining, treatment, exploration and development of gold assets
Other	Other	Exploration and development of other mineral assets and contract mining services

General

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 (see below) 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.

Unallocated income and costs

Finance income and 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 costs. Corporate charges are not allocated to operating segments. Refer to reconciliation segment results to consolidated results.

Other disclosures

Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation expenditure including assets from the acquisition of subsidiaries.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2020 and 30 June 2019.

	MGO	CGO	FGO	Other	Total
Year ended 30 June 2020					
External revenue					
Sale of gold at spot	94,889,987	85,345,963	83,789,150	-	264,025,100
Sale of gold under forward contracts	103,711,436	50,514,975	46,899,739	-	201,126,150
Sale of gold under a prepay facility	12,969,199	12,969,199	-	-	25,938,398
Financing component on gold sales under prepay facility	-	-	-	-	-
Mining and contracting services	-	-	-	1,178,623	1,178,623
Total segment revenue	**211,570,622**	**148,830,137**	**130,688,889**	**1,178,623**	**492,268,271**
Results					
Depreciation and amortisation	(68,288,134)	(45,259,226)	(25,155,454)	(900,123)	(139,602,937)
Exploration and evaluation expenditure written off	(222,595)	(98,152)	(35,570)	-	(356,317)
Segment (loss) profit	**8,379,385**	**(12,641,721)**	**33,236,970**	**(734,293)**	**28,240,341**
Total assets	**189,724,542**	**301,119,381**	**113,175,719**	**13,077,793**	**617,097,435**
Total liabilities	**(81,497,781)**	**(72,469,552)**	**(36,709,743)**	**(62,890)**	**(190,739,966)**
Capital expenditure	**(82,842,250)**	**(99,721,650)**	**(27,391,009)**	**(994,176)**	**(210,949,085)**

33. OPERATING SEGMENTS (continued)

	MGO	CGO	FGO	Other	Total
Year ended 30 June 2019					
External revenue					
Sale of gold at spot	55,105,103	53,798,893	51,823,872	-	160,727,868
Sale of gold under forward contracts	98,997,256	64,741,709	52,165,824	-	215,904,789
Sale of gold under a prepayment facility	12,108,484	2,037,462	-	-	14,145,946
Financing component on gold sales under prepay facility	1,749,375	116,625	-	-	1,866,000
Mining and contracting services	-	-	-	25,672,844	25,672,844
Total segment revenue	**167,960,218**	**120,694,689**	**103,989,696**	**25,672,844**	**418,317,447**
Results					
Depreciation and amortisation	(51,704,059)	(24,869,912)	(20,720,491)	(2,411,541)	(99,706,003)
Exploration and evaluation expenditure written off	(2,393,064)	(497,944)	(150,864)	(2,429,834)	(5,471,706)
Accumulated mill scats written off	(11,491,150)	(9,233)	(127,801)	-	(11,628,184)
Segment profit (loss)	**(20,392,555)**	**(1,047,700)**	**15,722,413**	**(2,467,750)**	**(8,185,592)**
Total assets	**178,125,218**	**243,187,048**	**112,187,209**	**31,216,018**	**564,715,493**
Total liabilities	**(58,344,581)**	**(80,098,686)**	**(28,359,223)**	**(874,484)**	**(167,676,974)**
Capital expenditure	**(52,958,699)**	**(81,401,015)**	**(21,699,381)**	**(1,006,168)**	**(157,065,263)**

(a) **Reconciliation of profit (loss)**

	2020	2019
Segment profit (loss)	**28,240,341**	**(8,185,592)**
Corporate administration expenses	(7,915,557)	(9,129,172)
Corporate interest income	286,620	308,101
Corporate other income	2,603,081	5,072,352
Gain on demerger of subsidiary	8,727,618	-
Net gain on fair value changes of financial assets	8,888,756	21,353,650
Net gain on sale of financial assets	-	3,121,249
Net gain on disposal of assets	3,031,573	139,435
Total consolidated profit from continuing operations before income tax	**43,862,432**	**12,680,023**

(b) **Reconciliation of assets**

	2020	2019
Segment operating assets	**617,097,435**	**564,715,493**
Unallocated corporate assets		
Cash and cash equivalents	136,810,316	65,483,767
Trade and other receivables	170,765	944,183
Prepayments	525,681	378,462
Other financial assets	1,141,677	1,180,677
Financial assets (equity investments)	-	43,210,813
Property, plant and equipment	709,025	809,350
Right-of-use assets	1,032,203	-
Total consolidated assets	**757,487,102**	**676,722,745**

(c) **Reconciliation of liabilities**

	2020	2019
Segment operating liabilities	**190,739,966**	**167,676,974**
Unallocated corporate liabilities		
Trade and other payables	1,736,621	28,367,977
Provision for employee benefits	2,395,708	2,133,433
Interest-bearing loans and borrowings	1,094,913	58,034
Deferred tax liability	39,659,067	35,000,416
Total consolidated liabilities	**235,626,275**	**233,236,834**

33. OPERATING SEGMENTS (continued)

(d) Segment revenue from external customers

	2020	2019
Segment revenue	492,268,271	418,317,447
Total revenue	**492,268,271**	**418,317,447**

Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.

	2020	2019
Australia	492,268,271	418,317,447
Total revenue	**492,268,271**	**418,317,447**

The Group has three customers to which it sells gold and each account for 41%, 46% and 13% of this external revenue respectively (2019: Three customers 36%, 61% and 3%).

(e) Segment non-current assets are all located in Australia.

34. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

		Appointed	Resigned
(i) Non-Executive Directors (NEDs)			
PJ Newton	Non-Executive Chairman	6 October 2016	25 November 2019
PB Schwann	Non-Executive Director	2 February 2017	-
FJ Van Maanen	Non-Executive Director	6 October 2016	-
WC Bramwell	Non-Executive Director	3 February 2020	-
SV Shet	Non-Executive Director	18 December 2017	26 February 2020
(ii) Executive Directors			
PG Cook	Executive Chairman	19 March 2007	-
JS Norregaard	Executive Director	29 December 2016	22 June 2020
(iii) Other Executives (KMPs)			
DA Fullarton	Chief Financial Officer [1]	21 May 2018	-
JS Norregaard	Chief Executive Officer (MPL) [2]	22 June 2020	14 August 2020
A Buckingham	Chief Operating Officer	1 October 2019	-
PM Storey	General Manager (MGO)	23 July 2018	-
PW Wilding	General Manager (CGO)	1 July 2018	-
DP Stuart	General Manager (FGO) [2]	7 October 2019	14 August 2020
L Smith	Company Secretary & General Counsel	30 December 2019	-
RB Armstrong	General Manager (FGO)	1 July 2018	31 August 2019
DJ Noort	General Manager (MPL)	20 August 2018	3 January 2020
DW Okeby	Company Secretary & Legal Manager	1 December 2016	30 December 2019

1. DA Fullarton was promoted to Chief Executive Officer with effect from 1 July 2020.
2. JS Norregaard and DP Stuart departed on 14 August 2020.
3. There are no other changes of the key management personnel after the reporting date and before the date the financial report was authorised for issue.

(b) Compensation of Key Management Personnel

	2020	2019
Short term benefits	3,979,630	3,726,230
Post-employment benefits	231,832	221,120
Other long-term benefits	76,241	59,359
Share-based payment	93,648	592,639
	4,381,351	**4,599,348**

(c) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

34. KEY MANAGEMENT PERSONNEL (continued)

(d) Interest held by Key Management Personnel under the Long-Term Incentive Plan

Share options held by key management personnel under the long-term incentive plan to purchase ordinary shares:

Grant date	Expiry date	Exercise price $	2020	2019
11/01/2020	11/01/2020	2.02	-	9,700,000
22/11/2017	24/11/2020	2.31	2,400,000	5,300,000
23/11/2017	24/11/2020	2.31	1,225,000	-
28/11//2018	30/06/2020	0.00	-	230,307
28/11/2018	30/06/2021	0.00	230,307	230,307
10/05//2019	30/06/2022	0.00	-	769,493
10/05//2019	30/06/2023	0.00	568,250	769,493
07/05/2020	30/06/2022	0.00	153,810[1]	-
07/05/2020	30/06/2022	0.00	530,331	-
Total			**5,107,698**	**16,999,600**

1. Subject to shareholder approval

35. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements of the Group include Westgold Resources Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest 2020	Ownership interest 2019
Castile Resources Pty Ltd[1]	Australia	0%	100%
Aragon Resources Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Minterra Pty Ltd[2]	Australia	100%	100%
Location 53 Pty Ltd	Australia	100%	100%

1. Entity disposed on demerger
2. Formerly Australian Contract Mining Pty Ltd

(b) Ultimate parent

Westgold Resources Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 34.

(d) Transactions with related parties

	2020	2019
Services provided by Westgold Resources Ltd to Castile Resources Ltd	395,355	-
Amount owing by Castile Resources Ltd at 30 June	7,348	-

PG Cook was the non-executive chairman of Castile Resources Ltd during the financial period.
There were no other related party transaction for the year ending 30 June 2020.

36. INFORMATION RELATING TO WESTGOLD RESOURCES LIMITED (THE PARENT ENTITY)

Current assets	138,595,311	67,933,961
Total assets	389,667,260	369,646,651
Current liabilities	4,611,826	30,469,940
Total liabilities	5,174,113	30,506,316
Issued capital	356,130,056	299,494,862
Retained earnings	9,339,943	20,806,282
Share-based payments reserve	14,466,365	14,282,408
Other reserves	4,556,783	4,556,783
Total Equity	**384,493,147**	**383,140,336**
Profit of the parent entity	1,585,208	34,116,826
Total comprehensive profit of the parent entity	1,585,208	34,116,826

36. INFORMATION RELATING TO WESTGOLD RESOURCES LIMITED (THE PARENT ENTITY)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, Westgold and its wholly owned subsidiaries (except Location 53 Pty Ltd) entered into a deed of cross guarantee on 28 November 2016 (the Guarantee). The effect of the Guarantee is that Westgold has guaranteed to pay any deficiency in the event of winding up of any controlled entity which is a party to the Guarantee or if they do not meet their obligations under the terms of any debt subject to the Guarantee. The controlled entities which are parties to the Guarantee have given a similar guarantee in the event that Westgold is wound up or if it does not meet its obligations under the terms of any debt subject to the Guarantee.

The Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income for the closed group is not different to the Group's Statement of Financial Position and Statement of Comprehensive Income.

Other contingent liabilities of the parent entity	Nil
Contractual commitments by the parent entity for the acquisition of property, plant or equipment	Nil

37. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

38. 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	**2020**
Assets	
Cash and cash equivalents	86,966
Bonds	20,000
Trade and other receivables	38
Property, plant and equipment	264,969
Mine properties and development	756,919
Exploration and evaluation expenditure	16,129,868
	17,258,760
Liabilities	
Trade and other payables	(201,877)
Provisions	(1,172)
Deferred tax liabilities	(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)**

39. DISCONTINUED OPERATIONS

Higginsville Gold Operations

In FY2019 Westgold sold its wholly owned subsidiaries that collectively make up HGO; namely Hill 51 Pty Ltd, Avoca Resources Pty Ltd, Avoca Mining Pty Ltd and Polar Metals Pty Ltd to RNC Minerals Limited. The consideration for the sale was $55 million (with working capital adjustments). The purchase consideration comprised of $24 million in cash; $27 million in 49,811,364 fully paid ordinary shares in RNC Minerals Limited and an option fee of $4 million in 7,104,655 fully paid ordinary shares in RNC Minerals Limited.

	2020	2019
Results of the discontinued operations:		
Revenue	-	76,963,348
Cost of sales	-	(95,008,018)
Gross loss	-	(18,044,670)
Other income	-	1,110,359
Loss on sale of financial assets	-	(90,309)
Other expenses	-	(34,867)
Finance costs	-	(496,717)
Exploration and evaluation expenditure written off	-	(693,428)
Gain on disposal of controlled entities	-	16,435,747
Loss before tax	-	(1,813,885)
Income tax benefit	-	2,456,810
Profit (loss) for the year from discontinued operations	**-**	**642,925**

Cash flow information from discontinued operations:	
Operating activities	9,796,749
Investing activities	(9,082,668)
Financing activities	(247,904)
	466,177
Proceeds on disposal	
Consideration received in cash and cash equivalents	24,079,927
Consideration received in shares	30,937,176
Fees and working capital adjustments	(1,150,000)
Less net assets disposed of	**53,867,103**
Assets	
Cash and cash equivalents	614,991
Trade and other receivables	461,278
Inventories	15,108,933
Prepayments	50,226
Property, plant and equipment	10,137,250
Mine properties and development costs	10,607,459
Exploration and evaluation expenditure	33,505,161
	70,485,298
Liabilities	
Trade and other payables	(6,170,363)
Provisions	(23,025,720)
Deferred tax liabilities	(3,857,859)
	(33,053,942)
Gain on disposal	**16,435,747**

40. ACCOUNTING STANDARDS

New and amended 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.

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 19. 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.

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.

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.

40. ACCOUNTING STANDARDS (continued)

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)	
Commitments relating to unrecognised leases of low-value assets	(131,637)
Adjustment for fixed outgoings associated with rental of premises	697,041
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.

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

IFRIC *23 Uncertainty over Income Tax*

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 (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 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.

40. ACCOUNTING STANDARDS (continued)

New and amended Accounting Standards and Interpretations issued but not yet effective

AASB 2019-1 Conceptual Framework for Financial Reporting

AASB 2019-1 is effective for annual periods being on or after 1 January 2020.
The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.

The Group is in the process of assessing the impact of the new Conceptual Framework.

AASB 2018-6 Definition of a Business

AASB 2018-6 is effective for annual periods being on or after 1 January 2020.

The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The Group is in the process of assessing the impact of the new amendment.

AASB 2018-7 Definition of Material

AASB 2018-7 is effective for annual periods being on or after 1 January 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The Group is in the process of assessing the impact of the new amendment.

AASB 2019-5 Disclosure if the Effect of New IFRS Standards Not Yet Issued in Australia

AASB 2019-5 is effective for annual periods being on or after 1 January 2020.

This standard amends AASB 1054 by adding a disclosure requirement for an entity intend to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 on the potential effect of an IFRS Standard that has not yet been issued by the AASB so that such entity complying with Australian Accounting Standards can asset compliance with IFRS standards.

The Group is in the process of assessing the impact of the new amendment.

Directors' Declaration

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

In the opinion of the Directors:

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

(i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2020 and of their performance for the year ended on that date; and

(ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b) and;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee identified in Note 36.

On behalf of the Board.

PG Cook
Executive Chairman
Perth, 28 August 2020

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Independent auditor's report to the members of Westgold Resources Limited

Report on the audit of the Financial Report

Opinion

We have audited the financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Depreciation and amortisation of assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2020, the Group had capitalised mine properties and development costs, property, plant and equipment, capitalised exploration and evaluation expenditure and right-of-use assets totaling $551.2 million (refer to Notes 16, 17, 18 and 19 of the financial report). Calculating depreciation and amortisation requires considerable judgement and estimation in relation to reserves and resources (used as the denominator in a "units-of-production" calculation) of the mines and the assessment of future costs (included in the numerator in a "units-of-production calculation) required to extract these reserves and resources for each underground mine. Accordingly, this creates a risk the depreciation and amortisation rates are inappropriate, resulting in the expense profile that does not reflect the pattern of consumption of the assets' future economic benefits. This was considered to be a key audit matter due to the judgment and estimation involved.	We evaluated the assumptions and methodologies used by the Group in their calculation of the depreciation and amortisation. Our audit procedures included the following: ▶ Assessed the qualifications, competence and objectivity of the Group's internal experts, the work of whom, formed the basis of the Group's estimates on the reserves and resources and the future costs used in the amortisation calculation. ▶ Assessed the application of reserves and resources in the amortisation and depreciation model ensuring that these are consistent with the latest published statement. ▶ Assessed the reasonableness of the future costs included in the calculation with reference to historical costs incurred and mine plans approved by the Group's internal experts. ▶ Evaluated the classification of costs to ensure that they are capitalised under the correct asset class and subsequently assigned to the appropriate amortisation profile. ▶ Evaluated the consistency of application of the Group's amortisation and depreciation methodology on its mine properties and capital development assets across the mine sites. ▶ Tested the mathematical accuracy of the depreciation and amortisation models. ▶ Assessed the adequacy of the Group's disclosures relating to depreciation and amortisation.

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2. Rehabilitation and restoration provisions

Why significant	How our audit addressed the key audit matter
As a consequence of its operations, the Group incurs obligations to restore and rehabilitate the environment. Rehabilitation activities are governed by a combination of legislative requirements and Group policies. As at 30 June 2020, the Group's consolidated statement of financial position includes provisions of $76.7 million in respect of such obligations (refer to Note 22). Estimating the costs associated with these future activities requires considerable judgment in relation to factors such as timing of the rehabilitation, the costs associated with the rehabilitation activities and economic assumptions such as discount rates and inflation rates. Accordingly, this was considered to be a key audit matter.	We evaluated the assumptions and methodologies used by the Group in determining their rehabilitation obligations. Our audit procedures included the following: ▶ Assessed the qualifications, competence and objectivity of the Group's internal experts, the work of whom, formed the basis of the Group's rehabilitation cost estimates. ▶ Our rehabilitation specialists have assessed whether the Group's cost estimates were reasonable considering industry benchmarks and relevant legislative requirements. Our rehabilitation specialists also compared the data used in calculating the provision to the mine closure plans submitted to Department of Mines, Industry Regulation and Safety and the reasonableness of year-on-year changes of the obligation. ▶ Tested the Group's calculation of the present values of the liabilities considering the estimated timing of when the cash flows will be incurred by reference to the most appropriate inflation and discount rates. ▶ Assessed the adequacy of the Group's disclosures relating to rehabilitation obligations.

3. Castile demerger

Why significant	How our audit addressed the key audit matter
Castile Resources Pty Ltd ("Castile") held the Group's polymetallic assets in the Northern Territory and during the period the Group distributed 100% ("the demerger") of its shareholding in Castile via an initial public offering. Demergers of this nature are not common transactions for the Group, the accounting is complex and resulted in a net gain within the profit and loss of $8.7 million and a reduction in contributed equity of $8.8 million. Accordingly, this was considered to be a key audit matter.	Our audit procedures included the following: ▶ Reviewed the Implementation Deed of the Castile Demerger ("the Deed"). ▶ Reviewed and agreed the key conditions of the Deed to the underlying supporting documents. ▶ Assessed the determination of fair value of the shares distributed. ▶ Tested the mathematical accuracy of the calculation of the net gain on demerger and the split between profit or loss and contributed equity. ▶ Involved our tax specialists to assess the tax implications of the demerger. ▶ Assessed the adequacy of the Group's disclosure relating to the transaction.

Information other than the Financial Report and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Westgold Resources Limited for the year ended 30 June, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
28 August 2020