WESTGOLD RESOURCES LIMITED

ACN 009 260 306

Half-year Financial Report for the half-year ended 31 December 2017

CORPORATE DIRECTORY

This half-year report covers the consolidated entity comprising Westgold Resources Limited (the Company) and its subsidiaries (the Consolidated Entity). The Consolidated Entity's functional and presentation currency is AUD ($).

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

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

Company Secretary
David Okeby

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Securities Exchange
Listed on the Australian Securities Exchange

Codes: ASX: WGX, WGXO

Domicile and Country of Incorporation
Australia

CONTENTS

APPENDIX 4D - RESULTS FOR ANNOUNCEMENT TO THE ASX

This Appendix 4D is to be read in conjunction with the 2017 Annual Financial Report, the 31 December 2017 Half-year Financial Report and Directors' Report.

The Directors do not propose to pay any dividend for the half-year ended 31 December 2017.

Key Financial Highlights

Consolidated	31 December 2017 $	31 December 2016 $	Movement $	Movement %
Revenue from ordinary activities:	219,185,142	206,183,141	13,002,001	6.31%
(Loss)/profit from ordinary activities after tax attributable to members:	(713,620)	12,406,234	(13,119,854)	-105.75%
Net (loss)/profit attributable to members:	(713,620)	12,406,234	(13,119,854)	-105.75%
Net tangible assets per share:	1.06	0.93		

Financial performance	31 December 2017 $	31 December 2016 $	Movement $
Total revenue	219,185,142	206,183,141	13,002,001
Cost of sales	(211,557,242)	(188,332,307)	(23,224,935)
Gross profit	7,627,900	17,850,834	(10,222,934)
Net (loss)/profit after tax	(713,620)	12,406,234	(13,119,854)
Cash flows			
Cash flow from operating activities	19,566,947	48,268,209	(28,701,262)
Capital reinvestment			
Property, plant and equipment	(21,083,203)	(13,685,193)	(7,398,010)
Mine properties and development	(48,666,123)	(29,774,765)	(18,891,358)
Exploration and evaluation expenditure	(12,271,027)	(13,401,043)	1,130,016

Financial position	31 December 2017 $	30 June 2017 $	Movement $
Net assets	358,325,948	299,635,614	58,690,334
Cash and cash equivalents	59,747,014	67,137,367	(7,390,353)

Review of Results: refer to the review of results included in the Directors' Report.

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2017.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter Newton (Non-Executive Chairman)
Peter Cook (Managing Director)
Steve Norregaard (Executive Director)
Peter Schwann (Non-Executive Director)
Suresh Shet (Non-Executive Director) (appointed 19 December 2017)
Fiona Van Maanen (Non-Executive Director)

RESULTS AND REVIEW OF OPERATIONS

RESULTS OF OPERATIONS

- Consolidated total loss after income tax - $713,620 (2016: $12,406,234 profit);
- Total consolidated revenue - $219,185,142 (2016: $206,183,141);
- Total cost of sales - $211,557,242 (2016: $188,332,307);
- Cash flows from operating activities - $19,566,947 (2016: $48,268,209);
- Cash flows used in investing activities - $79,499,894 (2016: $56,848,728);
- Cash flows from financing activities - $52,542,594 (2016: $132,907,602).

Key results for the half-year are:

Central Murchison Gold Project

- Revenue from the Central Murchison Gold Project (CMGP) was $102.8M (2016: $82.8M).
- The cost of sales was $97.1M (2016: $76.3M).

Higginsville Gold Operations

- Revenue from the Higginsville Gold Operations (HGO) was $50.4M (2016: $84.2M).
- The cost of sales was $45.4M (2016: $75.1M).

South Kalgoorlie Gold Operations

- Revenue from the South Kalgoorlie Gold Operations (SKO) was $38.8M (2016: $39.1M).
- The cost of sales was $35.7M (2016: $36.8M).

Fortnum Gold Project

- Revenue from the Fortnum Gold Project (FGP) was $27.2M (2016: nil).
- The cost of sales was $22.4M (2016: nil).

Capital Investment Activities

Cash flows used in investing activities across the group totalled $79,499,894, which was higher than the previous period (2016: $56,848,728) reflecting the refurbishment of the Tuckabianna processing plant and the initial development phase for the Big Bell, Jack Ryan and Starlight undergrounds.

Cash capital re-investment in mine properties and development, exploration and evaluation expenditure and property, plant and equipment during the period:

- HGO $12,676,830 (2016: $8,300,753);
- SKO $7,604,499 (2016: $11,853,180);
- CMGP $40,582,209 (2016: $27,607,376);

- FGP $19,313,954 (2016: $8,536,717)
- Other exploration and corporate activities $1,842,861 (2016: $562,975).

REVIEW OF OPERATIONS

DIVIDENDS

No dividends were paid to members during the 2017 half-year (2016: nil).

CORPORATE

On 30 November 2017 the Company announced it had agreed to form a strategic alliance with Singapore listed Golden Energy and Resources Limited (SGX: AUE) (GEAR) to support the continued expansion of Westgold's Australian Gold Operations and further growth options for the Company. Under the agreement, GEAR has agreed to take a diluted 10% position in new equity capital representing 36,000,000 shares over three tranches. The placement occurred at a price of A$1.885 per share which is a premium to short term VWAPs. As at 31 December 2017 the first tranche of this transaction had been completed with the issue of 16,900,000. The two remaining tranches were completed by 30 January 2018.

GOLD DIVISION

The Gold Division's key assets are:

1. The Central Murchison Gold Project (CMGP);
2. The Higginsville Gold Operation (HGO);
3. The South Kalgoorlie Operation (SKO);
4. The Fortnum Gold Project (FGP); and
5. The Rover Project.

<u>The Central Murchison Gold Project</u>

The CMGP is centred upon the refurbished Bluebird process CIP plant and associated infrastructure. The recently acquired (June 2017) Tuckabianna process plant in the southern part of the CMGP is currently being refurbished which is expected to be completed ahead of schedule and under budget with gold production to commence by the end of the March 2018 quarter.

With the addition of a second processing plant a revised development plan for the CMGP was released during the period, essentially breaking the Project into two main production hubs:

1. The Meekatharra Gold Operations (MGO) utilising the Bluebird Plant (1.6 – 1.8 million tpa) as a processing hub for the ores in the northern part of the overall CMGP Project area; and
2. The Cue Gold Operations (CGO) utilising the Tuckabianna Plant (1.2 – 1.4 million tpa) as a processing hub for the ores in the southern part of the overall CMGP Project area.

The CMGP project is a consolidation of nine historic gold mining centres in the Central Murchison Region between the regional towns of Cue and Meekatharra. These include the Day Dawn, Cuddingwarra, Big Bell, Pinnacles, Reedy, Nannine, Yaloginda, Paddy's Flat and Meekatharra North gold mining centres which have historic production of over 10 million ounces, but with historic production being sourced from a handful of larger underground mines. The key objective of the CMGP is to re-establish steady state production from these key underground mines.

The Paddy's Flat underground mine is now in the production phase with long term steady-state output reached. The Comet underground mine has completed the development phase and commenced its production phase.

Big Bell mine is the feature mine of the CMGP and will become the feature mine of the CGO. When operating at steady state it is possible that this sub-level cave mine could feed the Tuckabianna plant in its own right. After nearly 18 months, the colossal task of dewatering the historic Big Bell mine reached a major milestone with the mine essentially dewatered and the rehabilitation works have commenced. Surface infrastructure is significantly advanced and the rehabilitation of the decline and associated mine infrastructure is underway. Current estimates suggest that ore driving to enable development of the sub-level cave will commence in early 2019.

Open pit mining continued at a number of open pits to provide supplementary plant feed.

REVIEW OF OPERATIONS (continued)

The Higginsville Gold Operation

HGO is centred on a modern 1.3Mtpa CIP plant and infrastructure, and a 300 person village which operates as a centralised milling facility with ores carted to it from various mines.

Mining at HGO continued from the Mt Henry long term open pit with ores being carted approximately 75km north to the processing plant. Open pit mining from Fairplay East concluded late in the period.

The South Kalgoorlie Operation

The SKO operations are centred upon a 1.2Mtpa CIP plant and infrastructure. Numerous open pits and underground deposits have previously been mined within the tenement area since the late 1980's.

Mining at SKO during the period was from the wholly owned HBJ underground mine with open pit ores from Gunga and Bakers Flat open pits. SKO entered the start of the year having allocated half of its plant throughput to RNC Minerals for toll processing of its Beta Hunt ores (ending 30 June 2018). This occurs on a 3-week on and 3-week off basis.

The Fortnum Project

The FGP is centred upon the historic mining centres of Labouchere, Fortnum, Horseshoe and Peak Hill, a 1.0Mtpa CIL plant and a 100 person village.

The Fortnum Plant had its first full operating half-year period after the completion of wet commissioning at the end of June 2017. The plant operated on predominantly low-grade ore stocks for this period as operating and process flow bottlenecks were ironed out. Steady improvement was achieved during the period.

Long term plant feed is planned from the Starlight underground and Yarlaweelor. During the period the waste pre-strips in the Yarlaweelor North and South open pits were essentially completed and ore was exposed. Consequently, higher grade open pit ores began to be mined late in the period, enabling plant feed grades to increase steady-state throughput in its first full quarter.

Of greater significance, dewatering and rehabilitation of the Starlight underground mine is nearing completion. Some development or exploration drives were complete in remnant areas resulting in low-grade ore production and substantial knowledge of the ore system being developed and opportunities for additional production being exposed. New development into the virgin mine areas will commence in the ensuing half.

REVIEW OF OPERATIONS (continued)

Performance of the Gold Division is summarised below:

31 December 2017		HGO	SKO	CMGP	FGP	Group
Physical Summary	Units					
UG Ore Mined	t	0	193,782	347,308	21,531	562,621
UG Grade Mined	g/t	0.00	3.11	4.29	1.99	3.79
OP BCM Mined	BCM	1,399,185	652,250	1,905,522	1,665,703	5,622,660
OP Ore Mined	t	427,867	161,391	412,003	201,773	1,203,034
OP Grade Mined	g/t	1.93	1.64	1.69	1.52	1.74
Ore Processed	t	622,617	321,317	820,799	386,131	2,150,863
Head Grade	g/t	1.83	2.53	2.78	1.44	2.23
Recovery	%	84.91%	90.56%	85.84%	90.45%	87.10%
Gold Produced	oz	31,053	24,001	63,082	16,246	134,382
Gold Sold	oz	30,544	22,338	62,531	16,425	131,838
Achieved Gold Price	A$/oz	1,649	1,661	1,644	1,654	1,650
Cost Summary						
Mining	A$/oz	442	903	644	390	613
Processing	A$/oz	618	142	322	597	391
Admin	A$/oz	159	50	143	270	145
Stockpile Adj	A$/oz	(64)	(50)	3	(65)	(30)
C1 Cash Cost (produced oz)	**A$/oz**	**1,155**	**1,045**	**1,112**	**1,192**	**1,120**
Royalties	A$/oz	79	32	82	34	67
Marketing/Cost of sales	A$/oz	2	2	1	2	2
Corporate Costs	A$/oz	97	115	145	212	137
Sustaining Capital	A$/oz	13	18	6	27	13
All-in Sustaining Costs	**A$/oz**	**1,347**	**1,212**	**1,347**	**1,468**	**1,338**
Project Startup Capital	A$/oz	229	134	450	1,138	426
Exploration Holding Cost	A$/oz	84	68	90	43	79
All-in Cost	**A$/oz**	**1,659**	**1,414**	**1,888**	**2,649**	**1,843**

31 December 2016		HGO	SKO (incl. Cannon)	CMGP	Group
Physical Summary	Units				
UG Ore Mined	t	300,925	140,705	215,400	657,030
UG Grade Mined	g/t	3.99	2.60	3.39	3.49
OP BCM Mined	BCM	1,218,099	1,501,270	2,661,106	5,380,474
OP Ore Mined	t	267,967	357,634	527,127	1,152,728
OP Grade Mined	g/t	2.40	3.06	1.82	2.34
Ore Processed	t	610,043	479,781	818,624	1,908,448
Head Grade	g/t	2.90	2.69	2.16	2.53
Recovery	%	93.34%	90.68%	87.55%	90.19%
Gold Produced	oz	53,120	37,726	49,551	140,398
Gold Sold	oz	50,668	39,328	49,608	139,604
Achieved Gold Price	A$/oz	1,669	1,624	1,669	1,656
Cost Summary					
Mining	A$/oz	619	769	742	703
Processing	A$/oz	269	192	309	262
Admin	A$/oz	95	50	154	104
Stockpile Adj	A$/oz	(78)	61	(96)	(47)
C1 Cash Cost (produced oz)	**A$/oz**	**904**	**1,072**	**1,109**	**1,021**
Royalties	A$/oz	153	42	83	98
Marketing/Cost of sales	A$/oz	2	1	0	1
Sustaining Capital	A$/oz	6	9	4	6
Corporate Costs	A$/oz	39	90	64	62
All-in Sustaining Costs	**A$/oz**	**1,104**	**1,214**	**1,260**	**1,189**
Project Startup Capital	A$/oz	59	158	415	211
Exploration Holding Cost	A$/oz	58	67	113	80
All-in Cost	**A$/oz**	**1,221**	**1,438**	**1,788**	**1,480**

REVIEW OF OPERATIONS (continued)

***** 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 financial information and are not subject to audit. These are widely used "industry standard" terms that certain investors use to evaluate company performance.

The Rover Project

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far 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 project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

End of Directors' Report

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 25 of this report.

Signed in accordance with a resolution of the Directors.

Peter Cook
Managing Director

28 February 2018

Consolidated Statement of Comprehensive Income for the Half-Year ended 31 December 2017

	Notes	31 December 2017	31 December 2016
Continuing operations			
Revenue		219,185,142	206,183,141
Cost of sales		(211,557,242)	(188,332,307)
Gross profit		**7,627,900**	**17,850,834**
Other income	3	3,762,312	717,114
Other expenses	4	(6,207,334)	(701,088)
Finance costs		(1,828,600)	(532,180)
Impairment of goodwill	5	(2,166,180)	-
Profit before income tax from continuing operations		**1,188,098**	**17,334,680**
Income tax expense		(1,901,718)	(4,928,446)
(Loss)/profit for the period from continuing operations		**(713,620)**	**12,406,234**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Net fair value changes in available-for-sale financial assets	7	(714,500)	18,150
Other comprehensive (loss)/profit for the period, net of tax		(714,500)	18,150
Total comprehensive (loss)/profit for the period		**(1,428,120)**	**12,424,384**
(Loss)/profit attributable to:			
Members of the parent		(713,620)	12,406,234
		(713,620)	**12,406,234**
Total comprehensive (loss)/profit attributable to:			
Members of the parent		(1,428,120)	12,424,384
		(1,428,120)	**12,424,384**
(Loss)/profit per share for the profit attributable to the ordinary equity holders of the parent (cents per share)			
Basic (loss)/profit per share			
Continuing operations		(0.22)	4.07
Diluted (loss)/profit per share			
Continuing operations		(0.22)	4.07

Consolidated Statement of Financial Position as at 31 December 2017

	Notes	31 December 2017	30 June 2017
CURRENT ASSETS			
Cash and cash equivalents		59,747,014	67,137,367
Trade and other receivables		9,573,659	8,798,147
Inventories	6	65,158,055	47,956,628
Prepayments		1,946,278	796,293
Other financial assets		1,717,119	1,337,819
Total current assets		**138,142,125**	**126,026,254**
NON-CURRENT ASSETS			
Available-for-sale financial assets	7	4,786,308	373,151
Property, plant and equipment	8	169,733,177	103,667,146
Mine properties and development costs	9	179,465,142	125,323,262
Exploration and evaluation expenditure	10	136,100,272	162,604,807
Total non-current assets		**490,084,899**	**391,968,366**
TOTAL ASSETS		**628,227,024**	**517,994,620**
CURRENT LIABILITIES			
Trade and other payables		81,745,535	73,485,323
Provisions		7,725,810	4,765,939
Interest-bearing loans and borrowings		15,620,182	5,259,259
Unearned income	11	24,100,500	5,812,500
Total current liabilities		**129,192,027**	**89,323,021**
NON-CURRENT LIABILITIES			
Provisions		91,489,588	91,808,450
Interest-bearing loans and borrowings		9,259,611	5,194,528
Unearned income	11	6,025,125	-
Deferred tax liabilities		33,934,725	32,033,007
Total non-current liabilities		**140,709,049**	**129,035,985**
TOTAL LIABILITIES		**269,901,076**	**218,359,006**
NET ASSETS		**358,325,948**	**299,635,614**
EQUITY			
Issued capital	14	231,078,574	173,944,902
Accumulated losses		(65,457,614)	(64,743,994)
Share-based payments reserve		11,925,857	8,941,075
Other reserves		180,779,131	181,493,631
TOTAL EQUITY		**358,325,948**	**299,635,614**

Consolidated Statement of Cash Flows for the Half-Year ended 31 December 2017

	31 December 2017	31 December 2016
OPERATING ACTIVITIES		
Receipts from customers	210,863,954	188,043,867
Interest received	238,758	146,004
Other income	425,331	7,762,737
Payments to suppliers and employees	(191,211,670)	(147,337,234)
Interest paid	(749,426)	(347,165)
Net cash flows from operating activities	**19,566,947**	**48,268,209**
INVESTING ACTIVITIES		
Payments for property, plant and equipment	(21,083,203)	(13,685,193)
Payments for mine properties and development	(48,666,123)	(29,774,765)
Payments for exploration and evaluation	(12,271,027)	(13,401,043)
Proceeds from sale of property, plant and equipment	62,864	12,273
Proceeds from sale of available-for-sale financial assets	100,189	-
Net cash inflow on acquisition of subsidiary	2,357,406	-
Net cash flows used in investing activities	**(79,499,894)**	**(56,848,728)**
FINANCING ACTIVITIES		
Proceeds from share issue	31,856,500	-
Payments for share issue costs	(1,592,825)	-
Proceeds from intercompany loans	-	38,736,799
Proceeds from parent entity on demerger	-	96,000,000
Payments for bank guarantee facility	(347,377)	-
Proceeds from gold prepayment	36,150,750	-
Related party borrowings	(13,524,454)	(1,829,197)
Net cash flows from financing activities	**52,542,594**	**132,907,602**
Net (decrease)/increase in cash and cash equivalents	(7,390,353)	124,327,083
Cash and cash equivalents at the beginning of the financial period	67,137,367	478,316
Cash and cash equivalents at the end of the financial period	**59,747,014**	**124,805,399**

Consolidated Statement of Changes in Equity for the Half-Year ended 31 December 2017

	Issued capital	Accumulated losses	Share-based payments reserve	Other reserves	Total Equity
2017					
At 1 July 2017	**173,944,902**	**(64,743,994)**	**8,941,075**	**181,493,631**	**299,635,614**
Loss for the period	-	(713,620)	-	-	(713,620)
Other comprehensive income, net of tax	-	-	-	(714,500)	(714,500)
Total comprehensive loss for the year net of tax	-	(713,620)	-	(714,500)	(1,428,120)
Transactions with owners in their capacity as owners					
Share-based payments	-	-	2,984,782	-	2,984,782
Issue of share capital	58,726,497	-	-	-	58,726,497
Share issue costs	(1,592,825)	-	-	-	(1,592,825)
At 31 December 2017	**231,078,574**	**(65,457,614)**	**11,925,857**	**180,779,131**	**358,325,948**
2016					
At 1 July 2016	**171,644,902**	**(80,518,514)**	**5,664,403**	**7,319,816**	**104,110,607**
Profit for the period	-	12,406,234	-	-	12,406,234
Other comprehensive income, net of tax	-	-	-	18,150	18,150
Total comprehensive profit for the year net of tax	-	12,406,234	-	18,150	12,424,384
Transactions with owners in their capacity as owners					
Tax consolidated group accounting	-	-	-	(4,787,438)	(4,787,438)
Intercompany loans written off on demerger	-	-	-	171,242,433	171,242,433
At 31 December 2016	**171,644,902**	**(68,112,280)**	**5,664,403**	**173,792,961**	**282,989,986**

Notes to the Financial Statements for the Half-Year ended 31 December 2017

1. CORPORATE INFORMATION

The financial report of Westgold Resources Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 28 February 2018.

Westgold is a for profit company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

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

2. SUMMARY OF ACCOUNTING POLICIES

(a) Basis of preparation of the half-year financial report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Westgold for the year ended 30 June 2017 and considered together with any public announcements made by Westgold and its controlled entities during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

(b) Basis of consolidation

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

(c) New and amended accounting standards and interpretations

Since 1 July 2017, the Consolidated Entity has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or after 1 July 2017. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity. The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Consolidated Entity's general purpose financial report for the year ended 30 June 2017, except for those noted above. The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Financial Statements for the Half-Year ended 31 December 2017 (continued)

3. OTHER INCOME

	Half-year ended 31 December 2017	Half-year ended 31 December 2016
Interest received - other corporations	248,052	146,004
Net gain on sale of available-for-sale investment	12,039	-
Other income	3,502,221	571,110
Total other income	**3,762,312**	**717,114**

4. OTHER EXPENSES

Administration expenses		
Employee benefits expense		
Salaries and wages expense	1,537,728	214,379
Directors' fees and other benefits	120,000	23,105
Superannuation expense	174,016	-
Other employee benefits	-	-
Share-based payment	2,984,782	-
	4,816,526	237,484
Other administration expenses		
Consulting expenses	293,305	95,518
Travel and accommodation expenses	114,718	6,415
Administration costs	583,233	303,656
Operating lease rentals	185,588	45,711
	1,176,844	451,300
Depreciation expense		
Depreciation of non-current assets		
Property plant and equipment	69,899	12,304
Total Administration expenses	**6,063,269**	**701,088**
Other expenses		
Net loss on sale of assets	144,065	-
Other expenses	**144,065**	**-**
Total other expenses	**6,207,334**	**701,088**

5. GOODWILL

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Given the losses incurred by the ACM cash-generating unit (CGU) from the date of acquisition to 31 December 2017, management determined that there were sufficient impairment indicators to prompt an impairment test of the provisional goodwill acquired in the business combination.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount including goodwill, an impairment loss is recognised. In allocating the impairment loss, individual assets within the CGU are not reduced below their own recoverable amounts. Impairment losses relating to goodwill cannot be reversed in future periods.

The recoverable amount is the higher of the CGU's fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount of the ACM CGU has been determined based on a value in use calculation using cash flow projections from actual results to 31 December 2017. The VIU is most sensitive to changes in the pre-tax discount rate of 13% and growth rates for future cash flows which have been assumed to be nil%.

Notes to the Financial Statements for the Half-Year ended 31 December 2017 (continued)

5. GOODWILL (continued)

As a result of this analysis, management has recognised an impairment charge of $2,166,180 in the current period against goodwill. For property, plant and equipment within the ACM CGU, the provisional fair values of these assets have been determined primarily through external valuations using the market comparison approach method (Level 3 in the fair value hierarchy).

6. INVENTORIES

During the half-year ended 31 December 2017, there was a net inventory write-down of $1,350,474 relating to ore stockpiles, stores and spares (2016: $4,980,021) for the Consolidated Entity. This amount is included in the cost of sales line in the Consolidated Statement of Comprehensive Income. Inventory write-downs relate to inventories being valued at net realisable value which is lower than cost.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Consolidated Entity has a 7.61% (30 June 2017: nil) interest in RNC Minerals (RNC), which is involved in the mining of gold and base metals in Canada and Australia. Westgold received 13,389,154 shares on 14 July 2017 as payment for an option fee to acquire the SKO. On the same day RNC issued 10,041,865 shares as payment for a fee for a toll treatment agreement to process its Beta Hunt gold ore at SKO. RNC is listed on the Toronto Stock Exchange (TSX: RNX). At the end of the period the Consolidated Entity's investment was $4,311,307 (30 June 2017: nil) which is based on the quoted share price.

The Consolidated Entity has a 1.23% (30 June 2017: 1.41%) 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 (ASX: AUR). At the end of the period the fair value of the Consolidated Entity's investment was $265,000 (30 June 2017: $285,000) which is based on the quoted share price.

The Consolidated Entity has a 1.19% (30 June 2017: nil) interest in Rox Resources Limited (Rox), which is involved in the exploration of base and precious metals in Australia. Westgold was issued 15,000,000 shares on 3 November 2017 as milestone shares under a historic Avoca Resources Ltd tenement sale agreement from 2011. Rox is listed on the Australian Securities Exchange (ASX: RXL). At the end of the period the fair value of the Consolidated Entity's investment was $210,000 (30 June 2017: nil) which is based on the quoted share price.

8. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 31 December 2017, the Consolidated Entity paid $21,083,203 (2016: $13,685,193) in relation to property, plant and equipment acquisitions.

During the period Westgold issued shares to acquire accommodation assets for a total value of $1,529,997.

In the previous period Westgold issued shares as part consideration to acquire the Tuckabianna processing plant and underlying tenements for a total value of $2,300,000.

9. MINE PROPERTIES AND DEVELOPMENT

During the half-year ended 31 December 2017, the Consolidated Entity paid $48,666,123 (2016: $29,774,765) in relation to mine properties and development costs. During the period there were transfers of $37,050,515 to Mine Properties and Development from Exploration and Evaluation as mining areas commenced development.

Notes to the Financial Statements for the Half-Year ended 31 December 2017 (continued)

10. EXPLORATION AND EVALUATION EXPENDITURE

During the half-year ended 31 December 2017, the Consolidated Entity paid $12,271,027 (2016: $13,401,043) in relation to exploration and evaluation expenditure.

During the period a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. As a result, no areas of interest were determined to be impaired.

11. UNEARNED INCOME

In September 2014, the Company drew down on a newly established $40,445,000 gold pre-pay facility with Citibank N.A ("Citi"). In January 2016, the Company extended the gold pre-pay facility with Citi for 12 months for $23,250,000. In August 2017 the Company further extended the gold pre-pay facility with Citi for 18 months for $36,150,750. The draw down is repayable in gold ounces in equal instalments of 1,250 ounces per month between October 2014 and March 2019 inclusive. During the period 7,500 ounces were delivered to Citi.

The arrangement has been classified as unearned income on the Consolidated Statement of Financial Position as Citi has prepaid the Company for a fixed quantity of gold ounces. The Company now has a legal obligation to deliver gold ounces, and will subsequently recognise revenue as and when it makes the repayment in gold ounces. The Company will measure revenue based on the allocation of the nominal amounts of the advance payments corresponding to the goods delivered.

12. DIVIDENDS PAID

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

13. COMMITMENTS AND CONTINGENCIES

Commitments

At 31 December 2017, the Consolidated Entity had the following commitments:

- capital expenditure commitments of $17,745,387 principally relating to plant and equipment upgrades and replacements at our gold operations and the refurbishment underway at the Fortnum Gold Project (30 June 2017: $2,561,288);
- lease expenditure commitments of $77,987,261 relating to tenements on which mining and exploration operations are located (30 June 2017: $75,801,250).
- finance lease and hire purchase expenditure commitments of $25,969,044 for relating to contracts for various items of plant and machinery (30 June 2017: $10,453,787).

Contingencies

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

Notes to the Financial Statements for the Half-Year ended 31 December 2017 (continued)

14. ISSUED CAPITAL

	31 December 2017	30 June 2017
ISSUED CAPITAL		
Ordinary shares		
Issued and fully paid	231,078,574	173,944,902

	Number of shares on issue	$
Movements in ordinary shares on issue		
At 1 July 2016	**417,178,651**	**171,644,902**
Share consolidation*	(112,507,164)	-
At 31 December 2016	304,671,487	171,644,902
At 1 July 2017	**305,921,487**	**173,944,902**
Acquisition of subsidiary (refer note 18)	14,000,000	25,340,000
Issued share capital	17,789,533	33,386,497
Share issue costs	-	(1,592,825)
At 31 December 2017	337,711,020	231,078,574

* In preparation for the demerger from Metals X Limited a share consolidation took place resulting the cancellation of 112,507,164 ordinary shares to allow a two for one in specie distribution of Westgold shares to Metals X Limited shareholders. For the purposes of earnings per share calculations the share consolidation has been treated as effective from 1 July 2015.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

15. OPERATING SEGMENTS

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the half-years ended 31 December 2017 and 31 December 2016.

Half-year ended 31 December 2017	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Projects	ACM Contract Mining	Adjustments and eliminations	Total
Revenue								
External customers	50,377,291	38,805,317	102,832,442	27,170,092	-	-	-	219,185,142
Total revenue	**50,377,291**	**38,805,317**	**102,832,442**	**27,170,092**	**-**	**-**	**-**	**219,185,142**
Results								
Segment profit/(loss)	**4,949,761**	**3,105,795**	**5,722,478**	**4,790,753**	**(11,538)**	**(11,114,938)**	**(1,828,600)**	**5,613,711**

Half-year ended 31 December 2016	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Projects	ACM Contract Mining	Adjustments and eliminations	Total
Revenue								
External customers	84,193,496	39,144,928	82,844,718	-	-	-	-	206,183,142
Other revenue	-	-	-	-	-	-	-	-
Total segment revenue	**84,193,496**	**39,144,928**	**82,844,718**	**-**	**-**	**-**	**-**	**206,183,142**
Results								
Segment profit/(loss)	**9,045,065**	**2,341,570**	**6,553,680**	**(76,680)**	**(12,801)**	**-**	**(532,179)**	**17,318,655**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

15. OPERATING SEGMENTS (continued)

The following table presents segment assets of the Consolidated Entity's operating segments as at 31 December 2017 and 30 June 2017.

	Higginsville Gold Project	South Kal Gold Project	Central Murchison Gold Project	Fortnum Gold Project	Northern Territory Projects	ACM Contract Mining	Adjustments and eliminations	Total
Segment assets								
As at 31 December 2017	**76,833,036**	**52,695,395**	**258,034,098**	**90,911,025**	**18,287,448**	**64,904,804**	**-**	**561,665,806**
As at 30 June 2017	**69,282,146**	**52,754,594**	**238,453,539**	**70,987,275**	**17,977,478**	**-**	**-**	**449,455,032**
Segment liabilities								
As at 31 December 2017	**(38,606,618)**	**(30,262,970)**	**(70,128,361)**	**(21,813,929)**	**(1,025)**	**(36,003,250)**	**-**	**(196,816,153)**
As at 30 June 2017	**(41,524,845)**	**(36,807,445)**	**(74,798,626)**	**(18,455,389)**	**(1,195)**	**-**	**-**	**(171,587,500)**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

15. OPERATING SEGMENTS (continued)

Unallocated, adjustments and eliminations

Finance income and costs, fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Consolidated Entity basis.

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

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

	31 December 2017	30 June 2017
Segment operating assets	**561,665,806**	**449,455,032**
Unallocated corporate assets		
Cash and cash equivalents	58,764,206	65,983,151
Trade and other receivables	156,206	282,508
Intercompany loans	-	-
Prepayments	711,829	289,005
Other financial assets	1,618,409	1,337,819
Available-for-sale financial assets	4,786,308	373,150
Property, plant and equipment	524,260	273,955
Total consolidated assets	**628,227,024**	**517,994,620**

Reconciliation of liabilities

	31 December 2017	30 June 2017
Segment operating liabilities	**196,816,153**	**171,587,500**
Unallocated corporate liabilities		
Trade and other payables	37,479,600	13,291,703
Intercompany loans	-	-
Provision for employee benefits	1,616,910	1,326,922
Interest-bearing loans and borrowings	53,688	119,874
Deferred tax liability	33,934,725	32,033,007
Total consolidated liabilities	**269,901,076**	**218,359,006**

There has been no change in the basis of segmentation or in the basis of measurement of segment profit from those used in the last general purpose financial report.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

Fair value hierarchy

The Consolidated Entity held the following financial instruments measured at fair value:

	31 December 2017			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial Assets				
Available-for-sale financial assets				
Listed investments	4,786,308	-	-	4,786,308
	4,786,308	-	-	4,786,308

	30 June 2017			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial Assets				
Available-for-sale financial assets				
Listed investments	373,151	-	-	373,151
	373,151	-	-	373,151

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

Transfer between categories

There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement.

The table above illustrates the classification of the Consolidated Entity’s financial instruments based on the fair value hierarchy. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

17. SHARE-BASED PAYMENTS

(a) Share options

On 22 November 2017, 2,400,000 unlisted share options were granted to directors. The options vest 12 months from the issue date.

On 23 November 2017, 3,075,000 unlisted share options were granted to employees. The options vest 12 months from the issue date.

The fair value of the options granted is estimated using a Black & Scholes model, taking into account the terms and conditions upon which the options were granted.

Grant date	22 Nov 2017	23 Nov 2017
Expected volatility (%)	50%	50%
Risk-free interest rate (%)	1.84%	1.82%
Expected life of options (yrs)	2.5	2.5
Options exercise price ($)	$2.31	$2.31
Share price at grant date ($)	$1.83	$1.825
Fair value at grant date ($)	$0.45	$0.45

(b) Transactions settled using shares

On 11 August 2017 the Company issued 889,533 shares to Mining and Civil Management Services Pty Ltd for the acquisition of accommodation facilities.

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

18. PROVISIONAL BUSINESS COMBINATION

Acquisition of Australian Contract Mining Pty Ltd

On 3 July 2017, the Company completed the 100% acquisition of privately owned specialist underground mining contractor, Australian Contract Mining Pty Ltd (ACM), a service provider to Westgold. Consideration for the acquisition was 14,000,000 fully paid ordinary shares. The acquisition has been accounted for using the acquisition method.

Assets acquired and liabilities assumed

The provisional figures have been updated following further valuation of net assets. The provisional fair values of the identifiable assets and liabilities as at the date of acquisition are shown below. Where fair values have not yet been determined, book values have been used.

Assets	**Provisional fair value recognised on acquisition**
Cash and cash equivalents	2,357,406
Trade and other receivables	3,475,957
Other assets	356,619
Inventories	8,392,574
Property, plant and equipment	54,219,839
Goodwill	2,166,180
	70,968,575
Liabilities	
Trade and other payables	20,339,595
Interest bearing loans and borrowings	20,943,682
Related party loan	2,500,000
Provisions	1,845,298
	45,628,575
Total identifiable net assets as fair value	**25,340,000**
Fair value of Westgold shares (14,000,000 ordinary shares)	25,340,000
Purchase consideration transferred	**25,340,000**
Analysis of cash flows on acquisition:	
Cash acquired with the subsidiary	2,357,406
Net cash flow	**2,357,406**

Notes to the Consolidated Financial Statements for the Half-Year ended 31 December 2017 (continued)

19. EVENTS AFTER THE BALANCE DATE

On 12 January 2018, the Company issued 11,000,000 shares to Golden Energy and Resources Limited for the second tranche of the placement announced on 30 November 2018.

On 23 January 2018, the Company announced a tribute mining agreement with Southern Gold Limited (Southern) over the Cannon Mine area. The agreement covers an area within a 1km radius of the Cannon mine on Southern's ML25/333 for a five year period. The Company paid Southern $1,500,000 cash and Southern will have a tiered production royalty as detailed in the announcement.

On 30 January 2018, the Company issued 8,100,000 shares to Golden Energy and Resources Limited (GEAR) for the third tranche of the placement announced on 30 November 2018. This third tranche completes the placement to GEAR.

On 9 February 2018, the Company announced it had entered into additional gold hedges for 60,000 ounces at $1,710 per ounce.

On 13 February 2018, the Company announced it had executed a binding Heads of Agreement with S2 Resources Limited (S2R) to acquire its interest in the Polar Bear Project (100%), Eundynie Joint Venture (80%) and the Norcott Project (100%) via the sale of all of the shares in S2R's wholly owned subsidiary Polar Metals Pty Ltd for $3,000,000 and 4,000,000 fully paid ordinary shares. Settlement occurred on 23 February 2018.

Directors' Declaration

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

In the opinion of the directors:

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

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

On behalf of the Board

Peter Cook
Managing Director
28 February 2018

Auditor's Independence Declaration

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Auditor's independence declaration to the directors of Westgold Resources Limited

As lead auditor for the review of Westgold Resources Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Philip Teale
Partner
28 February 2018

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Independent Review Report

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Westgold Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income for the half-year ended 31 December 2017, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independent Review Report (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
28 February 2018

PT:CT:WGX:019