

Westgold Share Price Hammered as Guidance Cut

Westgold (ASX / TSX: WGX)

Reduced its FY25 guidance issued very recently to 330,000 to 350,000 ounces of gold from 400,000 to 420,000 ounces, and increased AISC from a range of \$2,000 to \$2,300 to between \$2,400 and \$2,600.





	Westgold	ASX / TSX: WGX
	Stage	Production + development
	Metals	Gold
	Market cap	A\$2.11 Billion @ A\$2.24
	Location	Western Australia
	Website	www.westgold.com.au

Comment

Coming so soon after the previous guidance given by the company, this looks clumsy to say the least. One has to ask why things are so different so quickly?

Serious questions have to be asked of management here, surely someone's head should roll?

Around 20% of value has been destroyed here in short order, and looking at the recent drop in share price prior to this announcement, one has to wonder if anyone knew in advance?

I'll wait for the fall to finish and then consider whether to top up at the lower price in the hope that management will eventually get a grip on things and move forwards. If that happens there could be an opportunity here.

As a former shareholder of Karora Resources, transitioned into here by the takeover, this realises my worst fears.

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Westgold's corporate strategy is to systematically recalibrate the business for long term sustainable growth and higher levels of free cash generation. The Beta Hunt and Bluebird-South Junction mines are the major drivers of growth, with capital investment and resource drilling in both assets key to leveraging this new scale and to reducing Group operating costs.

Post merger, FY25 Production Guidance was predicated on the simultaneous ramp up of Beta Hunt to 2Mtpa and Bluebird-South Junction to 1.2Mtpa. During H1 FY25, the ramp ups of both assets were slower than planned, predominantly due to engineering, not mineral resource issues.

At **Beta Hunt**, production was adversely affected by the need to undertake significant upgrades of primary ventilation, mine pumping systems (dewatering) and clean water supply.

Westgold's capital investment strategy is systematically removing these productivity constraints to deliver higher production in H2 FY25 and beyond.

At **Bluebird-South Junction** the transition to a much larger tonnage, transverse stoping mining method in the South Junction lodes was slower than planned as a result of upgrading the ground support regime.

This upgrade will underpin higher levels of production from the South Junction lodes in H2 FY25.

As a result of these delays at Beta Hunt and Bluebird-South Junction, Westgold is revising its full year FY25 Production Guidance to 330-350koz, with AISC Guidance now adjusted to \$2,400 – \$2,600/oz.

Growth capital for the full year has reduced to \$200M with the prioritisation to projects delivering the highest return on investment (Beta Hunt, Bluebird-South Junction and Great Fingall).

Westgold Managing Director and CEO Wayne Bramwell commented:

"Balancing short range targets with longer term shareholder returns is Westgold's objective."

"Optimisation of our expanded portfolio began in earnest in Q2 FY25 and disappointingly, engineering ramp up issues constrained outputs from the Beta Hunt and Bluebird-South Junction underground mines."

“Both mines are now regaining momentum as Westgold rectifies areas of historic underinvestment across the Southern Goldfields and accelerates the expansion of our key Meekatharra mine.

“We are systematically deploying capital across our portfolio to establish long term sustainable growth, with drilling and upgraded infrastructure set to make our largest mines larger and more productive with lower operating costs.

“Westgold’s output will continue to improve across H2 FY25, with production in Q4 FY25 expected to reflect an annualised run rate of +400kozpa.

“Free cash flow and shareholder returns are our key performance indicators, and we are confident in the optionality our expanded portfolio now provides to deliver much higher levels of safe and profitable production into FY26 onwards.”

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At the time of writing the author holds shares in Westgold.

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