

WESTGOLD TRACKING TO FY23 GUIDANCE

Operational and Commercial Initiatives Driving Efficiencies

Westgold Resources Limited (ASX: WGX) (**Westgold** or the **Company**) is pleased to provide an update on initiatives the Company has implemented to improve its operational and financial performance. The Company confirms it is on-track to meet production guidance for the first half of the 2023 financial year (H1, FY23).

Highlights

- Production tracking to the **top end of volume guidance** for H1, FY23 (120,000 – 130,000oz) and the lower end of cost guidance (AISC of A\$1,900 – 2,100 per oz)
- **≈16%** reduction in total Group expenditure since the peak in March 2022
- **≈14%** reduction in Group diesel consumption
- Safety performance continues to improve
 - Lost Time injury Frequency Rate reducing 57.4%
 - Total Recordable Injury Frequency Rate reducing by 39.6%
 - High Potential Incident Frequency Rate reducing **21.0%**
- Renegotiation of key supply agreements delivering significant cost savings
- Construction of first gas fired power station at Tuckabianna underway
- Aggressive resource drilling program targeting resource definition and extension underway
- Purchase of first large hybrid electric underground loader – CAT R2900XE

Westgold Managing Director, Wayne Bramwell commented:

“Westgold is optimising all critical processes across the business to drive efficiencies in parallel with investing in the future.

Our safety statistics are trending in the right direction and our team continues to rapidly reset our cost base and deliver production. In conjunction with positive operational improvements, a targeted nine-rig drilling programme is successfully extending planning horizons across our key mines, which will support long-term growth and profitability.

When the current inflationary environment inevitably subsides, companies like Westgold who have made proactive financial decisions will be the first to benefit, and as such Westgold is positioning itself to take advantage of emerging opportunities into FY24. “



Westgold - Driving Operational Efficiencies

The inflationary cost environment in Western Australia during financial year 2022 (FY22) catalysed a fundamental review of all inputs to every energy intensive industry. After a record year of gold production and achieving its FY22 guidance of 270,088oz of gold, Westgold has been proactively reviewing the cost structure across its Western Australian assets and has implemented aggressive efficiency optimisation initiatives to address the erosion of operating margin caused by rampant cost inflation seen across the industry.

The optimisation phase is active and includes by way of example, the following initiatives:

- Focus on grade, mining efficiency and overbreak in both development and stoping areas with significant improvements made
- Detailed review of all mobile mining and support fleet within every operating mine (**Figure 1**)
 - to ensure key production and support equipment is fit for purpose and achieving highest availability rates and lowest operating costs
- Review of ground support practices identified significant savings by changing ground support types
- Optimised blasting practices reducing explosive consumption in key mines, along with improved fragmentation and stope performance
- Diesel consumption reduction initiatives:
 - Ventilation on Demand – extending Westgold’s world leading automated, and variable speed ventilation systems at the Big Bell mine, further reducing power requirements and diesel consumption
 - Commencement of installation of automatic engine idle shutdown timers on all underground trucks at Big Bell to reduce idle time and fuel consumption
 - Storage of small fleet of light and heavy vehicles for potential restart of paused operations
 - Divestment of ≈20 pieces of surplus underground heavy fleet and ≈20 light vehicles
- Appointment of new haulage contractor to support all Westgold mine operations
- Invested in haulage route bypass around Cue to reduce long term haulage costs
- New Group supply agreements implemented to harness full Group purchasing power
- Review of site inventory management processes including identification of redundant inventory and review of maximum/minimum stock levels of critical consumables and spares
- Review of management, operational and maintenance personnel across the entire business, including right sizing of the corporate office to better support operations
 - Consolidated raise bore and diamond drilling divisions into single Group drilling division
- Reduction in third party contractor use and hire-equipment
- Revision of rosters in processing to increase retention rates within processing hubs
- Review of flights across the group with a view to consolidate, reduce the costs and our emissions
- Reduce environmental impacts by implementing reusable food containers, reducing landfill impacts.

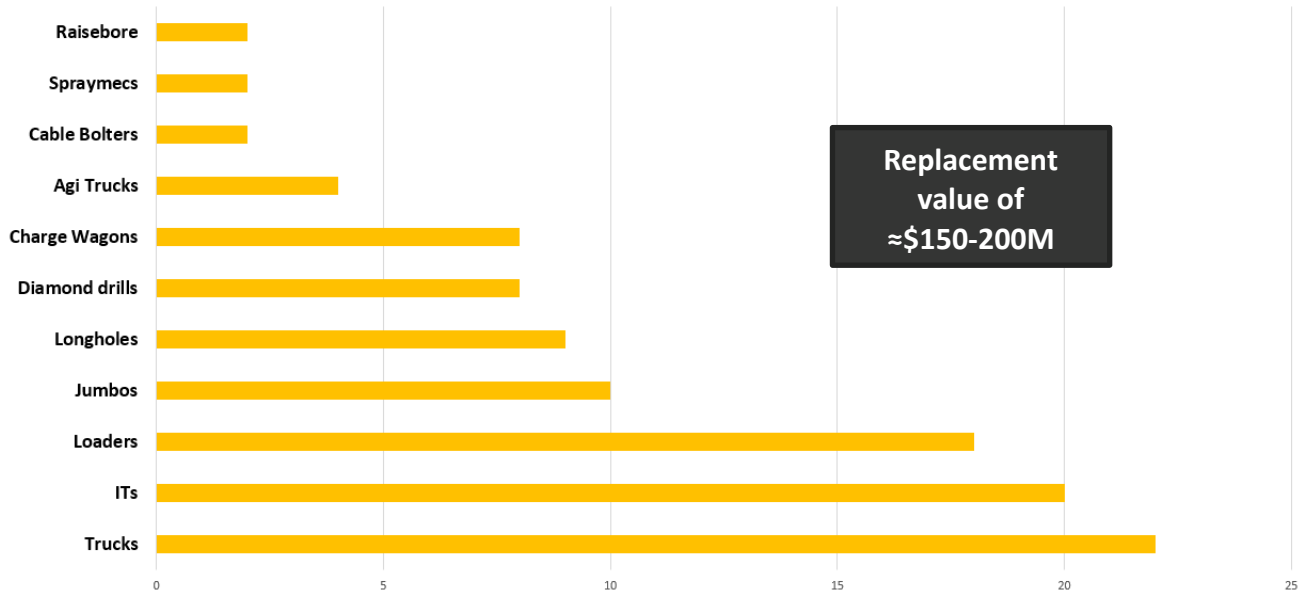


Figure 1: Westgold Underground Mining Fleet – Excludes Light Vehicles

Resetting the Cost Base – Status

Operational changes made across the business have begun to underpin improved financial performance. This is measured using March 2022 as the baseline (when total expenditure was at the peak).

Figure 2 demonstrates the change in cost trajectory with the November 2022 total expenditure at 84% compared to that of March 2022. This represents a material reduction in costs of ~16% against the backdrop where diesel fuel price moving from 1.04c/l in March 2022 and peaked at \$1.66/l in July 2022.

Many of the initiatives outlined above are in their infancy and are likely to deliver additional operational efficiencies and savings going forward.

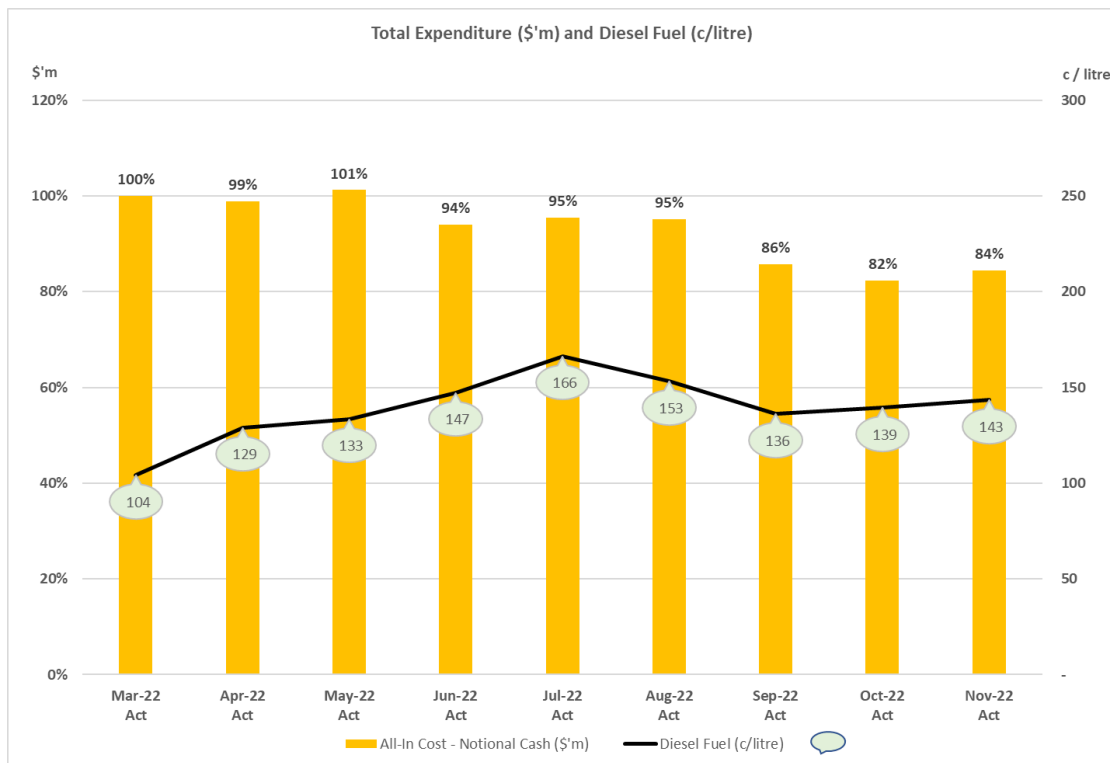


Figure 2: Westgold All in Cost Profile Since March 2022



Looking Forward

The inflationary cost environment with Western Australia has materially impacted the cost base of all mine developers and producers with several recent project start-ups within Western Australia requiring additional capital to complete their projects or maintain operations. In comparison, Westgold remains debt free, has a robust balance sheet and is focused on optimising its cost base and profitability to support value accretive growth opportunities.

The Company's operations are performing efficiently and Westgold is currently on track to reach towards the top end of the production guidance range for H1 FY23 of between 120,000oz and 130,000oz, and the lower end of cost guidance of AISC of \$1,900 to \$2,100 per oz for the full year.

Westgold remains committed to sensible growth and reducing its cost base over the longer term with initiatives like the purchase of the CAT R2900XE hybrid underground loader completed, with the delivery to our Bryah Operation scheduled for early in 2023.

The Clean Energy Transition (CET) Project is also advancing rapidly. The CET Project will see six diesel fired power stations across our operations replaced with four gas fired stations supported by solar and battery backup. Ground works of the first station has commenced at the Tuckabianna processing hub with this first station expected to be commissioned in Q4 FY23 followed by the additional three stations all completed by Q3 FY24. Projected group savings on total costs due to reduction in diesel consumption is estimated to be ≈\$100/oz.

On a growth perspective, Westgold continues to prudently deploy its growth funds to advance its internal growth project pipeline. Of the \$100M raised in March early 2022, activities have focussed on the following targets identified in the Equity Raise presentation released to the ASX (14 March 2022) including:

- **Bluebird mine expansion** – expanded from 21ktpm and currently operating at 42kt/m in November
- **Tuckabianna mill expansion study to 2-2.5Mtpa** – completed and results reported Q1, FY23
- **Great Fingall Deeps Drilling** – drilling underway with fourth hole currently active
- **Mill and infrastructure expansion at Fortnum** – crusher purchased and to be installed in Q3, FY23
- **Caustons Drilling** – drilling complete, results available to be reported in January 2023
- **Labouchere Drilling** -drilling complete, results available to be reported in January 2023.

ENDS

THIS ANNOUNCEMENT IS AUTHORISED FOR RELEASE TO THE ASX BY THE DIRECTORS.

CORPORATE AND INVESTOR RELATIONS ENQUIRIES

Wayne Bramwell | Managing Director
Investor.Relations@westgold.com.au

+61 8 9462 3400
www.westgold.com.au

FORWARD LOOKING STATEMENTS

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