



## Another difficult year for Westgold

<b>Company/ASX Code</b>	Westgold Resources Ltd/WGX
<b>AGM date</b>	Friday 25 November 2022
<b>Time and location</b>	11.00 am Liberty Conference Centre, 197 St Georges Tce, PERTH WA
<b>Registry</b>	Computershare Investor Services
<b>Type of meeting</b>	Physical meeting
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Kevin Bowman and Dr Lynda Newland
<b>Pre AGM Meeting?</b>	Yes with Executive Director Wayne Bramwell. Chairman.

The individual(s) (or their associates) involved in the preparation of these voting intentions, has a shareholding in this company.

### Summary of issues for meeting

No.	Resolution description	
1	<b>Adoption of Remuneration Report</b>	<b>Against</b>
2	<b>Election of the Hon Cheryl Edwardes AM as a Director.</b>	<b>For</b>
3	<b>Election of the Mr Julius Matthys as a Director.</b>	<b>For</b>
4	<b>Election of the Mr David Kelly as a Director.</b>	<b>For</b>
5	<b>Re-Election of the Ms Fiona Van Maanen as a Director.</b>	<b>For</b>
6	<b>Ratification of Issue of Placement Shares to Institutional and Sophisticated Investors.</b>	<b>For</b>
7	<b>Grant of Performance Rights to Mr Wayne Bramwell.</b>	<b>Against</b>
8	<b>Approval of potential termination benefits in relation to Performance Rights granted to Mr Wayne Bramwell.</b>	<b>For</b>
9	<b>Approval of Plan.</b>	<b>For</b>
10	<b>Approval of potential termination benefits in relation to securities issued pursuant to the Plan.</b>	<b>For</b>

## **Consideration of the Financial Reports. No vote required**

The Company has had a very difficult year. Falling gold prices and increasing costs led to a thorough review of the Company's operations in May 2022, following which the CEO and Chief Operating Officer left the Company. Wayne Bramwell assumed the role of CEO as well as Managing Director.

Three of the underground mines were placed on care and maintenance. Following these measures, the Company has been returned to profitability.

Despite record production, the Company recorded a net loss of some \$111m over the financial year.

The Founding Director, Peter Cook stood down as a Director and two new Directors were appointed.

The share price slumped from a high of \$1.25 in July 2021 to a low over the year of 71 cents but in recent times has recovered to 87 cents.

There was a placement at \$2.10 in March 2022 which was NOT extended to Retail shareholders.

In an effort to decrease its cost of diesel, which increased by 106% over the year, the company has signed an Agreement to replace six of its diesel-powered stations with four gas fired power stations from 2023.

## **Remuneration Report**

The Westgold remuneration structure consists of the common fixed component plus the incentivised STI and LTI award opportunities. MD STI maximum is 50% of his fixed remuneration while his LTI maximum is 80% of his fixed remuneration.

STI weightings are

- Safety & Environmental Targets 25%
- AISC relative to budget 25%
- Gold production relative to budget 25%
- Personal KPI 25%

Any STI award is paid in cash.

LTI Performance Rights weightings are equally allocated to:

- Relative TSR above median of the group;
- Growth in Absolute TSR;
- Growth in Absolute EPS; and
- 10% of LTI dependent on Ore Reserve growth

We do not support the Remuneration Report resolution for the following reasons.

Performance period is 3 years. ASA prefers 4 years LTI performance period as more realistic "Long Term." The number of Performance Rights granted under the Westgold remuneration structure is determined using the fair value at the date of grant using a Monte Carlo valuation model, taking into account the terms and performance conditions upon which the Rights were granted. ASA discourages the use of "Fair Value" due to the resulting lower price in the calculation leading to an

inflated number of Rights being allocated. ASA guidelines nominate face value or current share price for allocation of awards.

We would prefer to see more detail relevant to performance metrics and for a maximum 50% of any STI award paid in cash with remainder in deferred equity.

## Summary

(As at FYE)	2022	2021	2020	2019	2018
NPAT (\$m)	(111.1)	76.7	34.6	14.1	(1.171)
Share price (\$)	\$1.19	\$1.98	\$2.24	\$1.88	\$1.85
Dividend (cents)	0	2.0 cents	0	0	0
Simple TSR (%)	(39.9%)	(10.6%)	19.1%*	1.6%	n/a
EPS (cents)	(25.32)	18.16	8.65	3.74	(0.34)
CEO total remuneration, actual (\$m)	0.6	1.032	.814	1.1	1.707

Westgold was demerged from Metals X in 2017.

For the FY22 FY, the CEO's total actual remuneration was 6.3 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2022 data from the Australian Bureau of Statistics). Actual earnings are ASA defined as the cash payments made during the year (FR, STI, deferred STI, plus any vesting of equity incentives at share price on date of vesting).

Note - For May 2022, the Full-time adult average weekly total earnings (annualised, original) was \$95,436 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking by the share price at the start of the year).

The company paid a dividend in 2021 of 2 cents per share and in December 2019, shareholders received shares in the demerged company Castile Resources Limited, which held the Polymetallic assets in the Northern Territory, on the basis of 1 share for every 4 shares in Westgold, at no cost.

This was valued at \$13.1m. As at 30 June 2022, these shares were valued at 15.5 cents per share.

### **Resolution 2. Election of the Hon Cheryl Edwardes AM as a Director.**

The Hon Cheryl Edwardes is a highly credentialed and experienced Company Director and Chair.

A solicitor by profession and former Minister in the Court Government, Mrs Edwardes has extensive experience and knowledge of Western Australia's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access. During her political career, Mrs Edwardes held positions of Attorney General of Western Australia, Minister for the Environment and Minister for Labour Relations.

Mrs Edwardes is also a Director of Finders Mines Limited and Nuheara Limited.

**Resolution 3. Election of the Mr Julius Matthys as a Director.**

Mr Julius Matthys has substantial corporate experience, having spent 36 in the resources sector in large corporate entities including senior executive roles as President of Worsley Alumina joint venture and Marketing Director at BHP Iron Ore, Alumina and Aluminium.

Mr Matthys was previously Chair of gold producer Doray Minerals Limited, managing its merger with Silver Lake Resources Limited.

He currently holds no other Directorships.

**Resolution 4. Election of the Mr David Kelly as a Director.**

Mr Kelly is an experienced geologist and company director, having served in various senior executive roles in the resources sector for the last 30 years including as an investment banker and corporate adviser. He was most recently the Executive General Manager Strategy and Business Development at Resolute Mining Limited and was formerly General Manager Corporate Strategy and Chief Operating at the same company.

Mr Kelly previously served as a director of ASX-Listed companies Turaco Gold Limited, Predictive Discovery Limited, Ridge Resources Limited, Renaissance Minerals Limited and Pacific Ore Limited. Mr Kelly holds a Bachelor of Science (Hons).

He currently holds no other Directorships

**Resolution 5. Re-Election of the Ms Fiona Van Maanen as a Director.**

Ms Fiona Van Maanen is a CPA, holds a Bachelor of Business (Accounting) and a Graduate Diploma in company secretarial practice. Ms Van Maanen has significant experience in corporate governance, financial management and accounting in the mining and resources industry. Ms Van Maanen serves on the Company's Audit, Risk and Compliance Committee and Remuneration and Nomination Committee.

Currently she is also a Director of Pantoro Limited.

**Resolution 6. Ratification of Issue of Placement Shares to Institutional and Sophisticated Investors.**

In March 2022, the Company issued 48,000,000 shares at \$2.10 per share to raise \$100,000,000 to be applied to accelerating the Company's Murchison and Bryah growth strategy. The placement was to institutional and

The Company is seeking approval for this placement.

**Resolution 7. Grant of Performance Rights to Mr Wayne Bramwell.**

The Company intends to grant a total of up to 385,233 Performance Rights (each with a nil exercise price and an expiry date of 1 October 2025) to Mr Bramwell. The number of rights has been determined by using fair value of around 62c which compares the current share price of 89c.

As discussed under the resolution to consider the remuneration report, we are unable to support the grant that flows from the report.

**Resolution 8. Approval of potential termination benefits in relation to Performance Rights granted to Mr Wayne Bramwell.**

This Resolutions allows the Board to grant these Performance Rights to Mr Bramwell in the event of his termination from the Company.

**Resolution 9. Approval of Plan.**

This Resolutions allows the Board to grant up to 23,681,136 Equity Securities under the Plan for Eligible Employees (as defined in the Plan) known as the “Employee Awards Plan”.

**Resolution 10. Approval of potential termination benefits in relation to securities issued pursuant to the Plan.**

This Resolutions allows the Board to grant these securities issued pursuant to the Plan in the event of termination.

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