WESTGOLD
RESOURCES LIMITED
ACN 009 260 306

APPENDIX 4E
DIRECTOR'S REPORT
ANNUAL FINANCIAL REPORT

YEAR ENDING 30 JUNE 2019

CONTENTS

Corporate Directory

Directors
Peter J Newton (Non-Executive Chairman)
Peter G Cook (Managing Director)
Johannes S Norregaard (Executive Director)
Peter B Schwann (Non-Executive Director)
Fiona J Van Maanen (Non-Executive Director)
Suresh V Shet (Non-Executive Director)

Company Secretary
David W Okeby

Key Management
Debra A Fullarton (Chief Financial Officer)
Peter M Storey (General Manager - Meekatharra Gold Operations)
Phillip W Wilding (General Manager - Cue Gold Operations)
Rowan B Armstrong (General Manager - Fortnum Gold Operations)
David J Noort (General Manager - Australian Contract Mining)

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Domicile and Country of Incorporation
Australia

Consolidated	30 June 2019 $	30 June 2018 $	Movement $	Movement %
Revenue from ordinary activities: [1]	418,317,447	276,829,288	141,488,164	51
Profit (loss) from ordinary activities after tax attributable to members: [2]	13,487,139	(31,906,035)	45,393,174	142
Net profit (loss) attributable to members:	14,130,064	(1,171,059)	15,301,123	1,307
Net tangible assets per share:	1.14	1.12		

1. Revenue from ordinary activities relates to revenue from continuing operations. Revenue from discontinued operations is disclosed in the discontinued operations note (refer to page 69 of the Annual Report).

2. Loss from ordinary activities after tax discloses the loss from continuing operations after tax. Profit from discontinued operations after tax is disclosed in the discontinued operations note (refer to page 69 of the Annual Report).

DIVIDEND INFORMATION

The Directors do not propose to pay any dividend for the financial year ended 30 June 2019.

No dividends were paid to members for the 30 June 2018 financial year.

COMMENTARY ON RESULTS FOR THE YEAR

An explanation of the results is included in the 2019 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 2019 Annual Financial Report and Director's Report.

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 2019.

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 (Appointed 6 October 2016)
Mr Newton was a highly successful stockbroker for 25 years before shifting his hand to corporate management of resource companies where he has been a significant participant in the Australian resource industry as an investor, non-executive director, Chairman and mentor in a number of listed and successful companies. Mr Newton is also the Chairman of the Company's Remuneration & Nomination Committee and Audit Committee.

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

- Metals X Limited. *

Peter Cook – Managing Director (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:

- Metals X Limited (Appointed 23 July 2004 – Resigned 2 February 2017);
- Pantoro Limited (Appointed 31 August 2009 – Resigned 5 October 2016); and
- Nelson Resources Limited (Appointed 4 June 2013 – Resigned 1 February 2019).

Johannes Norregaard – Director of Operations (Appointed 29 December 2016)

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 Committee and Remuneration & Nomination Committee.

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

- Aruma Resources Limited. *

Suresh Shet – **Non-Executive Director** (Appointed 18 December 2017)

Mr Shet (MSc Geol), MAusIMM) has over 22 years of experience in various mineral commodities in fields ranging from exploration to feasibility studies, new mine development, mergers and acquisitions, and project evaluation. Mr Shet is a nominee director of Golden and Energy Resources Ltd (GEAR) who is a significant shareholder in the Company. He is also an Associate Member of the Singapore Institute of Directors (SID).

Mr Shet has 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 more than 25 years' experience in accounting and financial management in the mining and resources industry. Mrs Van Maanen also served as Company secretary of Westgold until December 1, 2016, prior to its demerger from Metals X Limited. Mrs Van Maanen serves on the Company's Audit Committee and Remuneration & Nomination Committee.

Mrs Van Maanen has held no public company directorships in the past three years.

***** Denotes current directorship

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 Westgold Resources Limited were:

Director	Fully Paid Ordinary Shares	Options
PG Cook	10,779,066	3,929,744
JS Norregaard	-	1,180,869
PJ Newton	6,941,656	-
PB Schwann	-	-
FJ Van Maanen	435,521	-
SV Shet	-	-
Total	**18,156,243**	**5,110,613**

COMPANY SECRETARY

David Okeby (Appointed 1 December 2016)

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

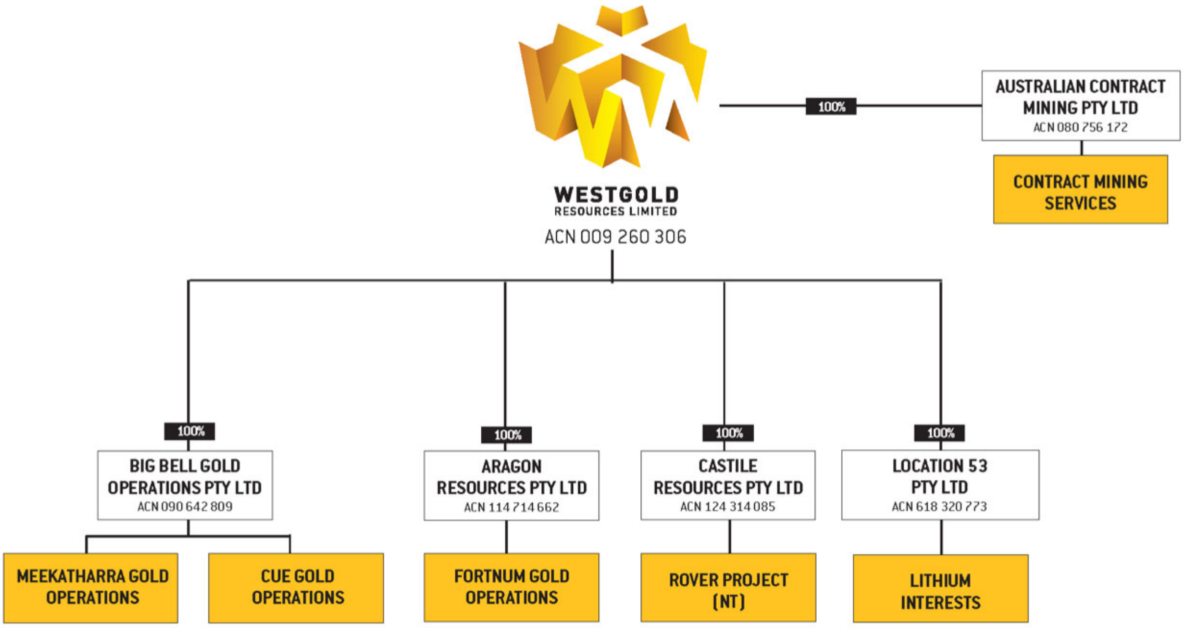
PRINCIPAL ACTIVITIES

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 808 employees at 30 June 2019 (2018: 829).

CORPORATE STRUCTURE



OPERATING AND FINANCIAL REVIEW

OPERATING RESULTS

The Group's operating results improved substantially over the previous year witnessed by a shift to profitability with an increase in net profit after income tax to $14,130,064 (2018: loss $1,171,059).

The result also reflects the continued expansion of the Group's activities in the Murchison Region and the rationalisation of group assets to focus on the core Murchison assets. These actions over the year reflect the following key measures:

- Consolidated revenue from continuing operations increased by 51% over the prior year to $418,317,447 (2018: $276,829,283);
- Consolidated total cost of sales from continuing operations increased by 35% over the prior year to $408,078,123 (2018: $302,289,538);
- Following the rationalisation of mining tenements, an impairment on the carrying value of mining tenements of $5,471,706 (2018: $635,040) was taken;
- The Group repaid $16,011,946 (2018: $23,887,875) of the gold prepayment facility;
- The Group's profit after income tax from continuing operations increased by 142% to $13,487,139 (2018: loss $31,906,035).

On a segment basis, the three operating centres that made up the continuing operations of the Group showed varied outcomes reflecting the phase that each operation was in during the year.

The Cue Gold Operations ("CGO") continued their ramp up to full capacity with the plant having its first full year of operation. The increased gold output from four consecutive quarters of improved performance was reflected in an increase in Revenue to $120,694,689 (2018: $14,387,830). Gold output was focused on minor short-term operations and capacity building, whilst the major Big Bell mine rehabilitation and development works were completed, resulting in a minor segment loss of $1,047,700 (2018: $5,084,013).

The Fortnum Gold Operations ("FGO") continued their ramp in gold output reflected by an increase in revenue to $103,989,696 (2018: $69,808,741). Segment profits also increased to $15,724,413 (2018: $447,893).

The Meekatharra Gold Operations ("MGO") endured some issues with limited process plant capacity and the delay in the installation of its new secondary crushing circuit. These were exacerbated by some one-off dilutionary issues with bulk mining of ultramafic hosted orebodies in the Paddy's Flat mine. Consequently, gold output was lower and revenue dropped to $167,960,218 (2018: $181,334,613). In addition, an impairment of the carrying value of accumulated mill scats of $11,491,150 was taken as no certain route to reprocessing could be defined. The resultant outcome for MGO was a segment loss of $ 20,392,554 (2018: $21,670,374).

Exploration activities continued at all operations during the year with $16,411,426 (2018: $25,521,635) expended. A thorough review of accumulated land titles was completed resulting in a write-off of $5,471,706 (2018: $635,040) of carrying values.

The contract mining and services division, Australian Contract Mining Pty Ltd ("ACM") internalised most of its contracts within the Group on a cost re-imbursement basis. However, external revenue of $25,672,844 (2018: $11,298,099) was also generated during the year.

Westgold divested the Higginsville Gold Operations ("HGO") to RNC Minerals ("RNC") on 10 June 2019. HGO had sustained a gross loss of $18,044,670 as its operations underperformed. A gain on sale of $16,435,747 was recognised, with an after tax profit of $642,925 from the discontinued operations.

REVIEW OF FINANCIAL CONDITION

The Consolidated Statement of Cash Flows reflects a closing cash and cash equivalents of $67,196,289 (2018: $73,446,753).

Operating Activities

Group cash flow generated by operating activities increased on that of the previous corresponding year with a total inflow of $81,231,882 (2018: $14,710,955).

OPERATING AND FINANCIAL REVIEW (Continued)

Investing Activities

Cash flows used in investing activities across the Group increased on that of the previous corresponding period with a total outflow of $109,806,561 (2018: $96,762,714).

Cash flow applied to investing activities in the current year relate to the key growth capital at the Big Bell and South Emu underground mines, major capital works on plant and equipment such as the new airstrip and village upgrade at Fortnum, a new village at Big Bell and a new secondary crushing circuit at the Bluebird Plant. 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 re-investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the year was $157,065,262, broken into key operations as follows:

- MGO $52,958,699 (2018: $58,757,047);
- CGO $81,401,015 (2018: $50,568,806);
- FGO $21,699,381 (2018: $34,749,449); and
- Other $1,006,168 (2018: 6,526,789).

Capital commitments of $8,996,852 (2018: $20,902,157) existed at the reporting date, principally relating to the purchase of plant and equipment.

Financing Activities

External financing requirements reduced to $22,324,215 (2018: $88,361,144) reflecting the internal sourced financing of growth activities.

- The Group received $23,489,570 from on the placement of 26,000,000 ordinary shares and the conversion of 44,785 listed options;
- The Group drew on $20,853,550 (2018: $36,150,750) from a gold prepay facility; and
- The Group's lease liabilities increased to $36,736,877 (2018: $30,648,318) over the year due to the acquisition of additional mobile equipment within the contract mining services division.

SHARE ISSUES DURING THE YEAR

The following share issues have taken place during the year:

Date	Number of shares	Purpose
7 December 2018	26,000,000	Placement to supplement working capital
10 June 2019	508	Issued on conversion of options
18 June 2019	12,686	Issued on conversion of options
28 June 2019	31,591	Issued on conversion of options
Total	**26,044,785**	

DIVIDENDS

No dividends were paid to Members during the 2019 financial year.

The Directors do not propose to pay any dividend for financial year ended 30 June 2019.

REVIEW OF OPERATIONS

Westgold narrowed its focus during the year to its regional dominance in the Central Murchison region where the project aggregation matured to see all three of its processing hubs operating at full capacity.

Westgold completed the divestment of its Higginsville Gold Operations (HGO) on 10 June 2019. This ended the Groups' operational scattering in Western Australia and focused gold output on the Murchison region. Westgold also commenced the divestment of its Lithium Royalty portfolio with contracts of sale agreed by year-end.

REVIEW OF OPERATIONS (continued)

Further, Westgold announced the proposed demerger of the Northern Territory polymetallic assets consistent with becoming a pure-play West Australian gold producer. The proposed demerger is subject to shareholder approval and remains contingent to satisfactory tax guidance being received from the Australian Taxation Office.

Westgold has now aggregated approximately 350 mining titles covering 124,000 hectares in the Central Murchison region. This tenure holds historic gold production from numerous gold mining centers of more than 10 million ounces with enduring output from a regional total mineral resource of approximately 9 million ounces anchored by three processing plants with a combined capacity of 3.5 - 4.0 million tonnes per annum.

The Central Murchison strategy is broken into three regional subsets with a processing hub (plant) at the core of each one. These are collectively referred to as:

1. Meekatharra Gold Operations (“MGO”);
2. Cue Gold Operations (“CGO”); and
3. Fortnum Gold Operations (“FGO”).

Over the past year, MGO continued as a steady state operation with a progressive transition toward a dominance of underground mining feeds. Whilst MGO output was slightly lower this year, with a few operational issues impacting its outputs, a secondary crushing circuit has been constructed and commission at the Bluebird process plant which will enable higher plant throughput from the progressively harder mill feeds in the forward years.

CGO has its first full year in operation with output ramping up on a quarter on quarter basis from the small Comet underground mine and open pit sources, in anticipation of the build-up of ore from the large Big Bell mine which will dominate long-term mill feed. Big Bell will start to progress to higher output from the sub-level caving operation in the ensuing year.

FGO had a further year of progressive increases of output as the main Starlight underground mine begins to build from virgin production areas.

The wholly owned mining services division of Westgold, Australian Contract Mining (ACM) continued to provide mining services to all underground mines and most of its open pit operations during the year. The re-build of capacity and capability within ACM enabled it to recommence tendering on external works with one additional external job added during the year.

Meekatharra Gold Operations

MGO covers the central part of Murchison portfolio and the historic gold mining centres of Paddy’s Flat, Yaloginda, Nannine and Reedys. Production from these areas has been from various open pits, which are progressively being replaced by underground mining as the historic mines are brought back into production. Over the past year the South Emu – Triton underground was developed and now produces ore to supplement the underground mine at Paddy’s Flat, increasing the proportion of higher-grade underground ore in the plant feed.

The Bluebird processing hub comprising a 1.4 - 1.6 million tonne per annum CIP plant and associated infrastructure anchors the production sources. A new secondary crushing circuit was added to plant during the year, this being commissioned in June 2019. It is expected to maintain plant capacity despite a greater proportion of hard ore coming from underground sources and deeper open pits.

Gold output from the operation for the year was 94,280 ounces at a C1 Cash Cost of A$ 1,264 per ounce and an all-in sustaining cost of A$ 1,451 per ounce as disclosed in the table on page 10.

Sustaining capital was invested to maintain developed tonnages in the underground mines so that production rates can be sustained. Additional growth capital was invested in start-up projects at the South Emu underground mine to establish long-term mine services and infrastructure. The main capital works program was the construction of a new secondary crushing circuit to enable the plant to achieve higher throughput from the increasingly harder ore sources.

Cue Gold Operations

CGO covers the southern part of Murchison portfolio and the historic gold mining centers of Big Bell, Cuddingwarra, Day Dawn, Pinnacles and Tuckabianna. The Tuckabianna processing hub, a 1.2 - 1.4 million tonne per annum CIP plant and associated infrastructure anchors the gold output from the region.

The Tuckabianna Plant had its first full year of operation completing a series of phases of capacity building and increasing gold output. Starting initially on low-grade and tailings stocks with a small amount of Comet underground ore.

REVIEW OF OPERATIONS (continued)

Open pit mining commenced at Day Dawn with open pit ore beginning to dominate plant feed by mid-year. These will continue until the end of CY 2019 when ore feeds will begin to be dominated by ore from the Big Bell mine. The Big Bell mine will dominate long-term mill feed for CGO for the ensuing 10 years as the sub-level cave mine builds to full capacity over the year forward. Big Bell produced a minor amount of ore during the capital development phase from remnants of the previous mining phase.

Gold output for CGO in its first year of ramp-up was 68,255 ounces at a C1 Cash Cost of A$ 1,338 per ounce and an all-in sustaining cost of A$ 1,449 per ounce as disclosed in the table on page 10.

The Big Bell mine was the main capital works program with significant growth capital expended to re-establish the mine and its network of infrastructure and services to enable a long-term sub-level cave mining operation. In addition a new workers village was constructed. Other growth capital was expended at the Comet Mine and the Great Fingall mine with the in-wall ramp and longer-term decline integration.

Fortnum Gold Operations

FGO covers the northern extremities of the Group's Central Murchison tenure. Specifically, FGO aggregates the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill with gold processing anchored by the 0.9 – 1.0 million tonne per annum Fortnum processing hub.

Mining operations at FGO during the year were focused on three main ore sources, namely the Yarlaweelor open pits, the Starlight Underground Mine and residual low-grade stocks in the region. During the year excellent progress was made at the Starlight underground mine with the mine fully refurbished and moving toward the exploitation of virgin lodes beneath the historic workings. Development into the sub-parallel Trev's lodes commenced with plans to bring this forward as a second production area in the year forward. Open pit mining of the Stage 1 - Yarlaweelor Open Pits was completed toward the end of the year. Available low-grade stocks on surface are sufficient for 3 years of blending with underground feeds through the plant.

Gold output for the year 58,308 oz at a C1 Cash Cost of A$ 1,064 per ounce and an all-in sustaining cost of A$ 1,224 per ounce as disclosed in the table on page 10.

Growth capital at Fortnum was expended on a new airstrip for fly-in fly-out operations to reduce the 150km commute to Meekatharra and for an upgrade to the village. Growth capital was also expended for the establishment of a second mine portal access to enable exploitation of the Trev's Lode system at the Starlight underground mine.

Mining and Services Division

Westgold continued to expand its wholly owned mining and services division, ACM in line with the groups expanding mining operations. ACM expanded its diamond drilling division during the year and began to tender on external works, successfully winning a third party contract. Westgold continues to build capacity and capability in the ACM business and will transition it toward being and independent contractor over the ensuing year.

Rover Project

The Company holds significant gold and base metal assets in the Tennant Creek and the West Arunta region. The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has fully tested a small number of anomalies and significant mineralised Iron Oxide Copper Gold ("IOCG") systems have been discovered at the Rover 1 and Explorer 142 prospects. In addition, significant lead-zinc-silver discoveries have been made at Explorer 108 and recently at the Curiosity Prospect to its south. The Company is planning the divestment of these assets as it continues the focus on its Western Australian gold mines.

REVIEW OF OPERATIONS (continued)

Westgold Operating Performance by Operation

Year Ended 30 June 2019		HGO^	MGO	CGO	FGO	Group
Physical Summary	**Units**					
UG Ore Mined	t	0	669,201	256,446	398,810	**1,324,457**
UG Grade Mined	g/t	0.00	3.82	3.94	2.90	**3.57**
OP BCM Mined	BCM	1,639,163	434,780	1,878,920	1,518,884	**5,471,748**
OP Ore Mined	t	718,161	452,734	535,036	469,335	**2,175,266**
OP Grade Mined	g/t	1.78	1.49	1.77	1.68	**1.70**
Ore Processed	t	709,002	1,310,499	1,169,527	849,853	**4,038,881**
Head Grade	g/t	1.74	2.64	1.99	2.23	**2.21**
Recovery	%	80.4%	84.8%	90.4%	95.7%	**87.9%**
Gold Produced	oz	34,378	94,280	68,255	58,308	**255,221**
Gold Sold	oz	33,168	94,544	67,576	58,585	**253,874**
Achieved Gold Price	A$/oz	1,762	1,758	1,776	1,775	**1,768**
Cost Summary						
Mining	A$/oz	742	744	750	688	**732**
Processing	A$/oz	674	385	537	390	**466**
Admin	A$/oz	116	77	69	75	**80**
Stockpile Adjustments	A$/oz	(157)	58	(18)	(88)	**(25)**
C1 Cash Cost (produced)	**A$/oz**	**1,375**	**1,264**	**1,338**	**1,064**	**1,253**
Royalties	A$/oz	52	94	44	53	**66**
Marketing/Cost of sales	A$/oz	2	1	0	1	**1**
Sustaining Capital	A$/oz	56	85	60	89	**75**
Corporate Costs	A$/oz	35	7	6	18	**13**
All-in Sustaining Costs **	**A$/oz**	**1,520**	**1,451**	**1,449**	**1,224**	**1,408**
Project Startup Capital	A$/oz	143	241	855	155	**372**
Exploration Holding Cost	A$/oz	82	91	44	29	**63**
All-in Cost ***	**A$/oz**	**1,745**	**1,783**	**2,347**	**1,408**	**1,843**

Year Ended 30 June 2018		HGO^	SKO^^	MGO	CGO	FGO	Group
Physical Summary	**Units**						
UG Ore Mined	t	-	286,006	707,268	32,745	126,401	**1,152,420**
UG Grade Mined	g/t	-	2.83	3.81	3.60	2.77	**3.45**
OP BCM Mined	BCM	3,191,374	867,097	3,191,519	-	3,158,074	**10,408,064**
OP Ore Mined	t	784,004	241,480	921,014	-	480,048	**2,426,546**
OP Grade Mined	g/t	1.74	1.70	1.58	-	1.63	**1.65**
Ore Processed	t	1,189,400	499,078	1,627,141	204,269	845,180	**4,365,068**
Head Grade	g/t	1.73	2.31	2.56	1.71	1.66	**2.09**
Recovery	%	84.79	90.14	84.07	79.17	92.14	**86.29**
Gold Produced	oz	55,958	34,086	112,430	8,917	41,820	**253,210**
Gold Sold	oz	56,071	36,107	109,871	8,572	41,840	**252,460**
Achieved Gold Price	A$/oz	1,662	1,665	1,651	1,668	1,668	**1,659**
Cost Summary							
Mining	A$/oz	590	868	750	583	578	**696**
Processing	A$/oz	732	208	353	794	482	**454**
Admin	A$/oz	159	54	163	156	227	**158**
Stockpile Adjustments	A$/oz	(83)	(54)	(6)	(88)	(20)	**(35)**
C1 Cash Cost (produced)	**A$/oz**	**1,398**	**1,075**	**1,260**	**1,445**	**1,266**	**1,273**
Royalties	A$/oz	72	31	82	27	43	**64**
Marketing/Cost of sales	A$/oz	2	2	1	1	1	**2**
Sustaining Capital	A$/oz	72	114	140	140	54	**107**
Corporate Costs	A$/oz	21	20	8	10	23	**15**
All-in Sustaining Costs **	**A$/oz**	**1,565**	**1,241**	**1,492**	**1,623**	**1,387**	**1,462**
Project Startup Capital	A$/oz	287	163	542	848	673	**467**
Exploration Holding Cost	A$/oz	88	55	97	54	27	**76**
All-in Cost ***	**A$/oz**	**1,940**	**1,459**	**2,131**	**2,525**	**2,087**	**2,005**

^ HGO was sold to RNC in June 2019 and is therefore treated as a discontinued operation.

^^ South Kalgoorlie Operations ("SKO") was sold to Northern Star Resources Limited ("NST") in Mar 2018 as is therefore treated as a discontinued operation.

* C1 Cash Cost ("C1"): represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

** All-in Sustaining Cost ("AISC"): is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses.

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

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

CORPORATE

Lithium Royalties

Westgold is in the process of divesting its Mount Marion Lithium Royalty for a gross $13 million in cash. Agreement was reached to sell the Buldania Lithium Royalty for $2 million in cash with a $250,000 prepayment being received during June 2019 and final settlement occurring on 29 July 2019.

Investments

Westgold held the following equity investments as at 30 June 2019:

- Musgrave Minerals Limited (ASX:MGV) 13.31% (2018: 14.68%);
- RNC Minerals (TSX:RNX) 10.29% (2018: 6.46%);
- Aruma Resources Limited (ASX:AAJ) 1.17% (2018: 1.17%); and
- Auris Minerals Limited (ASX:AUR) 0.73% (2018: 0.74%).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased to $443,485,911 (2018: $405,816,161), representing 26,000,000 shares issued at $23,400,000 and the conversion of 44,785 listed options at $89,750.

The sale of the Higginsville Gold Operations to RNC Minerals was completed on 10 June 2019. Consideration for the sale was approximately $24m in cash and $31m in RNC shares. Escrow restrictions prevail over the RNC shareholding with approximately 50% of the holdings escrowed for six months and the remainder for twelve months.

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 23 May 2019, the Company issued 1,999,600 unlisted employee options (WGXO) 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.
- 460,614 of the Employee Options that vest will expire if not exercised on the vesting date;
- 1,538,986 of the Employee Options that vest will expire two years after 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.

SHARE OPTIONS (continued)

Unissued shares

As at the date of this report, there were 16,999,600 unissued ordinary shares under option relating to unlisted options.

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 44,785 listed options were converted to acquire fully paid ordinary shares in the Company, refer to note 25 for further details. Subsequent to the year-end a further 15,603 fully paid ordinary shares were issued as a result of the conversion of listed options.

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 Committee		Remuneration & Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
PG Cook	10	10	-	-	-	-
PJ Newton	10	10	2	2	1	1
JS Norregaard	10	10	-	-	-	-
PB Schwann	10	10	2	2	1	1
SV Shet	10	9	-	-	-	-
FJ Van Maanen	10	10	2	2	1	1

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Audit Committee	**Remuneration and Nomination Committee**
PJ Newton *	PJ Newton *
PB Schwann	PB Schwann
FJ Van Maanen	FJ Van Maanen

Notes:

* Designates the Chairman 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 2019 (FY2019). 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 Westgold's Key Management Personnel ("KMP") being the:

- Non-Executive Directors ("NEDs"); and
- Managing Director ("MD"), 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	-
	PB Schwann	Non-Executive Director	2 February 2017	-
	SV Shet	Non-Executive Director	18 December 2017	-
	FJ Van Maanen	Non-Executive Director	6 October 2016	-
(ii)	**Executive Directors**			
	PG Cook	Managing Director	19 March 2007	-
	JS Norregaard	Director of Operations	29 December 2016	-
(iii)	**Senior Executives**			
	PM Storey	General Manager (MGO)	23 July 2018	-
	PW Wilding	General Manager (CGO)	1 July 2018	-
	RB Armstrong	General Manager (FGO)	1 July 2018	-
	DJ Noort	General Manager (ACM)	20 August 2018	-
	DW Okeby	Company Secretary & Legal Manager	1 December 2016	-
	DA Fullarton	Chief Financial Officer	21 May 2018	-

2. Remuneration governance

Remuneration and Nomination Committee Responsibility

The remuneration and nomination committee is a subcommittee of the Board. It is primarily responsible for making 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 11 of this annual report.

2. REMUNERATION GOVERNANCE (CONTINUED)

Use of remuneration advisors

During the prior year, the Remuneration and Nomination Committee approved the engagement of BDO Remuneration and Reward Pty Ltd ("BDO") to review and provide recommendations on the Group's executive remuneration framework and policies.

Both BDO and the Committee are satisfied the advice received from BDO is free from undue influence from the KMP to whom the remuneration recommendations apply.

The remuneration recommendations were provided to the Committee as an input into decision making only. The Remuneration Committee considered the recommendations, along with other factors, in making its remuneration decisions.

The fees paid to BDO for the remuneration recommendations were Nil (2018: $27,250). No other fees were paid to BDO during the year.

Outcome of BDO Remuneration Review

Following the BDO remuneration review the following changes to the remuneration structure were made during FY2018:

The introduction of a formal 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).

Following the BDO remuneration review the following changes to the remuneration structure were made in FY2019:

The long-term incentive ("LTI") policy was amended to focus 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 Managing Director 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.

As a transitional arrangement, for the options granted in FY2019, the LTI performance period was treated as two tranches:

- 50% of the options will be performance tested against the LTI performance measures for the period 1 July 2018 to 30 June 2020; and
- 50% of the options will be performance tested against the LTI performance measures for the period 1 July 2018 to 30 June 2021.

All subsequent grants of options will have a three-year performance period. There will be no opportunity for re-testing. Any options that do not vest will lapse after testing. Executives are able to exercise any options that vest for up to two years after the vesting date before the vested options lapse.

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.

Remuneration report at FY2018 AGM

The FY2018 remuneration report received positive shareholder support at the FY2018 AGM with a vote of 79% in favour.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

NED Remuneration Policy

Westgold's 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 and included in the notice of meeting for demerger from Metals X Limited and approved at the Extraordinary General Meeting of shareholders on 24th 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. No additional fees are paid to NEDs for being a Chair or Member of a sub-committee. However, 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.

4. 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 FY2019 potential total remuneration packages split between the fixed and variable remuneration is shown below:

Executive	Fixed remuneration	STI	LTI
Managing Director	71%	17%	12%
Other Executives	78%	10%	12%

4. 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 FY2019, the STI dollar values that executives are entitled to receive as a percentage of their fixed remuneration would not exceed 50% for the Managing Director 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. The following KPIs were chosen for the 2019 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 as assessed by Remuneration Committee (25%). 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.
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).

4. EXECUTIVE REMUNERATION (continued)

STI performance

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
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
		Actual production below budget by less than 5%	0
Personal performance	25	Underperforms budget by between 5% & 10%	25
		Good Effort and Exceptional Achievement	20
		Good Effort and Good Achievement	15
		Average Effort and Good Achievement	10
		Average Effort and Average Achievement	5
Total	**100**		

4. EXECUTIVE REMUNERATION (continued)

STI outcomes

Performance against those measure is as follows for FY2019:

Name	Position	Achieved STI %	STI Awarded (ii) $	Maximum potential award $
PG Cook	Managing Director	53	153,700	290,000
JS Norregaard	Director of Operations	48	96,000	200,000
PM Storey	General Manager (MGO) (i)	53	47,700	90,000
PW Wilding	General Manager (CGO) (i)	51	45,450	89,117
RB Armstrong	General Manager (FGO) (i)	43	35,700	83,023
DW Okeby	Company Secretary & Legal Manager	53	39,750	75,000
DA Fullarton	Chief Financial Officer	53	39,750	75,000
Total			**458,050**	**902,140**

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

(ii) The FY2019 STI awards were paid in August 2019.

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.

How is it paid?	Executives are eligible to receive options. In FY2019 Zero Exercise Price Options (“**ZEPOs**”) were issued, being an option to acquire an ordinary share in Westgold for a zero exercise price. In FY2018 Premium Exercise Price Options (“**PEPOs**”) were issued, being an option to acquire an ordinary share in Westgold for a pre-determined exercise price, calculated at 125% of the volume weighted average price (“VWAP”) of Westgold shares traded on the ASX during the 5 day trading period prior to the day of the grant.
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 80% (FY2018: 100%) for the Managing Director and 60% (FY2018: 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

4. EXECUTIVE REMUNERATION (CONTINUED)

Long Term Incentive (LTI) arrangements (continued)

How is performance measured?

ZEPOs
The options will vest and become exercisable subject to the service and performance conditions being met. The options have been issued in two tranches.

Tranche 1
The service condition requires:

- Continued employment for the two-year period from 1 July 2018 to 30 June 2020.

The performance condition comprises the following:

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

Tranche 2
The service condition requires:

- Continued employment for the three-year period from 1 July 2018 to 30 June 2021.

The performance condition comprises the following:

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

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%

How is performance measured?

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%

PEPOs
Options are subject to a one-year service-period performance measure. There are no other performance conditions as it is designed as a retention plan.

The options have an exercise price of 125% of the 5-day VWAP of Westgold shares traded on the ASX prior to the day of the grant.

The long-term incentive policy has been amended for FY2019 to focus on long-term value creation and further align managements' interest with those of the shareholders.

4. EXECUTIVE REMUNERATION (CONTINUED)

Long Term Incentive (LTI) arrangements (continued)

When is performance measured?	**ZEPOs** **Tranche 1** The measurement date is 30 June 2020 unless otherwise determined by the Board. **Tranche 2** The measurement date is 30 June 2021 unless otherwise determined by the Board. Executives may exercise the options for up to two years after the vesting date before the options lapse.
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).

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

Remuneration earned by executives in 2019

The actual remuneration earned by executives in the year ended 30 June 2019 is set out in Table 1 on page 22. This provides shareholders with a view of the remuneration paid to executives for performance in FY2019 year.

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 FY2019 were paid in August 2019, but have been disclosed in Table 1.

LTI performance and outcomes

PEPO's granted in FY2018 vested in November 2018. ZEPO's granted in FY2019 will be subject to performance hurdles and issued in two tranches. Tranche 1 has a two-year vesting period ending in June 2021 and Tranche 2 has a three-year vesting period ending in June 2022.

Executive Directors (PG Cook and JS Norregaard) were granted a total 460,614 ZEPO's in May 2019. These were approved by shareholders at the AGM in November 2018.

Other Executive were granted a total 1,538,986 ZEPO's in May 2019 under the ESOP.

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

5. PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

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 15 *	30 June 16 *	30 June 17 *	30 June 18 *	30 June 19
Closing share price	N/A	N/A	$1.84	$1.85	$1.88
Profit (loss) per share (cents)	4.49	(6.75)	5.18	(0.34)	3.74
Net tangible assets per share	$0.44	$0.34	$0.98	$1.12	$1.14
Dividend paid per shares (cents)	-	-	-	-	-

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

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.

6. 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 (Managing Director)	580,000	9.5%	3 months	6 months base salary
JS Norregaard (Director of Operations)	500,000	9.5%	3 months	6 months base salary
PM Storey (General Manager MGO)	300,000	9.5%	3 months	Per NES *
PW Wilding (General Manager CGO)	300,000	9.5%	3 months	Per NES *
RB Armstrong (General Manager FGO)	280,000	9.5%	3 months	Per NES *
DJ Noort (General Manager ACM)	375,000	9.5%	3 months	Per NES *
DW Okeby (Company Secretary & Legal Manager)	250,000	9.5%	3 months	Per NES *
DA Fullarton (Chief Financial Officer)	250,000	9.5%	3 months	Per NES *

* 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

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)

7. Executive contractual arrangements (continued)

2018	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 (6)	81,900	-	-	-	5,700	-	-	87,600	-
SV Shet (1)	42,489	-	-	-	-	-	-	42,489	-
	284,389	-	-	-	20,900	-	-	305,289	
Executive Directors									
PG Cook (6)	612,794	-	25,192	5,350	22,306	(8,457)	1,050,352	1,707,537	-
JS Norregaard (5, 6)	534,784	50,000	10,505	5,937	26,800	3,877	271,517	903,420	6
Other key management personnel									
PD Hucker (6)	324,498	-	17,729	2,715	25,502	15,226	348,630	734,300	-
DW Okeby (3)	225,000	-	9,798	7,739	21,375	29,079	348,630	641,621	-
DA Fullarton (1)	29,487	-	2,393	-	2,801	141	-	34,822	-
SM Balloch (2, 3)	354,238	-	13,747	3,889	33,653	9,798	437,994	853,319	-
JG Brock (2, 4, 6)	341,298	-	1,441	1,810	24,999	(822)	348,630	717,356	-
	2,422,099	50,000	80,805	27,440	157,436	48,842	2,805,753	5,592,375	
Totals	**2,706,488**	**50,000**	**80,805**	**27,440**	**178,336**	**48,842**	**2,805,753**	**5,897,664**	

1. SV Shet and DA Fullarton were appointed 18 December 2017 and 21 May 2018 respectively.
2. JG Brock and SM Balloch resigned 30 June 2018 and 13 July 2018 respectively.
3. Includes amounts recovered from Pantoro Limited in respect of remuneration for services provided by DW Okeby and SM Balloch of $59,624 and $74,564 respectively.
4. Includes annual leave paid out on termination.
5. The cash bonus was paid in lieu of options.
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)

8. Additional statutory disclosures required under the Corporations Act 2001.

Table 1: Westgold options granted, vested or lapsing during the period

Executive	Granted	Grant date	Fair value per option	Total value at grant date	Vesting date	Exercise price	Expiry date	Vested	Lapsed
FY 2019									
PG Cook	69,936	28/11/2018	$0.23	$15,945	30/06/2020	$0.00	30/06/2020	-	-
	69,936	28/11/2018	$0.98	$34,443	30/06/2020	$0.00	30/06/2020	-	-
	69,936	28/11/2018	$0.33	$22,939	30/06/2021	$0.00	30/06/2021	-	-
	69,936	28/11/2018	$0.98	$34,443	30/06/2021	$0.00	30/06/2021	-	-
JS Norregaard	45,218	28/11/2018	$0.23	10,310	30/06/2020	$0.00	30/06/2020	-	-
	45,217	28/11/2018	$0.98	22,269	30/06/2020	$0.00	30/06/2020	-	-
	45,218	28/11/2018	$0.33	14,831	30/06/2021	$0.00	30/06/2021	-	-
	45,217	28/11/2018	$0.98	22,269	30/06/2021	$0.00	30/06/2021	-	-
PM Storey	27,134	23/05/2019	$0.22	6,078	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$0.31	8,303	30/06/2021	$0.00	30/06/2023	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2021	$0.00	30/06/2023	-	-
PW Wilding	27,134	23/05/2019	$0.22	6,078	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$0.31	8,303	30/06/2021	$0.00	30/06/2023	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2021	$0.00	30/06/2023	-	-
RB Armstrong	27,134	23/05/2019	$0.22	6,078	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2020	$0.00	30/06/2022	-	-
	27,134	23/05/2019	$0.31	8,303	30/06/2021	$0.00	30/06/2023	-	-
	27,134	23/05/2019	$1.34	18,248	30/06/2021	$0.00	30/06/2023	-	-
DJ Noort	33,917	23/05/2019	$0.22	7,597	30/06/2020	$0.00	30/06/2022	-	-
	33,918	23/05/2019	$1.34	22,810	30/06/2020	$0.00	30/06/2022	-	-
	33,917	23/05/2019	$0.31	10,379	30/06/2021	$0.00	30/06/2023	-	-
	33,918	23/05/2019	$1.34	22,810	30/06/2021	$0.00	30/06/2023	-	-
DW Okeby	22,611	23/05/2019	$0.22	5,065	30/06/2020	$0.00	30/06/2022	-	-
	22,612	23/05/2019	$1.34	15,207	30/06/2020	$0.00	30/06/2022	-	-
	22,611	23/05/2019	$0.31	6,919	30/06/2021	$0.00	30/06/2023	-	-
	22,612	23/05/2019	$1.34	15,207	30/06/2021	$0.00	30/06/2023	-	-
DA Fullarton	22,611	23/05/2019	$0.22	5,065	30/06/2020	$0.00	30/06/2022	-	-
	22,612	23/05/2019	$1.34	15,207	30/06/2020	$0.00	30/06/2022	-	-
	22,611	23/05/2019	$0.31	6,919	30/06/2021	$0.00	30/06/2023	-	-
	22,612	23/05/2019	$1.34	15,207	30/06/2021	$0.00	30/06/2023	-	-
FY 2018									
PG Cook	1,400,000	22/11/2017	$0.45	627,806	22/11/2018	$2.31	24/11/2020	1,400,000	-
JS Norregaard	1,000,000	23/11/2017	$0.45	448,433	22/11/2018	$2.31	24/11/2020	1,000,000	-
PD Hucker	300,000	23/11/2017	$0.45	133,621	22/11/2018	$2.31	24/11/2020	300,000	-
DW Okeby	300,000	23/11/2017	$0.45	133,621	22/11/2018	$2.31	24/11/2020	300,000	-
SM Balloch	300,000	23/11/2017	$.045	133,621	22/11/2018	$2.31	24/11/2020	300,000	-
JG Brock	300,000	23/11/2017	$0.45	133,621	22/11/2018	$2.31	24/11/2020	300,000	-
RB Armstrong	175,000	23/11/2017	$0.45	77,946	22/11/2018	$2.31	24/11/2020	175,000	-

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 28.

REMUNERATION REPORT (Audited) (Continued)

8. Additional statutory disclosures (Continued)

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

	Balance held at 1 July 2018	On exercise of options	Net change other [1]	Balance held at 30 June 2019
Directors				
PG Cook	10,029,066	-	750,000	10,779,066
PJ Newton	6,941,656	-	-	6,941,656
SJ Norregaard	-	-	-	-
PB Schwann	-	-	-	-
FJ Van Maanen	435,521	-	-	435,521
SV Shet	-	-	-	-
Executives				
PM Storey	-	-	-	-
PW Wilding	-	-	-	-
RB Armstrong	-	-	-	-
DJ Noort	-	-	-	-
DW Okeby	30,234	-	-	30,234
DA Fullarton	-	-	-	-
Total	**17,436,477**	**-**	**750,000**	**18,186,477**

1. Represents acquisition of shares on market.

Table 3: Performance right and option holdings of key management personnel (including nominees)

	Options balance at beginning of year 1 July 2018	Options granted as remuneration	Other change	Options balance at end of year 30 June 2019	Options not vested and not exercisable	Options vested and exercisable
Directors						
PG Cook	3,650,000	279,744	-	3,929,744	279,744	3,650,000
JS Norregaard	1,000,000	180,869	-	1,180,869	180,869	1,000,000
PJ Newton	-	-	-	-	-	-
PB Schwann	-	-	-	-	-	-
SV Shet	-	-	-	-	-	-
FJ Van Maanen	-	-	-	-	-	-
Executives						
PM Storey	-	135,669	-	135,669	135,669	-
PW Wilding	-	135,669	-	135,669	135,669	-
RB Armstrong	175,000	135,669	-	310,669	135,669	175,000
DJ Noort	-	135,669	-	135,669	135,669	-
DW Okeby	1,200,000	90,446	-	1,290,446	90,446	1,200,000
DA Fullarton	-	90,446	-	90,446	90,446	-
Total	**6,025,000**	**1,184,181**	**-**	**7,209,181**	**1,184,181**	**6,025,000**

Loans to key management personnel and their related parties

There are no loans to key management personnel during the years ended 30 June 2019 and 30 June 2018.

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 2019 and 30 June 2018.

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 statement is available at the Company's website at:

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

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the Auditor's Independence Declaration, as set out on page 27, 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 31):

	$
Tax compliance services	116,000

Signed in accordance with a resolution of the Directors.

PG Cook
Managing Director
Perth, 26 August 2019

Building a better working world

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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 2019, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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

Philip Teale
Partner
Perth
26 August 2019

Consolidated Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	2019	2018
Continuing operations			
Revenue	5	418,317,447	276,829,283
Cost of sales	7(a)	(408,078,123)	(302,289,538)
Gross profit (loss)		**10,239,324**	**(25,460,255)**
Other income	6	5,519,887	5,148,437
Finance costs	7(b)	(1,325,025)	(2,576,830)
Other expenses	7(c)	(9,129,172)	(12,361,832)
Accumulated mill scats written off	12	(11,628,184)	-
Fair value gain on financial assets	15	24,474,899	-
Impairment loss on available-for-sale financial assets	15	-	(2,475,760)
Exploration and evaluation expenditure written off	18	(5,471,706)	(635,040)
Impairment of goodwill		-	(2,553,772)
Profit (loss) before income tax from continuing operations		**12,680,023**	**(40,915,052)**
Income tax benefit	8	807,116	9,009,017
Profit (loss) for the year from continuing operations		**13,487,139**	**(31,906,035)**
Discontinued operations			
Profit from discontinued operations after tax	36	**642,925**	**30,734,976**
Net profit (loss) for the year		**14,130,064**	**(1,171,059)**
Other comprehensive profit for the year, net of tax		-	-
Total comprehensive profit (loss) for the year		**14,130,064**	**(1,171,059)**
Total comprehensive profit (loss) attributable to:			
members of the parent entity		**14,130,064**	**(1,171,059)**
		14,130,064	**(1,171,059)**
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit (loss) per share			
Continuing operations	9	3.57	(9.36)
Discontinued operations	9	0.17	9.01
Total operations		**3.74**	**(0.35)**
Diluted profit (loss) per share			
Continuing operations	9	3.57	(9.36)
Discontinued operations	9	0.17	9.01
Total operations		**3.74**	**(0.35)**

Consolidated Statement of Financial Position as at 30 June 2019

	Notes	2019	2018
CURRENT ASSETS			
Cash and cash equivalents	10	67,196,289	73,446,753
Trade and other receivables	11	6,992,121	19,905,830
Inventories	12	45,502,914	60,693,057
Prepayments	13	1,336,486	1,366,359
Other financial assets	14	1,427,836	1,286,546
Total current assets		**122,455,646**	**156,698,545**
NON-CURRENT ASSETS			
Financial assets at fair value through profit and loss	15	56,210,813	-
Available-for-sale financial assets	15	-	6,267,158
Property, plant and equipment	16	175,572,503	181,409,840
Mine properties and development costs	17	218,207,334	175,644,187
Exploration and evaluation expenditure	18	104,276,449	147,262,738
Total non-current assets		**554,267,099**	**510,583,923**
TOTAL ASSETS		**676,722,745**	**667,282,468**
CURRENT LIABILITIES			
Trade and other payables	19	57,741,966	85,208,108
Provisions	20	7,963,523	7,195,801
Interest-bearing loans and borrowings	22	18,271,020	16,819,651
Unearned income	24	25,470,487	18,075,375
Total current liabilities		**109,446,996**	**127,298,935**
NON-CURRENT LIABILITIES			
Provisions	21	70,323,565	78,018,113
Interest-bearing loans and borrowings	23	18,465,857	13,828,667
Deferred tax liabilities	8	35,000,416	42,320,592
Total non-current liabilities		**123,789,838**	**134,167,372**
TOTAL LIABILITIES		**233,236,834**	**261,466,307**
NET ASSETS		**443,485,911**	**405,816,161**
EQUITY			
Issued capital	25	299,494,861	276,976,897
Accumulated losses	26	(51,784,989)	(65,915,053)
Share-based payments reserve	27	14,282,408	13,260,686
Other reserves	27	181,493,631	181,493,631
TOTAL EQUITY		**443,485,911**	**405,816,161**

Consolidated Statement of Cash Flows for the Year Ended 30 June 2019

	Notes	2019	2018
OPERATING ACTIVITIES			
Receipts from customers		478,864,463	408,791,905
Interest received		4,387,876	566,207
Other income		5,940,455	821,046
Payments to suppliers and employees		(406,035,568)	(392,290,195)
Interest paid		(2,038,023)	(1,416,560)
Income tax refunded (paid)		112,679	(1,761,448)
Net cash flows from operating activities	10	**81,231,882**	**14,710,955**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(34,096,282)	(47,359,009)
Payments for mine properties and development		(89,329,478)	(99,053,638)
Payments for exploration and evaluation		(16,411,426)	(25,521,635)
Payment for financial assets		(138,153)	(3,360,000)
Proceeds from sale of financial assets	15	5,798,098	61,540,372
Proceeds from sale of property, plant and equipment		2,197,033	79,848
Cash acquired on acquisition of subsidiary		-	2,357,406
Acquisition of subsidiary		-	(3,000,000)
Proceeds from disposal of subsidiary	36	22,314,937	17,461,016
Payments for performance bond facility		(141,290)	-
Proceeds from performance bond facility		-	92,926
Net cash flows used in investing activities		**(109,806,561)**	**(96,762,714)**
FINANCING ACTIVITIES			
Payment of finance lease liabilities	4(g)	(20,848,905)	(15,371,603)
Repayment of related party borrowings		-	(2,500,000)
Proceeds from gold prepayment	24	20,853,550	36,150,750
Proceeds from share issue	25(b)	23,489,570	72,457,098
Payments for share issue costs		(1,170,000)	(2,375,100)
Net cash flows from financing activities		**22,324,215**	**88,361,145**
Net increase in cash and cash equivalents		(6,250,464)	6,309,386
Cash and cash equivalents at the beginning of the financial year		73,446,753	67,137,367
Cash and cash equivalents at the end of the year	10	**67,196,289**	**73,446,753**

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019

	Issued capital	Accumulated losses	Share-based payments reserve	Equity reserve	Total Equity
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 loss 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**
2018					
At 1 July 2017	**173,944,902**	**(64,743,994)**	**8,941,075**	**181,493,631**	**299,635,614**
Loss for the year	-	(1,171,059)	-	-	(1,171,059)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive loss for the year net of tax	-	**(1,171,059)**	-	-	**(1,171,059)**
Share-based payments	-	-	4,319,611	-	4,319,611
Issue of share capital	105,407,095	-	-	-	105,407,095
Share issue costs, net of tax	(2,375,100)	-	-	-	(2,375,100)
At 30 June 2018	**276,976,897**	**(65,915,053)**	**13,260,686**	**181,493,631**	**405,816,161**

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 26 August 2019.

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 2018. Other than the changes described in note 38, 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 Company and its Australian subsidiaries is Australian dollars (A$).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Policy prior to 1 July 2018 (Before adoption of AASB 9)

Trade and other receivables

Trade and other receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade and other receivables was reviewed on an ongoing basis. Individual debts that were known to be uncollectible were written off when identified. An impairment allowance was recognised when there was objective evidence that the Group would not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue were considered objective evidence of impairment. The amount of the impairment loss was the receivables carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Available-for-sale financial assets

All available-for-sale financial assets were initially recognised at fair value plus directly attributable transaction costs. Available-for-sale financial assets were those non-derivative financial assets, principally equity securities that were designated as available-for-sale.

Investments were designated as available-for-sale if they did not have fixed maturities and fixed and determinable payments and management intended to hold them for the medium to long term. After initial recognition, available-for-sale financial assets were measured at fair value. Gains or losses were recognised in other comprehensive income and presented as a separate component of equity until the investment was sold, collected or otherwise disposed of, or until the investment was determined to be impaired, at which time the cumulative gain or loss previously reported in equity was included in profit or loss.

Trade and other payables

Trade payables and other payables were carried at amortised cost and due to their short-term nature, were not discounted.

Interest-bearing loans and borrowings

All loans and borrowings were initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings were subsequently measured at amortised cost using the effective interest rate method

Policy applied from 1 July 2018 (Upon adoption of AASB 9)

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) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured, and subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(l) 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(p) for further discussion on impairment testing performed by the Group.

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.

(m) 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.

(n) 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(p) 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.

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.

(o) 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 to sell 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.

(p) 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.

(q) 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.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(s) 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.

(t) Revenue from contracts with customers

Policy prior to 1 July 2018 (before adoption of AASB 15)

Revenue was measured at the fair value of the consideration received or receivable to the extent it was probable that the economic benefits would flow to the Group and the revenue could be reliably measured. The following specific recognition criteria had to be met before revenue was recognised:

Gold bullion sales

Revenue from gold production was recognised when the significant risks and rewards of ownership have passed to the buyer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mining and contracting services

Revenue from mining and contracting services was recognised in respect of the provision of contract mining services to third parties.

Policy applied from 1 July 2018 (upon adoption of AASB 15)

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.

(u) 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.

(v) 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.

(w) 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 28.

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.

(x) 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.

(y) Onerous operating lease provision

A provision for an onerous operating lease is recognised when the expected benefits to be derived from the lease are lower than the unavoidable cost of meeting the obligations under the lease. The provision is measured at the lessor of the present value of the expected net cost of continuing with the lease and the net cost to exit the lease.

(z) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(aa) 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.

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.

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.

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

- **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 1.6% (2018: 2.1%), 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.

- **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(p) for further discussion on the impairment assessment process undertaken by the Group.

- **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.

  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

  Changes in estimates are accounted for prospectively.

- **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 28. 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.

- **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.

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.

4. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

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 22 and 23. 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
2019				
Financial assets				
Cash and cash equivalents	67,196,289	-	-	67,196,289
Trade and other receivables	-	-	6,992,121	6,992,121
Other financial assets	-	1,427,836	-	1,427,836
	67,196,289	**1,427,836**	**6,992,121**	**75,616,246**
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				**(18,862,597)**
2018				
Financial assets				
Cash and cash equivalents	73,446,753	-	-	73,446,753
Trade and other receivables	-	-	19,905,830	19,905,830
Other financial assets	-	1,286,546	-	1,286,546
	73,446,753	**1,286,546**	**19,905,830**	**94,639,129**
Financial liabilities				
Trade and other payables	-	-	(85,208,108)	(85,208,108)
Interest-bearing liabilities	-	(30,648,318)	-	(30,648,318)
	-	**(30,648,318)**	**(85,208,108)**	**(115,856,426)**
Net financial liabilities				**(21,217,297)**

Interest rate risk exposure

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	30 June 2019	**30 June 2018**	**30 June 2019**	**30 June 2018**
Judgements of reasonably possible movements:				
+ 0.5% (50 basis points)	235,187	257,064	-	-
- 0.5% (50 basis points)	(235,187)	(257,064)	-	-

(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.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Group revenue is exposed to equity security price fluctuations arising from investments in equity securities. Refer to note 15 for details of equity investments at fair value through profit or loss held at 30 June 2019 (2018 – available-for-sale investments).

The Group has a number of equity investments, which have shown volatility in price movements over the year. If security prices varied by 20%, with all other variables held constant, the impact on post tax profits and equity at 30 June, is reflected below:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2019	**2018**	**2019**	**2018**
Judgements of reasonably possible movements:				
Price + 20%	5,769,514	-	-	877,402
Price - 20%	(5,769,514)	(877,402)	-	-

The selected sensitivity of +20% or -20% is considered reasonable given recent fluctuations in equity prices and management's expectations of future movements. The movements in other comprehensive income for 2018 are due to possible higher or lower equity security prices from investments in equity securities that were classified as available-for-sale financial assets in 2018. The overall sensitivity for post-tax profits in 2019 is higher due to the company owning financial assets at fair value through profit or loss (refer to note 15).

(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 183,500 ounces at an average price of $1,827.21 per ounce ending in December 2020, which the Group will deliver physical gold to settle. There was therefore no exposure on recognised financial instruments at the balance sheet date.

(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 finance and hire purchase leases.

The table below reflects all contractually fixed payables for settlement, repayment and interest resulting from recognised financial liabilities as of 30 June 2019. 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:

	2019	**2018**
6 months or less	(67,993,428)	(95,516,153)
6 - 12 months	(9,104,584)	(7,425,843)
1 - 5 years	(19,562,452)	(14,580,329)
Over 5 years	-	-
	(96,660,464)	**(117,522,325)**

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	Total
2019				
Financial assets				
Cash and equivalents	67,982,985	-	-	67,982,985
Trade and other receivables	6,992,121	-	-	6,992,121
Other financial assets	1,427,836	-	-	1,427,836
	76,402,942	-	-	76,402,942
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)**	**(19,562,452)**	**(20,257,522)**
2018				
Financial assets				
Cash and equivalents	74,693,563	-	-	74,693,563
Trade and other receivables	19,905,830	-	-	19,905,830
Other financial assets	1,286,546	-	-	1,286,546
	95,885,939	-	-	95,885,939
Financial liabilities				
Trade and other payables	(85,208,108)	-	-	(85,208,108)
Interest-bearing loans	(10,308,045)	(7,425,843)	(14,580,329)	(32,314,217)
	(95,516,153)	(7,425,843)	(14,580,329)	(117,522,325)
Net inflow/(outflow)	**369,786**	**(7,425,843)**	**(14,580,329)**	**(21,636,386)**

(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.

	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non-market observable inputs (Level 3)	Total
2019				
Financial assets				
Instruments carried at fair value				
Listed investments	41,210,813	-	-	41,210,813
Royalties receivable	-	-	15,000,000	15,000,000
Financial liabilities				
Fair value disclosures				
Long-term borrowings	-	(18,465,857)	-	(18,465,857)
	41,210,813	**(18,465,857)**	**15,000,000**	**37,744,956**
2018				
Financial assets				
Instruments carried at fair value				
Listed investments	6,267,158	-	-	6,267,158
Financial liabilities				
Fair value disclosures				
Long-term borrowings	-	(13,828,667)	-	(13,828,667)
	6,267,158	**(13,828,667)**	**-**	**(7,561,509)**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

	1 July 2018	Cash flows	New leases	Reclassification adjustment	30 June 2019
Current obligations under finance leases	16,819,651	(20,848,905)	4,029,254	18,271,020	18,271,020
Non-current obligations under finance leases	13,828,667	-	22,908,210	(18,271,020)	18,465,857
Total liabilities from financing activities	**30,648,318**	**(20,848,905)**	**26,937,464**	**-**	**36,736,877**

	1 July 2017	Cash flows	New leases	Reclassification adjustment	30 June 2018
Current obligations under finance leases	5,259,259	(15,731,604)	10,112,345	16,809,651	16,819,651
Non-current obligations under finance leases	5,194,528	-	25,453,790	(16,819,651)	13,828,667
Total liabilities from financing activities	**10,453,787**	**(15,731,604)**	**35,566,135**	**-**	**30,648,318**

5. REVENUE

	2019	2018
Sale of gold at spot	160,727,868	87,650,431
Sale of gold under forward contracts	215,904,789	156,001,253
Sale of gold under a prepay facility (refer note 24)	16,011,946	21,879,500
Mining and contracting services	25,672,844	11,298,099
Total revenue from contracts with customers	**418,317,447**	**276,829,283**

Disaggregated revenue per segment has been disclosed in note 32. The prior year comparatives have not been restated for the requirements of AASB 15 (see note 2 (b)).
No revenue was recognised during the period 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 2019 is as follows:

Gold forward contracts		
- Within 1 year	247,844,578	246,923,675
- 1 to 2 years	113,322,000	105,768,000
	361,166,578	**352,691,675**

The amounts due within one year include unearned income of $25,470,487 (refer note 24) which has been prepaid, the balance is for delivery of gold which will be paid within 3 days of delivery.

6. OTHER INCOME

Interest income calculated using the effective interest rate method	308,101	571,184
Net gain on sale of available-for-sale financial assets	-	1,446,807
Net gain on sale of assets	139,435	-
Other income	5,072,351	3,130,446
Total other income	**5,519,887**	**5,148,437**

7. EXPENSES

	2019	2018
(a) Cost of sales		
Gold production		
Salaries, wages expense and other employee benefits	107,906,822	73,675,461
Superannuation expense	10,251,148	6,999,169
Operating lease rentals	5,065,998	8,179,607
Other production costs	148,191,774	119,747,908
Write down in value of inventories to estimated net realisable value	-	1,397,502
Royalty expense	14,982,184	11,270,110
Contract mining services		
Salaries, wages expense and other employee benefits	7,787,879	3,342,315
Superannuation expense	739,849	317,520
Mining and contracting service costs	13,754,669	6,598,000
Depreciation and amortisation expense		
Depreciation of non-current assets:		
Property, plant and equipment	38,488,019	22,285,912
Buildings	1,351,598	817,946
Amortisation of non-current assets:		
Mine properties and development costs	59,558,183	47,658,088
Total cost of sales	**408,078,123**	**302,289,538**

	2019	2018
(b) Finance costs		
Interest expense	4,579,327	1,405,753
Capitalised borrowing costs to qualifying asset	(4,579,327)	-
Unwinding of rehabilitation provision discount	1,325,025	1,171,077
Total finance costs	**1,325,025**	**2,576,830**

The development of the Big Bell Underground Mine is deemed to be a qualifying asset and interest expenses of $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 6.4%.

	2019	2018
(c) Other expenses		
Administration expenses		
Employee benefits expense		
Salaries and wages expense	3,932,662	2,771,849
Directors' fees and other benefits	320,000	284,389
Superannuation expense	446,412	320,821
Other employee benefits	76,046	53,723
Share-based payments expense	1,021,722	4,319,611
	5,796,842	7,750,393
Other administration expenses		
Consulting expenses	1,112,868	1,015,392
Travel and accommodation expenses	185,768	247,150
Other costs	1,357,964	1,677,900
Operating lease rentals	367,526	350,353
	3,024,126	3,290,795
Depreciation expense		
Property plant and equipment	308,204	175,394
Total administration expenses	**9,129,172**	**11,216,582**
Other		
Net loss on sale of assets	-	1,145,250
	-	**1,145,250**
Total other expenses	**9,129,172**	**12,361,832**

8. INCOME TAX

	2019	2018
(a) Major components of income tax expense:		
Income Statement		
Current income tax expense		
Current income tax benefit	(2,984,035)	(15,966,295)
Adjustment in respect of current income tax of previous years	-	(5,369,468)
Deferred income tax		
Relating to origination and reversal of temporary differences in current year	(4,137,750)	21,646,708
Relating to temporary differences derecognised	3,857,859	3,475,934
Adjustment in respect of current income tax of previous years	-	5,573,635
Income tax for continuing and discontinuing operations	**(3,263,926)**	**9,360,514**

(b) Amounts charged or credited directly to equity

	2019	2018
Share issue costs	(198,394)	(1,017,901)
	(198,394)	**(1,017,901)**

(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:

	2019	2018
Accounting profit (loss) before tax from continuing operations	12,680,022	(40,915,053)
Accounting profit (loss) before tax from discontinuing operations	(1,813,885)	49,104,508
Total accounting profit before income tax	**10,866,137**	**8,189,455**
At statutory income tax rate of 30% (2018: 30%)	3,259,841	2,456,837
Non-deductible (non-assessable) items	(3,820,162)	3,306,360
Under/over in respect of prior years	(2,703,605)	3,597,317
Income tax (expense) benefit reported in the income statement	**(3,263,926)**	**9,360,514**
Tax expense from continuing operations	(807,116)	(9,009,017)
Tax (benefit) expense from discontinued operations	(2,456,810)	18,369,531
Income tax (benefit) expense reported in the income statement	**(3,263,926)**	**9,360,514**

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

	Consolidated Statement of Financial Position		Consolidated Statement of Comprehensive Income	
	2019	2018	2019	2018
Deferred tax liabilities				
Exploration	(20,510,088)	(39,544,410)	(19,034,322)	9,367,298
Trade and other receivables	(658,745)	(530,810)	127,935	154,185
Net gain on financial assets AFVTP	(6,414,195)	-	6,414,195	-
Prepayments	(13,510)	-	13,510	-
Deferred mining	(33,545,994)	(42,144,702)	(8,598,708)	17,464,667
Inventories	(4,384,707)	(3,691,985)	692,722	3,732,207
Property plant and equipment	(1,857,819)	(5,798,935)	(3,941,116)	(86,618)
Gross deferred tax liabilities	**(67,385,058)**	**(91,710,842)**		
Deferred tax assets				
Available-for-sale financial assets	-	742,758	742,758	(742,758)
Accrued expenses	524,056	312,460	(211,596)	(253,905)
Provision for employee entitlements	2,780,744	2,042,220	(738,524)	(335,739)
Goodwill	699,185	-	(699,185)	-
Provision for rehabilitation	8,996,764	29,684,837	20,688,073	(2,456,477)
Business related costs	46,920	-	(46,920)	-
Capital raising costs	891,540	693,146	(198,394)	(640,446)
Recognised tax losses	18,445,434	15,914,829	(2,530,605)	(15,914,829)
Gross deferred tax assets	**32,384,642**	**49,390,250**		
Net deferred tax liabilities	**(35,000,416)**	**(42,320,592)**		
Deferred tax income/(expense)			**(7,320,177)**	**10,287,585**

8. INCOME TAX (continued)

(e) Unrecognised losses

At 30 June 2019, there are no unrecognised losses for the Group (2018: 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	**2019**	**2018**
Net profit (loss) attributable to ordinary equity holders of the parent	13,487,139	(31,906,035)
Profit attributable to discontinued operations	642,925	30,734,976
Net profit attributable to ordinary equity holders of the parent	**14,130,064**	**1,171,059**
Basic earnings per share (cents)		
Continuing operations	3.57	(9.36)
Discontinued operations	0.17	9.01
	3.74	**(0.35)**

Earnings used in calculating earnings per share		
For diluted earnings per share:		
Net loss attributable to ordinary equity holders of the parent (from basic EPS)	13,487,139	(31,906,035)
Profit attributable to discontinued operations	642,925	30,734,976
Net (loss) profit attributable to ordinary equity holders of the parent	**14,130,064**	**1,171,059**
Diluted (loss) profit per share (cents)		
Continuing operations	3.57	(9.36)
Discontinued operations	0.17	9.01
	3.74	**(0.35)**

(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	377,428,117	341,025,577
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**377,428,117**	**341,025,577**

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 16,999,600 (2018: 76,800,884) 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

	2019	2018
Cash at bank and in hand	**67,196,289**	**73,446,753**

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

	2019	2018
Profit (loss) after income tax	**14,130,064**	**(1,171,059)**
Amortisation and depreciation	123,059,758	98,843,975
Gold prepayment physical deliveries (refer to note 24)	(13,458,438)	(23,887,876)
Income tax (benefit) expense	(3,263,926)	9,360,514
Share based payments	1,021,722	4,319,611
Unwinding of rehabilitation provision discount	1,809,538	1,853,965
Accumulated mill scats written off (refer to note 12)	11,628,184	-
Net profit on sale of available-for-sale financial assets	-	(1,446,807)
Net (profit) loss on disposal of property, plant and equipment	(104,568)	1,145,250
Re-measurement of lithium rights (refer to note 15)	(15,000,000)	-
Fair value change in financial instruments (refer to note 15)	(9,384,589)	2,535,760
Option fee received in financial instruments	-	(3,076,890)
Mining rights received in financial instruments	(238,000)	-
Toll treatment fee received in financial instruments	-	(2,138,917)
Impairment of goodwill	-	2,553,772
Exploration and evaluation expenditure written off (refer to note 18)	6,165,134	6,381,974
Profit on disposal of subsidiaries (refer to note 36)	(16,435,747)	(61,759,658)
	99,929,132	**33,513,614**
Changes in assets and liabilities		
Increase in inventories	(11,546,974)	(16,701,522)
Decrease (increase) in trade and other receivables and prepayments	12,319,400	(7,057,850)
(Decrease) Increase in trade and other creditors	(21,343,789)	4,867,576
Increase in provisions	1,874,113	89,137
Net cash flows from operating activities	**81,231,882**	**14,710,955**

11. TRADE AND OTHER RECEIVABLES (current)

Statutory receivables	4,299,560	6,977,117
Other debtors	2,692,561	12,928,713
Total trade and other receivables	**6,992,121**	**19,905,830**

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.

12. INVENTORIES (current)

Ore stocks at net realisable value	17,081,112	22,662,067
Gold in circuit at cost	13,773,228	20,039,963
Stores and spares at cost	17,099,860	20,278,645
Provision for obsolete stores and spares	(2,451,286)	(2,287,618)
Total inventories at lower of cost and net realisable value	**45,502,914**	**60,693,057**

During the year there were no write-downs in ore or gold inventories value (2018: $1,397,502) from continuing operations for the Group as the cost of inventory was well below the current gold price. Residual mill scats accumulated at all operations totalling $11,628,184 (2018: nil) were written off as no effective route for their processing was available for gold recovery due to risk of contained steel balls damaging crushing circuits.

13. PREPAYMENTS (current)

Prepayments	**1,336,486**	**1,366,359**

14. OTHER FINANCIAL ASSETS (current)

	2019	2018
Cash on deposit - bank guarantee facility	**1,427,836**	**1,286,546**

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

15. FINANCIAL ASSETS

Listed shares – Australian and Canadian	41,210,813	6,267,158
Royalties receivable - Lithium rights	15,000,000	-
	56,210,813	**6,267,158**
Movement in Listed Shares		
At 1 July	6,267,158	373,151
Additions of listed shares	31,357,163	68,523,333
Proceeds on disposal of financial assets	(5,798,098)	(61,540,373)
Net gain on available-for-sale financial assets (refer note 6)	-	1,446,807
Net gain on financial assets at FVTPL	9,474,899	-
Loss on sale of financial assets – discontinued operations (refer note 36)	(90,309)	
Impairment – continuing operations	-	(2,475,760)
Impairment – discontinued operations	-	(60,000)
At 30 June	**41,210,813**	**6,267,158**
Movement in Royalties Receivable		
At 1 July	-	-
Re-measurement of receivable	15,000,000	-
At 30 June	**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.

(a) The Group has a 0.73% (2018: 0.74%) interest in Auris Minerals Limited (Auris), which is involved in the mining and exploration of base metals in Australia. Auris is listed on the Australian Securities Exchange. At the end of the year, the fair value of the Company's investment was $45,000 (2017: $204,000) which is based on the quoted share price.

(b) During the year ended 30 June 2019, the Group sold its total investment holding in Rox Resources Limited.

(c) The Group has a 0.91% (2018: 1.17%) interest in Aruma Resources Limited (Aruma), which is involved in the exploration of gold in Australia and listed on the Australian Securities Exchange. At the end of the year, the fair value of the Group's investment was $18,000 (2018: 78,000) which is based on the quoted share price.

(d) The Group has a 13.31% (2018: 14.68%) interest in Musgrave Minerals Limited (Musgrave), which is involved in the exploration of gold and base metals in Australia. Musgrave is listed on the Australian Securities Exchange. At the end of the year, the fair value of the Group's investment was $2,729,500 (2018: 3,456,000) which is based on the quoted share price.

(e) The Group has a 10.29% (2018: 6.46%) interest in RNC Minerals (RNC), which is a precious and base metal mining company. RNC is listed on the Toronto Stock Exchange. The Group acquired 56,916,019 additional shares during the year as a result of the sale of the Higginsville Gold Operations. At 30 June 2019, the fair value of the Group's investment was $38,418,312 (2018: 2,364,158) which is based on the quoted share price.

(f) During the year ending 30 June 2019, the Group acquired shares in Liontown Resources (LTR) in respect of mineral rights acquired of $238,000 and then subsequently sold its total investment.

In the prior year, these financial assets were classified as available-for-sale financial instruments and have been reclassified as financial assets at fair value through profit and loss in accordance with AASB 9, refer to note 2 (c).

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 and final settlement occurring on 29 July 2019. The royalties represented a 1.5% gross revenue royalty and a production royalty of $2 per tonne of ore mined and/or processed from three tenements (E63/686, P63/1977 and M63/647). There was no production from these titles with them being in an exploration and development phase.

15. FINANCIAL ASSETS (continued)

(b) The Mount Marion Lithium Royalty Rights
Westgold also reached agreement to divest its Mt Marion Royalty to Silverstream SZ for a gross $13 million in cash. 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 Hampton's Location 53 which it held for a 20year period from 2016. There was no production from area during the year but production is planned for the ensuing years. The agreement remained in a documentation phase at year end and is expected to be settled in the first quarter of FY 2020.

16. PROPERTY, PLANT & EQUIPMENT

	2019	2018
Plant and equipment		
Gross carrying amount at cost	287,780,355	298,386,377
Accumulated depreciation and impairment	(150,613,499)	(177,622,024)
Net carrying amount	137,166,856	120,764,353
Land and buildings		
Gross carrying amount at cost	19,158,851	29,895,813
Accumulated depreciation and impairment	(3,503,451)	(16,695,769)
Net carrying amount	15,655,400	13,200,044
Capital work in progress at cost	22,750,247	47,445,443
Total property, plant and equipment	**175,572,503**	**181,409,840**

	2019	2018
Movement in property, plant and equipment		
Plant and equipment		
At 1 July net of accumulated depreciation	120,764,353	48,625,886
Transfer from capital work in progress	70,509,158	48,347,224
Disposals	(2,219,062)	(1,633,574)
Acquisition of subsidiary	-	54,127,834
Disposal of subsidiary (refer to note 36)	(9,428,372)	(1,507,829)
Depreciation charge for the year	(42,459,221)	(27,195,188)
At 30 June net of accumulated depreciation	**137,166,856**	**120,764,353**
Land and buildings		
At 1 July net of accumulated depreciation	13,200,044	13,016,401
Transfer from capital works in progress	3,840,684	1,281,683
Disposal of subsidiary (refer to note 36)	102,764	(193,939)
Depreciation charge for the year	(1,488,092)	(904,101)
At 30 June net of accumulated depreciation	**15,655,400**	**13,200,044**

	2019	2018
Capital work in progress		
At 1 July	47,445,443	42,024,859
Additions	60,352,877	63,662,060
Disposal of subsidiary (refer to note 36)	-	(3,450,866)
Acquisition of subsidiary	-	92,005
Transfer to mine properties (refer to note 17)	(7,740,341)	(1,590,250)
Transfer to mine capital development (refer to note 17)	(2,957,890)	(3,663,458)
Transfer to plant and equipment	(70,509,158)	(48,347,224)
Transfer to property	(3,840,684)	(1,281,683)
At 30 June	**22,750,247**	**47,445,443**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2019 is $42,714,688 (2018: $30,197,581).

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase lease liabilities (refer to notes 22 and 23).

17. MINE PROPERTIES AND DEVELOPMENT

	2019	2018
Development areas		
Gross carrying amount at cost	756,919	756,919
Net carrying amount	756,919	756,919
Mine properties		
Gross carrying amount at cost	133,131,950	29,636,669
Accumulated amortisation and impairment	(15,291,812)	(9,958,042)
Net carrying amount	117,840,138	19,678,627
Mine capital development		
Gross carrying amount at cost	222,583,827	387,288,414
Accumulated amortisation	(122,973,550)	(232,079,773)
Net carrying amount	99,610,277	155,208,641
Total mine properties and development costs	**218,207,334**	**175,644,187**
Movement in mine properties and development		
Development areas		
At 1 July	756,919	8,434,080
Transfer to mine properties	-	(7,677,161)
At 30 June	**756,919**	**756,919**
Mine properties		
At 1 July net of accumulated amortisation	19,678,627	14,891,415
Additions	8,497,402	-
Transfer from capital work in progress (refer to note 16)	7,740,340	1,590,250
Transfer from development areas	-	7,677,161
Transfer from mine capital development	88,445,597	-
Transfer from exploration (refer to note 18)	4,067,124	-
Disposal of subsidiary (refer to note 36)	(732,928)	-
Amortisation charge for the year	(9,856,024)	(4,480,199)
At 30 June net of accumulated amortisation	**117,840,138**	**19,678,627**
Mine capital development		
At 1 July net of accumulated amortisation	155,208,641	101,997,767
Additions	80,832,077	99,176,579
Disposal of subsidiary (refer to note 36)	(11,894,014)	(20,929,586)
Transfer from capital work in progress (refer to note 16)	2,957,890	3,663,458
Movement in rehabilitation liability (refer to note 21)	12,527,922	6,263,784
Transfer from exploration (refer to note 18)	15,660,293	31,301,127
Transfer to capital development	(88,445,597)	-
Amortisation charge for the year	(69,256,418)	(66,264,488)
At 30 June net of accumulated amortisation	**97,590,794**	**155,208,641**

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	104,276,449	147,262,738
Net carrying amount	**104,276,449**	**147,262,738**
Movement in deferred exploration and evaluation expenditure		
At 1 July net of accumulated impairment	147,262,738	162,604,807
Additions	16,411,424	25,469,201
Acquisition of subsidiary	-	9,080,000
Disposal of subsidiary (refer to note 36)	(33,505,161)	(12,208,169)
Transferred to mine properties (refer to note 17)	(4,067,125)	-
Transferred to mine capital development (refer to note 17)	(15,660,293)	(31,301,127)
Expenditure written off – continuing operations:	(5,471,706)	(635,040)
Expenditure written off - discontinued operations (refer note 36)	(693,428)	(5,746,934)
At 30 June net of accumulated impairment	**104,276,449**	**147,262,738**

18. EXPLORATION AND EVLUATION EXPENDITURE (continued)

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 $6,165,134 (2018: $6,381,974) 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. TRADE AND OTHER PAYABLES

	2019	2018
Trade creditors (a)	27,915,244	38,335,418
Sundry creditors and accruals (b)	29,826,722	46,872,690
	57,741,966	**85,208,108**

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

20. PROVISIONS (current)

Provision for annual leave	6,201,679	5,285,567
Provision for long service leave	1,761,844	1,907,302
Provision for fringe benefits tax payable	-	2,932
	7,963,523	**7,195,801**

21. PROVISIONS (non-current)

Provision for long service leave	1,305,623	1,072,168
Provision for rehabilitation (a)	69,017,942	76,945,945
	70,323,565	**78,018,113**

(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 2029, 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 believes are a reasonable basis upon which to estimate the future liability. 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 2019 range from 1.09% to 1.40% (2018: range from 2.12% to 2.64%). Refer to note 3) for further detail.

(b) Current and non-current movements in provisions

	Onerous operating lease	Rehabilitation	Total
At 1 July 2017	**119,874**	**90,761,202**	**90,881,076**
Utilised	(119,874)	-	(119,874)
Disposal of subsidiary (refer to note 38)	-	(22,003,513)	(22,003,513)
Adjustment due to revised conditions	-	6,334,291	6,334,291
Unwind of discount	-	1,853,965	1,853,965
At 30 June 2018	**-**	**76,945,945**	**76,945,945**
At 1 July 2018	**-**	**76,945,945**	**76,945,945**
Disposal of subsidiary (refer to note 38)	-	(22,265,463)	(22,265,463)
Adjustment due to revised conditions	-	12,527,922	12,527,922
Unwind of discount	-	1,809,538	1,809,538
At 30 June 2019	**-**	**69,017,942**	**69,017,942**

22. INTEREST-BEARING LOANS AND BORROWINGS (current)	2019	2018
Lease liability	**18,271,020**	**16,819,651**

Represents current portion of finance leases which have repayment terms of 36 months from inception.

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

Lease liability	**18,465,857**	**13,828,667**

Represents non-current portion of finance leases which have repayment terms of 36 months from inception.

The carrying amount of the Group's non-current loans and borrowings approximate their fair value. The weighted average interest rate is 6.22% per annum (2018: 5.44%).

Assets pledged as security:

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

Non-current		
Finance lease		
Plant and equipment	42,714,688	30,197,581
Total non-current assets pledged as security	**42,714,688**	**30,197,581**

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

24. UNEARNED INCOME

Gold prepayment	25,470,487	18,075,375
	25,470,487	**18,075,375**
Movement in unearned income		
At 1 July	**18,075,375**	**5,812,500**
Revenue recognised during the year (refer note 5)	(16,011,946)	(23,887,875)
Fee for extension	145,614	-
Additional facility	20,853,550	36,150,750
Deemed finance component	2,407,894	-
At 30 June	**25,470,487**	**18,075,375**

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

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

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

25. ISSUED CAPITAL

(a) Ordinary Shares

Issued and fully paid	**299,494,861**	**276,976,897**

25. ISSUED CAPITAL (continued)

(b) Movements in ordinary shares on issue

	Number	$
At 1 July 2017	**305,921,487**	**173,944,902**
Acquisition of subsidiary	18,000,000	31,420,000
Issued share capital (refer note 28 (b))	889,533	1,529,997
Issued share capital on conversion of options (f)	2,298,549	4,597,098
Issued share capital	36,000,000	67,860,000
Share issue costs, net of tax	-	(2,375,100)
At 30 June 2018	**363,109,569**	**276,976,897**
Issued share capital	26,000,000	23,400,000
Issued share capital on conversion of listed options	44,785	89,570
Share issue costs, net of tax	-	(971,606)
At 30 June 2019	**389,154,354**	**299,494,861**

(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.

(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)	11 January 2020	$2.02	9,700,000
Unlisted (i)	24 November 2020	$2.31	5,300,000
Unlisted (ii)	30 June 2020	Nil	230,307
Unlisted (ii)	30 June 2021	Nil	230,307
Unlisted (ii)	30 June 2022	Nil	769,490
Unlisted (ii)	30 June 2023	Nil	769,490
Total			**16,999,594**

(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.

(f) Option conversions

44,785 listed options were exercised during the financial year (2018: 2,298,549).

(g) Capital management – gearing ratio

	2019	2018
Gearing ratio	8.27%	7.55%
Net debt	36,736,877	30,648,318
Capital	443,968,663	405,816,161

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 2019 and 30 June 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by the aggregate of equity and net debt. The Group's policy is to keep the gearing ratio between 5% and 20%. The Group includes in its net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

26. ACCUMULATED LOSSES

At 1 July	(65,915,053)	(64,743,994)
Net profit (loss) in current year attributable to members of the parent entity	14,130,064	(1,171,059)
At 30 June	**(51,784,989)**	**(65,915,053)**

27. RESERVES

	Share-based payments reserve	Equity reserve	Total
At 30 June 2017	**8,941,075**	**181,493,631**	**190,434,706**
Share-based payments	4,319,611	-	4,319,611
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**

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 rights and options issued to employees in relation to equity-settled share-based payments.

28. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

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

	2019	2018
Expense arising from equity-settled share-based payments	**1,021,722**	**4,319,611**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2019 and 2018.

(b) Transactions settled using shares

No transactions were settled in the current year however in the previous financial year the following transactions were settled using shares:

- On 3 July 2017, the Company announced that it had completed the acquisition of Australian Contract Mining Pty Ltd ("ACM"). Consideration for the acquisition was the issue of 14,000,000 fully paid ordinary shares. The shares were measured at a fair value of $1.81 per share based on the agreed number of shares negotiated as consideration for the sale.
- On 14 August 2017, the Company announced that it had completed the acquisition of accommodation facilities purchased from Mining and Civil Management Services Pty Ltd. Consideration for the acquisition (inclusive of GST) was the issue of 889,533 fully paid ordinary shares. The acquisition was accounted for by measuring the fair value of the assets acquired which were recognised as additions to property, plant and equipment.
- On 13 February 2018, the Company announced that it had completed the acquisition of Polar Metals Pty Ltd. Consideration for the acquisition included the issue of 4,000,000 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 which were measured at market value on 13 February 2018 (acquisition date) at $1.52 per share.

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) Performance rights

Performance rights are issued for nil consideration. Performance rights are subject to vesting conditions as determined by the Board of Directors. Any performance rights that do not vest by their expiry date will lapse. Upon vesting, these performance rights will be settled in ordinary fully paid shares of the Company.

No performance rights have been issued under the ESOP.

(e) 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.

28. SHARE-BASED PAYMENTS (continued)

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 to directors that vest will expire if not exercised on the vesting date;
- Options issued to employees that vest will expire two years after 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

	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at the beginning of the year	15,000,000	2.12	11,000,000	2.02
Granted during the year	1,999,600	0.00	5,475,000	2.31
Exercised during the year	-	-	-	-
Lapsed/cancelled during the year	-	-	(1,475,000)	2.05
Outstanding at the year end	**16,999,600**	**1.87**	**15,000,000**	**2.12**
Exercisable at the year end	**15,000,000**	**2.12**	**9,700,000**	**2.02**

The outstanding balance as at 30 June 2019 is represented by the following table:

Grant Date	Vesting date	Expiry date	Exercise price	Number of Options	Options lapsed / cancelled	Options exercised	Number of options at end of the year On issue	Vested
ZEPOS								
28/11/2018	30/06/2020	30/06/2020	$0.00	230,307	-	-	230,307	-
28/11/2018	30/06/2021	30/06/2021	$0.00	230,307	-	-	230,307	-
10/05/2019	30/06/2020	30/06/2022	$0.00	769,490	-	-	769,493	-
10/05/2019	30/06/2021	30/06/2023	$0.00	769,490	-	-	769,493	-
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	3,075,000	(175,000)	-	2,900,000	2,900,000
24/11/2016	11/1/2018	11/1/2020	$2.02	2,250,000	-	-	2,250,000	2,250,000
11/1/2017	11/1/2018	11/1/2020	$2.02	8,750,000	(1,300,000)	-	7,450,000	7,450,000
Total				18,474,594	(1,475,000)	-	16,999,600	15,000,000

Weighted average remaining contractual life of share options

The weighted average remaining contractual life for the share options outstanding as at 30 June 2019 is 1.06 years (2018: 2.12 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 (2018: $2.02 to $2.31).

Weighted average fair value of share options

The weighted average fair value of options granted during the year was $0.57 (2018: $0.45).

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.

28. SHARE-BASED PAYMENTS (continued)

Tranche 1 options vest subject to performance hurdles, measured for the period 1 July 2018 to 30 June 2020. 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 1:

Grant date	28 November 2018	28 November 2018	10 May 2019	10 May 2019
Expected volatility (%)	50%	50%	50%	50%
Risk-free interest rate (%)	1.81%	1.81%	1.275%	1.275%
Expected life of options (yrs)	1.58	1.58	3.14	3.14
Options exercise price ($)	$0.00	$0.00	$0.00	$0.00
Share price at grant date ($)	$0.985	$0.985	$1.345	$1.345
Fair value at grant date ($)	$0.228	$0.985	$0.224	$1.345

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

Grant date	28 November 2018	28 November 2018	10 May 2019	10 May 2019
Expected volatility (%)	50%	50%	50%	50%
Risk-free interest rate (%)	2.06%	2.06%	1.285%	1.285%
Expected life of options (yrs)	2.58	2.58	4.14	4.14
Options exercise price ($)	$0.00	$0.00	$0.00	$0.00
Share price at grant date ($)	$0.985	$0.985	$1.345	$1.345
Fair value at grant date ($)	$0.328	$0.985	$0.306	$1.345

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 two-month 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.

29. COMMITMENTS

(a) Capital commitments

At 30 June 2019, the Group has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

	2019	2018
- Within one year	**8,996,852**	**20,902,157**

(b) Operating lease commitments and expenditure commitments on tenements

The Company has entered into a commercial property lease on office rental. The Company has also entered into commercial leases on power generation facilities and office equipment. These operating leases have an average life of between one month and five years with renewal options included in the contracts.

The Company also 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.

29. COMMITMENTS (continued)

Future minimum rentals payable under non-cancellable operating leases as at 30 June:

	2019	2018
(i) Operating leases – company as lessee:		
- Within one year	5,433,524	4,457,726
- After one year but not more than five years	7,740,774	3,706,074
	13,174,298	**8,163,800**
(ii) Mineral tenement leases:		
- Within one year	3,898,504	3,962,751
- After one year but not more than five years	15,319,776	15,299,356
- After more than five years	30,556,302	34,156,047
	49,774,582	**53,418,154**

(c) Finance lease and hire purchase commitments

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

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the minimum lease payments are as follows:

	Minimum lease payments	Present value of lease payments
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**
2018		
Within one year	19,578,912	16,819,651
After one year but not more than five years	17,027,473	13,828,667
Total minimum lease payments	36,606,385	30,648,318
Less amounts representing finance charges	(5,958,067)	-
Present value of minimum lease payments	**30,648,318**	**30,648,318**

The weighted average interest rate of leases for the Company is 6.22% (2018: 5.44%).

(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.

	2019	2018
Royalties paid under contractual arrangements	**14,982,184**	**11,270,111**

30. CONTINGENT ASSETS AND LIABILITIES

(i) Bank guarantees

The Group has a number of bank guarantees in favour of various government authorities and service providers. The bank guarantees 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 $1,427,836 (2018: $1,286,546). These bank guarantees are fully secured by term deposits (refer to note 14).

(ii) Clawback agreement – Rover Project (Northern Territory)

AngloGold Ashanti holds the right to earn back a 75% interest in any individual resource defined within the tenements acquired from AngloGold by Westgold (with the exception of Rover 1 and Explorer 108), under specific terms, conditions, specified payments and performance hurdles none of which have been met. The associated asset is included under Exploration and Evaluation Expenditure to the value of $8,684,857.

31. AUDITOR'S REMUNERATION

	2019	2018
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of financial reports of the entity and any other entity within the Group	312,467	334,895
Other services in relation to the entity and any other entity in the Group:		
- tax compliance	116,000	239,227
Total auditor's remuneration	**428,467**	**574,122**

32. 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:

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

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.

Changes from prior year

The internal activities of the Contract Mining Services Division has been reported within the applicable Gold Operations in order to reflect the net cost for each of those operations which is consistent with internal management reporting. The key external mining contract has also been completed. The external Mining Services Division, which was previously reported as a separate segment has now been combined with the Northern Territory Exploration Projects and Lithium Rights under "Other". Discontinued operations have been excluded in the segment reporting but details are disclosed in note 36. Comparative figures have been restated accordingly.

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.

32. OPERATING SEGMENTS (continued)

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 2019 and 30 June 2018.

	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 prepay 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 (loss) profit	**(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)**	**(157,065,262)**
Other disclosures					
Capital expenditure	(52,958,699)	(81,401,015)	(21,699,381)	(1,006,168)	(157,065,262)
Year ended 30 June 2018					
External revenue					
Sale of gold at spot	44,736,050	6,686,870	36,227,511	-	87,650,431
Sale of gold on contract	114,719,063	7,700,960	33,581,230	-	156,001,253
Sale of gold on contract - prepayment	21,879,500	-	-	-	21,879,500
Mining and contracting services	-	-	-	11,298,099	11,298,099
Total segment revenue	**181,334,613**	**14,387,830**	**69,808,741**	**11,298,099**	**276,829,283**
Results					
Depreciation and amortisation	(51,118,912)	(3,225,004)	(15,588,965)	(1,004,459)	(70,937,340)
Exploration and evaluation expenditure written off	(47,204)	(72,960)	(514,876)	-	(635,040)
Segment profit/(loss)	**(21,670,374)**	**(5,084,013)**	**447,893**	**(2,365,631)**	**(28,672,125)**
Total assets	**180,294,757**	**170,281,486**	**105,101,958**	**44,822,333**	**500,500,534**
Total liabilities	**(67,120,370)**	**(40,992,760)**	**(32,810,386)**	**(14,360,223)**	**(155,283,739)**
Other disclosures					
Capital expenditure	(58,757,047)	(50,568,806)	(34,749,449)	(6,526,789)	(150,602,091)

32. OPERATING SEGMENTS (continued)

(a) Reconciliation of (loss) profit

	2019	2018
Segment loss	**(8,185,592)**	**(28,672,125)**
Corporate administration expenses	(9,129,172)	(11,216,582)
Corporate interest income	308,101	571,184
Corporate other income	5,072,352	3,130,446
Impairment loss on available-for-sale financial assets	-	(2,475,760)
Net gain on sale of available-for-sale financial assets	-	1,446,807
Net gain on fair value changes of financial assets	21,353,650	-
Net gain on sale of financial assets at FVTPL	3,121,249	-
Net gain (loss) on disposal of assets	139,435	(1,145,250)
Impairment of goodwill	-	(2,553,772)
Total consolidated profit (loss) from continuing operations before income tax	**12,680,023**	**(40,915,052)**

(b) Reconciliation of assets

Segment operating assets	**564,715,493**	**500,500,534**
Unallocated corporate assets		
Cash and cash equivalents	65,483,767	70,706,859
Trade and other receivables	944,183	245,683
Prepayments	378,462	499,573
Other financial assets	1,180,677	940,677
Financial assets (equity investments)	43,210,813	6,102,158
Property, plant and equipment	809,350	690,069
Assets - discontinued operations	-	87,596,915
Total consolidated assets	**676,722,745**	**667,282,468**

(c) Reconciliation of liabilities

Segment operating liabilities	**167,676,974**	**155,283,739**
Unallocated corporate liabilities		
Trade and other payables	28,367,977	19,540,611
Other provisions	-	2,283
Provision for employee benefits	2,133,433	1,858,796
Interest-bearing loans and borrowings	58,034	46,367
Deferred tax liability	35,000,416	42,320,592
Liabilities - discontinued operations	-	42,413,919
Total consolidated liabilities	**233,236,834**	**261,466,307**

(d) Segment revenue from external customers

Segment revenue	418,317,447	276,829,283
Total revenue	**418,317,447**	**276,829,283**

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.

Australia	418,317,447	276,829,283
Total revenue	**418,317,447**	**276,829,283**

The Group has three customers to which it sells gold and each account for 36%, 61% and 3% of this external revenue respectively (2018: Two customers 33% and 67%).

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

33. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

			Appointed	Resigned
(i)	**Non-Executive Directors ("NEDs")**			
	PJ Newton	Non-Executive Chairman	6 October 2016	-
	PB Schwann	Non-Executive Director	2 February 2017	-
	SV Shet	Non-Executive Director	18 December 2017	-
	FJ Van Maanen	Non-Executive Director	6 October 2016	-
(ii)	**Executive Directors**			
	PG Cook	Managing Director	19 March 2007	-
	JS Norregaard	Executive Director	29 December 2016	-
(iii)	**Other Executives ("KMPs")**			
	PM Storey	General Manager MGO	23 May 2018	-
	PW Wilding	General Manager CGO	1 July 2018	-
	RB Armstrong	General Manager FGO	1 July 218	-
	DJ Noort	General Manager ACM	20 August 2019	-
	DW Okeby	Company Secretary & Legal Manager	1 December 2016	-
	DA Fullarton	CFO	21 May 2018	-
	SM Balloch	CFO	1 December 2016	8 July 2018

There are no 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

	2019	2018
Short term benefits	3,726,230	2,864,733
Post-employment benefits	221,120	178,336
Other long-term benefits	59,359	48,842
Share-based payment	592,639	2,805,753
	4,599,348	**5,897,664**

(c) Loans to Key Management Personnel

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

(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 $	2019	2018
28/11//2018	30/06/2020	0.00	230,307	-
28/11/2018	30/06/2021	0.00	230,307	-
10/05//2019	30/06/2022	0.00	769,490	-
10/05//2019	30/06/2023	0.00	769,490	-
22/11/2017	24/11/2020	2.31	-	2,400,000
23/11/2017	24/11/2020	2.31	-	1,200,000
24/11/2016	11/1/2020	2.02	-	2,250,000
11/1/2017	11/1/2020	2.02	-	3,900,000
Total			**1,999,594**	**9,750,000**

34. 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 2019	2018
Castile Resources Pty Ltd	Australia	100%	100%
Aragon Resources Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Australian Contact Mining Pty Ltd	Australia	100%	100%
Location 53 Pty Ltd	Australia	100%	100%
Hill 51 Pty Ltd *	Australia	0%	100%
Avoca Resources Pty Ltd *	Australia	0%	100%
Avoca Mining Pty Ltd *	Australia	0%	100%
Polar Metals Pty Ltd *	Australia	0%	100%

* Entities disposed on sale (refer to note 36)

(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 33.

(d) Transactions with related parties

There was no related party transaction for the year ending 30 June 2019.

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

	2019	2018
Current assets	67,933,961	72,226,989
Total assets	413,646,651	356,538,551
Current liabilities	30,469,940	21,250,528
Total liabilities	30,506,316	21,282,253
Issued capital	299,494,862	275,958,998
Retained earnings	64,806,283	41,479,832
Share-based payments reserve	14,282,408	13,260,686
Other reserves	4,556,783	4,556,783
Total Equity	**383,140,336**	**335,256,299**
Profit of the parent entity	34,116,826	25,660,747
Total comprehensive profit of the parent entity	34,116,826	25,660,747

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

36. DISCONTINUED OPERATIONS

Higginsville Gold Operations

In a strategy to focus efforts on the larger long-life Murchison gold assets, agreement was reached to sell the Higginsville Gold Operations (**HGO**) to RNC Minerals (**RNC**) on 10 June 2019.

HGO operates the Higginsville Processing Plant as its mining hub. In recent years the Mount Henry Open Pit had operated as the core feed with the remainder of plant capacity filled by toll processing third party ores from the region.

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. 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

	2019	2018
Results of the discontinued operations:		
Revenue	76,963,348	94,802,011
Cost of sales	(95,008,018)	(102,727,156)
Gross loss	(18,044,670)	(7,925,145)
Other income	1,110,359	377,388
Loss on sale of financial assets	(90,309)	-
Other expenses	(34,867)	(60,000)
Finance costs	(496,717)	(335,175)
Exploration and evaluation expenditure written off	(693,428)	(5,602,267)
Gain on disposal of controlled entities	16,435,747	-
Loss before tax	(1,813,885)	(13,545,199)
Income tax benefit	2,456,810	4,063,559
Profit (loss) for the year from discontinued operations	**642,925**	**(9,481,640)**

	2019
Cash flow information from discontinued operations:	
Operating activities	9,796,749
Investing activities	(9,082,668)
Financing activities	(247,904)
	466,177
Carrying value of net assets at date of disposal:	
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)
Net assets disposed of	37,431,356
Gain on sale of subsidiary	
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	(37,431,356)
Gain on disposal	**16,435,747**

36. DISCONTINUED OPERATIONS (continued)

South Kalgoorlie Operations

In FY2018 Westgold sold its wholly owned subsidiaries that collectively make up the South Kalgoorlie Operations; Dioro Exploration Pty Ltd, HBJ Minerals Pty Ltd and Hampton Gold Mining Areas Ltd to Northern Star Resources Limited. The consideration for the sale was $80 million (with working capital adjustments). Westgold retained its lithium royalties over the Mt Marion Lithium Mine and the rights to lithium exploration and mining over Location 53 and 59.

	2019	2018
Results of the discontinued operations:		
Revenue	-	67,260,297
Cost of sales	-	(66,256,596)
Gross profit	-	1,003,701
Other income	-	390,548
Finance costs	-	(359,534)
Exploration and evaluation expenditure written off	-	(144,667)
Gain on disposal of controlled entities	-	61,759,658
Profit before tax	-	62,649,706
Income tax expense	-	(22,433,090)
Profit for the year from discontinued operations	**-**	**40,216,616**

	2018
Cash flow information from discontinued operations:	
Operating activities	13,297,796
Investing activities	(12,509,364)
Financing activities	(902,589)
	(114,157)
Carrying value of net assets at date of disposal:	
Assets	
Trade and other receivables	141,483
Inventories	11,970,075
Prepayments	195,329
Property, plant and equipment	5,152,635
Mine properties and development costs	20,929,587
Exploration and evaluation expenditure	12,208,169
Deferred tax asset	982,231
	51,579,509
Liabilities	
Trade and other payables	(7,454,795)
Provisions	(23,155,680)
Deferred tax liabilities	(4,458,165)
	(35,068,640)
Net assets disposed of	16,510,869
Gain on sale of subsidiary	
Consideration received in cash and cash equivalents	19,000,000
Deferred sale proceeds on sale of subsidiary	1,000,000
Consideration received in shares	59,809,527
Working capital adjustments	(1,539,000)
Less net assets disposed of	(16,510,869)
Gain on disposal	**61,759,658**

Entities disposed were Dioro Exploration Pty Ltd, HBJ Minerals Pty Ltd and Hampton Gold Mining Areas Limited.

37. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

38. ACCOUNTING STANDARDS

New and amended standards and interpretations

The Group applied AASB 9 Financial Instruments ("AASB 9") and AASB 15 Revenue from Contracts with Customers ("AASB 15") for the first time from 1 July 2018. 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 2018 but did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed.

AASB 9

AASB 9 which contains accounting requirements for financial instruments, replaces parts of AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139") for annual periods beginning on or after 1 January 2018. AASB 9 contains requirements in the areas of classification and measurement, impairment, hedge accounting and de-recognition of financial instruments.

The Group has applied AASB 9 retrospectively, with the initial application date being 1 July 2018 and has elected not to restate comparative information which continued to be reported under AASB 139. The adoption of AASB 9 did not result in any adjustment to the opening balance of retained earnings as at 1 July 2018.

Classification and measurement

AASB 9 introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest ("SPPI"). All other financial instrument assets are classified and measured at fair value through profit or loss ("FVTPL") unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for trading) in other comprehensive income ("OCI").

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

Existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. In this regard the adoption of AASB 9 will impact on the classification of financial assets and liabilities:

Financial instrument	**Original measurement category under AASB 139 (i.e. prior to 1 July 2018)**	**1 July 2018**
Cash and cash equivalents	Loans and receivables	73,446,753
Trade receivables, deposit and other receivables	Loans and receivables	19,905,830
Equity investments	Available-for-sale financial assets	6,267,158
Trade and other payables	Financial liability at amortised cost	85,208,108
Interest bearing loans and borrowings	Financial liability at amortised cost	30,648,318
Financial instrument	**New measurement category under AASB 9 (i.e. from 1 July 2018)**	**1 July 2018**
Cash and cash equivalents	Financial assets at amortised cost	73,446,753
Trade receivables, deposit and other receivables	Financial assets at amortised cost	19,905,830
Equity investments	Financial assets at fair value through profit and loss (FVTPL)	6,267,158
Trade and other payables	Financial liability at amortised cost	85,208,108
Interest bearing loans and borrowings	Financial liability at amortised cost	30,648,318

The changes in classification did not resulted in any re-measurement adjustments at 1 July 2018. As available for sale equity instruments had previously been impaired, there was no equity reserve to reclassify to accumulated losses on adoption of AASB 9.

Impairment

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

At 1 July 2018, upon adoption of AASB 9, the Group reviewed and assessed the existing financial assets for impairment using reasonable and supportable information.

38. ACCOUNTING STANDARDS (continued)

Given the nature of the Group's business and the nature of its financial assets subject to impairment assessment, there was no material impact arising from the application of the new impairment requirements of AASB 9. As all of the Group's trade receivables, deposits and other current receivables which the Group measured at amortised cost are short term (i.e., less than 12 months), and the Group has credit rating and risk management policies in place, the change to a forward-looking expected credit loss approach did not have a material impact on the amounts recognised in the financial statements.

The accounting policy of the Group on financial instruments is disclosed in more detail in note 2(g).

AASB 15

AASB 15 supersedes AASB 118 *Revenue* ("AASB 118") and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Under AASB 15, the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of control of ownership.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group has adopted AASB 15 using the modified retrospective approach with the date of initial application being 1 July 2018 with the cumulative effect of initially applying AASB 15 recognised as an adjustment to the opening balance of retained earnings. The Group elected to apply the standard only to contracts that were not completed contracts at the initial date of application. The comparative information has not been restated and continues to be reported under AASB 118 and related interpretations.

Overall impact

The Group's revenue from contracts with customers comprises two main streams being the sale of gold bullion and revenue generated from mining and contracting services. The Group undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under AASB 15. For all of the Group's revenue streams, the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognised under AASB 15, is the same as that under AASB 118 except for the impact of significant financing component on gold sales. The accounting policy of the Group on revenue from contracts with customers is disclosed in more detail in note 2(t).

Impact on Consolidated Statement of Comprehensive Income upon adoption

Gold bullion

Gold bullion sales are either directly to the Perth Mint at spot under a long-term sales contract, to various banks under forward sales contracts or to Citibank N.A. under a prepaid facility. The only performance obligation under the contracts is the sale of gold bullion. As there are no other performance obligations the transaction price is allocated to the one performance obligation.

There were no changes identified with respect to the timing or amount of revenue recognition in relation to sales at spot or the forward sales as the transaction price is determined at the transaction date, being the date control of the gold bullion passes.

For sales under the gold pre-pay facility, the Group receives advances from the customer for the sale of refined gold. The amount received in advance of the sale is recognised as unearned income (contract liability) and is released to revenue when the sale is recognised. The unearned income on the gold pre-pay facility is disclosed in note 24 of the financial report.

At the date of initial application of AASB 15, the Group assessed existing contracts and concluded that the financing component was not significant. Prior to the adoption of AASB 15 no interest was accrued on long term advances received.

Mining and contracting services

Revenue generated from mining and contracting services include the provision of equipment and personnel to carry out the mining activities. This is consistent with how these have been recognised previously under AASB 18, and no adjustment to the opening balance of retained earnings is required. Accordingly, upon adoption of AASB 15 on 1 July 2018, there was no significant impact on the financial statement related to mining and contracting services.

38. ACCOUNTING STANDARDS (continued)

Impact of the adoption of AASB 15 on the current period financial statements

The adoption of AASB 15 has resulted to an increase in assets from the capitalisation of interest expense ($2,407,894), unearned income ($541,594), and revenues ($1,866,000) as on the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows during the year. As an eligible borrowing cost, the interest expense was capitalised to qualifying assets during the year in accordance with the Group's policy for borrowing costs disclosed in note 2(i). The impact on earnings per share resulting from the increase in revenues is not material.

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

Australian Accounting Standards and Interpretations that are issued, but are not yet effective, up to the date of issuance of the Groups financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

AASB 16 Leases

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*, AASB interpretation 4 *Determining whether an Arrangements contains a lease*, AASB Interpretation-115 *Operating Lease-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions involving the Legal form of a Lease*. AASB 16 sets out the principles for the recognition on-balance sheet model similar to the accounting for finance leases under AASB 117. The standards include two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset represent the right to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

AASB 16, which is effective for annual periods being on or after 1 January 2019, required lessees to make more extensive disclosures than under AASB 117.

Transition to AASB 16

The Group plans to adopt AASB 16 using the modified retrospective approach at the date of initial application, which means it will apply the standard from 1 July 2019, the cumulative impact of adoption will be recognised as at 1 July 2019 and comparatives will not be restated.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low-value. The Group has leases of certain office equipment (printing and photocopying machines) that are considered of low-value.

As of 30 June 2019, the Group continued to progress its detailed impact assessment and implementation project of AASB 16. Much of the early part of the year was spent focusing on reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key policy decisions were required.

The Group's existing operating leases will be the main source of leases under the new standard. Information on the Group's operating lease commitments under AASB 117 Leases (undiscounted) is disclosed in Note 29.

Work completed by the Group to date indicates the new leases standard is expected to have a material effect on the Group's financial statements as it will significantly increase the Group's recognised assets and liabilities. In summary the impact of AASB 16 is to create a Right-of-use asset and a Lease liability of at least $12,500,000.

As a result of the creation of a right-of-use asset and lease liability, depreciation expense and interest expense are expected to increase and operating lease expense will be reduced. In addition, the classification between cash flow from operating activities and cash flow from financing activities will also change. Many commonly used financial ratios and performance metrics for the Group, using existing definitions, will also be impacted including net debt, gearing, EBITDA, unit costs and operating cash flows.

AASB 2018-1 Annual Improvements 2015-2017 Cycle
AASB2018-1 is effective for annual periods being on or after 1 January 2019.
The amendments clarify certain requirements in:

- AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation
- AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity
- AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.

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

38. ACCOUNTING STANDARDS (continued)

AASB Interpretation 23 Uncertainty over Income Tax Treatments

AASB Interpretation 23 is effective for annual periods being on or after 1 January 2019. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and 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.

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

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

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.

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 2019 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 2019.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 34 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.

On behalf of the Board.

PG Cook
Managing Director
Perth, 26 August 2019

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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 2019, 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 2019 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* (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.

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. Recoverability of non-current assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2019, the Group had capitalised mine properties and development costs, property, plant and equipment, capitalised exploration and evaluation expenditure totaling $498.06 million (refer to Notes 17, 16 and 18 of the financial report). At the end of each reporting period, the Group exercises judgment in determining whether there is any indication of impairment on its cash-generating units (CGUs) or indication that an impairment loss recognised in prior periods should be reversed. If any such indicators exist, the Group estimates the recoverable amount of that CGU. No indicators of impairment or indicators of reversal of prior period impairment were identified in the current period. Changes to key factors and assumptions or a failure to identify impairment indicators could lead the Group incorrectly fail to test the recoverable amount of the CGUs at balance date. Accordingly, this was considered to be a key audit matter.	We assessed how the Group sought to identify indicators of impairment on its CGUs and the evaluated the completeness of factors it considered in the assessment. Our audit procedures included the following: ▶ Comparison of the Group's market capitalisation relative to its net assets ▶ We considered the Group's process for identifying and considering external and internal information which may be an indicator of impairment ▶ Considered the forecast results used by the Group in their last impairment test and the key assumptions used by comparing these to current operating results of the CGUs. This includes gold prices, production levels, operating and capital costs, and reserves and resources estimates ▶ Our valuation specialists were involved to provide data relating to future metals prices and market trading and transaction multiples to assess whether there are negative changes in the market that may suggest indicators of impairment ▶ Understood the changes in reserves and resources estimates during the year and assessed whether the changes provided any evidence of impairment ▶ Assessed the qualifications, competence and objectivity of the Group's internal experts whose work formed the basis of the Group's estimation of mineral reserves and resources quantities ▶ Considered the Group's assessment of indicators of impairment of exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. This included testing of material areas of interest with capitalised costs as at 30 June 2019 to assess whether rights to tenure are current and whether there are active and significant continuing exploration and evaluation activities in the area.

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 2019, the Group's consolidated statement of financial position includes provisions of $69.02 million in respect of such obligations. 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: ▶ Our rehabilitation specialists considered the rehabilitation plans and 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 and Petroleum and the reasonableness of year-on-year changes to the obligation ▶ Evaluated the Group's treatment of changes in the rehabilitation provision from the prior year ▶ Assessed the qualifications, competence and objectivity of the Group's internal and external experts, the work of whom, formed the basis of the Group's rehabilitation cost estimates ▶ Assessed the adequacy of the Group's disclosures relating to rehabilitation obligations.

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 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report and the Corporate Governance Statement that are 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:

- 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

- 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, related safeguards.

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 2019.

In our opinion, the Remuneration Report of Westgold Resources Limited for the year ended 30 June 2019, 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

Teale

Philip Teale
Partner
Perth
26 August 2019