

A turnaround year for Westgold following last year's disappointments

Company/ASX Code	Westgold Resources Limited/WGX
AGM time and date	12.00 noon (WST) Thursday, 23 November 2023
Location	Conference Centre, Exchange Tower, L8, 2 The Esplanade, PERTH WA
Registry	Computershare Investor Services Pty Ltd
Type of meeting	Physical meeting
Monitor	Kevin Bowman and Dr Lynda Newland
Pre-AGM Meeting	Yes with MD Wayne Bramwell and Kasun Liyanaarachchi, Investor Relations Manager.

Monitor shareholding. The individuals (or their associates) involved in the preparation of this voting intention have shares in this company.

Summary of issues for meeting

No.	Resolution description	
1	Non-Binding Resolution to adopt Remuneration Report	For
2	Re-election of the Gary Davison as a Director.	For
3	Grant of Performance Rights to Mr Wayne Bramwell.	For
4	Approval of potential termination benefits in relation to Performance Rights granted to Mr Wayne Bramwell.	For

Consideration of the Financial and Remuneration Reports. No vote required

The financial year has been one of significant positive change for Westgold after the disappointments of the previous year.

In the first quarter the Board addressed the changes necessary to return the Company to profitability. Difficult decisions were made including placing 3 marginal underground mines into care and maintenance and the redeployment of staff.

A deep dive into Westgold's cost base was completed and opportunities identified to improve productivity and reduce costs.

Although gold production reduced over the year, revenue increased to \$654m and profitability to \$13.9m from a loss in the previous year of \$160m. At the end of the financial year, Westgold held cash and bullion of \$192m.

The company also reduced its hedging to only 10,000 ounces from 148,000 ounces which cost the company around \$40m. The share price increased by 21% to \$1.44 and has since climbed to over \$2.00. Westgold is now the 7th largest gold producer in Australia.

Unfortunately, no dividends were paid.

Remuneration Report

The Westgold remuneration structure consists of the common fixed component plus the incentivised STI and LTI award opportunities.

STI weightings are:

- Safety & Environmental Targets 30%
- AISC relative to budget 30%
- Gold production relative to budget 30%
- Personal KPI 10%

Any STI award is paid in cash.

LTI Performance Rights weightings are:

- Growth in RTSR
- Growth in Absolute TSR
- Growth in Absolute EPS
- Ore Reserve Growth

Performance period is 3 years.

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.

We support the remuneration resolution with the expectation of further alignment with ASA Voting & Engagement Guidelines for ASX200 companies, notwithstanding WGX's removal from this Index in September 2021.

Westgold was demerged from Metals X in 2017.

Sustainability/ESG

Westgold continues reducing its carbon footprint. Last year, the company signed an agreement with Pacific Energy to replace six power stations operating on diesel with four hybrid power facilities operated by Pacific Energy, which are expected to be fully operational by Q3FY24. Westgold is also in the process of building LNG facilities at the new hybrid stations. The whole project aims to cut diesel consumption by 38 million litres, thereby reducing CO2 emissions by 57 000 tons. This should also cut costs.

Westgold is working towards a more diverse and equitable workforce, and aims to increase the number of women working in the company from 12 – 25%. To represent this, this year's annual report features two women on the cover. Further, as part of its strategy to attract and retain workers, remuneration was reviewed across all levels to ensure parity with the rest of the market and with each other, to the extent that the company now claims that there is nil pay gap between women and men.

The Aboriginal workforce in Westgold is currently only about 3%. The company aims to bring more indigenous workers in on contracts and to become more involved with the community.

This year, a cyber-security working group has been set up to identify any possibilities for exposure and protocols for the protection and prevention of business disruption.

With regard to reporting, Westgold are working to meet the recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD).

Summary

(As at FYE)	2023	2022	2021	2020	2019
NPAT (\$m)	10.0	(111.1)	76.7	34.6	14.1
UPAT (\$m)	n/a	n/a	n/a	n/a	n/a
Share price (\$)	\$1.44	\$1.19	\$1.98	\$2.24	\$1.88
Dividend (cents)	0	0	2.0 cents	0	0
Simple TSR (%)	21.0%	(39.9%)	(10.6%)	19.1%*	1.6%
EPS (cents)	2.1	(25.32)	18.16	8.65	3.74
CEO total remuneration, actual (\$m)	1.03	0.6	1.032	0.814	1.1

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. Re-election of Gary Davison as a Director.

Mr Davison is a highly regarded mining engineer with over 45 years of worldwide mining experience.

He serves on the Audit, Risk and Compliance Committee and Remuneration and Nomination Committee. He was first appointed to the Board in June 2021.

We noted that Mr Davison does not hold any shares in the Company and discussed this with the Executive Director at our meeting.

Mr Davison is aware of this and intends to rectify this over the next 12 months or so.

Resolution 3. Grant of Performance Rights to Mr Wayne Bramwell.

The company intends to grant a total of up to 760,541 Performance Rights (each with a nil exercise price and an expiry date of 1 October 2026) to Mr Bramwell.

Given Mr Bramwell's additional responsibilities and relatively modest fixed salary, we believe the salary package offered to him is reasonable relative to other mining companies of similar size.

Resolution 4. Approval of potential termination benefits in relation to Performance Rights granted to Mr Wayne Bramwell.

This Resolution allows the Board to grant these Performance Rights to Mr Bramwell in the event of his termination from the Company, at the discretion of the Board.

This is now fairly common, particularly in the mining industry. However, the ASA does not support termination resolutions that seek shareholder approval for open-ended board discretion termination benefits beyond the regulatory cap of 12 months.

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Appendix 1
Remuneration framework detail

CEO rem. Framework for FY24	Max. Opportunity \$m	% of Total
Fixed Remuneration	\$0.56m	43.4%
STI - Cash	\$0.28m	21.7%
STI - Equity	n/a	n/a
LTI	\$0.45m	34.9%
Total	\$1.29m	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.