Gold Corporation
Annual Report 2018–2019

A global leader in precious metals

THE PERTH MINT
AUSTRALIA


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Contents


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9 September 2019

The Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac
Premier; Minister for Public Sector Management;
State Development, Jobs and Trade; Federal-State Relations
1 Parliament House
WEST PERTH WA 6005

Statement of Compliance

In accordance with Section 63 of the *Financial Management Act 2006,* we hereby submit for your information and presentation to Parliament, the Annual Report of Gold Corporation for the year ended 30 June 2019.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006.*

S M C WALSH
Chairman

R G HAYES
Executive Director


2018

The Year in Brief

$18.07B
ANNUAL TURNOVER

$13.26M
ANNUAL PROFIT BEFORE TAX

$9.04M
DIVIDEND AND TAX EQUIVALENT PAID TO THE GOVERNMENT OF WESTERN AUSTRALIA

$12.66M
CAPITAL EXPENDITURE SPEND

$3.48B
OF CLIENT METAL ON DEPOSIT

73,000
VISITORS TO THE PERTH MINT EXHIBITION

3RD
LARGEST EXPORTER OUT OF WESTERN AUSTRALIA

50%
OF STAFF REPORTING TO THE CEO ARE WOMEN

30%
OF OUR EMPLOYEES HAVE CULTURALLY DIVERSE BACKGROUNDS

80%
OF GOLD REFINED WAS SUPPLIED AS VALUE-ADDED BARS, WITH A GROSS VALUE OF $13.03 BILLION

27.48M
TOTAL REFINING THROUGHPUT WAS 27.48M OUNCES OF GOLD AND SILVER DORÉ

7.77M
COINS, MEDALLIONS AND MINTED BARS WERE SOLD, VALUED AT $1.02B

of the financial statements

Our Strategic Intent

Gold Corporation's intent is to be a global leader in the precious metals business, achieved by:

- Leading growth initiatives within key markets in precious metals trading and distribution.
- Playing a key role in the development of key customer relationships both domestically and internationally.
- Operating always within agreed envelopes of appropriate risk and risk management.

Our Vision

To be a global leader in the precious metals industry.

Our Mission

To transform and take Australian precious metals to the world.

Our Values

Our values are what we stand for. They shape our behaviours and attitudes, while determining how we achieve our vision.

Grow

We seek to innovate, embrace change and continually learn.

Perform

We challenge ourselves and others to achieve our best and deliver outstanding quality.

Serve

Our customers, our people and our community are at the heart of everything we do.

Our Charter

Gold Corporation is a unique global enterprise operating across the precious metals value chain, including precious metals refining, manufacturing, investing and storage. Based in our original and expanded premises built in 1899 in Perth, Western Australia, we are also one of the State's premier tourist destinations.

Our Charter is contained within the *Gold Corporation Act 1987*. With our intent to be a global leader in the precious metals business, our Charter is our licence to operate across the precious metals value chain and to function as follows:

Promote

- To participate and engage in the precious metals industry in Australia and worldwide.
- To establish and promote Perth as an international bullion centre.
- To promote and develop markets for precious metals in Australia and worldwide.

Refine

- To crush, mill, recover, extract, process, smelt, sample, refine, assay and work precious metals.
- To maintain our reputation, qualifications, skills and international accreditations.

Distribute

- To maximise value added and export income from precious metals.

Mint

- To mint and otherwise deal in coins, medallions and other precious metal products.

Store

- To provide storage and safekeeping facilities for precious metals.

Services

- To provide technical and consulting services.

Tourism

- To promote Perth as a destination.

Challenges drive innovation

Gold Corporation's reported profit before tax increased to $18.98m for 2018/19. This figure includes unrealised fair value gains of $5.77m on gold held on behalf of investors in the Perth Mint Physical Gold Exchange Traded Fund (AAAU ETF). The actual underlying result was therefore a profit before tax of $13.26m compared with $10.05m the previous year. Return on equity increased to 10.3%, up from last year's 7.9%.

Whilst well below the highs of a number of years ago, the result was actually the 11th best on record and a positive achievement in what have been very difficult trading conditions. A number of global macro-economic and geopolitical factors combined to cause a continued flight of capital from physical precious metals and exchange traded gold funds into global stocks, bonds and property over the course of the year. It should also be noted that our competitors have been similarly affected, with some finding themselves in loss making situations.

All profit centres, with the exception of the Depository and Treasury, exceeded their budget expectations – a pleasing outcome given market conditions. Our Treasury operations were impacted by lower levels of demand for kilobars from Asian markets alongside costs associated with the launch of the gold-backed AAAU ETF on the New York Stock Exchange. The Depository business fell short due to delays in the delivery of software which affected the rollout of a new service offering. A write-down of $2.91m was recorded against payments made for an e-commerce replacement project. Following significant delivery milestone overruns, the project was abandoned.

We continued with cost rationalisation programs, the latest round of which was brought about by a leadership restructure that took place in December 2017. Both the refining and minting facilities have achieved meaningful cost reductions as operations have been streamlined, while co-operation between the two business units has improved markedly. Containment of costs across the business remains a top priority for management and the Board.

A strong focus by management on health, safety and environmental management continued over the period. These efforts are very strongly supported and fully endorsed by the Board. The wellbeing of our staff and the environment are critical factors in the success and sustainability of the Corporation's business undertakings.

The Refinery was able to retain gold volumes in the face of stiff competition, mainly from overseas. Importantly, the Refinery maintained its accreditation with the five major global precious metals market associations and exchanges, an endorsement earned by only a handful of refiners worldwide. Capital was expended over the year to increase both gold and silver processing capacities in anticipation of an increase in future volumes and market offtake opportunities.

Treasury has taken advantage of softening market conditions to expand further its array of products and services. New initiatives included AAAU ETF and the smartphone trading app GoldPass®. Each of these products has been designed to make gold more accessible to a wider range of clients across the globe. It is innovations such as these that support our ongoing quest to remain a global leader in precious metals refining, manufacturing, trading and marketing. The building blocks that continue to be put in place are both substantial and impressive.

Our Minted Products business has been impacted significantly by the downturn in demand for precious metals, especially bullion coins in the key US market. Having experienced bumper sales for a number of years, this market has become over supplied. The decline in investment demand has led to coins flooding back onto the secondary market and creating, in effect, negative demand. Notwithstanding these strong headwinds, the business has taken advantage of the market's ever-increasing desire for limited mintage numismatic releases and thereby managed to offset the effects of the poor bullion coin markets.

Against the backdrop of declining investment demand, it is pleasing to note the value of precious metals held by Depository increased during the year to $3.48b compared with $2.97b in 2017/18. Demand remained steady over the course of the year with holdings stable throughout the period. Thus the value increase was driven by rises in the Australian dollar value of both metals.

Another pleasing result was the growth in client numbers in Depository Online and the offline option. The number of clients in the overall Depository business totalled 37,090 at 30 June 2019, compared with 33,034 the previous year.

The Perth Mint Shop and Exhibition performed well over the period. The appointment of a new manager in December 2017 has led to a complete overhaul of the retailing and merchandising aspects of the Shop, with increased margins being earned across key product offerings. The Exhibition has also been reinvigorated. Several new initiatives have been introduced, including a world first Mine to Mint tour.

Our business has grown significantly since its inception with the introduction of the *Gold Corporation Act 1987*. From very humble beginnings we are now Western Australia's third largest exporter and Australia's 18th largest company. With a total client base of more than 100,000 across 130 countries and a global turnover of $18b, we can now truly claim to be a global leader in precious metals. The many successes we have achieved over the years would not have been possible without the dedication and loyalty of our many agents, banks and other counterparties. I would like to extend my sincere thanks to all of them for their continuing efforts to distribute and promote our vast array of products and services.

The vertically integrated nature of our present day operations has facilitated the development of an ever-expanding line of products and services to meet the needs of a modern, diverse and sophisticated clientele. In addition to our unique structure we have a strong culture of innovation across the business which enables new demographics to be reached with a range of tailored offerings. Substantial investments have been made, and will continue to be made, to increase capacity, productivity and quality. Meanwhile we maintain a strong focus on occupational health and safety, as well as environmental compliance. Risk identification and a strong prudential risk management culture are embedded in everything we do. Notably, one of the three pillars of our strategic intent is that all our operations are conducted within the bounds of agreed risk and risk management envelopes. Few other entities, private or public, can lay claim to such an overt intent.

The case for precious metals remains compelling. Unresolved sovereign debt issues, continuing global fiscal stimulus and geopolitical uncertainty remain positive factors for gold and silver as an alternative safe haven investment asset class. The outlook for 2019/20 is similar to this past year, notwithstanding increases in gold prices during recent weeks. Next year is thus expected to produce a similar result to that achieved in 2018/19.

I would like to acknowledge the previous Chair, Don Mackay-Coghill, and thank him for his dedication and service to the Corporation since his appointment in 2015. I would also like to thank Peter Unsworth, Chris Wharton and Kaylene Gulich, all of whom departed from the Board in January 2019.

We were privileged to welcome a number of new Directors to the Board during the year – John Collins, Richard Watson and Melanie Cave. Between them they bring a diversity of thought and background to the Board and I have no doubt they will contribute admirably into the future.

I would like to thank the Minister responsible for Gold Corporation and The Perth Mint, the Honourable Mark McGowan, Premier, for the strong support and interest he has shown throughout the past year. I would also like to extend a special word of thanks to my fellow Board members for their dedication, professionalism and commitment.

Finally, I would like to acknowledge the efforts and achievements of management and staff from the CEO down to the shop floor over the past 12 months. It has taken significant effort and dedication on their part to have accomplished what they have in a challenging environment. Their enthusiasm is infectious and bodes well for the future of the organisation.

Sam Walsh
Chairman


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Creating demand for precious metals

Market conditions in 2018/19 were broadly similar to those afflicting the global precious metals industry in 2017/18. Demand for both gold and silver bullion coins continued to be poor, especially in the US, but also increasingly in Europe during the second half of the year. Demand for other precious metals products remained soft globally and continued to impact other parts of our business.

The Corporation, which operates in the global marketplace as The Perth Mint, posted a pre-tax profit of $18.98m for the year. This, however, includes a $5.77m unrealised accounting fair value gain on gold held on behalf of investors in the Perth Mint Physical Gold Exchange Traded Fund (AAAU ETF). Under Australian Accounting Standard AASB 10, the income earned by investors in the fund is recognised in our statement of profit or loss and other comprehensive income. The actual underlying result was thus a profit before tax of $13.26m compared with $10.05m the previous year.

Reflecting the challenging conditions for precious metals globally, we did experience some earnings shortfalls against expectations. These were due to lower than anticipated sales of precious metal storage solutions, disappointing levels of demand for cast bars from customers in key markets, primarily China, and poor demand globally for bullion coins. Other product lines achieved mixed results, with stronger than expected sales of numismatic coins partially offsetting the shortfalls elsewhere.

Significant cost reductions were achieved in parts of the business where ongoing rationalisation and production efficiency measures continued to bear fruit.

The overall result was thus somewhat better than had been budgeted and was the 11th largest profit before tax on record. Achieved against the backdrop of soft market conditions and a neutral sentiment towards precious metals generally, we more than held our own. Indeed we actually grew our presence in a number of sectors, outperforming stiff competition from overseas entities.

We have continued to take advantage of the depressed market conditions to identify profit generating opportunities (always within agreed envelopes of risk and risk management) in Australia and beyond. In doing so we have leveraged our unique place in the precious metals value chain to consolidate further the gains achieved in previous years. We continue to optimise the vertically integrated nature of our business to even better fulfil the evolving needs of our increasingly diverse and geographically disparate client base. In a targeted effort to more comprehensively support the precious metals industry we have reached both back up and further down into the value chain. As a result more value added activities have been progressively introduced into our already wide range of products and services.

These include the gold backed AAAU ETF, launched on the New York Stock Exchange, the introduction of a smartphone gold trading app GoldPass®, as well as the adoption of improved production processes in our refining and minting operations. Everything we do is designed to increase efficiency, create demand and find new markets for Australian precious metals, both locally and overseas, in support of the Australasian gold mining industry.

As in previous years we have devoted additional resources to build and strengthen our profile and reputation across the wider gold industry. Our brand and identity have been steadily revitalised in recent years, along with a more disciplined and focused approach to marketing campaigns for specific products and target market sectors. I am pleased to report that these initiatives continue to yield positive outcomes and we now have a much stronger presence and better brand recognition in our markets, especially those overseas.

Many of our sales and marketing initiatives are heavily dependent on the upgrade and improvement of the various software platforms we operate. Progress in this area continues to be made, though has been much slower than anticipated in the redevelopment of e-commerce platforms. A write-down of $2.91m was recorded against payments made for the e-commerce platform redevelopment, which was abandoned following significant delivery milestone overruns.

A focus on the contribution made by each and every one of our employees has continued unabated.

The overall focus remains heavily client-centric, with the aim of providing a better integrated and cohesive suite of service offerings. These initiatives will thereby transform the way we conduct our business and facilitate further value-adding activities.

The changes in the management of our production areas in recent years continue to generate welcome outcomes including improved lead times, better customer responsiveness and enhanced quality.

The leadership role we assumed at the formation of the Gold Industry Group (GIG) continued in 2018/19. The aim of this independent body is to promote the industry's valuable contribution to modern Australia through education, community initiatives and issue representation. From its beginnings with only a handful of member organisations, the GIG now has more than 47 members from across the gold industry including miners, mining service organisations and associated professional bodies. The GIG's initiatives also serve to strengthen our brand, reputation and global presence.

A focus on the contribution made by each and every one of our employees has continued unabated. Our values statements of Growth, Persistence and Service have been updated to reflect the progress made in cultural changes over the past 18 months. These updated statements – which build on the previous grouping of Ethics, Equity and Excellence – are now well embedded. A culture of accountability, achievement, teamwork and pride in our organisation has developed with demonstrable results.

A focus on training and development has continued and I am delighted in the way our employees, at all levels, have embraced these changes.

Productivity has continued to improve and the results achieved over the past four years would not have been possible without the dedication, buy-in, creativity and professionalism of our team members.

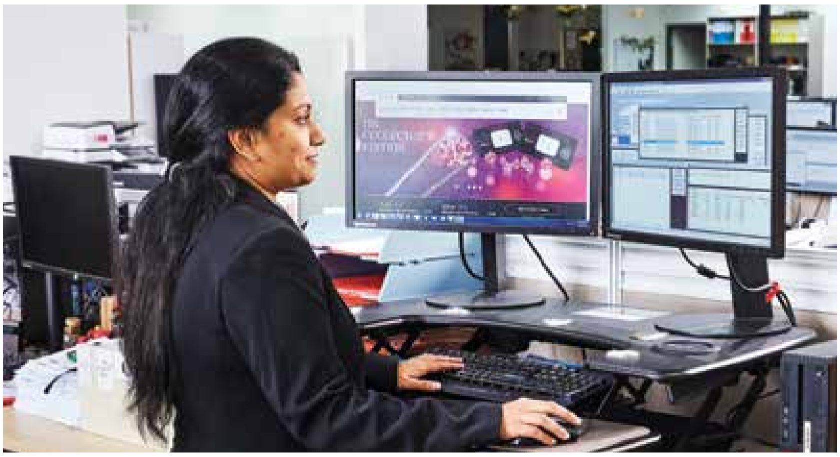
Finally, I made Occupational Health and Safety a flagship commitment of mine to the staff and to the Corporation when I assumed the role of CEO four years ago. I firmly believe there is no job so important that it cannot be done safely. Every employee has the right to return home at the end of the day in the same condition as they arrived at work, with mental health being equally important as physical wellbeing and injury management. We continue to build capability in this area, resulting in significantly improved employee engagement and safety practices over the past 18 months in particular.

The International Environment

It is now more than 10 years since the advent of the global financial crisis, which was sparked by overinflated asset values on the back of the availability of cheap and easy credit. The resultant collapse across the more traditional asset classes of stocks, bonds and property caused a surge of interest in precious metals as a hedge against declining values elsewhere.

Precious metals provided this safe haven and substantial capital flows were diverted away from the traditional investment asset classes. Following closely behind investors were the speculators who invested heavily in precious metals, mostly via the various global Exchange Traded Funds (ETFs). This resulted in sustained precious metals demand, pushing prices rapidly upwards, with gold peaking at USD 1,921.41 on 9 September 2011.

Initial green shoots of recovery began to emerge, albeit somewhat falteringly, during 2012 and 2013, indicating that a sense of normality might be returning to world markets. However no clear direction was established and markets stuttered along for a number of years. By early 2016 global markets had begun to firm, with modest increases in global GDP growth becoming apparent. The election of Donald Trump in November 2016 on the back of his "Make America Great Again" campaign brought further optimism to the markets, at least in the US. American stocks, bonds and property rallied, pulling other western markets in their wake. Money has steadily flowed back into these more traditional asset classes, significantly dampening demand for physical gold. This trend began in earnest during early calendar 2017 and since then has gathered momentum. The Trump tax cuts in late calendar 2017 exacerbated the situation, encouraging even greater flows of funds into the stock and bond markets. These flows have been reflected in the record highs we have seen over the past year in major equity and other markets.



The impact on the demand for precious metals has been palpable, especially global demand for bullion coins which has suffered significant reductions over the past two years. Some key competitor mints are continuing to report the worst trading conditions for this product class in more than a decade. Market intelligence suggests we have fared somewhat better than others.

Despite continuing geopolitical instability – readily evident in the war of words between Tehran and London, the trade tensions between Beijing and Washington, and the ongoing conflicts in the Middle East – the markets for the yellow metal have remained subdued until very recently. It has often seemed that the world has become used to bad news and instability. Sovereign and personal debt issues remain largely unresolved and the anticipated inflationary effects of substantial quantitative easing (read money printing) in the US and Europe have yet to be experienced.

Post 30 June 2019 prices for precious metals have firmed and begun to climb against the spectre of lower interest rates (especially in the US), ongoing gold buying by central banks (most notably Russia) and the Trump administration ramping up its war of words with China in the ongoing trade tensions. Whether this price trend is sustainable and marks a turn in conditions for gold and silver remains to be seen.

Gold and silver both traded higher throughout 2018/19 with the gold price peaking in late June 2019 at USD 1,426.

The Australian dollar averaged 71.5c throughout 2018/19 and traded as high as 74.7c in early July 2018, falling to its low of 0.683 in June 2019. A number of factors took their toll on the AUD, including commodity prices, interest rate differentials and geopolitical uncertainties.

All in all it was a difficult year for precious metals globally and we did very well to achieve the posted results.

Results Achieved

Our profit before tax, at $13.26m (before unrealised commodity gains of $5.77m) was 32% better than that achieved the previous year. Despite the difficult market conditions, profit generating opportunities, always within agreed envelopes of risk and risk management, were maximised. Costs were also tightly controlled, with recurring cost savings locked in wherever possible, without compromising safety or quality.

Turnover was $18.07b compared with the previous year's $18.85b. We were Western Australia's third largest exporter by value in 2019, up from fifth the previous year.

Payments to the Government of Western Australia during the financial year included income tax equivalent payments totalling $4.06m and a dividend of $4.99m, totalling $9.04m. Significantly, we have paid $234m to the State Government over the past 10 years. Seigniorage royalty payments to the Australian Federal Treasury, relating to the terms of the agreement under which Gold Corporation mints and issues Australian legal tender coins, was $3.49m for the year.

Gold and Silver Refining

Australia was again the world's second largest producer of gold after China in 2018/19, with mining analysts expecting this situation to continue.

The Refinery maintained its status in the top echelon of global refiners by volume, enjoying an international reputation for integrity, excellence, quality, safety and efficiency.

During the year, the Perth facility refined almost all of Australia's gold doré production as well as gold from the surrounding Oceania region and North America. Recycled gold, mainly from Asia, was also refined. Additionally the facility is a substantial refiner of silver doré, with the majority of refined metal being cast into value added products or manufactured into a variety of minted products, including bars and coins.

The Refinery maintained its status in the top echelon of global refiners by volume, enjoying an international reputation for integrity, excellence, quality, safety and efficiency.

Accreditation continued to be maintained on the world's five major precious metals exchanges, an achievement few other refiners can match. The facility remained Australia's only London Bullion Market accredited refiner for gold and silver.

Over the past 12 months, significant investment has been made in gold and silver refining capacity expansion at the refinery site. This will allow us to more effectively service both existing and future customers.

Competition, almost exclusively from overseas refiners, remained high, resulting in significant downward pressure on revenue.

As noted in previous reports, alleged fraudulent activity in the Australian precious metals refining industry was identified by the Australian Taxation Office some years ago. We are not, and have never been, involved in any of these transactions, and have continued to uphold the highest standards of governance, probity and integrity.

Cast Bar Production

The Refinery was again a major supplier of value-added gold cast bars to both China and the wider Asian region. Demand for small gold bars weakened over the period and excess gold was shipped to London in the form of 400oz Good Delivery bars when necessary.

Silver was also supplied into local and overseas markets in the form of value-added cast bars of various sizes, as well as 1,000oz silver Good Delivery bars.

Minted Products

We continued to be a major supplier of gold, silver and platinum coins, as well as minted bars, to collector and investor markets worldwide.

For the third consecutive year the demand for bullion coins was flat as investor interest returned to equities and other traditional forms of asset allocation.

Despite the poor market conditions, 7.77m coins, minted bars and medallions were sold during the year compared with 7.92m the previous year. This made 2018/19 volumes the fourth highest on record. Value was added to 14 tonnes of gold (11 tonnes in 2017/18), 301 tonnes of silver (294 tonnes in 2017/18) and 371kg of platinum (293kg in 2017/18). Approximately 89% of the revenue earned from the sale of these products was derived from exports.

Despite the very low levels of demand for bullion coins, notable accomplishments during the year included the sell-out of the 2019 1oz Year of the Pig gold bullion coin (30,000 mintage) and the 2019 1oz Year of the Pig silver bullion coin (300,000 mintage). Other successful bullion products developed during the year included the Swan, Double Dragon, Bird of Paradise, Welcome Stranger Nugget and Emu coin ranges, which all created interest in very weak markets.

The trend continued for coins showcasing popular themes, innovative features, new finishes, stylish packaging and limited mintages.

Numismatic coin demand, where innovation in design and theme is key, held up well in the face of the disappointing bullion coin markets. Notable releases were coins with a cameo insert and an abacus insert.

High value gold coins with diamonds, such as The Jewelled Dragon, remained popular with collectors worldwide and continued to sell well. Other highlights included the Wedge-tailed Eagle, the Swan gold and silver numismatic coin range and the Australian Lunar Pig series.

As has been the case in previous years, licensed products were an important product category, both as a revenue stream and in attracting new collectors. *The Simpsons* was the major new addition to this category as we celebrated 30 years of the iconic TV show by releasing a series of character coins in collector and investor format to strong interest. The *Star Trek* series continued its strong sales during the year, complemented by a range of Warner Bros themed coins including the *Wizard of Oz* and *Gone with The Wind* coins. Another success was a series of Marvel superhero coins struck in silver bullion as a special project for an overseas customer.

The trend continued for coins showcasing popular themes, innovative features, new finishes, stylish packaging and limited mintages. Within the past 12 months we issued 180 Australian legal tender proprietary collector coins, either as individual pieces or in sets.

A further 49 commemorative coins were released under authority of the Government of Tuvalu. In total there were full mintage sell-outs in 27 coin programs.

The factory continued upgrading its capital equipment with the arrival of two new coin presses during the year. These critical pieces of production equipment will help to ensure we are well placed to meet the needs of an ever changing and increasingly diverse market place. Cost reduction initiatives in the factory continued, with significant gains being made in the areas of labour efficiency and wastage reduction.

As expected the ISO 9001.2001 quality certification and AS/NZS 4801.2001 accreditation for health and safety were both maintained at our minting facility.

Precious Metal Coin Blanks

Approximately 7.76m precious metal coin blanks were produced during the year, in line with market demand. We manufacture coin blanks for our own coin production requirements as well as other mints in Australia and overseas.

Perth Mint Shop and Exhibition

We upheld our reputation as one of Western Australia's premier tourist destinations in 2018/19, attracting more than 73,000 visitors to our world-class Gold Exhibition, despite the State's tourism industry remaining subdued.

Our tourism offering was significantly enhanced with the official launch in July 2018 of the Mine to Mint tour. This world-first initiative takes day-trippers to witness operations at one of Australia's largest gold mines, the Newmont Boddington Gold Mine, 130km southeast of Perth. On return to Perth the tour includes a visit to the award-winning Gold Exhibition housed within our original 120-year-old premises.

We participated in the Australian Tourism Exchange in Perth during April and were represented at inbound tourism events in the US, the UK, China, Japan, Singapore, Malaysia and Europe. In October we partnered with the Gold Industry Group to launch the reverse Heart of Gold interactive gold trail. The 12-stop self-guided walking tour highlights the importance of gold in the development of Western Australia, with the Mint being an important component of the trail.

Significant progress was made in developing a joint tour with Willie Creek Pearls, which is due to commence in Q1 of 2019/20.

The launch of our smartphone investment app GoldPass® continued our reach into new and existing markets.

The Gold Exhibition received two Bronze Awards in the WA Tourism Awards. Additionally it was recognised by TripAdvisor in May with Hall of Fame status, awarded to tourism businesses that receive for five successive years a Certificate of Excellence for consistently outstanding visitor reviews.

A micro-website showcasing our luxury jewellery boutique was launched and attracted more than 14,000 site visits in the first seven months. This, together with continued strong demand for Argyle pink diamond jewellery, was a significant factor behind a 28% increase in jewellery sales margins.

In the second half of the year a successful marketing campaign was undertaken to encourage people to sell their unwanted gold jewellery to the Mint. This campaign, capitalising on the record high AUD gold price, will continue into 2019-20.

For the second successive year, a Poppy Wall of Remembrance was created to commemorate Anzac Day. This was well received by visitors, who placed thousands of poppies in the wall.

Perth Mint Depository

Established in 1994, The Perth Mint Depository enables clients to invest in precious metals without the need to take physical delivery. Today the Depository has in excess of 37,000 clients from more than 130 countries and safeguards precious metal worth approximately $3.48 billion. Clients benefit from participating in the world's safest suite of precious metals depository programs, all of which are guaranteed by the Government of Western Australia.

The launch of our smartphone investment app GoldPass® continued our reach into new and existing markets. Transactional and account opening activity increased during the closing months of the year, as the gold price increased and promotional campaigns amplified the product's accessibility.

Exploration of the Australian superannuation market has proven fruitful, as have our continued initiatives in the Middle East, Central and Eastern Europe, as well as other regions. These efforts have increased interest in and awareness of our product offerings while allowing us to identify several new distributor channels. Strategic development of these regions will continue in the coming year, supported by product development and promotional campaigns.

Capital Works and Capacity Enhancement Programs

The ongoing capital expenditure program continued over the period. The program included replacement of assets beyond their useful life, investments in new technology, productivity and increased capacity, as well as carefully targeted spending on enhanced safety and environmental management.

Capital expenditure over the year amounted to $12.66m, with all financing coming from internal resources. Gold Corporation is entirely self-supporting and does not receive any funding from the State Government, nor does it have any cash borrowings.

Closing Comments

Despite very difficult trading conditions, precious metals remain the ultimate refuge for portfolio diversification in an increasingly turbulent and uncertain world. Notwithstanding the current international economic environment, the longer term outlook when formed against unresolved sovereign and corporate debt issues, as well as the excessive fiscal stimuli of the past eight years, is still biased towards the upside.

Ongoing improvements to our organisational culture and an ever increasing focus on values continued to pay dividends. We have a dedicated team of employees who are a mix of long serving members and new appointments. The businesses are specialised and many skills required are rare or unique. I would like to thank all members of the team for their tremendous efforts during the year, especially when faced with difficult trading conditions and uncertainty. Employees met the many changes and challenges with dedication, resilience, determination and adaptability. Of particular importance to both myself and my fellow Directors are the issues of Workplace Safety and Environmental Protection. Our excellent record in both comes as a result of training, dedication and continuous attention to detail. My thanks go to the leadership team for their commitment to these paramount issues.

I would also like to acknowledge and thank our new Chairman, Sam Walsh, for his support, guidance and commitment over the past six months. Sam brings with him a wealth of experience which will be invaluable to the Board in its future endeavours. I would also like to thank our former Chairman, Don Mackay-Coghill, for his support and dedication since his appointment in July 2015. Finally, I wish to pay tribute to our Directors who generously gave of their time in a year of continuing change and renewal.

Our future remains a bright one and I look forward to it with anticipation and enthusiasm. I remain more confident than ever that we will continue to consolidate and build on our successes.

Richard G Hayes
Chief Executive Officer

Ongoing improvements to our organisational culture and an ever increasing focus on values continued to pay dividends.

Our Directors

Sam Walsh AO

Sam Walsh was appointed Chair of Gold Corporation on 1 January 2019. He is Chair of the Accenture Global Mining Council (UK), the Australia Council for the Arts, the Perth Diocesan Trust, and the Royal Flying Doctor Service (WA Ops), and is a Non-Executive Director of Mitsui & Co (Japan).

Sam held the position of Chief Executive of Rio Tinto Plc and Ltd from January 2013 to July 2016, when he retired after 25 years with the international mining group. He commenced his career in the automotive industry where he held senior leadership roles for General Motors and Nissan Australia for 20 years.

Sam has played a key role in charity, community and business associations in Australia and the United Kingdom.

In recognition of his distinguished service to the mining industry and the community of Western Australia, Sam was appointed an Officer of the Order of Australia (AO) in 2010 and announced Western Australian Citizen of the Year (Industry and Commerce) in 2007.

Sam is a Fellow of the Australian Institute of Management, the Australasian Institute of Mining and Metallurgy, the Australian Institute of Company Directors, and the UK Institute of Directors. He is also a Fellow of the Chartered Institute of Purchasing and Supply, the Australian Academy of Technological Sciences and Engineering, and was previously Treasurer of the International Council on Mining and Metals.

He has a Bachelor of Commerce from the University of Melbourne and has completed a Fellowship Program at Kettering University in Michigan. Sam has an Honorary Doctorate from the University of Western Australia and from Edith Cowan University in Perth. He has been recognised with a Graduate of Distinction Lifetime Achievement Award from the University of Melbourne and an Honorary Fellowship from Melbourne Business School. He is the recipient of the AusIMM Institute Medal and is a former Visiting Fellow at Oxford University.

Don Mackay-Coghill

Don Mackay-Coghill emigrated from South Africa in 1986 to take up the dual positions of Chief Executive Officer of GoldCorp Australia and Managing Director of the Western Australian Mint. Previously, Don had a 15-year career with International Gold Corporation (Intergold), being appointed Chief Executive, Worldwide, in 1979. Whilst at Intergold, Don was responsible for the introduction of the highly successful Krugerrand to world markets, an initiative which created the first global market for bullion coins.

Don retired as the inaugural Chief Executive Officer of Gold Corporation on 30 June 2003 after leading the Corporation for 17 years. He held the position of Non-Executive Director of Gold Corporation from 1 July 2003 until 30 June 2009. During this period he was Chairman of AGR Matthey, a joint venture between Western Australian Mint, Johnson Matthey Australia and Newmont. Don was also a Director of the World Gold Council, based in London.

As CEO of Gold Corporation and Joint Chief Executive Officer of the Sydney 2000 Olympic Coin Program, Don planned and managed the Sydney program, which has become the benchmark for all subsequent Olympic coin programs.

In recognition of his achievements, Don received: the South African Marketing Award of the Year in 1978; the Vreneli-Preis Award for his contribution to Numismatics in 2001; the Australian Institute of Export's Australian Export Hero Award in 2007; the Juan Antonio Samaranch Medal for his contribution to Olympic coin collecting in 2012; and the inaugural Gold Industry Hall of Fame Award at the Precious Metals Investment Symposium in 2016.

On 1 July 2015, Don was appointed Chairman of Gold Corporation.

Don completed his term on 31 December 2018.

Gaye McMath

BComm, MBA, AMP HBS, FAICD, FCPA

Gaye McMath is an executive with experience spanning over 23 years in mining and resources, and 15 years in higher education. She has served for more than 20 years on a diverse range of boards and community organisations. Her board experience includes resources, infrastructure, energy, financial services, treasury, property, tourism, international education, aged care, culture and the arts. Her current board roles include Chair Health Support Services Advisory Board, Deputy Chair of Southern Ports Authority and a board member of Power and Water Corporation NT, Study Perth, Perth Convention Bureau and the Chamber of Arts and Culture WA. Gaye is currently the Deputy Chair of Commissioners of the City of Perth.

Liam Twigger

BEc Grad Dip Fin CPA

Liam Twigger was appointed to the Board of Gold Corporation in January 2016 and brings more than 30 years' experience in the fields of investment banking and corporate finance. He is currently the Managing Director of the corporate advisory and investment banking firm PCF Capital Group, providing strategic advice to the Australian mining sector regarding project divestments, finance and partnering.

Liam is a Non-Executive Director of Solgold Plc, Chairman and Managing Director of the web-based mine broking business MinesOnline.com and is a member of the Board of Governors of St Mary's Anglican Girls' School.

John O'Connor

BSc (Hons) FICA, FICAEW, FAICD

John O'Connor was appointed to the Board of Gold Corporation in January 2016. He is a former partner of PricewaterhouseCoopers (PwC) where his career spanned 34 years, including 24 years as an audit partner.

John held the role of Managing Partner of PwC Perth, where he also led the assurance practice. He has extensive audit experience in the resources sector, both within Australia and globally.

In March 2013, John retired from PwC. He now holds a number of Non-Executive Director roles. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Institute of Company Directors.

Mark Puzey

FCA, FAICD, CGEIT

Mark Puzey spent 33 years with KPMG where his roles extended across internal and external audit, IT advisory, risk management, governance, strategy and business transformation. He held Asia Pacific leadership roles in IT governance and natural resources, and was lead partner for the Woodside Energy Ltd and Western Power accounts.

He was appointed to the Gold Corporation Board in February 2018 and chairs the One-Future Committee. Since retiring from the KPMG partnership, his roles have included Non-Executive Director of Patersons Securities Limited, Lattice Energy Limited Audit & Risk Committee Chairman and Non Executive Director (proposed for IPO), and Due Diligence Committee member for three potential ASX floats.

Mark is a Fellow of both the Australian Institute of Company Directors (FAICD) and Institute of Chartered Accountants Australia and New Zealand (FCA). He is Certified in the Governance of Enterprise IT (CGEIT). He is also a major supporter of the Arts community.

John M Collins V

John M Collins V was appointed to the Board of Gold Corporation in March 2019. He was the Chief Executive Officer and a Director of the Western Australian Treasury Corporation (WATC) from October 2009 to January 2019. John has more than 30 years' international experience in financial markets activities and banking, having held senior leadership roles at US-based Cargill Incorporated and the ANZ Bank prior to WATC. His most recent role with ANZ was as President Director of ANZ Panin Bank in Jakarta, Indonesia. In past years he has held executive directorships with Cargill Australia Limited, ANZ Panin Bank and the WATC.

John has a Masters in Business Administration from the University of St Thomas in Minnesota and a Bachelor of Science in Business Administration from the Ohio State University. Both qualifications had specialisations in finance, with significant accounting and economics coursework. He became a Graduate Member of the Australian Institute of Company Directors in 2010 and first acquired his Australian Financial Markets Association accreditation in 1998.

Melanie Cave

LLB BA, GAICD, FLWA

Melanie Cave was appointed to the Board of Gold Corporation in June 2019. In her executive career, she was a lawyer with Herbert Smith Freehills for more than 20 years, 11 of those as a partner. She advised on the delivery of large scale infrastructure projects in the mining, water, natural resources and health industries, nationally and internationally, and was a key advisor in the delivery of Western Australia's key infrastructure projects, including the Optus Stadium and Fiona Stanley Hospital. Melanie led the Finance, Real Estate and Projects team in WA, and the global water and waste management team.

Melanie has been a non-executive director for more than a decade. She is currently the Deputy Chair of Workpower Inc and a director of Leadership WA.

Richard Watson

BEc (Hons), MPhil

Richard Watson was appointed to the Board of Gold Corporation in February 2019. He is the Executive Director of Infrastructure and Finance, having commenced this role in July 2018. Prior to this he was Executive Director of the Economic Business Unit in the Department of Treasury from May 2014.

Richard is responsible for the overseeing and governance of the Government of Western Australia's trading enterprises, supporting the State's financial management framework, legislative and accounting standards while upholding the effective delivery of treasury services for the State of Western Australia.

Richard Hayes
BCom, CPA, MBA, ACIS, GAICD

Richard Hayes was appointed as Chief Executive Officer of Gold Corporation on 1 July 2015. He had been Chief Financial Officer and Deputy CEO since joining the Corporation in March 2003. Richard was previously the Chief Operating Officer and an Executive Director of AGR Matthey from October 2002 to March 2003. Prior to that he was Director, Finance and Deputy Managing Director of AGR Joint Venture, from December 1998 to October 2002. Formerly he was Chief Financial Officer and Company Secretary of Golden West Refining Corporation Ltd, an ASX-listed company controlled by N M Rothschild & Sons Ltd. In December 1998 Golden West merged with Gold Corporation's refining and jewellery manufacturing business to become the AGR Joint Venture. Richard emigrated from Zimbabwe to Australia in 1987 and held a number of management roles with Boral Ltd prior to joining Golden West.

Richard was appointed Chairman of the Gold Industry Group in 2015, a body established to give the gold industry a unified and stronger voice in promoting its significance to the Australian economy and community. He also sits on the Membership Committee and the Refiners Committee of the London Bullion Market Association.

He actively contributes to the broader Western Australian community as a Director of disability services organisation Interchange Inc, is a member of the Board of Governors of Wesley College and a Director of the Whiteman Park Motor Museum.

Peter Unsworth
BComm, FAICD

Peter Unsworth was appointed to the Board of Gold Corporation on 7 September 2015 and completed his term on 25 February 2019. He is a former chartered accountant and corporate finance specialist with extensive experience as a public and private Company Director. Peter served on the Board of Gold Corporation, initially as a Director and then as Chairman, from 1996 to 2008. He has been a Director of several companies involved in venture capital, property development, office products distribution, mining, granite and marble processing, mineral exploration, and oil and gas exploration.

Peter's career has included senior management positions with an international accounting firm in both Perth and Sydney. He was Chief Executive for several years with The Stock Exchange of Perth Limited and Director of Corporate Finance with a large stockbroking company. He was also appointed one of four Commissioners heading the Commission to Review Public Sector Finances in 1993, reviewing and reporting on the finances and activities of the Western Australian Public Sector.

Chris Wharton

AM

Chris Wharton is the former Chief Executive Officer of Seven West Media WA, retiring from full time work in April 2017. Chris was responsible for all Seven West Media assets in Western Australia, including *The West Australian*, *The Sunday Times*, West Regional Publications (21 mastheads), its online properties thewest.com.au and PerthNow, WA Publishers, Redwave Media (nine regional radio licences) and Channel Seven Perth. In 2011, as CEO of the publicly listed West Australian Newspapers (Holdings), Chris led the multi-billion acquisition of the Seven Media Group, which today is Seven West Media. His position prior to this was Managing Director of Channel Seven Perth Pty Ltd, a post he held for nine years.

Chris is currently Chairman of Stealth Global Industries, a global supply and logistics company, and Buzd, a data analytics company. His community and business involvement includes Board membership of the Telethon Trust from 2000-2017 and the West Coast Eagles Football Club.

Chris is a member of the Australian Institute of Company Directors and the Australian Institute of Management. He was awarded an AM in the 2016 Queen's Birthday honours for services to the print and broadcast industries and for services to the community.

Chris completed his term on 25 February 2019.

Kaylene Gulich

BCom, BSocSc (Hons), MLM, MBA

Kaylene Gulich was appointed to the Board of Gold Corporation in September 2017. She is the Executive Director of the Economic Business Unit in the Department of Treasury, a position she has held since July 2018. Kaylene is responsible for the provision of advice, systems and operations critical to the State's financial management; economic and revenue forecasts; revenue policies and Commonwealth-State financial relations; and supporting Government to achieve good regulatory practice and priority microeconomic reforms. Kaylene also leads the Commercial Advisory function within Treasury.

Since joining Treasury in 2002, Kaylene has worked across a number of business units in senior positions. She continues to represent Treasury and the State in several cross-agency steering committees and boards.

Kaylene is a member of CPA Australia and has previously held a Director position on the Western Australian Treasury Corporation.

Kaylene completed her tenure on the Board on 1 February 2019.


GLOBAL

Our Business Activities and Capabilities

Our History

The Perth Mint was established in 1899 by The Royal Mint of Britain. At that time, gold sovereigns and half sovereigns were used throughout the British Empire as everyday circulating coins and it was The Royal Mint's responsibility to supply them. Rather than shipping gold to London, minting sovereigns there, then distributing them back to Britain's colonies, The Royal Mint built a number of branch mints throughout the Empire in places where gold was found. The Perth Mint was one of these – built to refine gold mined in Western Australia and turn it into sovereigns.

When sovereigns were withdrawn from circulation in 1931, we turned our skills to the production of base metal coins, though we continued to refine gold. We remained under British ownership until 1970 when control passed to the Government of Western Australia.

Gold Corporation was created by the *Gold Corporation Act 1987* to take over the operations of The Perth Mint and launch Australia's Bullion Coin Program. The Australian Nugget bullion coin was launched in 1987 and was followed by many other successful bullion, numismatic and commemorative coin programs.

Our refining activities eventually outgrew the old premises in East Perth and a new refinery was built near Perth's international airport. This facility commenced operations in 1990. A number of factory extensions have been added since the millennium, expanding the minting and refining capacities to what they are today.

A retail outlet and multi-award winning exhibition, which showcases the story of gold and features a theatrical gold pour as its centrepiece, occupies the ground floor of the original Mint building.

A Global Leader in Precious Metals

We are now an internationally competitive precious metals refining, manufacturing, minting, marketing and storage business. Structured as a vertically integrated entity we operate across the precious metals value chain. Management responsibility is based on functional and business lines designed to provide a comprehensive and cohesive service to our many clients and customers around the world.

Credentials

Our reputation in the precious metals industry is built on a 120-year history of striving towards excellence. We are recognised worldwide for our innovation, superior technical abilities and craftsmanship, as well as the quality of our precious metals products. As Western Australia's third largest exporter we have clients in more than 130 countries.

Refining

Our refinery is one of a select group of gold refiners that has accreditation from five of the world's major gold exchanges:

- London Bullion Market Association (LBMA)
- Tokyo Commodity Exchange (TOCOM)
- New York Commodity Exchange (COMEX)
- Dubai Multi-Commodity Centre (DMCC)
- Shanghai Gold Exchange (SGE)

It is also Australia's only LBMA accredited gold and silver refiner.

Refining almost all of Australia's newly mined gold as well as gold from New Zealand, Papua New Guinea, Fiji, Solomon Islands, Thailand, Malaysia, Laos, the Philippines and North America, we are one of the largest and most highly respected refiners worldwide.

We are committed to producing ethically responsible gold and silver. We therefore maintain our conflict-free accreditation under the LBMA Responsible Gold, DMCC Responsible Gold and Responsible Minerals Assurance Process (formerly the Conflict-Free Smelter Program).

The refinery holds ISO accreditation for safety and environmental management practices against the following national and international standards:

- ISO AS4801:2001 HSE (Health, Safety and Environment) Systems
- OHSAS 18001:2007 HSE Systems
- AS/NZS 14001:2004 Environmental Management Systems

To maintain transparency annual independent audits are conducted to ensure compliance with applicable legal requirements, as well as with broader societal obligations.

Cast Bullion Bars

Our refinery produces 400oz 99.5% gold and 1,000oz 99.99% silver London Good Delivery Bars, and has the capacity to convert all its gold and silver feed into value-added Good Delivery products. Also produced are 1kg, 100g, 50oz, 20oz, 2.5oz and 1oz 99.99% gold bars, as well as 1kg 99.5% gold bars. Silver bars of 99.99% purity are produced in 1kg, 100oz and 10oz weights.

These bars are promoted to a variety of target markets globally, either directly or via a network of intermediary organisations.

Bullion Coins

We are the inaugural producer of the Australian Bullion Coin Program, issued as legal tender under the *Australian Currency Act 1965*. The annual program comprises three series portraying iconic native fauna and a fourth series celebrating the animals of the Chinese lunar calendar:

- Australian Kangaroo 99.99% pure gold coin series
- Australian Kangaroo 99.99% pure silver coin series
- Australian Kookaburra 99.99% pure silver coin series
- Australian Koala 99.99% pure silver coin series
- Australian Kangaroo 99.95% pure platinum coin series
- Australian Lunar 99.99% pure gold coin series
- Australian Lunar 99.99% pure silver coin series

During this financial year we launched our second series of rectangular bullion gold and silver coins.

Together with a range of gold and silver minted bars, our bullion coins are distributed through an international network of authorised distributors including financial institutions and coin dealers.

Investors in Australia and most of Asia can also purchase bullion direct from us at www.perthmintbullion.com.

Numismatic Coins

We manufacture and internationally market gold, silver, platinum and base metal non-circulating legal tender coins for collectors. Distinguished from investment coins by their extremely limited mintages and a variety of high-quality numismatic treatments and finishes, the coins are issued as Australian legal tender, or released as legal tender of Tuvalu.

Designed in-house, the programs are heavily biased towards Australian themes such as native wildlife with a focus on the kangaroo, kookaburra, koala and wedge-tailed eagle. The programs also include imagery of iconic locations and historical events with an emphasis on the centenary of the Anzacs' involvement in World War I.

The Chinese lunar calendar themes have become an incredibly important part of our portfolio with strong exports into Asia as well as domestic sales.

Licensed products have been a focus as we attract new collectors into the coin market. Our *Star Trek* themed series has continued to generate interest among a different demographic and we have added other themes, such as *The Simpsons* and *Suicide Squad* this year.

Commemorative coins are issued in a variety of weights and sizes, as individual pieces and in sets. To add to their appeal, these coins are presented in unique packaging and accompanied by a Certificate of Authenticity, which provides information about the design theme, the official maximum mintage, the purity and the weight of the release.

Since the inception of Gold Corporation in 1987, approximately 77m bullion and numismatic coins have been minted and sold worldwide, adding value to 307 tonnes (9.86m ounces) of gold and 3,983 tonnes (128.06m ounces) of silver.

Coin Blanks

With our world-class technology, gold, silver and platinum coin blanks are produced in a variety of shapes, weights and sizes. In addition to producing precious metal coin blanks for our consumption, we are a supplier of blanks to leading mints around the world, both private and government owned.

Depository

For more than a quarter of a century, The Perth Mint Depository has offered the world's only government guaranteed precious metals storage and investment program. Additionally we offer safekeeping of the metal in our extensive network of central bank grade vaults, which is the largest in the southern hemisphere and in the safe geopolitical environment of Western Australia.

Clients (currently numbering in excess of 37,000 from more than 130 countries) can purchase and store precious metals directly (online or by phone) or via one of our authorised distributors.

Perth Mint Depository provides unallocated, pool allocated and allocated storage options within a convenient account-based structure:

- Depository Online (PMDO) provides web-based access to precious metals with a low cost, live-priced 24/7 service. We market this service directly and it is also available through select distributors.
- Perth Mint Depository Program Account (PMDP) is modelled on a traditional service with personalised contact. PMDP is tailored to investors who wish to operate their account by telephone or email with the support of our in-house traders.
- Perth Mint Certificate Program (PMCP) offers similar services to PMDP and is marketed through an international network of distributors. PMCP investors receive confirmation of their holdings via a certificate issued by The Perth Mint.

A number of new initiatives are in the pipeline, designed to take ownership and storage of precious metals to more new markets and even wider demographics of customers.

- Perth Mint Depository Distributor Online (PMDDO) is marketed through an international network of distributors seeking to offer their clients precious metals investment and storage.
- Perth Mint Gold (ASX code PMGOLD) is listed on the Australian Securities Exchange and offers unallocated storage to investors who prefer to deal through their stockbroker. This product is highly suited to the Self-Managed Superannuation market.
- GoldPass® gives investors the unique ability to securely buy, store and sell physical gold via digital certificates. The app also allows the instantaneous transfer of gold to other GoldPass® users.

Tourism

Housed in our beautiful late 19th century heritage building, the Shop and Exhibition demonstrate our commitment to sharing with the global community the fascinating story of Western Australian gold and our own rich history. Hosting 73,274 international, interstate and local visitors this year, we are one of the State's most treasured tourist destinations.

Our Exhibition showcases a range of unique attractions including the Australian Kangaroo One Tonne Gold Coin, which is the largest coin ever made and worth approximately $60m, Australia's most spectacular display of natural gold nuggets and the amazing spectacle of a traditional gold pour.

Our elegantly appointed Shop offers a unique experience showcasing exquisite Australian jewellery featuring pink diamonds, opals and south sea pearls. Also available are gifts and souvenirs such as natural gold nuggets, as well as a range of gold, silver and platinum coins.

New Developments

A number of new initiatives are in the pipeline, designed to take ownership and storage of precious metals to more new markets and an even broader range of customers.


FURNACE TEMP
MAINS ON
OFF
ON
ALARM
ON/OFF

Our Group Structure*

Government of Western Australia

Holding Company — Gold Corporation

Subsidiaries — GoldCorp Australia | Western Australian Mint

Trading Name — The Perth Mint

Activities

Retail Tourism Exhibition	Precious metal blank manufacture	Manufacturing and marketing of investment and numismatic coins, other minted items and related products	Gold and silver refining, manufacture and marketing of value-added bullion bars	Precious metal linked investment products	Treasury services

*As incorporated under the *Gold Corporation Act 1987*

Organisational Structure

Minister
Hon. Mark McGowan MLA

Chairman of Board
Sam Walsh

Board of Directors

Chief Executive Officer
Richard G Hayes

Treasurer and Deputy CEO
Joe Metcalfe

General Manager, Corporate Governance & Risk
David Koch

General Manager, People & Culture
Jane King

Chief Financial Officer
Caroline Preuss

Manager, Depository
John Durham

Group Manager, Minted Products
Neil Vance

Group Manager, Perth Mint Shop & Exhibition
Alison Puchy

Operations Manager, Refinery
Nathan Edwards

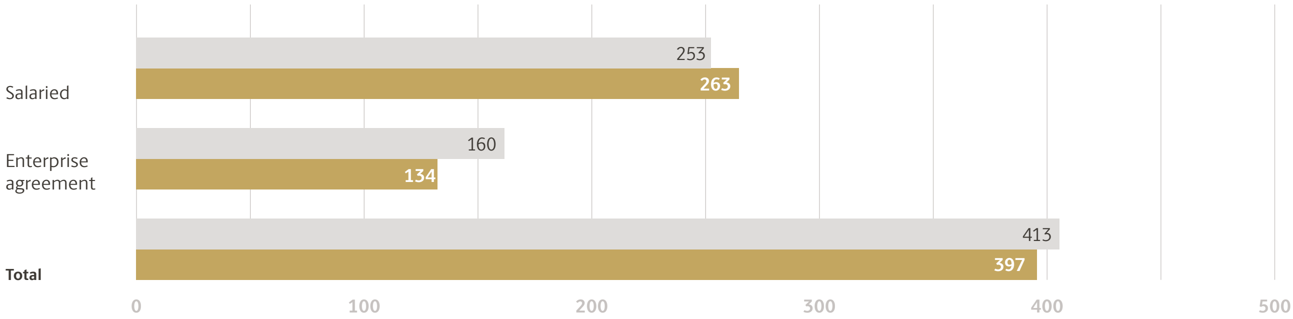
Operations Manager, Production
Chris Dimond

Our People

Our permanent staff headcount decreased further in 2019 from 413 to 397. The figure was approximately 450 in 2017.

We employ both salaried and enterprise agreement employees, as follows:

Salary vs Enterprise Agreement



Gold Corporation employs both salaried and Enterprise Agreement employees as shown above

30 June 2018
30 June 2019

	30 June 2018	30 June 2019
Women	42%	44%
Female Tier 2 Managers reporting to CEO	50%	37%
Female Tier 3 Managers reporting to Tier 2	33%	44%
Average Age	43	44
Employees <25 years old	6%	5%
Employees >45 years old	47%	49%
Employee initiated turnover	8%	7%

Employees demographics

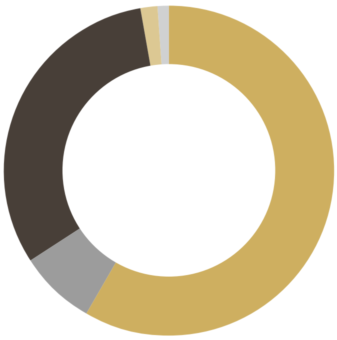
An employee demographic snapshot is shown above

30 June 2018

30 June 2019

Our staff hail from a wide range of national, cultural and ethnic backgrounds. Employees from culturally diverse backgrounds are defined as those born in countries other than Australia, Canada, New Zealand, South Africa, the UK and the US. Of our 397 employees, 30% are classified as having culturally diverse backgrounds. This brings to our operations a wide variety of spoken languages from areas including Asia, Europe and the Americas. Our diversity reflects the many and varied markets in which we operate.

Staff from culturally diverse backgrounds



- 69 South East Asia
- 9 Africa
- 37 Europe
- 2 South America
- 1 Middle East

Health, Safety and Environment

Commitment

Our Health, Safety and Environment (HSE) systems aim to minimise risks to employees, customers, contractors, the public and the environment while embracing best practice. These systems ensure policies, procedures and work instructions are in place to comply with legislation and codes of practice. Objectives and targets are set, with performance against targets monitored and reviewed on a regular basis.

We are firmly committed to providing a safe place of work for all our employees and contractors, ensuring they return home safely at the end of each day.

Safety and Environment Management Systems

The East Perth site achieved accreditation for its Safety Management System in 2009. A surveillance audit for our Safety Management System, namely AS/NZS 4801:2001, was undertaken by Bureau Veritas in March 2019 with no non-conformances found.

The Refinery achieved international accreditation for its Safety Management System and Environmental Management System in 2010. The annual ISO surveillance audits for The Perth Mint Refinery's Safety Management System and Environmental Management System, namely AS/NZS ISO 14001:2015, were undertaken by Bureau Veritas in August 2018. No non-conformances were raised.

The Refinery is classified as a registered mine site and is regulated by the *Mines Safety and Inspection Act 1994*. Four site inspections were undertaken by the Department of Mines, Industry Regulation and Safety.

Safety

There has been a significant improvement in the reporting of injuries and hazards at both sites. East Perth has improved reporting of incidents and hazards by more than 130%. A number of safety initiatives were implemented across our operations to assist with improving safety performance. The Refinery and East Perth sites were lost-time injury free during 2018/19.

We ensure compliance with the *Workers Compensation and Injury Management Act 1981*. Regardless of whether the injuries are work-related or non-work-related, we are committed to ensuring all injured employees return to work as soon as is practicable and medically appropriate. Return to work programs were developed for all employees sustaining an injury at work.

Environment

We have a responsibility to the community and future generations to conduct our activities, as far as possible, in a manner which minimises impact on the environment. We therefore take part in sustainable environmental activities, such as recycling and upcycling programs, at both sites. No significant environmental incidents were recorded in the past year.

The Refinery is regulated by the *Airports (Environmental Protection) Regulations 1997* and is subject to regular auditing by Perth Airport. The Refinery conducts annual emission testing and the results from its stack emission monitoring program confirmed operations were compliant with the requirements of the *Airports (Environmental Protection) Regulations 1997*. An annual report on refinery emissions was submitted to the National Pollutant Inventory. The Refinery adhered to all discharge conditions outlined in its Water Corporation Trade Waste Permit.

Health and Wellness

Throughout the year a number of health and wellness programs were offered to all employees. The initiatives included:

- Flu vaccinations
- Mental health management
- Motivational and guest speakers
- Financial planning information sessions
- Health and wellbeing seminars

Consultation

The sites continuously consulted with employees through a process facilitated within regular toolbox meetings and monthly HSE committee meetings. The committees at both sites met 12 times during 2018/19. Employee OHS representatives contributed significantly at these meetings and were fully engaged in safety inspections, and accident and injury investigations.

Employees were encouraged to contribute to the annual HSE Strategy and Plan. Improvement suggestions were supported and employees continued to participate in the site safety observation program.

Performance

OHS ITEM	CITY FY 17/18	CITY FY 18/19	REFINERY FY 17/18	REFINERY FY 18/19	TARGET
Number of fatalities	0	0	0	0	0
Lost time injury / Disease incident rate (Note 1)	0	0	0.85 42.5% decrease	0	0 or 10% decrease
Lost Time Injury Severity Rate	0	0	0	0	0
Percentage of workers returned to work within: (i) 13 weeks	100%	100%	100%	100%	>80%
(ii) 26 weeks	100%	100%	100%	100%	
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	95%	96%	95%	100%	>80%

Note 1: The reduction is calculated over a three-year average.

FY 17/18
FY 18/19

Disability Access and Inclusion Plan 2014-2019

We are committed to the needs of people with disabilities and our Disability and Access Inclusion Plan includes the following provisions:

1	People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.
2	People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.
3	People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
4	People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

INDUSTRY

Our Customers and Community

Customer Service and Customer Complaints

We recognise the importance of delighting customers. As a public statement of our commitment to service and complaints handling, our Complaints Policy and Customer Service practices embody the following elements:

- A documented and whole-of-organisation commitment to the efficient and fair resolution of complaints.
- Fairness to the complainant.
- Adequate resources with a high level of employee delegated authority.
- Speedy and courteous responses.
- No charges for the handling of complaints.
- A formal system to determine causes and implement remedies.
- Systematic recording of complaints and their outcomes.
- Regular reviews of the quality management and complaints review process.

The increasing use of blogs, discussion forums and social media platforms is providing unprecedented customer feedback. Whilst much feedback during the year was positive, negative comments and complaints provided opportunities to address issues which otherwise may have not been raised.

The majority of coin complaints received related to packaging damaged whilst in transit. In second place were complaints about the delivery service. Complaints about the Shop and Exhibition related to bullion room policies and procedures, customer service, toilet facilities, our concession and refund policies, and visitor information on the website. Depository complaints were in response to technical issues, which are being monitored to reduce occurrence.

	Orders Processed	Complaints Received
Coins	24,737	67
Depository	25,722	9
Shop & Exhibition	37,018	9
Refinery	14.444	0

Industry and Community Participation

As part of our functions under the *Gold Corporation Act 1987,* we are mandated to encourage interest in precious metals and to support the Australian gold industry.

We are involved in the local tourism industry and business community through memberships in the following organisations:

- Tourism Australia
- Tourism Western Australia
- Tourism Council of Western Australia
- Association of Perth Attractions
- Perth Regional Tourism Association (Experience Perth)
- Committee for Perth
- Gold Industry Group

As an active participant in the coin, banknote and stamp trade shows of the Australasian Numismatic Dealers' Association, we attended events held in Perth and Brisbane. We also attended international events in Berlin, Beijing and Philadelphia. In October 2018 we sponsored and attended the Precious Metals Investment Symposium in Perth. Representatives of the Mint also participated in the Australian Tourism Exchange in Perth in April.

State Batteries

A number of state batteries (Government owned mineral processing facilities) were vested in the Western Australian Mint in the late 1980s. They are mostly in remote and unpopulated areas. Twenty-two of these sites have been classified as, 'Possibly Contaminated – Investigation required', in terms of the *Contaminated Sites Act 2003.*

We are in the process of working with government to transfer responsibility for these sites to a more appropriate arm of government.

Corporate Governance

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac; Premier; Minister for Public Sector Management; State Development, Jobs and Trade; Federal-State Relations.

We have no policy role in government, make no laws or regulations except in relation to the conduct of our own affairs, and administer no schemes that confer benefits upon or place imposts on the public.

Section 6 of the Act empowers Gold Corporation's Board of Directors "*...to determine the policy of Gold Corporation, the Mint and GoldCorp in relation to any matter and to control the affairs of Gold Corporation and each of its subsidiaries...*".

Strong corporate governance is at the heart of our culture, business practices and ethics. Our governance practices form a framework to ensure that high standards of corporate behaviour are not only adhered to, but engrained in the culture of the organisation.

Board of Directors

The Board of Directors is our governing body. The *Gold Corporation Act 1987* empowers the Board to determine policies for Gold Corporation and its subsidiaries and requires the Board to:

- Promote and develop markets for gold and gold products in Australia and elsewhere.
- Develop and expand Gold Corporation's business for the benefit and to the greatest advantage of the people of Australia.
- Operate in accordance with prudent commercial principles.
- Strive to earn a commercial rate of return on its capital.

The Board's authority is limited by the provisions in the Act and by Ministerial direction. The Board acknowledges its accountability to its only shareholder, the Government of Western Australia.

The Board is committed to sound corporate governance principles and high standards of legislative compliance, supported by commensurate financial, environmental, occupational safety and health, and ethical behaviour. The Board has serious regard to directorial and managerial conduct and reputation as an integral part of sound governance practices. In accordance with this, the Board has committed itself and Gold Corporation to comply, wherever applicable, with the spirit and letter of the Australian Institute of Company Directors Code of Conduct and Guidelines. Directors can seek independent professional advice on Board matters at Gold Corporation's expense, with the approval of the Chairman.

Key Activities

Supported by management, the Board approves the strategic direction of Gold Corporation. A Statement of Corporate Intent (SCI) covering the forthcoming 12-month period and a Strategic Development Plan (SDP) with a five-year timeframe are prepared on an annual basis. These documents together outline our objectives, performance targets and strategic intent.

At its regular meetings, the Board has regard to the following areas by way of standing agenda items:

- Risk management and risk issues.
- Strategic issues and key operational matters.
- Operational performance and financial matters.
- Safety and environmental performance.

Membership

Directors are appointed by the Governor of Western Australia on the nomination of the Minister and approval by Cabinet. At year-end the Gold Corporation Board consisted of eight Non-Executive Directors and one Executive Director.

Director	Status	Expiry of Term
S M C Walsh (Chairman)	Non-Executive	31 December 2021
M J Cave	Non-Executive	31 May 2022
G M McMath	Non-Executive	31 May 2020
J M Collins V	Non-Executive	6 March 2022
J P O'Connor	Non-Executive	31 May 2022
M R Puzey	Non-Executive	31 January 2021
L A Twigger	Non-Executive	31 May 2022
R K Watson	Non-Executive	Ex-Officio
R G Hayes	Executive	31 May 2022

Meeting Attendance

There were eight formal meetings of the Directors of Gold Corporation during the year ended 30 June 2019, which included three special meetings called at short notice. The number of formal meetings attended by each Director is indicated in the table below.

DIRECTORS' MEETING ATTENDANCE

	Attended	Eligible
S M C Walsh (Chairman)	2	2
D Mackay-Coghill (former Chair)	6	6
K P Gulich	2	6
C S Wharton	6	6
P J Unsworth	6	6
M J Cave	-	1
G M McMath	4	8
J M Collins V	1	1
J P O'Connor	7	8
M R Puzey	8	8
L A Twigger	5	8
R K Watson	2	2
R G Hayes	8	8

Board Committees

The Board has established five Committees, chaired by Independent Non-Executive Directors, to assist in the execution of its duties and responsibilities. These are the Audit and Risk Management Committee, the Remuneration and Allowances Committee, the Health, Safety and Environment Committee, the Treasury Committee and the One-Future Committee.

Each Committee member has only one vote and each resolution must be passed by unanimous agreement. In the event that agreement cannot be reached, the matter is referred to the Board for resolution.

Audit and Risk Management Committee

The Committee reviews the quality, integrity, reliability and adequacy of our information, finance, accounting and control systems, and the risk management function. It advises the Board accordingly while also acting as a communications interface between the Board and our auditors, both internal and external.

Membership of the Committee at year-end comprised Gaye McMath (Chair), John O'Connor, Mark Puzey and Richard Watson.

Attendees at meetings of the Committee were Caroline Preuss (Chief Financial Officer), David Koch (General Manager, Corporate Governance and Risk, and Company Secretary), James Sawyer (Group Financial Controller) and Steele Bromley (Group Manager, Finance). Richard Hayes (CEO) was an invitee.

Attendees and invitees do not have voting rights.

The Committee met six times during the financial year. Attendance of members at the meetings is indicated in the table below.

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
G M McMath (Chair)	5	6
J P O'Connor	5	6
M R Puzey	6	6
K P Gulich	3	3
R K Watson	2	3

Remuneration and Allowances Committee

The Board of Directors delegates authority for determining conditions of employment to the Remuneration and Allowances Committee. The Committee's responsibilities include determining senior employee salary levels, alterations to core conditions of employment and incentive bonus schemes. To ensure we are able to attract and retain suitably qualified and experienced personnel in competition with private sector organisations, benchmarking is conducted against a backdrop of employment conditions in the wider economy.

Membership of the Committee at year-end comprised Sam Walsh (Chairman), John O'Connor (Non-Executive Director) and Richard Hayes (CEO).

The Committee met four times during the financial year. Attendance at the meetings is indicated in the table below.

REMUNERATION AND ALLOWANCES COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
S M C Walsh (Chair)	1	1
D Mackay-Coghill (former Chair)	3	3
P J Unsworth	3	3
J P O'Connor	1	1
R G Hayes	4	4

Health, Safety and Environment Committee

The key objectives of the Committee are to:

- Ensure leading edge safety and environmental strategies are in place.
- Review health and safety and environmental performance.
- Determine that systems and procedures are in place to ensure compliance with our policies and legislative requirements, and Australian Standards.
- Review activities carrying potentially inappropriate levels of risk.
- Ensure management plans are in place to mitigate these risks.

Membership of the Committee at year end comprised Sam Walsh (Chair), Richard Hayes (CEO) and Jane King (General Manager, People and Culture).

Attendees at meetings of the Committee were Nathan Edwards (Operations Manager, Refinery), Chris Dimond (Operations Manager, Production), Clive Willis (Operations Manager, Engineering), Helen Nieuwenhuyze (HSE and Training Manager, Operations), Renae Taylor (Safety and Environment Coordinator, Refinery), Mwita ChaCha and Louie Naumoski (OHS Committee Chairpersons, Refinery and East Perth Operations).

The Committee met four times during the financial year. Attendance of members at the meetings is indicated in the table below.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
S M C Walsh (Chair)	1	1
C S Wharton (former Chair)	3	3
R G Hayes	1	3
J King	4	4

Treasury Committee

The Treasury Committee was formed in May 2016 to provide visibility to the Board on the activities of our Treasury activities. The Committee consists of Liam Twigger (Chairman), J M Collins V (Non-Executive Director), Richard Hayes (CEO) and Joe Metcalfe (Treasurer and Deputy CEO).

The Committee met four times during the financial year. Attendance of members at the meetings is indicated in the table below.

TREASURY COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
L A Twigger (Chair)	4	4
J M Collins V	-	1
R G Hayes	4	4
G J Metcalfe	4	4

One-Future Committee

The One-Future Committee was established in May 2016. This Committee provides Board oversight over digital experience enhancement, electronic commerce systems development and critical information systems replacement initiatives and projects.

Membership of the Committee at year end comprised Mark Puzey (Chair), Richard Hayes (CEO), Joe Metcalfe (Treasurer and Deputy CEO), Caroline Preuss (CFO), Marc Mason (Group Manager, Information Technology), Neil Vance (Group Manager, Minted Products) and Elizabeth Lefort (Group Manager, Marketing and Communications).

The Committee met nine times during the financial year. Attendance of members at the meetings is included in the table below.

ONE-FUTURE COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
M R Puzey (Chair)	9	9
R G Hayes	8	9
G J Metcalfe	8	9
C J Preuss	9	9
M Mason	9	9
N Vance	1	1
E Lefort	1	1

Management Committees

Senior Management Committee

The Senior Management Committee consists of the Senior Managers of Gold Corporation. The Committee meets weekly and is chaired by the CEO. Committee meetings provide a forum for senior managers to ensure the management team is abreast of key issues in their area and to discuss strategic business issues.

Other Committees

Executive management has previously formed two sub-committees – the Tax Risk Management Committee and the Information Technology Risk Committee. These Committees are populated by various management personnel and are designed to ensure adequate oversight is occurring in these two critical areas of the business.

Risk Management

The Board actively monitors our risk management systems to ensure they are robust, fully integrated and aligned to our strategies, business undertakings and business processes. Regular monthly and quarterly reports are submitted to the Board on group financial risk, credit risk, internal control matters, cyber security risks and occupational safety and health, and environmental issues.

Corruption Prevention

Fraud and corruption controls are an integral component of our Risk Management program.

The organisation's policies and practices are reviewed regularly while subject to internal and external audit programs. Employee awareness sessions, including new employee inductions, are conducted. We are obliged to report any suspected or actual breaches to the Public Sector Commission or to the Corruption and Crime Commission for serious misconduct matters.

Public Interest Disclosure

We are committed to the aims and objectives of the *Public Interest Disclosure Act 2003* (Whistleblower Protection). It recognises the value and importance of employee contributions to enhance administrative and management practices, and strongly supports disclosures being made by staff as to corrupt or other improper conduct.

All employees are made aware of our Whistleblower policy and the processes in place to make a disclosure.

The Public Interest Disclosure Officers are David Koch and Marcus Strohmeier.

No claims were submitted during the 2018/19 period.

Public Sector Standards and Ethical Codes

We are required to comply with Section 31(1) of the *Public Sector Management Act 1994* and committed to promoting high ethical standards, which are incorporated into our policies and practices.

Employee awareness sessions of the organisation's Code of Conduct and Conflict of Interest policies are conducted regularly.

During 2018/19, no issues relating to non-compliance with the public sector standards or the WA Code of Ethics were raised.

Records Management

We are obliged to report on our conduct in compliance with the requirements of the *State Records Act 2000* and communicate this in the Annual Report.

Committed to improving the effectiveness of our Records Management capabilities, we engage all areas of the business in the requirements of a Record Keeping Plan (RKP).

The Gold Corporation RKP is a statutory requirement under the Act. It identifies the strategy, processes and tools that ensure business critical information is identified, secured and retained in compliance with legislation. The RKP was affirmed by the State Records Commission (SRC) in March 2017 and is periodically reviewed. The RKP will be reassessed by the SRC in 2022.

In accordance with the RKP, all employees participate in training programs specific to their roles and work, which ensures compliance with records management requirements. Employees are trained in the use of records management policies, procedures and systems. They are also provided with ongoing guidance and support in the management of business records.

Our Records Management processes are continuously monitored and developed to meet the needs of the business.

The Records Management function provides continuous assistance to the business to achieve the annual Quality Assurance (QA) 9001 audit standard for Document Control (DC). The QA DC process is controlled and coordinated through the corporate Electronic Document Records Management System (EDRMS) and has been significantly redesigned. Further improvements to the EDRMS through the introduction of scheduled workflows, and enhanced security and access controls, have been developed in line with the wider strategic goals of the RKP.

These and other initiatives have reduced the costs associated with record keeping, while increasing the effectiveness, compliance and security of our records keeping systems.

Freedom of Information (FOI) Statement

We prepared the following Information Statement pursuant to Part 5 of the *Freedom of Information Act 1992 (WA)* and guidelines issued by the Office of the Information Commissioner on 13 May 1994.

Gold Corporation keeps documents and files relating to its administration and business activities. A number of these documents can be inspected only under the *Freedom of Information Act 1992 (WA) (FOI).*

Documents which can be obtained free of charge include The Perth Mint brochures and catalogues, media statements and annual reports.

FOI Exemption

A document is exempt if its disclosure would reveal information about:

- Gold or other precious metal received by Gold Corporation from a person, or held by Gold Corporation on behalf of a person, on current account, certificate of deposit or fixed deposit.
- A transaction relating to gold or other precious metal received or held by Gold Corporation.

FOI Procedures and Access

It is our aim to make information available promptly and at the least possible cost. Whenever possible, documents will be provided outside the FOI process.

If information is not routinely available, the *Freedom of Information Act 1992 (WA)* provides the rights enabling the public to apply for documents held by Gold Corporation.

Access applications have to (i) be in writing; (ii) provide sufficient information to enable identification of the requested documents; (iii) provide an Australian address to which notices can be sent; and (iv) be lodged at Gold Corporation, together with any application fee payable.

Applications will be acknowledged in writing and the applicant will be notified of the decision within 45 days.

Applicants who are dissatisfied with a decision of Gold Corporation may request an internal review.

Applications should be made in writing within 30 days of receiving the notice of decision. Applicants will be notified of the outcome of the review within 15 days.

No applications were lodged to Gold Corporation under FOI legislation in 2018/19.

FOI enquiries or applications should be made to the FOI Coordinator, Marcus Strohmeier, Corporate Counsel, Gold Corporation, 310 Hay Street, East Perth, WA 6004, telephone +61 8 9421 7632, facsimile (08) 9221 7031, email marcus.strohmeier@perthmint.com

Corporate Directory

Registered Office

Street Address:
Perth Mint Buildings
310 Hay Street
East Perth, WA 6004
Australia
Tel: +61 8 9421 7222
Email: info@perthmint.com

Postal Address:
GPO Box M924
Perth, WA 6843
Australia
Website
www.perthmint.com

Minister

The Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac

Premier; Minister for Public Sector Management;

State Development, Jobs and Trade; Federal-State Relations

Statute

Gold Corporation was established under the *Gold Corporation Act 1987.*

Directors

S M C Walsh	Chairman
R K Watson	(Non-executive, Ex-Officio)
G M McMath	(Non-executive)
J P O'Connor	(Non-executive)
L A Twigger	(Non-executive)
M R Puzey	(Non-executive)
J M Collins V	(Non-executive)
M J Cave	(Non-executive)
R G Hayes	(Executive, CEO)

Company Secretary

D J Koch

Bankers

Westpac Banking Corporation
JP Morgan

Group Directory

GOLD CORPORATION

Head Office Street Address: 310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7222
Postal Address: GPO Box M924, Perth, WA 6843, Australia
Email: info@perthmint.com
Website: www.perthmint.com
Contacts: Richard Hayes, Chief Executive Officer
Tanya Lawes, Executive Assistant to the Chief Executive Officer

TREASURY

Street Address: 310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7614
Email: joe.metcalfe@perthmint.com
Contact: Joe Metcalfe, Treasurer and Deputy Chief Executive Officer

REFINERY

Street Address: 131 Horrie Miller Drive,
Perth Airport, WA 6105, Australia
Tel: +61 8 9479 9999
Email: nathan.edwards@perthmint.com
Contact: Nathan Edwards, Operations Manager, Refinery

PERTH MINT DEPOSITORY

Street Address: 310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7250
Email: pmds@perthmint.com
Website: www.perthmint.com/storage
Contact: John Durham, Manager, Depository Services

THE PERTH MINT SHOP

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Counter Sales
Tel: +61 8 9421 7376
Email: shop@perthmint.com

Exhibition
Tel: + 61 8 9421 7223
Email: reception@perthmint.com

Corporate Functions
Tel: + 61 8 9421 7433
Email: samantha.parke@perthmint.com
Contact: Alison Puchy, Group Manager, Perth Mint Shop and Exhibition

MINTED PRODUCTS

Australia
Street Address: 310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7614
Email: info@perthmint.com
Contacts: Neil Vance, Group Manager, Minted Products

Middle East
Street Address: 310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7222
Email: info@perthmint.com
Contact: Neil Vance, Group Manager, Minted Products

Overseas Independent Agents

North America

Postal Address: P.O. Box 369, Wheatland, OK 73097, USA
Tel: + 61 8 9421 7225
Email: Nathanowens.tpm@outlook.com
Contact: Nathan Owens

Hong Kong and Taiwan

PMHK Ltd
Street Address: Room 1401, Jubilee Centre, 46 Gloucester Road,
Wanchai, Hong Kong
Tel: +852 2525 1130
Fax: +852 2810 6809
Email: dominicl@PMHK.com.hk
claral@PMHK.com.hk
Contact: Dominic Leung, Clara Leung

Japan

Street Address: E210, Kamiasao 4-19-3, Asao-ku Kawaski-shi
Kanagawa 215-0021, Japan
Tel: +81 80 5882 6905
Fax: +81 44 951 9510
Email: toshiharu.kato@nuggetcoins.com
Contact: Toshiharu Kato

Europe

Street Address: Hildesheimerstr. 29, D-38159 Vechelde, Germany
Tel: +49 5302 930 426
Mobile: +49 160 991 41935
Email: guenther.wolters@t-online.de
Contact: Günther Wolters – Europe

China

Street Address: Western Australian Trade Office – China,
Room 2204 CITIC Square, 1168 Nanjing Road West
Shanghai 200041 China
Tel: +86 21 5292 5899-28
Fax: +86 21 5292 5889
Email: perthmint@westernaustralia.cn
Contact: Rocky Lu, Business Development Manager

Financial Estimates

The following financial estimates for 2019/2020 are based on Gold Corporation's budget and are included to satisfy the requirements of the Treasurer's Instruction 953.

	$000
Total Revenue	21,216,912
Total Expenditure	21,202,962
Operating profit before income tax	13,950
Income tax expense	4,185
Operating profit after income tax	9,765
Dividend	8,978
Retained earnings	85,778

Section 175ZE of the *Electoral Act 1907 (WA)*

Section 175ZE of the *Electoral Act 1907 (WA)* requires a public agency to include a statement in its annual report detailing all expenditure incurred by or on behalf of the agency during the financial year in relation to advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2018/2019 was $1,948,064.
2. Expenditure was incurred in the following areas:

	$		$
Advertising agencies	1,141,111	Anthologie	3,510
		Block Branding	3,168
		Marketforce	80,833
		Style Creative	79,998
		The Brand Agency	888,128
		Unique Integrated Marketing	85,474
Market research organisations	35,800	Metrix	35,800
Polling organisations	–		–
Direct mail organisations	117,645	Buscher Direkt	7,772
		Fischer Druck	34,321
		Quickmail	75,552

	$		$
Media advertising organisations	653,508	Airport Publications	3,120
		Amos Media	3,869
		Australian Associated Press	16,099
		Citrus Media	9,000
		Countrywide Publications	7,900
		Hello Perth	3,943
		Jorben Luxury Hotel Guides	22,355
		Katrin Oswald	3,340
		K.K.Kojimachi Direction	18,454
		Leba Ethnic Media	2,590
		Lets Go Kids	2,690
		Optimum Media Decisions	538,909
		The Perth Express	4,287
		Philapress Zeitschriften und Medien	2,723
		Publicity Press	2,500
		Tourism Brochure Exchange	5,740
		Travelwest Publications	5,989

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOLD CORPORATION

Report on the Financial Statements

Opinion
I have audited the financial statements of the Gold Corporation and its controlled entities (the Group) which comprise the Consolidated Statement of Financial Position as at 30 June 2019, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Group for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion
I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements
The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Group.

Auditor's Responsibility for the Audit of the Financial Statements
As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Gold Corporation. The controls exercised by the Corporation are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Gold Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Board's Responsibilities

The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Gold Corporation for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Gold Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Group for the year ended 30 June 2019 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 September 2019

Key Performance Indicators

Gold Corporation is a body corporate incorporated in terms of the *Gold Corporation Act 1987* (WA).

The purpose of Gold Corporation is to:

- develop, manufacture and market Australian legal tender investment coins and other products that promote the ownership of physical precious metal for investment purposes;
- design, manufacture and market proof, commemorative and numismatic coins and related products;
- make available investment products that enable investors to have exposure to the value of precious metals without having to deal with the security and other issues associated with the keeping of the physical metal;
- provide storage and safekeeping facilities for precious metals;
- be a major supplier of precious metal blanks to the mints of the world;
- operate a tourist attraction, based on the themes of gold and minting, that is important to Perth and Western Australia;
- supply refining and other services to the gold industry of Australia; and
- preserve the historical Mint building and artefacts that are part of the heritage of Perth and Australia.

The Corporation is required to operate in accordance with prudent commercial principles, to generate revenue sufficient to meet its expenditure and to derive a profit that represents a commercial rate of return on its capital.

Under the *Treasurer's Instructions 904 and 905*, a statutory authority is required to provide appropriate key performance indicators in its Annual Report, namely:

- relevant agency level government desired outcome(s);
- key effectiveness indicators which provide information on the extent of achievement of an agency level government desired outcome; and
- key efficiency indicators relating an outcome to the level of resource input required to deliver it.

Given the above *Treasurer's Instructions* and taking into account the Corporation's functions under the *Gold Corporation Act 1987*, its outcomes are:

1. *Maximisation of the Value-added to, and Income Derived from, Precious Metal Coins and Other Products and Services*

   The Australian Kangaroo and Lunar bullion gold coins and Kookaburra, Koala and Lunar silver coins are distributed worldwide. The Perth Mint's various proof, numismatic and commemorative coins made of gold, silver and platinum are added value precious metal products which are also distributed worldwide.

2. *Preservation and Promotion of The Perth Mint's Heritage Assets and History*

   The Perth Mint Exhibition includes gold pouring demonstrations, the historical information on the gold industry in Western Australia and a comprehensive range of investor and numismatic coins. It is an integral part of The Perth Mint's heritage and is a premier tourist destination.

The Relationship Between Government Goals and Gold Corporation's Performance

The Goal most aligned to Gold Corporation's business operations is:

Financial and economic responsibility

Responsibility managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector

		2014-15	2015-16	2016-17	2017-18	2018-19	Target
The key effectiveness indicators for outcome No. 1 are:							
1	Global market share of Australian gold bullion coins (Note 1)	12%	7%	7%	8%	7%	12%
2	Coins and bars – value-added to gold, silver and platinum (Note 2)						
	(a) Total premium income	$55.7m	$80.7m	$59.5m	$49.7m	$51.9m	$51.8m
	(b) Total premium income expressed as a percentage of precious metal value (Note 2)	6.8%	6.5%	5.6%	6.3%	5.4%	5.9%
3	Estimated proportion of Australian gold doré production refined by The Perth Mint (Note 3)	99%	94%	91%	90%	93%	90%
4	Return on equity (Note 4)	16.4%	29.7%	18.4%	7.9%	10.3%	10.3%
5	Dividends/income tax equivalent payable to the Western Australian Government (Note 5)	$23.3m	$15.6m	$31.0m	$16.2m	$9.0m	$10.4m
The key effectiveness indicators for outcome No. 2 are:							
6	(a) Visitors to Perth Mint Exhibition (Note 6)	66,000	67,000	68,000	74,000	73,000	78,000
	(b) Visitors' satisfaction level	99.9%	99.4%	99.4%	99.7%	99.7%	99.9%

Notes:

General: The Corporation has continued to fall short on a number of KPI measures due to the ongoing tough market conditions in the global bullion coin markets and precious metal markets more generally.

1. *The figures are based on Gold Fields Mineral Services data for the previous calendar year. Market share remained broadly consistent with previous years.*
2. *The calculation is the total premium income (amount of income received above metal cost) for all legal tender coins and bar sales, which is expressed as a percentage of the value of the precious metal value of the coins and bars. The key effectiveness indicator includes all Australian legal tender coins and bars, as well as coins produced for other countries.*
3. *This calculation is based on the refinery's records and an estimate of the total Australian gold doré production.*
4. *The percentages show Gold Corporation's return on equity for each respective financial year, based on ordinary activities before income tax. This performance measure is referred to in the Gold Corporation Act 1987. Return on equity is in line with target.*

5 *Income tax equivalent, calculated as if the Corporation were a public company, is payable to the WA Government on profit from ordinary activities. Dividends are payable annually as a percentage of after-tax profit. These payments are forecast annually in Gold Corporation's business plan, and included in the Financial Estimates in the Annual Report.*

6 (a) *Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic.*

(b) *Satisfaction levels are derived from surveys completed by visitors to The Perth Mint*

Services

1 *Precious Metal Products and Services*

Gold Corporation provides refining, assaying and other services to the gold industry and markets the gold in ways which maximise value-added and which encourage demand for gold.

Demand for gold is encouraged by making it convenient to acquire and own gold; by means of bullion coins, gold bars and various Depository products. Depository products make it possible for gold to be owned without having to deal with the security and other issues associated with the keeping of the physical metal – the metal is held in safe storage on behalf of its owners.

Proof, numismatic and commemorative coins add significant value to precious metal as does the manufacture of precious metal coin blanks for other mints in the world.

2 *Cultural Heritage Conservation*

Gold Corporation continually upgrades The Perth Mint heritage building situated at 310 Hay Street. It also preserves historical artefacts and documents related to minting and the gold industry in Western Australia.

	2014-15	2015-16	2016-17	2017-18	2018-19	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	1.15%	1.16%	0.57%	0.47%	0.53%	0.44%
2 Staff costs as a proportion of trading profit (Note 2)	44.87%	36.32%	35.87%	43.61%	38.35%	41.43%
The key efficiency indicator for service No. 2 is:						
3 Average cost per Exhibition visitor expressed as an index (Note 3)	244	263	208	189	185	193

Notes:

1. *The percentages show the proportion of Gold Corporation's sales revenue represented by the trading profit for the respective financial year. The retrospective adoption of AASB15 from 2016-17 resulted in a substantial increase to revenue and cost of sales, which in turn resulted in a large decrease in trading profit as a proportion of sales revenue.*
2. *Staff costs include employee benefits, on-costs and contract staff costs, expressed as a percentage of trading profit (gross margin). Staff costs are Gold Corporation's major expenditure, after the cost of precious metals. The 2018-19 proportion was buoyed by both an increase in trading profit and a reduction in staff costs*
3. *Average cost per Exhibition visitor is derived by calculation of total costs of Exhibition divided by annual number of visitors expressed as an index, with the 2002/2003 year indexed as 100. The number of visitors decreased slightly in 2018-19, however this was more than offset by a reduction in cost achieved as a result of ongoing cost control.*

Certification of Key Performance Indicators

In our opinion, the Key Performance Indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records, are relevant and appropriate for assisting users to assess the performance of Gold Corporation and its subsidiaries, and fairly represent the performance of Gold Corporation and its subsidiaries for the reporting period ended 30 June 2018.

S M C WALSH
Chairman

R G HAYES
Executive Director

13 September 2019

Certification of Financial Statements

The accompanying financial statements of Gold Corporation and its subsidiaries have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2018, and the financial position as at 30 June 2018.

At the date of signing, we are not aware of any circumstances which would render the particulars included in these financial statements misleading or inaccurate.

S M C WALSH
Chairman
13 September 2019

R G HAYES
Executive Director

C J PREUSS
Chief Financial Officer

Gold Corporation

Trading as The Perth Mint

ABN 98 838 298 431

Financial Report - 30 June 2019

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue from contracts with customers	4	**18,070,297**	**18,853,458**
Finance income		1,443	1,128
Revaluation increase in buildings	5	37	-
Other income		656	904
Net foreign exchange gains		385	-
Fair value gains on assets at fair value through profit or loss	34	5,727	-
Expenses			
Cost of goods sold	6	(17,973,689)	(18,764,958)
Employee benefits expense	7	(37,047)	(38,536)
Materials and services		(33,670)	(28,784)
Depreciation and amortisation expense	6	(7,241)	(8,287)
Loss on disposal of assets		(4)	-
Impairment of assets	6	(2,912)	-
Finance costs		(4,604)	(3,976)
Revaluation decrease in buildings	5	(394)	(867)
Net foreign exchange losses		-	(29)
Profit before income tax expense		**18,984**	**10,053**
Income tax expense	8	(5,315)	(3,401)
Profit after income tax expense for the period		**13,669**	**6,652**
Profit is attributable to:			
Owner of Gold Corporation	25	7,942	6,652
Non-controlling interests		5,727	-
		13,669	**6,652**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2019
(continued)

	Notes	2019 $'000	2018 $'000
Other Comprehensive Income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(20)	-
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	13	-	544
Loss on revaluation of land and buildings	13	(1,291)	(1,240)
Changes in the fair value of cash flow hedges		(350)	389
Income tax on items of other comprehensive income	8	492	92
Total other comprehensive loss for the year		**(1,169)**	**(215)**
Total comprehensive income for the period		**12,500**	**6,437**
Total comprehensive income for the period is attributable to:			
Owner of Gold Corporation		6,773	6,437
Non-controlling interests		5,727	-
		12,500	**6,437**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of financial position
As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	123,246	41,056
Trade and other receivables	10	534,595	627,270
Inventories	11	3,985,709	3,348,875
Derivative assets		653	269
Income tax refund due		1,645	-
Other	12	4,762	4,286
Total current assets		**4,650,610**	**4,021,756**
Non-current assets			
Property, plant and equipment	13	92,017	93,221
Intangibles	14	14,040	18,187
Deferred tax assets	15	923	1,029
Total non-current assets		**106,980**	**112,437**
Total assets		**4,757,590**	**4,134,193**
LIABILITIES			
Current liabilities			
Trade and other payables	16	98,250	85,241
Borrowings - interest bearing	17	1,225,660	950,341
Derivative liabilities		728	30
Income tax payable		-	461
Employee benefits	18	4,885	4,570
Provisions	19	2,711	1,103
Precious metal borrowings	20	3,227,991	2,956,495
Total current liabilities		**4,560,225**	**3,998,241**
Non-current liabilities			
Provisions	21	8,100	7,251
Employee benefits	22	419	467
Other non-current liabilities		1,952	1,596
Total non-current liabilities		**10,471**	**9,314**
Total liabilities		**4,570,696**	**4,007,555**
Net assets		**186,894**	**126,638**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of financial position
As at 30 June 2019
(continued)

	Notes	2019 $'000	2018 $'000
EQUITY			
Issued capital	23	31,603	31,603
Reserves	24	15,555	16,724
Retained profits	25	81,262	78,311
Capital and reserves attributable to the owner of Gold Corporation		**128,420**	**126,638**
Non-controlling interests	34(a)	58,474	-
Total equity		**186,894**	**126,638**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of changes in equity
For the year ended 30 June 2019

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of Gold Corporation					
Opening balance at 1 July 2017		**31,603**	**16,939**	**84,413**	**132,955**	**-**	**132,955**
Profit after income tax expense for the year		-	-	6,652	6,652	-	6,652
Other comprehensive loss for the year, net of tax		-	(215)	-	(215)	-	(215)
Total comprehensive income for the period		**-**	**(215)**	**6,652**	**6,437**	**-**	**6,437**
Transactions with owners in their capacity as owners:							
Dividends paid	26	-	-	(12,754)	(12,754)	-	(12,754)
Total transactions with owners		**-**	**-**	**(12,754)**	**(12,754)**	**-**	**(12,754)**
Closing balance at 30 June 2018		**31,603**	**16,724**	**78,311**	**126,638**	**-**	**126,638**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of changes in equity
For the year ended 30 June 2019
(continued)

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of Gold Corporation					
Opening balance at 1 July 2018		**31,603**	**16,724**	**78,311**	**126,638**	**-**	**126,638**
Change in accounting policy AASB 9		-	-	(2)	(2)	-	(2)
Restated total equity at 1 July 2018		**31,603**	**16,724**	**78,309**	**126,636**	**-**	**126,636**
Profit after income tax expense for the year		-	-	7,942	7,942	5,727	13,669
Other comprehensive loss for the year, net of tax		-	(1,169)	-	(1,169)	-	(1,169)
Total comprehensive income for the period		**-**	**(1,169)**	**7,942**	**6,773**	**5,727**	**12,500**
Transactions with owners in their capacity as owners:							
Non-controlling interests on acquisition of subsidiary	35	-	-	-	-	1,622	1,622
Transactions with non-controlling interests	34	-	-	-	-	51,125	51,125
Dividends paid	26	-	-	(4,989)	(4,989)	-	(4,989)
Total transactions with owners		**-**	**-**	**(4,989)**	**(4,989)**	**52,747**	**47,758**
Closing balance at 30 June 2019		**31,603**	**15,555**	**81,262**	**128,420**	**58,474**	**186,894**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of cash flows
For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		10,434,013	8,192,923
Payments to suppliers and employees		(10,332,473)	(8,174,276)
		101,540	18,647
Interest and other finance income/revenue received		6,768	4,733
Interest and other finance costs paid		(4,414)	(3,791)
Net cash inflow from operating activities	**36**	**103,894**	**19,589**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,691)	(5,460)
Payments for intangibles		(5,969)	(4,864)
Net cash (used in) / from investing activities		**(12,660)**	**(10,324)**
Cash flows to State Government			
Income tax equivalent paid		(4,055)	(3,408)
Dividend paid		(4,989)	(12,754)
Net cash to State Government		**(9,044)**	**(16,162)**
Net increase/(decrease) in cash and cash equivalents		**82,190**	**(6,897)**
Cash and cash equivalents at the beginning of the financial year		41,056	47,953
Cash and cash equivalents at the end of the financial year	**9**	**123,246**	**41,056**
Non-cash investing activities	35		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

1 General information

The financial report covers both Gold Corporation as an individual entity and the consolidated entity consisting of Gold Corporation and the entities it controlled during the year. The financial report is presented in Australian dollars, which is Gold Corporation and its subsidiaries' functional currency (with the exception of Perth Mint Physical Gold ETF whose functional currency is United States dollars).

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Gold Corporation and subsidiaries are corporations incorporated by the *Gold Corporation Act 1987* (WA) and domiciled in Australia (with the exception of Perth Mint Physical Gold ETF which is not incorporated by the *Gold Corporation Act 1987* (WA) and is domiciled in the United States of America). Its registered office and principal place of business is:

310 Hay Street
East Perth
Western Australia
Australia

The nature of the consolidated entity's operations is the supply of precious metal related products and services. Its principal activities are the refining of gold and silver, the production of value added cast bars, minted bars and Australian legal tender bullion coins, the supply of precious metal depository storage products, the supply of proof, numismatic and commemorative coins and the operation of a tourist attraction. Gold Corporation is classified as a "for-profit entity" by the Government of Western Australia.

The financial report was authorised for issue, in accordance with a resolution of directors, on 9 September 2019. The directors have the power to amend and reissue the financial report.

The *Financial Management Act 2006* (WA) and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

The Treasurer's Instructions may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector. If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effects are disclosed in individual notes to the financial report.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

2 Significant accounting policies (continued)

(a) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

(i) AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 with an implementation date of 1 July 2018. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2 below. In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The total impact on the consolidated entity's retained earnings as at 1 July 2018 is shown in note 10.

Classification and measurement

On 1 July 2018 (the date of initial application of AASB 9), management has assessed which business models apply to the financial assets held by the group, as well as the contractual cash flows associated with the assets, and has classified its financial instruments into the appropriate AASB 9 categories. As a result of this assessment, no reclassifications were required between the previous AASB 139 requirements and those under AASB 9.

Impairment of financial assets

The group has two types of financial assets that are subject to AASB 9's new expect credit loss model;

- trade receivables arising from the provision of goods and services to customers; and
- cash and cash equivalents.

The group was required to revise its impairment methodology under AASB 9 for these classes of assets. The AASB 9 simplified approach to measuring expected credit losses was applied which uses a lifetime expected loss allowance for all trade receivables where there is no significant financing element. As a result of the change in modelling methodology there was a small increase in the loss allowance at 1 July 2018 and the loss allowance recorded during the current reporting period. Refer to note 10 for more details on calculation of the loss allowance.

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory, and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is set out below.

2 Significant accounting policies (continued)

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

(i) AASB 16 Leases

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees - leases of "low-value" assets (for example: personal computers) and short-term leases (i.e. leases with a term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting treatment and is not expected to have a material effect on the consolidated entity's financial statements.

A lessee has to choose either a full or modified retrospective approach on transition to the new standard. The selected approach has to be applied to the entire lease portfolio. Under the full retrospective approach, comparatives for each period presented are restated. Under the modified retrospective approach, comparatives are not restated. Rather, the cumulative effect of initial application of the standard is recognised as an adjustment to the opening balance of equity.

The consolidated entity has performed an assessment as to the implications of initial application of AASB 16 on its financial statements. The consolidated entity will adopt the modified retrospective transition approach in respect to the adoption of AASB 16. This approach means the consolidated entity will not restate its comparative information and instead will recognise any cumulative effects of initially applying AASB 16 through an adjustment to the opening balance of retained earnings on 1 July 2019 on initial application.

Under AASB 117, the consolidated entity presently has no finance leases. All leases presently classified by the consolidated entity as an operating lease, applying AASB 117, will be initially recognised at the present value of the remaining lease payments. These remaining lease payments will be discounted using the consolidated entity's incremental borrowing rate at the date of initial application. The consolidated entity will recognise a corresponding right-of-use asset for each lease. All right-of-use assets will be recognised as if AASB 16 had been applied since the commencement date of each lease, but discounted using the consolidated entity's incremental borrowing rate on initial application.

2 Significant accounting policies (continued)

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

(i) AASB 16 Leases (continued)

The consolidated entity has determined the aggregate value that would be recognised as a lease liability on its closing 30 June 2019 consolidated statement of financial position, had AASB 16 been applied, would be $21,111,000. The corresponding right-of-use assets at 30 June 2019 would have a carrying value of $18,292,000. The consolidated entity held a provision for an operating lease with a fixed yearly escalation rate of $1,846,000 at 30 June 2019. Consequently, the consolidated entity would have recognised a reduction in retained earnings of $974,000.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, *Financial Management Act 2006* (WA) and the Treasurer's Instructions as appropriate for for-profit oriented entities.

(i) Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for, where applicable, precious metal holdings & inventories, financial assets and liabilities at fair value through the consolidated statement of profit or loss and other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

(iii) Critical estimates & judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(iv) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Rounding

Figures have been rounded to the nearest thousand dollars in accordance with *Treasurer's Instruction 948*.

(d) Parent entity financial information

In accordance with the *Treasurer's Instruction 1105, Consolidated Financial Statements*, these financial statements present the results of the consolidated entity only.

2 Significant accounting policies (continued)

(e) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Gold Corporation ('company' or 'parent entity') as at 30 June 2019. Gold Corporation and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having a majority ownership interest.

The consolidated financial statements have been prepared by combining the financial statements of Gold Corporation and all controlled entities in accordance with *AASB 10 Consolidated Financial Statements* and modified by the *Treasurer's Instruction 1105*.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(f) Revenue recognition

(i) Sale of goods

Background

The consolidated entity is a fully integrated precious metals enterprise, providing premium gold, silver and platinum products and services to markets throughout the world. The consolidated entity acquires the raw materials for production predominantly from global mining companies in the form of unrefined gold and silver. Title to and all inventory risk arising from the ownership of these raw materials is borne by the consolidated entity and they are refined and further fabricated to produce a wide array of investment grade products within the consolidated entity's accredited refinery and manufacturing facilities. The precious metal goods sold by the consolidated entity include: large and small bullion bars, legal tender bullion coins, collectable coins and medallions.

The consolidated entity sells its precious metal product range through bilateral arrangements with a globally diverse customer set. The consolidated entity's customer base is separate and distinct from its raw material supply base and the consolidated entity has formed the judgement that its customers do not operate in the same line of business.

The consolidated entity also operates a government guaranteed precious metals investment and storage program and through this provides pricing and custody services that allow investors to store their investments in the consolidated entity's secure vaulting facilities and take price exposure to precious metals.

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

Background (continued)

The consolidated entity also sells a range of jewellery and giftware, along with operating a tourism experience.

Recognition

Revenues from the sale of physical precious metal products are recognised when control of the product has transferred to the customer. Precious metal transactions are generally executed with consideration and title to the metal being exchanged on the same date. This date is known as value (or settlement) date and generally also coincides with the date physical metal is delivered to the customer. Control in arrangements on such terms is deemed to have passed and therefore revenue recognised for the sale of precious metal goods on value date. Revenue is recognised for the sale of precious metal goods at a different point in time where;

- the consolidated entity's risk management policies require verification of receipt of funds prior to releasing/delivering the product to the customer and consequently physical possession and therefore acceptance by the customer of the asset, may occur at a different point in time. Revenue recognition is deferred in these circumstances until the product is delivered;
- a customer purchases inventory from a consignment location, in which case revenue is recognised when the customer accepts that inventory; or
- the consolidated entity is required to deliver product into its secure storage facilities under a custody arrangement, revenue is recognised when the consolidated entity has recorded the transfer of ownership of the stored asset to the customer.

Cash received in advance of satisfaction of the performance obligation is recognised as a contract liability (deferred revenue) and included within trade and other payables.

A receivable is recognised, or contract liability extinguished, when the goods are delivered and satisfy the applicable performance obligation. For transactions where the time between transfer of the promised goods or services to the customer and payment by the customer exceeds regular way settlement terms the customer is separately charged a funding cost. This financing income is charged separately to the customer and consequently no adjustment to the value recognised for the sale of goods is necessary. Any such finance income is recognised over time using the effective interest method.

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

Recognition (continued)

When a customer contractually commits to buy precious metal products (trade date), but prior to the point in time when revenue is recognised for the sale of those products, the customer agrees to the transaction price and method of settlement. The consolidated entity has formed the judgement that it is a precious-metals broker-trader. As a broker-trader the consolidated entity recognises the change in precious metal value implicit in the customer contract between trade date and the date revenue is recognised. This change in value is recognised separately as a contract asset or liability with the corresponding gain/loss recognised within cost of sales. This gain or loss offsets the corresponding change in value of the underlying precious metal inventory to be sold between the same two dates. The consolidated entity applies this treatment equally to all assets, liabilities and contracts for the purchase or sale of precious metal across the consolidated entity, which ensures the economic effects of commodity price changes are transferred to or taken on by the consolidated entity from trade date consistently across the portfolio of precious metal assets and liabilities.

The consolidated entity undertakes a variety of transactions where unallocated precious metal credits are either received, transferred, issued or extinguished. Such transactions form a critical part of the consolidated entity's funding, liquidity, market price risk management practices and assist in the settlement and facilitation of other transactions involving the transfer of goods and services. The consolidated entity, with reference to the aforementioned factors and its business model, has formed the judgement that the transfer or issue of unallocated metal credits in return for cash or transactions to swap unallocated metal credits in one location for unallocated metal credits in another location are not transactions that involve the transfer of a good or service that is an output of the entity's ordinary activities. Consequently, these transactions do not give rise to the recognition of revenue, except for any fees that such transactions may generate in consideration for undertaking the transaction on behalf of a customer. Any such fees are recognised as part of revenue when the consolidated entity has fulfilled its obligation to facilitate the transaction.

Measurement

Revenue for the sale of physical precious metal products to the consolidated entity's customers is recognised at the amount of consideration to be received in exchange for transferring the promised goods to the customer (excluding any goods or services taxes, or other amounts, collected on behalf of third parties). The consolidated entity regularly receives a combination of monetary and non-cash consideration (unallocated metal credits) in settlement for satisfying a performance obligation. The settlement option is an election made by the customer at the time of entering into the transaction. Any non-cash consideration is measured at its fair value and is determined with reference to quoted market prices.

(ii) Services

Revenue derived from the provision of services is recognised in the accounting period in which the services are rendered at the amount of consideration received for performing that service.

2 Significant accounting policies (continued)

(g) Finance income

Finance income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Foreign currency translation

(i) Transactions and balances

Transactions denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the start of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency gains and losses are reported on a net basis.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

(i) Financial instruments

(i) Derivative financial instruments

The consolidated entity may use derivative financial instruments to hedge its exposure to foreign exchange risks arising from operating, financing and investing activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of profit or loss and comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

2 Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the consolidated statement of profit or loss and other comprehensive income in the same period that the hedged item affects the consolidated statement of profit or loss and other comprehensive income.

(iii) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the consolidated statement of profit or loss and other comprehensive income, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the consolidated entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

2 Significant accounting policies (continued)

(j) Income tax

Gold Corporation is subject to the National Tax Equivalent Regime (NTER), under the *State Enterprises (Commonwealth Tax Equivalents) Act 1996* (WA). The NTER is administered by the Australian Taxation Office (ATO) on behalf of the States. Under the NTER, the income tax equivalent revenue is remitted to the Treasurer of Western Australia, for credit of the Consolidated Fund. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government. As a consequence of participation in the NTER, Gold Corporation is required to comply with *AASB 112 Income Taxes.* Income tax on the consolidated statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year adjusted by changes in deferred tax assets and liabilities, using tax rates enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or that tax asset and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Gold Corporation has formed a tax consolidated group with effect from 1 July 2002, and the consolidated entity is taxed as a single entity (with the exception of Perth Mint Physical Gold ETF).

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Significant accounting policies (continued)

(l) Trade and other receivables

(i) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

From 1 July 2018, the consolidated entity assesses, on a forward looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the consolidated group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Note 10 provides more information on this provision.

Accounting policy applied until 30 June 2018:

Prior to the implementation of AASB 9 from 1 July 2018, collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(ii) Receivables and advances to customers at fair value

Receivables and advances to customers at fair value are initially and subsequently recognised at fair value. Note 10 contains further information regarding the nature of receivables classified as receivables and other advances to customers at fair value.

(iii) Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

(m) Inventories

Precious metal inventories are valued at fair value, being market prices ruling at reporting date. Other inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a first in first out basis except for retail inventories where a weighted average method is used. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2 Significant accounting policies (continued)

(n) Property, plant and equipment

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, plus post valuation additions and less subsequent depreciation and impairment for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to consolidated statement of profit or loss and other comprehensive income.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Plant & equipment	3-16 years
Office equipment	5 years
Motor vehicles	6 years
Leasehold buildings	20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(i) Gains and losses

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Capitalisation and expensing of assets

Items of property, plant and equipment costing $2,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $2,000 are expensed direct to the consolidated statement of profit or loss and other comprehensive income (other than where they form part of a group of similar items which are significant in total).

2 Significant accounting policies (continued)

(o) Impairment of non-financial assets

(i) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset’s fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(p) Intangible assets

(i) Software

Certain internal and external costs directly incurred in acquiring and developing software are capitalised where it is expected future economic benefits will be generated from the specifically identifiable intangible asset and the costs can be reliably determined. Such intangible assets are amortised over their estimated useful life on a straight line basis, which for Computer Software currently in a location and condition capable of being operated in the manner intended by management is 3 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, and customer deposits lodged in advance of allocation to future purchases. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Provisions

(i) General

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

2 Significant accounting policies (continued)

(r) Provisions (continued)

(ii) Decommissioning liability

The consolidated entity records a provision for decommissioning costs of its facility for the refining of precious metals. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss and other comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

(s) Employee benefits

(i) Wages and salaries and annual leave

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as current liability as the consolidated entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(ii) Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in the consolidated statement of profit or loss and other comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

2 Significant accounting policies (continued)

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Dividends are recognised when declared during the financial year.

(v) Precious metal borrowings

Precious metal borrowings, including unallocated precious metal owned by the consolidated entity's customers are brought to account at market prices ruling at reporting date.

(w) Operating Leases

Leases under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the consolidated statement of profit or loss and other comprehensive income in the periods in which they are incurred over the term of the lease, as this represents the pattern of benefits derived from the leased assets.

(x) Fair value measurement

The consolidated entity measures financial instruments, such as derivatives and certain non-financial assets, at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed in note 28.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the consolidated entity. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For further details of the consolidated entity's valuation techniques refer to note 28.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

2 Significant accounting policies (continued)

(y) Goods and Services Tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of financial position.

In 2017, the Corporation implemented the Reverse Charge regime. For applicable transactions involving precious metal, the GST was not paid to the supplier and was instead paid directly to the Australian Taxation Office.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

3 Critical estimates, judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ to the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(b) Revaluation of property, plant and equipment

The consolidated entity measures land and buildings at revalued amounts with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. Land and buildings are valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties are provided in note 28.

3 Critical estimates, judgements and assumptions (continued)

(c) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, and technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(d) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(e) Provision for decommissioning

The consolidated entity has recognised a provision for decommissioning obligations associated with a refining facility. In determining the carrying amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the facility from the site and the expected timing of those costs.

4 Revenue

	2019 $'000	2018 $'000
Revenue from contracts with customers		
Sale of goods	18,035,692	18,812,100
Sale of services	27,819	37,746
Finance revenue	6,786	3,612
Total Revenue	**18,070,297**	**18,853,458**

5 Revaluation increase/(decrease)

	2019 $'000	2018 $'000
Revaluation decrease in buildings (note 13(a))	(394)	(867)
Revaluation increase in buildings (note 13(a))	37	-
Revaluation decrease	**(357)**	**(867)**

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

6 Expenses

	2019 $'000	2018 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold buildings	1,156	1,192
Freehold buildings	728	743
Plant, property and equipment	4,698	5,641
Total depreciation	**6,582**	**7,576**
Amortisation		
Software	659	711
Total amortisation	**659**	**711**
Total depreciation and amortisation	**7,241**	**8,287**
Trading profit		
Sales	18,070,297	18,853,458
Total sales	**18,070,297**	**18,853,458**
Opening trading inventories	3,348,875	3,646,023
Purchases	18,610,523	18,467,810
Less closing trading inventories	(3,985,709)	(3,348,875)
Cost of goods sold	**17,973,689**	**18,764,958**
Trading profit	**96,608**	**88,500**
Impairment of intangible assets		
Impairment of intangible assets (note 14)	2,912	-
Impairment of intangible assets	**2,912**	**-**

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

7 Employee benefits expense

	2019 $'000	2018 $'000
Wages and salaries (a)	31,148	32,502
Superannuation	2,930	3,108
Annual leave (b)	2,380	2,458
Long service leave (b)	589	468
Total employee benefits	**37,047**	**38,536**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
(b) Includes a superannuation contribution component.

8 Income tax expense

	2019 $'000	2018 $'000
Income tax expense		
Current tax on profits for the year	4,305	3,627
Deferred tax - origination and reversal of temporary differences	(488)	(864)
Adjustments for current tax of prior periods	517	809
Adjustments for deferred tax of prior periods	981	(171)
Aggregate income tax expense	**5,315**	**3,401**

	2019 $'000	2018 $'000
Numerical reconciliation of income tax expense and tax at statutory rate		
Profit before income tax expense	18,984	10,053
Tax at the Australian tax rate of 30.0% (2018 - 30.0%)	5,695	3,016
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	37	18
Government grants exempted from tax	(197)	(271)
Effect of the Perth Mint Physical Gold ETF not being subject to federal income tax in the USA	(1,718)	-
Adjustments recognised for current tax of prior periods	517	809
Adjustments recognised for deferred tax of prior periods	981	(171)
Income tax expense	**5,315**	**3,401**

8 Income tax expense (continued)

	2019 $'000	2018 $'000
Amounts charged/(credited) directly to equity		
Current tax liabilities	(105)	96
Deferred tax assets/liabilities (note 15)	(387)	(188)
	(492)	**(92)**

9 Current assets - cash and cash equivalents

	2019 $'000	2018 $'000
Cash on hand	40	32
Cash at bank	123,206	41,024
Total cash and cash equivalents	**123,246**	**41,056**

(a) Classification of cash and cash equivalents

The consolidated entity's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 27.

For the purposes of the consolidated statement of cash flows, cash includes cash on hand and at bank, short term deposits at call and commercial bills.

10 Current assets - trade and other receivables

	2019 $'000	2018 $'000
Trade receivables	6,937	17,279
Provision for impairment	(5)	(27)
	6,932	17,252
Receivables and advances to customers at fair value	523,123	607,142
Other receivables	4,540	2,876
Total trade and other receivables	**534,595**	**627,270**

10 Current assets - trade and other receivables (continued)

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a period less than 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(ii) Receivables and advances to customers at fair value

Receivables and advances to customers at fair value contain amounts owing for metal delivered to and accepted by customers on deferred settlement terms. Within the settlement window the customer can choose when to fix the metal price and until this point in time the receivable or advance is therefore exposed to commodity price risk. Whilst the consolidated entity holds this receivable with the objective to collect contractual cash flows, these contractual cash flows do not represent solely payments of principal and interest as defined within AASB 9 due to the underlying commodity price exposure. As a result, these receivables are classified and measured as fair value through profit and loss.

The commodity price risk associated with these receivables is managed as outlined in note 27. The consolidated entity generally transfers the credit risk to third parties in such arrangements, except where Board approved credit limits that apply to certain customers are utilised from time to time. The consolidated entity earns finance revenue through providing these facilities to its customers.

(iii) Impairment and risk exposure

The consolidated entity's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 27.

The consolidated entity trades only with recognised, creditworthy counterparties. The consolidated entity has policies in place to ensure that credit sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is minimal. There are no significant concentrations of credit risk. The consolidated entity does not have any significant exposure to any individual customer or counterparty.

(iv) Impairment of trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics which has been determined to be the division within which the sale originated. This in turn drives the nature of the credit risk associated with the customer and resulting financial asset.

10 Current assets - trade and other receivables (continued)

(iv) Impairment of trade receivables (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2019 or 1 July 2018 respectively and the corresponding historical credit losses experienced within this period. Only sales made on credit have been considered relevant in this analysis which is a relatively low proportion of the consolidated entity's sales. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP rate of Australia to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes this factor.

The calculated loss rate is insignificant.

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined to be as follows:

	2019 $'000	**1 July 2018 $'000**
Gross receivables	6,937	17,279
Expected credit loss provision	(5)	(29)
	6,932	**17,250**

The closing loss allowances for trade receivables and contract assets as at 30 June 2019 reconcile to the opening loss allowances as follows:

	2019 $'000	**2018 $'000**
Opening balance	27	25
Amounts restated through retained earnings on 1 July 2018	2	-
Additional provisions recognised	3	50
Receivables written off during the year as uncollectible	(27)	(48)
Closing balance	**5**	**27**

Note that the group has opted not to apply the change in provision methodology retrospectively as permitted by AASB 9. Accordingly, the change in net assets pertaining to the change in standard has been recorded in opening retained earnings at the initial date of application of 1 July 2018.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a significant period of time.

10 Current assets - trade and other receivables (continued)

(v) Past due but not impaired

Customers with balances past due but without provision for impairment of trade receivables amount to $694,000 as at 30 June 2019 (30 June 2018: $815,000).

The consolidated entity does not consider there to be a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired trade receivables are as follows:

	2019 $'000	2018 $'000
0 to 3 months overdue	659	704
3 to 6 months overdue	35	111
Total past due but not impaired	694	815

11 Current assets - inventories

	2019 $'000	2018 $'000
Precious metal - at fair value	3,971,676	3,335,875
Finished goods - at lower of cost and net realisable value	12,108	10,828
Work in progress - at cost	824	1,023
Consumables - at lower of cost and net realisable value	1,101	1,149
Total inventories	**3,985,709**	**3,348,875**

The fair value of precious metal inventories is determined with reference to actively traded market prices and does not involve the use of estimation techniques.

An expense of $493,000 was recognised in 2019 for inventories carried at net realisable value (2018: $796,000). This amount is recognised in cost of sales.

12 Current assets - other current assets

	2019 $'000	2018 $'000
Prepayments	4,762	4,286
Total other current assets	**4,762**	**4,286**

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

13 Non-current assets - property, plant and equipment

	2019 $'000	2018 $'000
Land - at independent valuation	13,800	13,800
Buildings - at independent valuation	42,503	45,719
Decommissioning asset	6,000	5,657
Plant and equipment - at cost	83,705	77,512
Less: accumulated depreciation	(53,991)	(49,467)
Total property, plant and equipment	**92,017**	**93,221**

(a) Valuations of land and buildings

The Board resolved to adopt Landgate's valuation of the Western Australian Mint's properties at 292, 300 and 310 Hay Street, East Perth and Horrie Miller Drive, Perth Airport. Some of these properties are heritage listed and are therefore subject to certain restrictions. The land and buildings were revalued as at 1 July 2018 in accordance with Landgate's valuation as at that date. The fair value of all land and buildings was determined by reference to current use value for the land and depreciated replacement value for the buildings. The total revaluation which includes post valuation additions at cost, resulted in a decrease of $1,648,000 (land $nil and buildings $1,648,000).

Included in the total revaluation decrement in 2019 were building revaluation decrements amounting to $357,000 (2018: decrements amounting to $867,000) that were debited (2018: debited) to the consolidated statement of profit or loss and other comprehensive income to the extent that there were not amounts available in the corresponding revaluation reserve. The deferred tax of $387,000 (2018: $209,000) was recognised against the decrement of $1,291,000 (2018: decrement of $696,000). Net transfer to revaluation reserve thus amounts to $904,000 (2018: $487,000).

Information on fair value measurements is provided at note 28.

(b) Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out on the following page:

13 Non-current assets - property, plant and equipment (continued)

(b) Reconciliation (continued)

	Leasehold buildings $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2018						
Opening net book amount	21,278	14,500	29,731	26,392	5,526	97,427
Additions	-	-	-	-	4,971	4,971
Revaluation decrement (through profit or loss)	(321)	-	(546)	-	-	(867)
Revaluation decrement (through other comprehensive income)	(540)	(700)	-	-	-	(1,240)
Revaluation surplus (through other comprehensive income)	-	-	544	-	-	544
Remeasurement of decommissioning provision	(38)	-	-	-	-	(38)
Transfers	3,088	-	115	5,122	(8,325)	-
Depreciation charge	(1,192)	-	(743)	(5,641)	-	(7,576)
Balance at 30 June 2018	**22,275**	**13,800**	**29,101**	**25,873**	**2,172**	**93,221**

	Leasehold buildings $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2019						
Opening net book amount	22,275	13,800	29,101	25,873	2,172	93,221
Additions	-	-	-	-	6,371	6,371
Disposals	-	-	-	(4)	-	(4)
Revaluation surplus (through profit or loss)	-	-	37	-	-	37
Revaluation decrement (through profit or loss)	(162)	-	(232)	-	-	(394)
Revaluation decrement (through other comprehensive income)	(114)	-	(1,177)	-	-	(1,291)
Remeasurement of decommissioning provision	659	-	-	-	-	659
Transfers	-	-	-	1,200	(1,200)	-
Depreciation charge	(1,156)	-	(728)	(4,698)	-	(6,582)
Balance at 30 June 2019	**21,502**	**13,800**	**27,001**	**22,371**	**7,343**	**92,017**

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

14 Non-current assets - intangible assets

	2019 $'000	2018 $'000
Software - at cost	22,743	23,621
Less: impairment and accumulated amortisation	(8,703)	(5,434)
Total intangible assets	**14,040**	**18,187**

The consolidated entity held no goodwill or intangible assets with an indefinite useful life during the reporting period.

(i) Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Assets under construction $'000	Computer software $'000	Total $'000
Year ended 30 June 2018			
Opening net book amount	9,480	1,216	10,696
Additions	8,202	-	8,202
Transfers	(29)	29	-
Amortisation expense	-	(711)	(711)
Balance as at 30 June 2018	**17,653**	**534**	**18,187**
Year ended 30 June 2019			
Opening net book amount	17,653	534	18,187
Additions	3,799	-	3,799
Transfers	(611)	611	-
Reversal of prior year accrual	(4,375)	-	(4,375)
Impairment charge	(2,912)	-	(2,912)
Amortisation expense	-	(659)	(659)
Balance as at 30 June 2019	**13,554**	**486**	**14,040**

14 Non-current assets - intangible assets (continued)

(ii) Impairment loss

In 2019, the impairment loss of $2,912,000 represented the write-off of a portion of an information technology project as a result of the termination of a project vendor. The impairment charge has been recognised within the statement of profit and loss. The recoverable value was assessed based on the future value of the work performed prior to the termination of the vendor.

15 Non-current assets - deferred tax

	2019 $'000	2018 $'000
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Deferred tax assets		
Impairment of receivables	1	8
Employee benefits	1,585	1,505
Inventories	931	1,569
Other payables	1,173	697
Decommissioning provision	2,430	2,175
Other	-	4
Total deferred tax assets	6,120	5,958
Deferred tax liabilities		
Property, plant and equipment	3,390	3,212
Prepayments	7	7
Decommissioning asset	1,800	1,697
Other	-	13
Total deferred tax liabilities	5,197	4,929
Net deferred tax assets/(liabilities)	**923**	**1,029**
Movements:		
Opening balance	1,029	(193)
(Charged)/credited to the profit or loss (note 8)	(493)	1,035
Credited to equity (note 8)	387	188
Closing balance	**923**	**1,029**

Gold Corporation
Notes to the consolidated financial statements
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15 Non-current assets - deferred tax (continued)

As at 30 June 2019, the consolidated entity has total carried forward capital losses of $278,000 (2018: $278,000) that are available indefinitely for offsetting against future taxable profits of a capital nature. Deferred tax assets have not been recognised in respect of these losses because no capital gains are anticipated in the foreseeable future against which they could be used.

16 Current liabilities - trade and other payables

	2019 $'000	2018 $'000
Trade payables	89,623	73,185
Other payables and accrued expenses	8,627	12,056
Total trade and other payables	**98,250**	**85,241**

Refer to note 27 for further information on financial instruments.

17 Current liabilities - borrowings - interest bearing

	2019 $'000	2018 $'000
Precious metal borrowings - interest bearing	1,225,660	950,341

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987* (WA), with annual limits for gold, silver, platinum and palladium approved by the Treasurer.

18 Current liabilities - employee benefits

	2019 $'000	2018 $'000
Annual leave	2,372	2,206
Long service leave	2,191	2,062
Purchased leave	21	20
Employment on-costs	301	282
Total employee benefits	**4,885**	**4,570**

18 Current liabilities - employee benefits (continued)

Annual leave liabilities and long service leave have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

19 Current liabilities - provisions

	2019 $'000	2018 $'000
Other Provisions (a)	345	371
Incentive Provisions (b)	2,366	732
Total provisions	**2,711**	**1,103**

(a) Movement in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Other provisions $'000
Year ended 30 June 2018	
Additional provisions recognised	371
Total	**371**

	Other provisions $'000
Year ended 30 June 2019	
Carrying amount at the start of the year	371
Payments	(26)
Total	**345**

Other provisions relate primarily to a provision for electrical work that is required in one of the consolidated entity's manufacturing facilities.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

19 Current liabilities - provisions (continued)

(a) Movement in provisions (continued)

	2019 $'000	2018 $'000
Classification of provisions		
Current portion	2,711	1,103
Non-current portion*	106	140
	2,817	1,243

*The non-current portion of the incentive liability is included within other non-current liabilities.

(b) Incentive plan

Current provisions is primarily comprised of the consolidated entity's provisions in regards to employee incentive schemes.

The consolidated entity's general incentive plan was approved by the Board in 2015 and is designed to motivate all staff to strive towards the consolidated entity achieving an acceptable return on equity. If the target for any year is exceeded, then a certain proportion of the amount by which the profit exceeds target is available for distribution to employees. All employees (with the exception of Treasury employees) are eligible for payments under the terms of the scheme.

There are upper limits on payments to employees and an upper limit to the total amount which can be paid out. The total amount to be paid out in any year must be approved by the Board at its discretion and then all individual payments must be approved by the Nominations and Remuneration Committee.

In the 2019 financial year the consolidated entity did exceed its return on equity target, so employees will be eligible for incentive payments in total of $1,400,000 (2018: incentive payments of $nil).

A separate scheme was approved by the Board in 2014 that is limited to Treasury staff. The purpose of this scheme is to assist in attracting, retaining and motivating employees involved in the Treasury Business by providing a variable incentive (in addition to a fixed remuneration component) based solely on net profit generated by the business above an agreed performance hurdle with no upper limit. To assist in retention, 50% of any variable incentive awarded under the scheme is to be deferred one year and subject to the employee remaining employed by Gold Corporation at the time the payment is made.

20 Current liabilities - precious metal borrowings

	2019 $'000	2018 $'000
Precious metal borrowings - non-interest bearing	3,227,991	2,956,495

20 Current liabilities - precious metal borrowings (continued)

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987* (WA), with annual limits for gold, silver, platinum and palladium approved by the Treasurer. These balances do not attract interest.

21 Non-current liabilities - provisions

	2019 $'000	2018 $'000
Decommissioning provision	8,100	7,251

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Year ended 30 June 2018	**Decommissioning provision $'000**
Opening balance	7,104
Unwinding of discount	185
Remeasurement	(38)
Balance as at 30 June 2018	**7,251**
Year ended 30 June 2019	
Opening balance	7,251
Unwinding of discount	190
Remeasurement	659
Balance as at 30 June 2019	**8,100**

Gold Corporation
Notes to the consolidated financial statements
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(continued)

22 Non-current liabilities - employee benefits

	2019 $'000	2018 $'000
Long service leave	393	438
Employment on-costs	26	29
Total employee benefits	**419**	**467**

(a) Superannuation commitments

The consolidated entity contributes to a superannuation fund, the IOOF Employer Super, which is operated and administrated by IOOF Investment Management Limited.

All permanent employees of the consolidated entity are entitled to join the fund. Trustee, funds management and administration services are provided by IOOF Investment Management Ltd. The IOOF Employer Superannuation Fund provides benefits on retirement, total and permanent disability or death. The consolidated entity contributes to the fund at rates based on the salary of each member employee.

All the consolidated entity's employees can request that contributions be made to a fund of their own choice, rather than the IOOF Employee Superannuation Fund, in accordance with legislation.

Employees of the Western Australian Mint who made the election prior to December 1996 are entitled to contributory membership of the Western Australian Government Employees Superannuation Fund (Gold State Super). Such employees contribute to that Fund at specified percentages of their wages. The Western Australian Mint contributes to the Fund at rates set by Government Employee's Superannuation Board.

Western Australian Mint award employees who do not wish to, or who are ineligible to join Gold State Super are entitled to non-contributory membership of West State Super or Government Employee Superannuation Board (GESB), to which the Western Australian Mint contributes at the current rate required by superannuation legislation. Members also have the option of choice of fund and to make personal contributions.

23 Equity - issued capital

	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Fully paid	31,602,582	31,602,582	31,603	31,603

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends.

23 Equity - issued capital (continued)

(b) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Board's policy is to maintain an adequate capital base so as to sustain the future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity. The level of dividends payable is defined in accordance with government policy.

The consolidated entity's target was to achieve a return on equity of 10.2% before Income Tax equivalent. During the year ended 30 June 2019 the return was 10.3% (2018: 7.9%).

Neither the consolidated entity nor any of its subsidiaries are subject to externally imposed capital requirements.

24 Equity - reserves

	2019 $'000	2018 $'000
Reserve - asset revaluation (a)	15,575	16,479
Cash flow hedges	-	245
Foreign currency translation	(20)	-
	15,555	16,724

(a) Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Gold Corporation
Notes to the consolidated financial statements
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(continued)

25 Equity - retained profits

	2019 $'000	2018 $'000
Retained profits at the beginning of the financial year	78,311	84,413
Change in accounting policy AASB 9	(2)	-
Restated retained profits at the beginning of the financial year	**78,309**	**84,413**
Profit after income tax expense for the year	7,942	6,652
Dividends paid (note 26)	(4,989)	(12,754)
Retained profits at the end of the financial year	**81,262**	**78,311**

26 Equity - dividend

	2019 $'000	2018 $'000
Government of Western Australia	4,989	12,754

In accordance with subsection 21(4) of the *Gold Corporation Act 1987* (WA), the Board recommended to the Treasurer that an amount of $5,959,000 (2018: $4,989,000) be payable as dividend for the financial year ended 30 June 2019. The dividend was declared and approved after the end of the financial year and therefore has not been provided for in the financial statements.

27 Financial risk management

(a) Financial risk management objectives

The consolidated entity has exposure to the following risks:

- market risk
- credit risk
- liquidity risk

This note presents information about the consolidated entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

27 Financial risk management (continued)

(a) Financial risk management objectives (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Management Committee, which is responsible for reviewing and monitoring risk management policies and making recommendations to the Board of Directors in relation to changes that may be considered necessary from time to time. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The consolidated entity, through its training and risk management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The primary risk management document is the Prudential Management Policy which describes the risks the consolidated entity is exposed to, how those risks are to be managed and within what parameters exposure to risks can be taken.

The consolidated entity's Audit & Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy and effectiveness of the risk management framework in relation to the risks faced by the consolidated entity. The consolidated entity's Audit & Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the consolidated entity's Audit & Risk Management Committee.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will affect the consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Prudential Management Policy determines what instruments can be used to manage market risk. These include spot deferred and forward transactions, options and currency swaps, all within pre-determined limits. The consolidated entity currently does not use hedging or derivatives to manage this risk other than for purchases of capital equipment.

(i) Currency risk

The consolidated entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the entities within the consolidated group, the Australian dollar (with the exception of Perth Mint Physical Gold ETF whose functional currency is United States dollars) .

Gold Corporation
Notes to the consolidated financial statements
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(continued)

27 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2019	**2018**	**2019**	**2018**
Australian dollars				
USD	0.7156	0.7753	0.7012	0.7392
EUR	0.6270	0.6500	0.6176	0.6333
JPY	79.5114	85.5513	75.7920	81.9269
GBP	0.5527	0.5762	0.5531	0.5606
CNH	4.8825	5.0457	4.8229	4.8991
NZD	1.0670	1.0854	1.0453	1.0930

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
USD	69,969	37,578	(52,068)	(49,868)
EUR	99	7,824	(115)	(244)
JPY	2	3	-	-
CNH	3	4	-	-
NZD	62	117	(202)	(193)
GBP	13	39	(1)	(4)
	70,148	**45,565**	**(52,386)**	**(50,309)**

The consolidated entity is exposed to foreign currency risk on sales and purchases in currencies other than Australian dollars. The currency giving rise to this risk is primarily the US dollar. Foreign currency risk on future sales and purchases are generally not hedged, except for purchases of certain capital items. The consolidated entity may use forward exchange contracts to hedge such purchases.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

27 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

A (strengthening)/weakening of the Australian dollar against other currencies at 30 June would have (increased)/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2018.

	AUD strengthened			AUD weakened		
Year ended 30 June 2019	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	(12)	(19)	10%	14	23
EUR	10%	1	-	10%	(2)	-
JPY	10%	-	-	10%	-	-
CNH	10%	-	-	10%	-	-
NZD	10%	13	-	10%	(16)	-
GBP	10%	(1)	-	10%	1	-
		1	**(19)**		**(3)**	**23**

	AUD strengthened			AUD weakened		
Year ended 30 June 2018	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	20	-	10%	(24)	-
EUR	10%	22	(711)	10%	(27)	869
JPY	10%	-	-	10%	-	-
CNH	10%	-	-	10%	-	-
NZD	10%	7	-	10%	(9)	-
GBP	10%	(3)	-	10%	4	-
		46	**(711)**		**(56)**	**869**

(ii) Price risk

The consolidated entity is not exposed to any significant non-metal price risk. The risk of exposure to metal prices is discussed in part (b)(iii) of this note.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

27 Financial risk management (continued)

(b) Market risk (continued)

(iii) Metal price risk

The consolidated entity (with the exception of Perth Mint Physical Gold ETF) does not enter into commodity (precious metals) contracts other than to meet the consolidated entity's expected purchase and sale requirements, and then only on a back to back basis so as to eliminate the risk of movements in precious metal prices. The consolidated entity has a policy of minimising its long or short precious metal positions by matching precious metal leases and unallocated precious metal owing to the consolidated entity's customers with its working inventories, and other assets with an underlying metal price exposure. The net long or short position held at any time, and therefore exposed to metal price risk, is required to be within Board approved limits that minimises the exposure to potential adverse market movement and therefore loss.

Perth Mint Physical Gold ETF invests in physical gold with the objective of incurring a metal price exposure on behalf of its shareholders (see note 35). To the extent that the parent entity, Gold Corporation, has invested in precious metals through the acquisition of shares in Perth Mint Physical Gold ETF, it has covered the metal price exposure using the methods described above. Therefore the metal price exposure is attributable to non-controlling interests and not to the owner of Gold Corporation.

(iv) Interest and lease rate risk

	2019		2018	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Variable rate - financial assets interest	1.5%	123,246	1.0%	41,003
Net exposure to cash flow interest/lease rate risk		**123,246**		**41,003**

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and interest rate bearing liabilities are set out above. No interest rate hedging has been entered into during the period.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2018.

27 Financial risk management (continued)

(b) Market risk (continued)

	Impact on pre-tax profit		Impact on other components of equity	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest rates - increase by 50 basis points (50 bps)	616	205	-	-
Interest rates - decrease by 50 basis points (50 bps)	(616)	(205)	-	-

(c) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers, and investment securities. The consolidated entity's exposure to credit risk can occur through the provision of trade credit (both within Australia and internationally), the provision of consignment stock facilities and the provision of bullion trading and settlement facilities. The Prudential Management Policy determines the levels of credit exposure the consolidated entity can take to various categories of customers and counterparties.

(i) Guarantees

The consolidated entity does not provide financial guarantees.

(ii) Trade and other receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual financial characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. No significant percentage of the consolidated entity's trade receivables are attributable to a single customer. Key geographical exposures to trade and other receivables are discussed further later in this note.

The Board of Directors has approved a credit policy under which each new customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. The review includes external ratings, when available, and in some cases bank references. Credit and settlement limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed annually. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment basis or against the provision of acceptable security such as letters of credit, bank guarantees and other forms of payment guarantees.

The majority of trade receivables customers have been transacting with the consolidated entity for a number of years, and losses have rarely occurred. The consolidated entity’s trade receivables relate mainly to wholesale customers and customers that are graded as “high risk” are placed on a restricted customer list, whereby future sales are made on a prepayment basis.

Gold Corporation
Notes to the consolidated financial statements
30 June 2019
(continued)

27 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade and other receivables (continued)

Receivables and advances to customers at fair value contains amounts owing from customers who have been delivered and have accepted metal on deferred settlement terms, in accordance with the consolidated entity's Prudential Management Policies, all whom have settlement durations of less than one year from origination; and advance payments made to producers and other third parties for metal yet to be outturned by the consolidated entity. The entire balance owing at balance date was covered by collateral.

The group has two types of financial assets that are subject to AASB 9's expect credit loss model;

- trade receivables arising from the provision of goods and services to customers; and
- cash and cash equivalents.

For cash and cash equivalents there was determined to be no impairment loss provision since the consolidated entity has not experienced credit losses relating to cash holdings in the previous decade, and does not expect to in the future.

The consolidated entity applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 1 July 2018 or 30 June 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. The consolidated entity may require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2019 **$'000**	**2018** **$'000**
Wholesale customers	6,937	17,279

27 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade and other receivables (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 $'000	2018 $'000
Trade and other receivables	534,595	627,270
Cash and cash equivalents	123,246	41,056
	657,841	**668,326**

Trade and other receivables includes receivables and advances to customers at fair value. The consolidated entity has established practices for managing its exposures to credit risk arising from counter-parties, which have been outlined in note 10.

(d) Liquidity risk

Prudent liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

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27 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Remaining contractual maturities (continued)

At 30 June 2018	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Trade payables	(73,185)	-	-	-	(73,185)
Borrowings - interest bearing	(950,341)	-	-	-	(950,341)
Precious metal borrowings - non interest bearing	(2,956,495)	-	-	-	(2,956,495)
Total non-derivatives	**(3,980,021)**	**-**	**-**	**-**	**(3,980,021)**

At 30 June 2019	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Trade payables	(89,623)	-	-	-	(89,623)
Borrowings - interest bearing	(1,225,660)	-	-	-	(1,225,660)
Precious metal borrowings - non interest bearing	(3,227,991)	-	-	-	(3,227,991)
Total non-derivatives	**(4,543,274)**	**-**	**-**	**-**	**(4,543,274)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

In the case of Precious metal borrowings - interest bearing, the consolidated entity's contractual obligation is to return precious metal ounces (which are fungible) to the counterparty. The "lease rate" for borrowing those ounces is payable at maturity in cash.

Precious metal borrowings - non interest bearing are also, similarly to Borrowings - interest bearing, denominated in precious metal ounces and primarily relate to Perth Mint Depository customer ounces. Those ounces could be called on at demand and are therefore classified as current liabilities and "repayable" in the earliest time band disclosed. It is not expected that all of these ounces will be called in less than twelve months and depository holders may retain ounces in an account for many years.

28 Fair value measurement

The following tables detail the consolidated entity's fair values of assets and liabilities measured and recognised at their fair value categorised by the following levels:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Gold Corporation
Notes to the consolidated financial statements
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28 Fair value measurement (continued)

At 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Receivables and advances to customers at fair value	-	607,142	-	607,142
Precious metal inventory	3,335,875	-	-	3,335,875
Buildings	-	-	51,376	51,376
Land	-	-	13,800	13,800
Total assets	**3,335,875**	**607,142**	**65,176**	**4,008,193**
Liabilities				
Borrowings - interest bearing	950,341	-	-	950,341
Precious metal borrowings - non interest bearing	2,956,495	-	-	2,956,495
Total liabilities	**3,906,836**	**-**	**-**	**3,906,836**

At 30 June 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Receivables and advances to customers at fair value	-	523,123	-	523,123
Precious metal inventory	3,971,676	-	-	3,971,676
Buildings	-	-	48,503	48,503
Land	-	-	13,800	13,800
Total assets	**3,971,676**	**523,123**	**62,303**	**4,557,102**
Liabilities				
Borrowings - interest bearing	1,225,660	-	-	1,225,660
Precious metal borrowings - non interest bearing	3,227,991	-	-	3,227,991
Total liabilities	**4,453,651**	**-**	**-**	**4,453,651**

There were no transfers between levels during the financial year.

The carrying values of financial assets and liabilities not included in the table above all approximate fair value.

28 Fair value measurement (continued)

(a) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2019 and 30 June 2018:

	Land $'000	Buildings $'000	Total $'000
Opening balance 1 July 2017	**14,500**	**51,009**	**65,509**
Losses recognised in other comprehensive income	(700)	-	(700)
Remeasurement of decommissioning provision	-	(38)	(38)
Losses recognised in profit or loss	-	(867)	(867)
Transfers	-	3,203	3,203
Depreciation expense	-	(1,935)	(1,935)
Gains recognised in other comprehensive income	-	4	4
Closing balance 30 June 2018	**13,800**	**51,376**	**65,176**
Opening balance 1 July 2018	**13,800**	**51,376**	**65,176**
Losses recognised in other comprehensive income	-	(1,291)	(1,291)
Remeasurement of decommissioning provision	-	659	659
Losses recognised in profit or loss	-	(394)	(394)
Gains recognised in other comprehensive income	-	37	37
Depreciation expense	-	(1,884)	(1,884)
Closing balance 30 June 2019	**13,800**	**48,503**	**62,303**

28 Fair value measurement (continued)

(b) Significant level 3 inputs

Significant Level 3 inputs used by the consolidated entity are derived and evaluated as follows:

Historical cost per square metre floor area (m2)
The costs of constructing specialised buildings with similar utility are extracted from financial records of the consolidated entity, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset
These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility
Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per cubic metre (m3)
The costs of construction of infrastructure are extracted from financial records of the consolidated entity and indexed by movements in construction costs by quantity surveyors.

Description	Fair value at 30 June 2019 $'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land	13,800	Restricted use	$1,154/sqm	Higher value of similar land increases the estimated fair value.
Buildings	42,503	Depreciated replacement cost	2.5% - 5.0% per annum	Greater consumption of economic benefit or increased obsolescence lowers fair value.

(c) Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some assets, these assets are valued at level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements.

29 Key management personnel disclosures

Compensation

The aggregate compensation paid or payable to directors and other members of key management personnel of the consolidated entity is set out below:

	2019 $	2018 $
Short-term employment benefits	2,268,834	2,381,907
Termination benefits	-	305,914
Superannuation	232,871	242,916
Other long-term employment benefits	78,065	64,644
Total employment benefits	**2,579,770**	**2,995,381**

Total fees received by non-executive directors were $459,000 (2018: $441,000).

The number of directors whose total of fees, salaries, superannuation and other benefits, received or due and receivable for the financial year, fell within the following bands are shown below:

	2019	2018
$0 - $10,000	3	2
$10,001 - $20,000	1	-
$20,001 - $30,000	-	1
$40,001 - $50,000	2	-
$50,001 - $60,000	2	-
$60,001 - $70,000	4	5
$100,001 - $110,000	-	1
$550,001 - $560,000	-	1
$620,001 - $630,000	1	-
	13	**10**

29 Key management personnel disclosures (continued)

Compensation (continued)

The number of senior officers other than directors whose total of fees, salaries, superannuation and other benefits, received or due and receivable for the financial year, fell within the following bands, are shown below:

	2019	2018
$240,001 - $250,000	1	1
$280,001 - $290,000	-	2
$300,001 - $310,000	2	-
$580,001 - $590,000	-	1
$600,001 - $610,000	-	1
$630,001 - $640,000	1	-
	4	**5**

30 Related party transactions

The consolidated entity is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the consolidated entity is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the consolidated entity include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

(a) Significant transactions with government related entities

Significant transactions include:

- superannuation payments to GESB on behalf of employees for a total value of $317,000 (2018: $400,000) (Note 22); and
- remuneration for services provided by the Auditor General (Note 31).

30 Related party transactions (continued)

(b) Material transactions with related parties

All other transactions (including general citizen type transactions) between the consolidated entity and Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities are not material for disclosure.

31 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the Office of the Auditor General, the auditor of the company:

	2019 $	2018 $
Office of the Auditor General		
Audit of financial statements and key performance indicators	188,000	286,000

32 Contingent liabilities

In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) were responsible for any remediation and restoration of the site. Pursuant to the dissolution of the AGR Matthey Partnership on 29 March 2010, Western Australian Mint has assumed full responsibility for any future liabilities. Expenses incurred to date have been expensed in the financial statements. The Corporation is still assessing the estimated potential financial effects, if any, of remediation. Hence it is not possible to quantify these as at 30 June 2019.

Gold Corporation has a number of State Battery sites vested within its subsidiary the Western Australian Mint. The sites have been classified as “Possibly Contaminated Investigation Required” in accordance with the *Contaminated Sites Act 2003*. The ongoing maintenance of these sites has been undertaken by Gold Corporation with the expenditure being funded by other government agencies. Consultation with other agencies in Government is taking place so that the sites can be taken over by an agency or agencies in government better equipped to deal with these sites. It is not practicable to estimate the potential financial effects, if any, of the maintenance of these sites.

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33 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2019 $'000	2018 $'000
Capital commitments - property, plant and equipment		
Within one year	8,116	4,784
Later than one year but not later than five years	-	1,906
Total capital commitments	**8,116**	**6,690**

(b) Non-cancellable operating leases

Significant lease commitments at the end of the reporting period but not recognised as liabilities is as follows:

	2019 $'000	2018 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,397	1,327
Later than one year but not later than five years	5,657	5,621
Later than five years	21,060	22,446
Total commitments	**28,114**	**29,394**

The operating lease commitments are for leases of land, storage facilities, and equipment. The terms of these are various, with the maximum term being until May 2036. During 2019 $1,418,000 was recognised as an expense in the consolidated statement of profit or loss and other comprehensive income in respect of operating leases (2018: $1,585,000).

34 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

34 Subsidiaries (continued)

Name of entity	Country of incorporation	Equity holding 2019 %	Equity holding 2018 %
Subsidiaries of Gold Corporation:			
GoldCorp Australia	Australia	100	100
Western Australian Mint	Australia	100	100
AGR Management Service Pty Ltd	Australia	100	100
Perth Mint Physical Gold ETF	USA	69	-

(a) Non-controlling interests (NCI)

Set out below is summarised financial information for Perth Mint Physical Gold ETF which is the only subsidiary that has non-controlling interests that are material to the group. The amounts disclosed are before inter-company eliminations.

Summarised balance sheet	Perth Mint Physical Gold ETF 2019 $'000	2018 $'000
Current assets	190,449	-
Current liabilities	27	-
Current net assets	**190,422**	**-**
Non-current net assets	**-**	**-**
Net assets	**190,422**	**-**
Accumulated NCI	58,474	-

Summarised statement of comprehensive income	Perth Mint Physical Gold ETF 2019 $'000	2018 $'000
Profit for the period	27,288	-
Total comprehensive income	27,288	-
Profit allocated to NCI	5,727	-

34 Subsidiaries (continued)

(a) Non-controlling interests (NCI) (continued)

Perth Mint Physical Gold ETF as a stand-alone entity earned profit for the period of $27,288,000 due to favourable movements in the gold price. The parent entity, Gold Corporation, has an investment in Perth Mint Physical Gold ETF, and has managed its metal price exposure using the methods described in note 27(b)(iii). The gain on the precious metal inventory within the Perth Mint Physical Gold ETF attributable to the owner of Gold Corporation should be considered in conjunction with the loss on the position to manage the metal price risk, resulting in a net contributed income of $5,727,000 to the consolidated entity, entirely attributable to non-controlling interests.

Perth Mint Physical Gold ETF had no cash flows during the year.

(b) Transactions with non-controlling interests

During the period since acquisition, Perth Mint Physical Gold ETF issued new shares to non-controlling interests. The fair value of consideration received was $51,125,000 which has been recorded as an increase in non-controlling interest.

There were no transactions with non-controlling interests for the year ending 30 June 2018.

35 Business combination

(a) Summary of acquisition

Perth Mint Physical Gold ETF (the “Trust”) was formed pursuant to a Trust Agreement incepted on 26 July 2018. The Trust’s primary objective is to give investors the opportunity to invest in physical gold through its shares, and have the gold securely stored by Gold Corporation in its role as the Custodian. The Trust’s assets consist entirely of gold held on deposit with Gold Corporation and the Trust has no officers, directors or employees. The Trust has an independent Trustee who manages operations of the Trust and an Administrative Sponsor who looks after administrative functions.

On 17 August 2018 Gold Corporation made an initial investment in the shares of the Trust and has since made a number of additional investments in the shares of the Trust. The Trust has also received significant investments from external investors and therefore Gold Corporation’s ownership percentage of total issued share capital has fluctuated during the period. The shares in the Trust have no voting rights attached to them.

The directors have determined that ownership of a significant holding of the Trust’s shares, in combination with the legal agreements which govern the Trust, result in the Trust being controlled by Gold Corporation. The results, assets and liabilities of the Trust have therefore been consolidated into the results of the consolidated entity from the date of acquisition which has been deemed to be the date of the initial investment in the shares of the Trust.

The total purchase consideration paid to acquire shares in the ETF during the year was $110,371,000 (2018 $nil). All consideration was paid in unallocated gold credits.

35 Business combination (continued)

(a) Summary of acquisition (continued)

Investments in the Trust are made solely in the form of unallocated gold credits and include no physical cash flows. Further, the Trust holds only physical gold and therefore no cash was acquired as part of these acquisitions.

The net assets acquired upon initial investment were as follows:

	Fair value $'000
Physical allocated gold	8,112
Less: non-controlling interests	(1,622)
Net assets acquired	**6,490**

For the initial investment and each subsequent investment made in the Trust, the value of consideration paid was exactly equal to the value of net assets acquired.

(i) Accounting policy choice for non-controlling interests

The consolidated entity recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in the Perth Mint Physical Gold ETF, the consolidated entity elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 2 for the group's accounting policies for business combinations.

(ii) Revenue and profit contribution

The acquired entity contributed revenue of $nil and profit of $27,541,000 during the period from 17 August 2018. Had the Trust been acquired from the date of inception, the revenue contribution would have been $nil and the profit contribution would have been $27,577,000. The profits relate entirely to unrealised fair value gains on the physical gold held by the Trust.

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36 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2019 $'000	2018 $'000
Profit after income tax expense for the year	7,942	6,652
Depreciation and amortisation	7,241	8,287
Provision for doubtful debts	3	50
Revaluation of land and buildings	357	867
Impairment of intangible assets	2,912	-
Amounts credited to provisions for income tax equivalents	5,315	3,401
Unwinding of discount on provisions	190	185
Change in operating assets and liabilities:		
Increase/(decrease) in employee benefits	267	(281)
Decrease in precious metal holdings	53,487	13,526
(Increase)/decrease in inventories	(1,033)	(471)
Increase in prepayments	(476)	(1,249)
Decrease in receivables	8,656	8,969
Increase/(decrease) in payables	17,699	(19,781)
Increase/(decrease) in provisions	1,600	(70)
Decrease in income taxes payable	(656)	(911)
Increase in other non current liabilities	390	415
Net cash inflow from operating activities	**103,894**	**19,589**

37 Explanatory statement

Section 40 of the *Financial Management Act* requires statutory authorities to prepare annual budget estimates. *Treasurer's Instruction 945* requires an explanation of significant variations between these estimates and actual results. Gold Corporation prepares a Strategic Development Plan and Statement of Corporate Intent for submission to the Minister in accordance with section 9B of the *Gold Corporation Act 1987* (WA).

The consolidated entity's business plans for 2018/2019 projected an operating result before income tax equivalent of $13.57 million against an actual profit before income tax equivalent (attributable to the owner of Gold Corporation) of $13.26 million. This slightly unfavourable variance was primarily driven by the impairment of software assets that occurred during the period, offset by higher than anticipated premiums being earned on minted product sales throughout the period.

37 Explanatory statement (continued)

Variations from previous year

Treasurer's Instruction 945 requires an explanatory statement providing reasons for and the detailing of any significant variations between actual revenue and expenditure for the financial year and the corresponding item in the financial statements of the immediately preceding year. The most significant variations over; (i) 10% of the balance and $5,000,000; or (ii) $10,000,000 were:

(i) Revenue from contracts with customers

Revenue of $18.07 billion in 2019 was 4% lower than the $18.85 billion revenue in 2018 due primarily to slightly decreased precious metal volumes throughout the period.

(ii) Cost of sales

Cost of sales in 2019 of $17.97 billion was 4% decreased from the $18.76 billion cost of sales in 2018, in line with the decrease in revenue.

(iii) Fair value gains on financial assets at fair value through profit or loss

Fair value gains on assets at fair value through profit or loss was $5.73 million in 2019 compared to $nil in 2018. This income has arisen as a result of the acquisition of the Perth Mint Physical Gold ETF and is entirely attributable to non-controlling interests (note 35).