



ASX Announcement
23 January 2018

Tribute Mining Agreement for Cannon Mine

The Board of Westgold Resources Limited (**ASX:WGX**) (**Westgold**) is pleased to advise that its wholly owned subsidiary, HBJ Minerals Pty Ltd (**HBJ**) has signed mining tribute agreement over Cannon Mine area. The deal covers an area within a 1 km radius of the Cannon mine on Southern's ML25/333 for a five year period (refer to attached diagram).

The Cannon open pit was successfully mined by HBJ under a mining and profit sharing agreement. This new agreement is essentially an extension to that agreement whereby the underground extension of that ore system will be mined exploiting the wedge of ore beneath the Cannon Pit and its down-plunge extensions into the wholly-owned Georges Reward prospect which will be mined in conjunction. Both ore systems remain open down-dip and down-plunge.

Under the agreement, HBJ has the right to all ores mined, which will be separately accounted for, and all production will be attributable to HBJ. Drill results and resource estimates for the ore under the pit have previously been reported, estimated and announced by Southern.

HBJ will pay Southern as follows:

- A \$1.5 million cash payment of the rights to mine the ore (within 5 days of signing).
- A payment of \$160 per ounce of gold produced from M25/333 up to 15,000 ounces.
- A payment of \$180 per ounce of gold produced above 15,000 ounces.
- A bonus payment of \$30 per ounce on gold produced in any production period that the gold price averages \$1800 per ounce for three consecutive months.

Westgold's Managing Director, Peter Cook said:

"This is a nice win-win arrangement for both parties. The resource under Cannon is of nice grade and plunges north into our wholly owned Georges Reward tenement. The deal means that the Cannon ore wedge can be exploited for the mutual benefit of both companies. It is expected that the deal will add a minimum of 20,000 ounces to SKO's outputs in the ensuing 18 months. There remains good potential to add to this as mining progresses"

Enquiries

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