

GOLD CORPORATION

Annual Report

2020



THE PERTH MINT
AUSTRALIA



Acknowledgement of Country

We acknowledge the traditional owners of the land on which our business operates and lands throughout Australia. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to elders past, present and emerging.

Kwobidak Boodja (Pretty Country) by Kevin Bynder

Using a traditional Aboriginal painting method to represent modern Australian themes, the painting beautifully represents cross-cultural engagement. The bottom section of the artwork depicts the goldrush days with images of hills, water with gold nuggets and sand. The upper part includes shades of gold, silver and grey portraying coins.

Contents

3	Statement of Compliance
5	The Year in Brief
6	Strategic Intent, Vision and Values
8	Our Charter
10	Chairman's Review
12	Chief Executive Officer's Year in Review
17	Review of Operations
22	Our Directors
26	Our Business Activities and Capabilities
30	Our Group Structure
31	Organisational Structure
32	Our People
34	Health, Safety and Environment
38	Disability Access and Inclusion Plan 2020-2025
40	Our Customers and Community
42	Corporate Governance
48	Corporate Directory
49	Group Directory
51	Statutory Reporting Requirements
54	Auditor General's Opinion
58	Key Performance Indicators
61	Certification of Key Performance Indicators
62	Certification of Financial Statements
63	Financial Statements



Statement of Compliance

11 September 2020

The Honourable Mark McGowan BA LLB MLA
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 2020.

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

S M C WALSH AO
Chairman

R G HAYES
Executive Director



The Year in Brief



\$23.87_B

ANNUAL TURNOVER



\$47.55_M

ANNUAL PROFIT BEFORE TAX



\$5.96_M

DIVIDEND AND TAX EQUIVALENT
PAID TO THE GOVERNMENT OF
WESTERN AUSTRALIA



\$19.83_M

CAPITAL EXPENDITURE SPEND



\$5.73_B

OF CLIENT METAL ON DEPOSIT



60,000

VISITORS TO THE
PERTH MINT EXHIBITION



3RD

LARGEST EXPORTER OUT
OF WESTERN AUSTRALIA



38%

OF STAFF REPORTING DIRECTLY
TO THE CEO ARE WOMEN



37%

OF OUR EMPLOYEES HAVE
CULTURALLY DIVERSE
BACKGROUNDS



40%

OF GOLD REFINED WAS SUPPLIED
AS VALUE-ADDED BARS, WITH A
GROSS VALUE OF \$9.54 BILLION



TOTAL REFINING THROUGHPUT WAS

16.06_M

OUNCES OF GOLD AND SILVER DORÉ



14.60_M

COINS, MEDALLIONS AND
MINTED BARS WERE SOLD,
VALUED AT \$2.24B

Our Strategic Intent

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

- 1 Leading growth initiatives within key markets in precious metals trading and distribution.
- 2 Playing a key role in the development of key customer relationships both domestically and internationally.
- 3 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, vertically integrated global enterprise operating across the precious metals value chain including refining, manufacturing, distribution, investing and storage. Based in our original premises opened in 1899, and later expanded, we are also one of Western Australia's premier tourist destinations.

Our Charter is contained within the *Gold Corporation Act 1987*. With our intent to be a global leader in precious metals, our Charter is our licence to operate across the industry's 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 tourism destination.

Values underpin response to challenges



I could not be prouder of the way each one of the Gold Corporation team has stepped up to the challenges that faced us in 2019/20.

That we continued to operate safely and serve our industry, our customers and our community is testament to how we consistently live by our values. These values have been formed over our 120-year history and will continue to underpin our decisions well into the future.

I am of course very pleased with the profit before tax of \$47.55 million, a record result.

However, when we look back on 2020, we may well not remember that figure, as important as it is to report now. We will, of course, remember the COVID-19 pandemic and how it changed the way we live our lives and conduct our business operations. But, most importantly, we will remember how we kept ourselves and our families safe, how we continued to operate as many of our competitors either temporarily closed or scaled back their operations, and how we made a difference.

While our State Government has managed the COVID-19 crisis in an exemplary manner, we still saw many fellow West Australians lose their jobs during the final four months of the financial year as necessary health measures forced many businesses to reduce staff.

It is noteworthy that 82.5% of our pre-tax profit is returned to the State Government by way of taxation and dividends. As we all adjust to the pandemic's impact, our contributions have played, and will continue to play, a key role in supporting the Government of Western Australia's operations and the state economy.

But we aren't just looking back on our achievements over this past year. Instead we are resolutely focused on making our workplace and our community an even better place.

An initiative I'm particularly pleased about is our inaugural Reconciliation Action Plan, which is one of several measures taken over the year to foster a more diverse and inclusive workforce.

Through the plan we will offer all employees opportunities to understand more about and engage with Aboriginal and Torres Strait Islander culture. Additionally, we will take practical steps to contribute to that community's sustainable long-term economic empowerment.

I firmly believe that by further embracing diversity of all types we will unlock our full potential while achieving positive changes within our business and the communities in which we operate.

And when we thrive, the Australian gold industry and all Western Australians benefit.

This has been true throughout our history as we have withstood wars, severe market downturns for precious metals and increased competition. It is this heritage that will stand us in good stead in the years ahead.

I believe we have the best people in our industry and I thank all our employees, CEO Richard Hayes and all our Board members for their hard work, resilience and commitment.

Sam Walsh AO
Chairman



Our safety promise is at the heart of everything we do



Underpinning everything we do is our safety promise which every one of us sees as we enter work for the day: Safe people. Safe workplace. Safely home.

In 2019/20, more than any other year, we understood the true value of keeping this promise. We not only exceeded our range of safety targets but also kept ourselves, our families and customers visiting our sites free from COVID-19.

Unquestionably this was the key achievement for the year. And by virtue of keeping ourselves safe we were able to continue serving the Australian precious metals industry in the face of immense challenges. This, in turn, made it possible for us to support the West Australian community at a time when it was very much needed.

I congratulate and thank our entire team for staying true to our vision during this exceptional year.

Results

As precious metals retained their status as safe haven investments during uncertain market conditions, the business met the highest level of demand for gold and silver in our 120-year history.

Our reported pre-tax profit for the year was \$74.47 million. This, however, includes a \$26.93 million 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. Our actual underlying result was thus a profit before tax of \$47.55 million compared with \$13.26 million in the previous year, our largest on record. Importantly, as well as being achieved safely it was also generated within our agreed envelopes of risk and risk management. The profit was in part driven by recent changes to our Treasury team. The new team introduced fresh strategies which enabled it to adapt quickly to market opportunities and generate a record result for this key function of the business. Recurring savings across the business were also locked in wherever possible, without compromising safety or quality.

Turnover was \$23.87 billion compared with the previous year's \$18.07 billion and we were Western Australia's third largest exporter by value.

Dividends to the Government of Western Australia for the year totalled \$5.96 million.

Significantly, we have paid \$203.91 million to the State Government over the past 10 years. The Corporation consistently returns 82.5% of pre-tax profit to the State, for the benefit of the people of Western Australia and indirectly, Australia as a whole.

Payments to the Australian Federal Treasury, relating to the terms of the agreement under which we mint and issue Australian legal tender coins, was \$3.22 million for the year.

Economic outlook

During the first half of 2019/20 the global economy was characterised by gains in equity and property markets, especially in the US, continuing the trend seen since 2016. Notwithstanding the strength of traditional asset classes, bond yields and interest rates fell to record lows, and this, coupled with global economic uncertainty caused by the intensifying war of words between Beijing and Washington, spurred demand for precious metals.

COVID-19 and its impact on demand for our products and services

The outbreak of COVID-19 in January brought about a world no one had predicted. The shutting down of much of the world's economy in attempts to stem infection rates and death tolls propelled a flight to safety, resulting in a significant spike in demand for our products. This has been especially evident in Minted Products, Depository and Treasury.

- **Minted Products:** Demand for bullion coins increased significantly, with the gold and silver kangaroos selling especially well. As an illustration of this, during the year 10.74 million silver kangaroos alone were sold compared with a combined total of 7.77 million coins, medallions and minted bars in 2018/19.



- **Depository:** Demand for the storage of both unallocated and allocated metal increased significantly during the final months of the year, with record holdings achieved across all product offerings. This drove a large increase in transaction and ongoing storage fees, as well as volumes under management.
- **Treasury:** The new Treasury team, in place from February 2020, enhanced the trading model to make it more sustainable. The team was thus better able to support global bullion dealing counterparties whilst capitalising on new market opportunities.

Coinciding with the increased demand for precious metals was a relatively weaker Australian dollar which provided further benefit to our business given the large percentage of our revenues earned in foreign currency.

Supporting the Community

True to our vision, we took determined steps to continue operating at full capacity during the COVID-19 crisis by adopting a range of measures to maintain a safe workplace.

Ours was one of the only global refineries to remain fully open throughout the period, enabling us to continue processing the overwhelming majority of Australia's newly mined precious metals and receive volumes from mining companies impacted by the partial or full shutdown of other refiners.

As well as an increased focus on the health and safety of staff, customers and visitors, we continued making cultural changes to create a more diverse and inclusive workplace.

A key achievement in this area was the endorsement by Reconciliation Australia of our REFLECT Reconciliation Action Plan. We are now looking forward to beginning our reconciliation journey with a strong focus on supporting a better future for Aboriginal and Torres Strait Islander peoples.

I congratulate and thank our entire team for staying true to our vision during this exceptional year.

As part of our disability employment strategy we partnered with Job Access under the National Disability Recruitment Coordinator program.

We were also proud to take part in AccessAbility Day in November during which we hosted a number of jobseekers with a disability.

And to support local businesses impacted by COVID-19 restrictions we fast-tracked the introduction of 20 day payment terms for non-precious metal goods and services, reduced from our former standard 30 day terms. This meant our suppliers were able to obtain funds more quickly, a sign of our commitment to Western Australia and beyond.



Gold Industry Group

The leadership role we assumed at the formation of the Gold Industry Group (GIG) continued over the year.

This independent body promotes the gold industry's valuable contribution to modern Australia through education, community initiatives and issue representation. The GIG is apolitical and is not a lobby group.

Innovation

We took ongoing measures to nurture our strong innovation culture across the business. Key initiatives included:

- To provide absolute peace of mind to all our customers that the gold they buy from us is ethically sourced and processed, we continued to invest in the development of the world's first mine to marketplace ethical gold supply chain assurance solution, trueGold. A high-tech Australian innovation, trueGold is based on scientifically proven molecular markers. The patented integrity solution will help improve transparency at every level of the global gold supply chain.

- To make gold investment more accessible to an even broader range of clients across the globe we launched Perth Mint Gold Token (PMGT) on the KuCoin exchange in February. A digital product backed by government guaranteed gold, each unit is underpinned 1:1 by a GoldPass certificate.
- Following its success in Australia since its 2018 launch, our smartphone app GoldPass was launched in the US market.

Making gold more accessible to a wider range of investors across a greater span of global markets, we are meeting the needs of modern investors, whilst ensuring the margins generated are returned to the State of Western Australia for investment in the broader community.

We met the many changes and challenges with exemplary determination and resilience.

Business Technology Initiatives

A significant restructuring of our business technology function took place last October, with the changes reflecting an increased emphasis on customers' needs and internal accountability. A refined operating model has been adapted which, over time, will support a suite of service offerings that are easier to access.

The initiatives will not only streamline the way customers interact with our business but will enable our staff to be more productive by utilising technology to better manage routine and repetitive activities.

The 'Modern Workplace' initiative commenced in January and progressed well, with its importance coming to the fore from March when many staff began working from home to prevent the spread of COVID-19. Originally scheduled to be launched in the second half of 2020, the project aims to improve collaboration in the workplace through the accelerated adoption of industry leading platforms.

Our Values

Ongoing improvements in our organisational culture and an ever-increasing focus on values and safety has allowed us to serve our industry and community like never before.

I would like to extend an immense thanks to all members of the team for their tremendous efforts throughout the year. I especially appreciate the way our staff adapted rapidly to different arrangements at work and at home, as well as to the logistical difficulties brought about by COVID-19.

We met the many changes and challenges with exemplary determination and resilience.

While we kept our distance from each other to maintain our physical health over much of 2020, we appreciated how important it is to maintain social connections and good mental health.

As I firmly believe mental health is as important as physical wellbeing and injury management, I was very pleased to see that the overwhelming majority of our employees maintained a positive outlook during the pandemic, as found by the strong results of our employee wellbeing survey.

I would like to pay tribute to all our Directors who gave generously of their time and expertise across the full range of matters affecting the business, in particular occupational health and safety.

Finally, I would like to acknowledge and thank our Chairman, Sam Walsh AO, for his wisdom, guidance and commitment.

This year has brought home to us that we cannot predict the future. However, I am certain that we are stronger and more united than at any time in our history. I am therefore confident in our ability to be a trusted global leader in precious metals so we can continue serving the Australian precious metals industry, our customers across the world and the Western Australian community, while providing a safe, inclusive and fulfilling workplace.

Richard G. Hayes
Chief Executive Officer



Review of Operations

Gold and Silver Refining

Australia was again the world's third largest producer of gold after China and Russia in 2019/20. During the year we refined almost all of Australia's gold doré production. Additionally, we processed gold from the Oceania region as well as production from Australian owned projects in North America and Africa. Recycled gold, mainly from Asia, was also refined. Our facility is a substantial refiner of silver doré. Most of the refined metal is cast into value added products or manufactured into a variety of minted products, including bars and coins. The balance is delivered to the London vaults as Good Delivery bars.

The Refinery maintained its status in the top echelon of global refiners by volume. Importantly, it also maintained its international reputation for integrity, excellence, quality, safety and efficiency. Recognition of this is its continuing accreditation from the world's five major precious metals exchanges.

This is an achievement few other refiners across the globe can match. In Australia, our facility remains the only London Bullion Market Association accredited refiner for gold and silver.

The COVID-19 pandemic had a significant impact on the gold industry and our Refinery was one of the only global facilities able to remain open during the crisis. We not only continued to provide a service to existing customers but also to new customers from around the world.

Investment in the Refinery site increased both gold and silver processing efficiencies. This in turn lifted the capacity to produce small gold and silver investment bars to meet local and international market demand. The significant investment has resulted in the facility now having a capacity to refine 1000 tonnes per annum of 99.99% gold.

Competition remained high, resulting in significant downward pressure on refining fees.

Cast Bar Production

The Refinery was again a major supplier of value-added gold cast bars to China, the wider Asian region and North America. Demand for small bars in the second half of 2019/20 was strong, resulting in a high conversion rate of incoming gold to meet market demand.

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

After three consecutive years of low demand for our bullion coins, demand increased markedly in 2020. In late 2019 gold sales into Germany grew dramatically due to panic buying resulting from a reduction in the cash transaction threshold in Europe.



In the last two months of calendar 2019, we sold the equivalent of the previous 12 months' sales into Germany, our biggest market in Europe.

In March 2020 as COVID-19 fears grew and stock markets lost traction, demand for both gold and silver products hit levels not seen since the global financial crisis of 2008-2010. In response we streamlined our minted products range to achieve optimal production throughput and prioritised allocation of our products to key distributors. Demand for minted gold bars and coins slowed at the end of May, but the silver surge continued throughout June. Minting operations continued unabated through the COVID-19 period thanks to safety precautions taken on site to protect the health and wellbeing of our people.



During the year 14.6 million coins, minted bars and medallions were sold compared with 7.8 million the previous year, making 2019/20 volumes the second highest on record. Value was added to 22.5 tonnes of gold (compared with 14 tonnes in 2018/19), 533 tonnes of silver (301 tonnes in 2018/19) and 817kg of platinum (371kg in 2018/19). Approximately 83% of the revenue earned from the sale of these products was derived from exports.

Numismatic coin demand, where innovation in design and theme is key, had another strong year. Notable accomplishments during the year included the sell-out of the 2020 1oz Year of the Mouse gold bullion coin (30,000 mintage) and the 2020 1oz Year of the Mouse silver bullion coin (300,000 mintage).

Other successful bullion products developed during the year included the Pixiu bullion range, the Bull and Bear silver coin and the Hand of Faith coins. We also had success with a range of licensed bullion products including those featuring James Bond, The Simpsons and John Wayne.

Other significant releases were our first surfboard shaped coin, a range of incused wedgetail eagle designs, a coin with a jade Buddha insert and a lunar coin with a rotating mouse insert. High value gold coins with diamonds such as The Jewelled Tiger remained popular with collectors worldwide and continued to sell well.

Coins showcasing popular themes, innovative features, new finishes, quality packaging and limited mintages continued to hold appeal among collectors. During the year we issued 156 Australian legal tender proprietary collector coins, either as individual pieces or in sets. A further 65 coins were released under authority of the Government of Tuvalu. In total there were full mintage sell-outs in 38 coin programs.

Recent upgrades in critical production equipment ensured our minting facility was well placed to meet strong demand throughout the year.

Cost reduction initiatives continued, with significant gains being made in the area of waste 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

In addition to the coin blanks we manufacture for our own production requirements, we also produce coin blanks for other mints in Australia and overseas. During the year we manufactured 575,000 blanks for sale to external parties.

High value gold coins with diamonds such as The Jewelled Tiger remained popular with collectors worldwide and continued to sell well.



Perth Mint Shop and Exhibition

The Perth Mint Shop and Exhibition recorded a 41% year-on-year increase in contribution in 2019/20, despite the closure of the Exhibition and significant disruption to retail operations during the final quarter due to COVID-19 mitigation measures.

The primary drivers of this excellent result were bullion trading and scrap gold jewellery buybacks, together with luxury jewellery sales. Pink diamond sales were particularly strong and included the largest loose pink diamond sale in the Shop's 30-year history.

The forced closure of the retail showrooms and Exhibition expedited long-planned renovations in the foyer and retail jewellery showrooms, for which City of Perth and Heritage Council approvals were received in June. These works, aimed at improving how we welcome visitors and showcase luxury jewellery, are scheduled for completion by late September 2020.

COVID-19 unfortunately forced the cancellation of several tourism trade events in which we had planned to participate. These included the Australian Tourism Exchange in Melbourne, Ni Hao in Perth and the WA Japan Roadshow in Japan.

During the year our visitor experience was improved by the introduction of a tour in conjunction with Willie Creek Pearls of Elizabeth Quay and the signing of a stockist agreement with Swarovski Australia. Progress was also made on the introduction of several exciting new attractions to be unveiled in the second half of 2020/21.

We enjoyed success at the 2019 WA Tourism Awards, winning the 'Individual Excellence in Customer Service' award and a Bronze award in the highly contested 'Tourist Attractions' category.





We achieved considerable success during the year with our Australian exchange traded product (ETP) Perth Mint Gold (ASX code PMGOLD), which more than doubled in size.

Perth Mint Depository

The Perth Mint Depository has offered clients a range of secure precious metal investment and storage options since 1994.

By 30 June 2020 the Depository had more than 60,000 clients from over 130 countries and was safeguarding precious metal worth in excess of \$5.73 billion, with allocated gold ounces having increased by 96% during the year.

New and existing Depository clients continued to be attracted by our innovative storage solutions, the largest central bank grade vaults in the southern hemisphere and the ability to take physical delivery of their precious metal holdings.

Our smartphone investment app GoldPass continued to perform strongly in the local market and was released in the US late in the year.

The flagship Perth Mint Depository Program product, as well as Depository Online and the Perth Mint Certificate Program all experienced significant growth. This was buoyed by the efforts of our global network of Authorised Distributors.

We achieved considerable success during the year with our Australian exchange traded product (ETP) Perth Mint Gold (ASX code PMGOLD), with the product more than doubling in size. Ending the year with more than 200,000 ounces of gold (6.40 tonnes) valued at \$530 million backing the product, PMGOLD's increased holdings made it the second fastest growing ETP on the ASX (in percentage terms) during the year, based on ETPs with a market value in excess of \$100 million. PMGOLD was also rated the sixth fastest growing ETP in the world, based on ETPs with at least one tonne of gold holdings.

Perth Mint Physical Gold Exchange Traded Fund (ETF), listed on the New York Stock Exchange (NYSE code AAAU), doubled in terms of ounces in custody. This was in line with the growth of gold ETFs in 2019/20.

Exploration of the Australian superannuation market and our initiatives in the Middle East, Central and Eastern Europe, and other regions continued. These efforts 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, all within our agreed envelopes of risk.

Capital Works and Capacity Enhancement Programs

The ongoing capital expenditure program continued over the period. 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, all formed part of this program.

Capital expenditure over the year amounted to \$19.83 million, 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.

Our Directors



Sam Walsh AO

Appointed in January 2019, Sam has held leadership roles in the mining and automotive industries including Rio Tinto (25 years), General Motors and Nissan Australia (20 years combined).

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

He is Chair of the Accenture Global Mining Council (UK), the Australian 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).



Liam Twigger

BEC, Grad Dip Fin, CPA

Appointed in January 2016, Liam has more than 30 years' experience in investment banking and corporate finance including his current role as Managing Director and Founding Principal of PCF Capital Group.

He has also held positions including senior vice president at Bankers Trust Australia and Head of Macquarie Bank in WA where he established the bullion and commodities division in Perth.

Liam established the gold risk management business at Fincorp and held senior treasury positions at The Bell Group and Bond International Gold. He is also Chairman and Managing Director of MinesOnline.com and is a Non Executive Director of Solgold Plc.



John O'Connor

BSc (Hons) FICA, FICAEW, FAICD

Appointed in January 2016, John is a former partner of PricewaterhouseCoopers (PwC) where he spent 34 years, including 24 years as an audit partner, before retiring in 2013.

John's leadership roles at PwC in Perth included being Managing Partner and Head of the Assurance Practice. He has extensive audit experience in the resources sector in Australia and globally.

John holds a number of non-executive director roles. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand; the Institute of Chartered Accountants in England and Wales; and the Australian Institute of Company Directors.



Mark Puzey

FCA, FAICD, CGEIT

Appointed in February 2018, Mark 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.

He is currently Non Executive Director and Audit and Risk Committee Chair of both ASX listed M8 Sustainable Limited and ASX listed DUG Technology Limited. Since retiring from the KPMG partnership, his roles have included Board and strategic advisory roles for companies ranging from energy to technology enabled companies.

Mark is a Fellow of the Australian Institute of Company Directors and Chartered Accountants ANZ. He is also Certified in the Governance of Enterprise IT (CGEIT).



John M Collins

BSBA, MBA, GAICD

Appointed in February 2019, John was CEO and director of Western Australian Treasury Corporation (WATC) from 2009-2019. He has more than 30 years' international experience in finance, with an emphasis on financial markets activities and banking.

He has held senior leadership roles at US-based Cargill as well as ANZ Bank, including President Director of ANZ Panin Bank in Jakarta. Mr Collins acquired his Australian Financial Markets Association accreditation in 1998.



Melanie Cave

LLB BA, GAICD, FLWA

Appointed in June 2019, Melanie was a lawyer with Herbert Smith Freehills for more than 20 years including 11 as a partner.

She has advised on the delivery of large-scale infrastructure projects in the mining, water and natural resources and health industries, both in Australia and globally. These include Perth's Optus Stadium and Fiona Stanley Hospital.

Melanie has been a non-executive director for more than 10 years and is currently the Chair of Workpower Inc.



Richard Watson

BEd (Hons), MPhil

Appointed in February 2019, Richard is the Executive Director of Infrastructure and Finance in the Department of Treasury, and is responsible for overseeing the budgeting and governance of trading enterprises within the Government of Western Australia. He supports the State's financial management framework, legislative and accounting standards.

Prior to starting this role in 2018, he was executive director of the Economic Business Unit in the Department of Treasury from 2014.



Gaye McMath

BComm, MBA, AMP HBS, FAICD, FCPA

Gaye joined the board in 2007 and retired by rotation at the end of June 2020. She continued as Chair of the Audit and Risk Committee during the period. She has more than 20 years' board experience in a diverse range of industries including mining, resources, infrastructure, energy, financial services, treasury, property and higher education. Her executive experience includes senior executive finance and commercial roles over 23 years with BHP and she was the CFO/COO for more than 12 years at the University of Western Australia.

Gaye is currently the Deputy Chair of Commissioners of the City of Perth, Deputy Chair of Southern Ports Authority and the Chamber of Arts and Culture WA. She is a board member of Power and Water Corporation NT, Business Events Perth, StudyPerth, the Perth Theatre Trust and Dementia Australia.



Richard Hayes

BCom, CPA, MBA, ACIS, GAICD

Richard was appointed Chief Executive Officer of Gold Corporation on 1 July 2015. He had been Chief Financial Officer and Deputy CEO after joining the Corporation in March 2003. Richard was previously the Chief Operating Officer and an Executive Director of AGR Joint Venture and AGR Matthey. 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.

In 2015 Richard was appointed Chairman of the Gold Industry Group, 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.

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

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 also 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, commencing operations in 1990.

A number of 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, distribution 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 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 artisanship, as well as the quality of our precious metals products. As Western Australia's third largest exporter we have customers in more than 130 countries.

Refining

Our Refinery is one of a select group of top tier gold refiners globally 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)

We are also Australia's only LBMA accredited gold and silver refiner.

Refining almost all of Australia's newly mined gold as well as production from the Oceania region, Thailand, Malaysia, Laos, the Philippines, North America and Africa, we are one of the largest and most highly respected refiners worldwide.

We are committed to producing ethically responsible gold, silver and platinum. 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 in accordance with 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 1kg, 100g, 50oz, 20oz, 10oz, 5oz, 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, 20oz and 10oz weights. These bars are promoted and distributed into a variety of target markets globally, either directly or via a network of intermediary organisations.

In times of low demand for the abovementioned value added products, the Refinery produces 400oz 99.5% gold and 1,000oz 99.99% silver London Good Delivery Bars for delivery into the London markets.

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

During the financial year we launched our third series of lunar 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, banks 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 and gift buyers. Distinguished from investment (or bullion) 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 historical events and this year we saw a focus on the 75th anniversary of the end of World War II.

The Chinese lunar calendar themes have become an incredibly important part of our portfolio with strong exports into Asia as well as domestic sales. We added some new coins into the program as it started its third 12-year series in 2019/20.

Licensed products have been a focus as we attract new collectors into the coin market. Our *Star Trek* themed series came to an end after five successful years. *The Simpsons* coin program has been very popular and was extended into its second year. In February we launched a very exciting new range of coins celebrating James Bond 007 which have been highly sought-after by fans of the famous fictional spy and other collectors.

We have continued to focus on a range of coins celebrating personal milestones such as the birth of a baby, weddings and birthdays as these have proven to be popular as gifts.

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 themed 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 91 million bullion and numismatic coins have been minted and sold worldwide, adding value to 329 tonnes of gold and 4,516 tonnes 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 use, we are a supplier of blanks to leading mints around the world, both private and government owned.

Depository

For over a quarter of a century, our Depository has offered the world's only government guaranteed precious metals storage and investment program. We offer safekeeping of the metal within central bank grade vaults in the safe geopolitical environment of Western Australia, with our extensive network of vaults being the largest in the southern hemisphere.

Clients (currently numbering in excess of 60,000 from more than 130 countries) can purchase and store precious metals directly (online, by phone, or with an app) 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 phone 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.
- 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 or online trading account. 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.

The Exhibition showcases a range of unique attractions including the Australian Kangaroo One Tonne Gold Coin, which is the largest coin ever made and worth more than \$80 million, Australia's most spectacular display of natural gold nuggets and the amazing spectacle of a traditional gold pour.

This year we hosted 59,699 international, interstate and local visitors, a 23% decline on the previous year, due to the temporary closure of the Exhibition between April and June in response to the COVID-19 crisis.

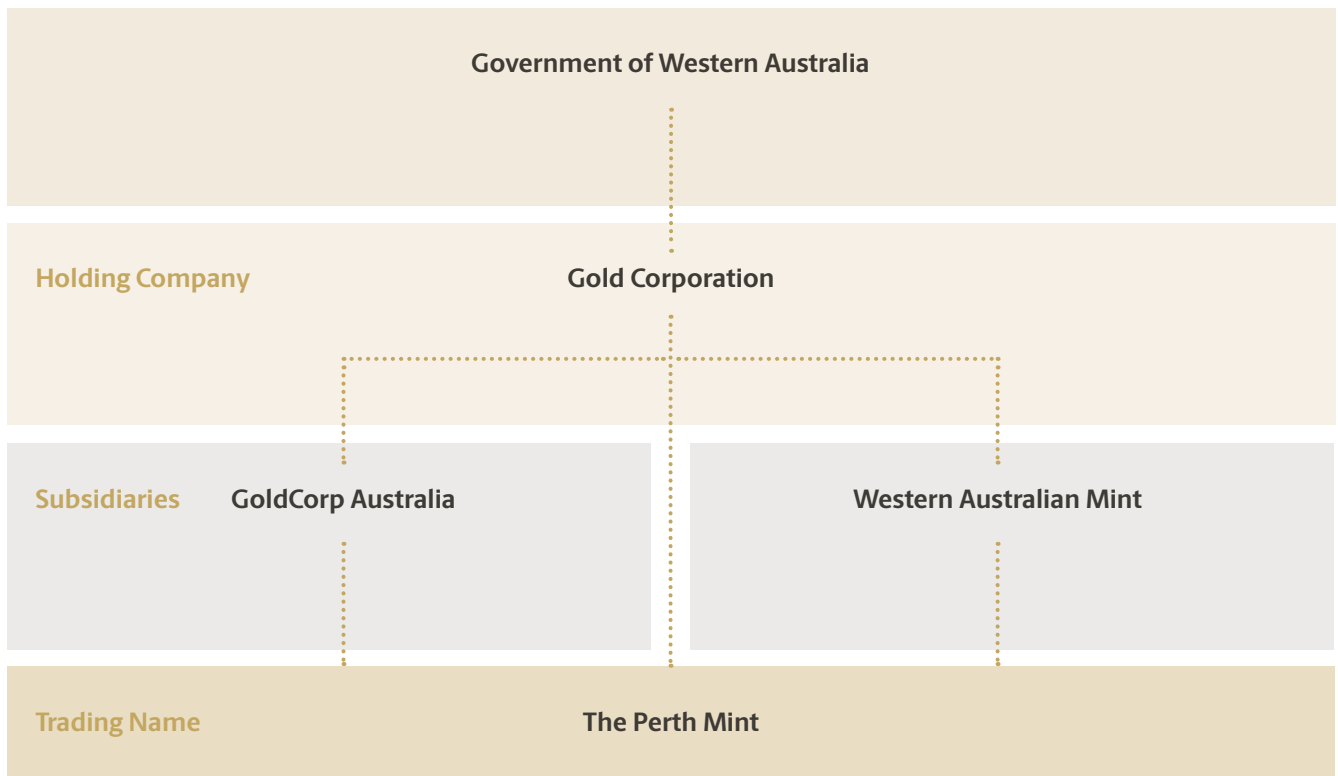
Our elegantly appointed Shop offers a unique experience showcasing exquisite Australian jewellery featuring pink diamonds, opals and south sea pearls. Also available are gifts and souvenirs such as natural gold nuggets, coin watches and a range of gold, silver and platinum coins.

New Developments

In line with previous periods, 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.



Our Group Structure



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



Organisational Structure

Minister
Hon. Mark McGowan MLA

Chairman of Board
Sam Walsh AO

Board of Directors

Chief Executive Officer
Richard G Hayes

**General Manager,
People & Culture
& Deputy Chief
Executive Officer**
Jane King

**Chief Financial
Officer**
Caroline Preuss

**General Manager
Corporate
Governance & Risk**
David Koch

Treasurer
Sawan Tanna

**General Manager
Minted Products**
Neil Vance

**General Manager
Production**
Chris Dimond

**General Manager
Refinery**
Nathan Edwards

**Group Manager
Depository
Services**
John Durham

**Group Manager
Perth Mint Shop
and Exhibition**
Alison Puchy

**Group Manager
Marketing and
Communications**
Elizabeth Lefort

**Group Manager
Business
Technology**
Brad Wearn

**Manager Group
Security**
Terry Griffiths

**Corporate
Counsel**
Marcus
Strohmeier

Our People

Our permanent staff headcount increased in 2019/2020 from 397 to 453. This was due to appointing long term contractors as permanent employees.

We employ both salaried and enterprise agreement employees as follows:

Salary vs Enterprise Agreement

Salaried	263	298
Enterprise agreement	134	155
Total	397	453

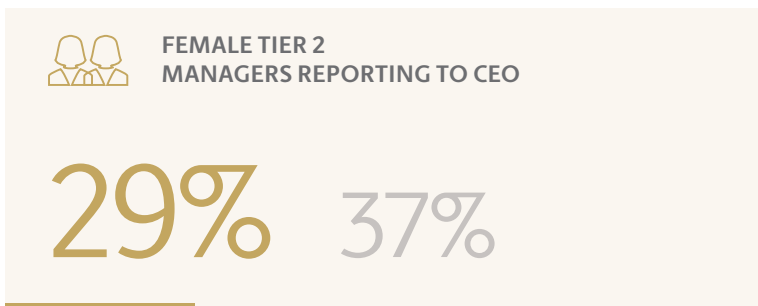
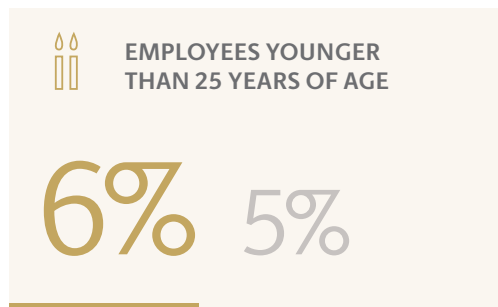
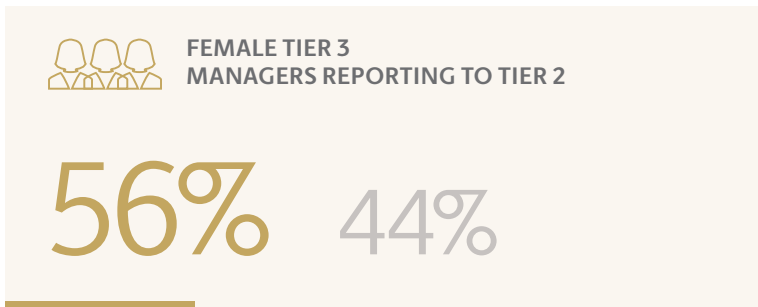
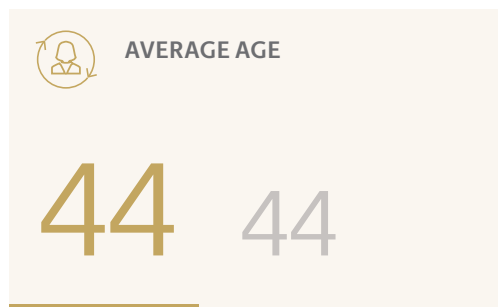
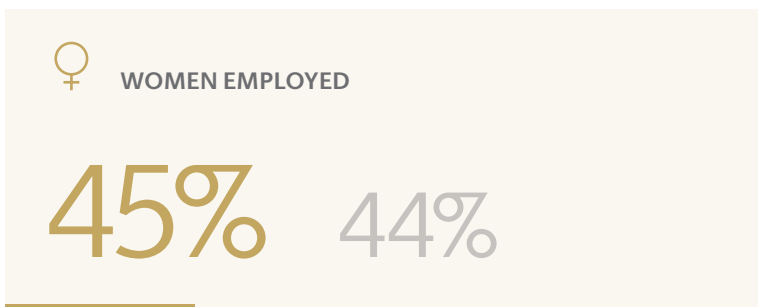
Gold Corporation employs both salaried and Enterprise Agreement employees as shown above

● 30 June 2020
● 30 June 2019



Employee Demographics

An employee demographic snapshot is shown below:



STAFF FROM CULTURALLY DIVERSE BACKGROUNDS



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 453 employees, 37% 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.

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 workplace 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 2020 with no non-conformances found.

The Refinery achieved international accreditation for its Safety Management System and Environmental Management System in 2010. In August 2019 Bureau Veritas undertook the annual ISO surveillance audits for the Refinery's Safety Management System and Environmental Management System, namely AS/NZS 4801:2001, OHSAS 18001:2007 and AS/NZS ISO 14001:2015. No major non-conformances were raised.

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

Safety

Our sites introduced a number of COVID-19 prevention controls in order to maintain a safe working environment during the pandemic, including a COVID-19 prevention policy and plans. Both sites continued operating at full capacity by employing controls such as split shifts, work from home, social distancing, increased cleaning rosters and personal hygiene promotion.

A number of initiatives were implemented across our operations to help improve safety during the year. The Refinery was lost-time injury free during 2019/20 and the East Perth site reduced the number of medical treatment injuries.

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. We also promote mental health awareness and have mental health first aid officers trained to levels comparable with first aid responders.

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. An annual report on our Refinery's emissions was submitted to the National Pollutant Inventory. Both sites adhered to all discharge conditions outlined in their Water Corporation Trade Waste Permits.

Health and Wellness

Throughout 2019/20 a number of health and wellness programs were offered to all employees. The initiatives included:

- Flu vaccinations
- Mental health management
- Skin checks
- Yoga sessions
- Financial planning information sessions
- R U OK? Day

Mental Health

Mental health was a business wide priority in 2019/20 and this was visible throughout the business, particularly during the COVID-19 crisis. Some of the mental health initiatives we implemented include:

- **Mindfulness App:** To help employees manage stress and encourage self-care strategies during the COVID-19 crisis, we provided all staff with access to the Smiling Mind app. The app provides a structured workplace mindfulness program which is proven to reduce stress, assist in the management of mental health conditions and increase productivity.
- **The Perth Mint Check In:** We engaged Great Places to Work Australia to deliver The Perth Mint Check In. This was designed to collect data on employee wellbeing during COVID-19. The results will be used to develop targeted strategies aimed at further improving general wellbeing, resilience and engagement across the business.
- **Mental Health:** As part of our mental health workplace initiative, we continued our annual plan to deliver mental health first aid training across the business. There were 14 new mental health first aid officers added to the team in 2019/20. Additional courses are planned for September 2020, including a refresher course for our existing Mental Health First Aid Officers and another Mental Health First Aid for Leaders course delivered to all new managers in the second half of 2020.

Culture

During 2019/20 several significant initiatives were undertaken to further improve our culture.

- **Engagement Survey:** The 'innovation sprints' from the 2019 engagement survey were completed in March 2020. The process finished with each of the teams presenting their ideas to the leadership group for consideration. Key projects to be implemented in 2020/21 include additional digital communication boards to improve the reach of corporate information, an improved intranet as well as a remodelled recognition and reward program.
- **Leadership Development Program:** In response to survey feedback our senior leaders began a tailored development program focused on team cohesion, trust and accountability. The program will recommence with individual discovery sessions, psychometric evaluation and team based workshops once social distancing measures have been further relaxed.
- **Reconciliation Action Plan (RAP):** Our draft RAP has been endorsed by Reconciliation Australia. The RAP will result in improved employment opportunities for, and relationships with, the Aboriginal and Torres Strait Islander community.
- **Diversity and Inclusion Steering Committee:** The existing Diversity and Inclusion Strategy expires in December 2020. To ensure a measured approach to diversity and inclusion continues across the business we formed a D&I Steering Committee.

Consultation

The sites continuously consulted with employees through a process facilitated by regular toolbox meetings and monthly HSE committee meetings. The committees at both sites met 12 times during 2019/20. Employee OHS representatives contributed significantly at these meetings. Additionally, they were fully engaged in safety inspections as well as accident and injury investigations. Employees were encouraged to contribute to the annual HSE Strategy and Plan. Suggestions for improvements were supported and employees continued to participate in the site safety observation program. The sites collaborated and developed a series of 'Above the Line Behaviours' together with the new safety promise: *"Safe People. Safe Workplace. Safely Home."*

Performance

OHS ITEM	EAST PERTH		REFINERY		TARGET
	FY 18/19	FY 19/20	FY 18/19	FY 19/20	
Number of fatalities	0	0	0	0	0
Lost time injury / Disease incident rate (Note 1)	0	3.29 increase	0	0	0 or 10% decrease
Lost Time Injury Severity Rate	0	0	0	0	0
Percentage of workers returned to work within:	100%	50%	100%	100%	>80%
(i) 13 weeks	100%	100%	100%	100%	
(ii) 26 weeks	100%	100%	100%	100%	
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	96%	95%	100%	100%	>80%

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

● FY 18/19

● FY 19/20



Disability Access and Inclusion Plan 2020-2025

We are committed to the needs of people with disability and our five-year Disability and Access Inclusion Plan, which was renewed this year, 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 receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.
- 5 People with disability have the same opportunities as other people to make complaints to a public authority.
- 6 People with disability have the same opportunities as other people to participate in any public consultation by a public authority.
- 7 People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

Please note: The Perth Mint building is Heritage Listed and, as such, there are access limitations in certain areas. Most of the Mint's administration buildings have wheelchair access and accessible toilets, except the second and third floors of the original Mint building, which are not served by an elevator. The primary functions of this building are bullion trading, retailing and tourism, activities which are restricted to the ground floor covered under the DAIP plan.



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 late delivery or product damaged whilst in transit. Complaints about the Shop and Exhibition related to bullion room policies and procedures, customer service, restroom facilities, Exhibition entry fees, the content of the gold film shown in the Exhibition, and visitor information on the website. Depository complaints were in response to technical issues, product availability and requirements to open accounts, all of which are being monitored and reviewed to reduce occurrence when possible. Refinery complaints were in response to minor service and product quality issues which are subject to corrective actions to reduce reoccurrence.

	Orders Processed	Complaints Received
Coins	38,712	68
Depository	79,261	18
Shop & Exhibition	37,026	8
Refinery	10,615	2

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 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
- Destination Perth
- Committee for Perth
- Gold Industry Group
- Historic Heart East Perth
- East End Revitalisation Construction Reference Group
- Australian Tourism Export Council
- Business Events Perth (formerly Perth Convention Bureau)
- Australia-Africa Minerals and Energy Group
- Chamber of Minerals and Energy
- Association of Mining and Exploration Companies
- Chamber of Commerce and Industry (WA)

As an active participant in the coin, banknote and stamp trade shows of the Australasian Numismatic Dealers' Association, we attended events held in Perth, Melbourne and Sydney. We attended International events in Berlin, Beijing and Chicago. A representative of the Mint also participated in the Australia Marketplace India tourism trade show in Kochi and Mumbai in August 2019.

We also were active in several gold industry events both in Perth and Kalgoorlie.

In August 2019 we attended Diggers and Dealers, Australia's leading gold mining forum hosted in Kalgoorlie. More than 1,200 representatives from the industry attended, with delegates including miners, producers, explorers, brokers, bankers, investors, financiers and mining services. The Perth Mint exhibited and sponsored the annual gala awards. In September 2019 we attended and sponsored the World Gold Conference, hosted in Perth at Crown Metropol. The Perth Mint was gold sponsor of this global event.

We exhibited at the conference and hosted the official welcome reception at the Mint which more than 300 delegates from the global mining industry attended. This conference brings together all aspects of the gold sector including representatives from the areas of exploration, geosciences, mining, metallurgy, environment, and Corporate Social Responsibility and related disciplines. In October 2019 we fabricated the 2019 Telethon Gold Bar which was presented on behalf of Gold Fields and Gold Road Resources, the owners of Australia's newest gold mine Gruyere. The bar was auctioned at the Lexus Telethon Ball, with proceeds going to the leading WA children's charity. In November 2019 we attended NewGenGold hosted at Pan Pacific Perth. We exhibited at this event, the world's pre-eminent gold exploration conference held bi-annually in Perth, and attracted a strong attendance of delegates from around the world.

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*.

The process of working with the Premier's Office to transfer responsibility for these sites to a more appropriate arm of government continued during the year. We are not best placed to manage the issues associated with these sites, nor do we have staff located outside the Perth metropolitan area. Other agencies are more appropriately equipped and better placed to manage the sites.



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 as set out in a formal Statement of Expectations (SOE). 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. Together these documents 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 seven Non-Executive Directors and one Executive Director.

Director	Status	Expiry of Term
S M C Walsh AO (Chairman)	Non-Executive	31 December 2021
M J Cave	Non-Executive	31 May 2022
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 six formal meetings of the Directors of Gold Corporation during the year ended 30 June 2020. The number of formal meetings attended by each Director is indicated in the table below.

DIRECTORS' MEETING ATTENDANCE

	Attended	Eligible
S M C Walsh AO (Chairman)	6	6
M J Cave	6	6
G M McMath	6	6
J M Collins V	6	6
J P O'Connor	6	6
M R Puzey	6	6
L A Twigger	5	6
R K Watson	6	6
R G Hayes	6	6

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 Nominations and Remuneration 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, as well as the risk management and compliance 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 to 30 June 2020), 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 five 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	5
J P O'Connor	5	5
M R Puzey	5	5
R K Watson	5	5

Nominations and Remuneration Committee

The Board of Directors delegates authority for determining conditions of employment to the Nominations and Remuneration Committee. The Committee's responsibilities include providing the Board with advice on Executive appointments and succession planning, reviewing and advising the Board on remuneration policy, 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 AO (Chairman), John O'Connor (Non-Executive Director) and Richard Hayes (CEO). Jane King (Deputy CEO and General Manager, People and Culture) was an invitee.

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

NOMINATIONS AND REMUNERATION COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
S M C Walsh AO (Chair)	2	2
J P O'Connor	2	2
R G Hayes	2	2

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, 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 AO (Chair), Richard Hayes (CEO) and Jane King (Deputy CEO / General Manager, People and Culture).

Attendees at meetings of the Committee were Nathan Edwards (General Manager, Refinery), Chris Dimond (General Manager, Production), Jason Chaplin (Manager, Technical Services), Helen Nieuwenhuyze (HSE and Training Manager, Operations), Renae Taylor (Safety and Environment Coordinator, Refinery), Michael Tomic (HSE Coordinator, Refinery), Louie Naumoski (OHS Committee Chairperson, 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 AO (Chair)	3	4
R G Hayes	3	4
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 team. The Committee provides informal support and oversight of Treasury. This includes monitoring performance, prudential management compliance, new product reviews, and alignment to the Corporation's strategy and risk appetite. The Committee also monitors emerging market trends, opportunities and risks. It consists of Liam Twigger (Chairman), J M Collins V (Non-Executive Director), Richard Hayes (CEO) and Sawan Tanna (Treasurer).



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	4	4
R G Hayes	4	4
G J Metcalfe (former Treasurer)	2	2
S A Tanna	2	2

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), Caroline Preuss (CFO), Bradley Wearn (Group Manager, Business Technology), Neil Vance (General Manager, Minted Products) and Elizabeth Lefort (Group Manager, Marketing and Communications).

The Committee met six 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)	6	6
R G Hayes	6	6
C J Preuss	6	6
B Wearn	6	6
N Vance	5	6
E Lefort	6	6

Management Committees

Senior Leadership Committee

The Senior Leadership 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 leadership team is abreast of key issues in their area and discuss strategic business issues.

Other Committees

Executive management has previously formed two sub-committees – the Tax Risk Management Committee and the Business Technology Governance and Oversight 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 Framework

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, third party risks, 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 2019/20 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 2019/20, 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) which 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 2019/20.

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.au.

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 AO	Chairman
R K Watson	(Non-executive, Ex-Officio)
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 7272
Email: sawan.tanna@perthmint.com
Contact: Sawan Tanna, Treasurer

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, General Manager, Refining

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, Group 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: veronica.wilson@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 7222
Email: info@perthmint.com
Contacts: Neil Vance, General 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, General Manager, Minted Products

OVERSEAS INDEPENDENT AGENTS

North America

Tel: +1 405 627 3694

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

Statutory Reporting Requirements

Financial Estimates

The following financial estimates for 2020/2021 are based on Gold Corporation's budget and are included to satisfy the requirements of the Treasurer's Instruction 953.

	\$000
Total Revenue	30,330,255
Total Expenditure	30,313,558
Operating profit before income tax	16,697
Income tax expense	5,009
Operating profit after income tax	11,688
Dividend	20,074
Retained earnings	94,021

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 2019/2020 was \$3,108,164.
2. Expenditure was incurred in the following areas:

Advertising agencies	2,825,661	The Brand Agency	2,729,961
		Unique Integrated Marketing	95,700
Market research organisations	32,500	Metrix	32,500
Polling organisations	–		–
Direct mail organisations	119,387	Buscher Direkt	8,073
		Fischer Druck	34,300
		Quickmail	77,013

Media advertising organisations	130,616	Airport Publications	2,340
		Amos Media	2,895
		Aspermont	19,636
		Australian Associated Press	15,961
		Countrywide Publications	5,173
		Jorben Luxury Hotel Guides	7,699
		Katrin Oswald	3,482
		K.K.Kojimachi Direction	20,298
		Lets Go Kids	1,784
		Paydirt Media	25,550
		The Perth Express	3,132
		Philapress Zeitschriften	8,251
		Renniks Publications	1,773
		Tourism Brochure Exchange	2,950
		Travelwest Publications	9,693
		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 Gold Corporation and its controlled entities (the Group) which comprise the Consolidated Statement of Financial Position as at 30 June 2020, 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 2020 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 Responsibility 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.

Emphasis of Matter

Attention is drawn to Note 37 of the financial statements which explains that elements of Gold Corporation's risk assessment process in respect of responsible sourcing require strengthening, and that a corrective action plan is being implemented. My opinion is not modified in respect of this matter.

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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by 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 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 2020.

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 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 non-compliance 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 Gold Corporation for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 Gold Corporation are relevant and appropriate to assist users to assess the agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

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 entity'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 Gold Corporation for the year ended 30 June 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
15 September 2020

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.
- 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.
- 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

	2015-16	2016-17	2017-18	2018-19	2019-20	Target
The key effectiveness indicators for outcome No. 1 are:						
1 Global market share of Australian gold bullion coins (Note 1)	7%	7%	8%	7%	7%	12%
2 Coins and bars – value-added to gold, silver and platinum (Note 2)						
(a) Total premium income	\$80.7m	\$59.5m	\$49.7m	\$51.9m	\$84.9m	\$50.6m
(b) Total premium income expressed as a percentage of precious metal value	6.5%	5.6%	6.3%	5.4%	3.9%	5.4%
3 Estimated proportion of Australian gold doré production refined by The Perth Mint (Note 3)	94%	91%	90%	93%	87%	90%
4 Return on equity (Note 4)	29.7%	18.4%	7.9%	10.3%	31.1%	10.4%
5 Dividends/income tax equivalent payable to the Western Australian Government (Note 5)	\$15.6m	\$31.0m	\$16.2m	\$9.0m	\$6.0m	\$13.2m
The key effectiveness indicators for outcome No. 2 are:						
6 (a) Visitors to Perth Mint Exhibition (Note 6)	67,000	68,000	74,000	73,000	60,000	75,000
(b) Visitors' satisfaction level	99.4%	99.4%	99.7%	99.7%	99.5%	99.9%

Notes:

- The figures are based on Gold Fields Mineral Services data for the previous calendar year. Market share remained broadly consistent with previous years.
- 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. Premium income was above target as a result of additional demand for the Corporation's products due to uncertainty arising from the COVID-19 pandemic.
- This calculation is based on the refinery's audited records as a percentage of total Australian gold doré production from publicly available data. The reduction experienced in 2019-20 is primarily due to increases in production volume for various gold mines that are refined by other refineries.
- The percentages show Gold Corporation's return on equity for each respective financial year, based on ordinary activities before income tax (and excluding profit attributable to non-controlling interests). This performance measure is referred to in the Gold Corporation Act 1987 WA. Return on equity was well above target as a result of additional demand for the Corporation's products due to uncertainty arising from the COVID-19 pandemic.
- 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. The reduction in 2019-20 was primarily attributable to timing differences on income tax payments which will be trued up in the 2020-21 period.
- (a) Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic. These were below target due to the closure of the Exhibition in March 2020 and extending through to the end of the period owing to COVID-19 restrictions.
(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.

	2015-16	2016-17	2017-18	2018-19	2019-20	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	1.16%	0.57%	0.47%	0.53%	0.61%	0.40%
2 Staff costs as a proportion of trading profit (Note 2)	36.32%	35.87%	43.61%	38.35%	29.84%	40.36%
The key efficiency indicator for service No. 2 is:						
3 Average cost per Exhibition visitor expressed as an index (Note 3)	263	208	189	185	227	195

Notes:

- 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.
- 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 2019-20 proportion was favourable against the target due to the significant increase in trading profit during the period as a result of additional demand for the Corporation's products due to uncertainty arising from the COVID-19 pandemic.
- 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 significantly in 2019-20 as the Exhibition was closed during the period owing to COVID-19 restrictions.

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 2020.

S M C WALSH AO
Chairman

R G HAYES
Executive Director

11 September 2020

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 2020, and the financial position as at 30 June 2020.

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 AO
Chairman

R G HAYES
Executive Director

C J PREUSS
Chief Financial Officer

11 September 2020

Gold Corporation
Trading as The Perth Mint
ABN 98 838 298 431

Financial Report - 30 June 2020

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue from contracts with customers	4	23,865,821	18,070,297
Finance income		1,194	1,443
Revaluation increase in buildings	5	174	37
Other income		216	656
Net foreign exchange gains		238	385
Fair value gains on assets at fair value through profit or loss	35	26,928	5,727
Expenses			
Cost of goods sold	6	(23,720,830)	(17,973,689)
Employee benefits expense	7	(43,266)	(37,047)
Materials and services		(42,401)	(33,670)
Depreciation and amortisation expense	6	(8,741)	(7,241)
Loss on disposal of assets		(8)	(4)
Impairment of assets	6	(750)	(2,912)
Finance costs		(4,056)	(4,604)
Revaluation decrease in buildings	5	(45)	(394)
Profit before income tax expense		74,474	18,984
Income tax expense	8	(16,280)	(5,315)
Profit after income tax expense for the year		58,194	13,669
Profit is attributable to:			
Owner of Gold Corporation	25	31,266	7,942
Non-controlling interests		26,928	5,727
		58,194	13,669

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 2020
(continued)

	Notes	2020 \$'000	2019 \$'000
Other Comprehensive Income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		17	(20)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of land and buildings	13	(169)	(1,291)
Changes in the fair value of cash flow hedges		-	(350)
Income tax on items of other comprehensive income	8	51	492
Total other comprehensive loss for the year		(101)	(1,169)
Total comprehensive income for the year		58,093	12,500
Total comprehensive income for the year is attributable to:			
Owner of Gold Corporation		31,165	6,773
Non-controlling interests		26,928	5,727
		58,093	12,500

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 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	127,082	123,246
Trade and other receivables	10	886,277	534,595
Inventories	11	5,996,743	3,985,709
Derivative assets		1,832	653
Income tax refund due		-	1,645
Other	12	5,794	4,762
Total current assets		7,017,728	4,650,610
Non-current assets			
Property, plant and equipment	13	95,579	92,017
Intangibles	14	20,839	14,040
Deferred tax assets	15	354	923
Right-of-use assets	27	17,404	-
Total non-current assets		134,176	106,980
Total assets		7,151,904	4,757,590
LIABILITIES			
Current liabilities			
Trade and other payables	16	202,119	98,250
Borrowings - interest bearing	17	1,721,461	1,225,660
Derivative liabilities		1,249	728
Income tax payable		10,985	-
Employee benefits	18	5,436	4,885
Provisions	19	5,380	2,711
Precious metal borrowings	20	4,676,918	3,227,991
Lease liabilities	27	1,353	-
Total current liabilities		6,624,901	4,560,225
Non-current liabilities			
Provisions	21	8,799	8,100
Employee benefits	22	555	419
Other non-current liabilities		-	1,952
Lease liabilities	27	19,295	-
Total non-current liabilities		28,649	10,471
Total liabilities		6,653,550	4,570,696
Net assets		498,354	186,894

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 2020
 (continued)

	Notes	2020 \$'000	2019 \$'000
EQUITY			
Issued capital	23	31,603	31,603
Reserves	24	15,454	15,555
Retained profits	25	105,892	81,262
Capital and reserves attributable to the owner of Gold Corporation		152,949	128,420
Non-controlling interests	35(a)	345,405	58,474
Total equity		498,354	186,894

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 2020

	Attributable to owners of Gold Corporation					Total equity \$'000	
	Notes	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000		Non-controlling interests \$'000
Opening balance at 1 July 2018		31,603	16,724	78,311	126,638	-	126,638
Adjustment on adoption of AASB 9		-	-	(2)	(2)	-	(2)
Restated opening balance 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		-	-	-	-	1,622	1,622
Transactions with non-controlling interests of the Perth Mint Physical Gold ETF	35	-	-	-	-	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 changes in equity
For the year ended 30 June 2020
(continued)

	Attributable to owners of Gold Corporation						
	Notes	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2019		31,603	15,555	81,262	128,420	58,474	186,894
Adjustment on adoption of AASB 16		-	-	(677)	(677)	-	(677)
Restated opening balance at 1 July 2019		31,603	15,555	80,585	127,743	58,474	186,217
Profit after income tax expense for the year		-	-	31,266	31,266	26,928	58,194
Other comprehensive loss for the year, net of tax		-	(101)	-	(101)	-	(101)
Total comprehensive income for the year		-	(101)	31,266	31,165	26,928	58,093
Transactions with owners in their capacity as owners:							
Transactions with non-controlling interests of the Perth Mint Physical Gold ETF	35	-	-	-	-	260,003	260,003
Dividends paid	26	-	-	(5,959)	(5,959)	-	(5,959)
Total transactions with owners		-	-	(5,959)	(5,959)	260,003	254,044
Closing balance at 30 June 2020		31,603	15,454	105,892	152,949	345,405	498,354

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 2020

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,688,279	10,434,013
Payments to suppliers and employees (inclusive of GST)		(14,660,666)	(10,332,473)
		<u>27,613</u>	<u>101,540</u>
Interest and other finance income/revenue received		6,850	6,768
Interest and other finance costs paid		(3,949)	(4,414)
Net cash inflow from operating activities	36	<u>30,514</u>	<u>103,894</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(10,270)	(6,691)
Payments for intangibles		(9,557)	(5,969)
Net cash used in investing activities		<u>(19,827)</u>	<u>(12,660)</u>
Cash flows from financing activities			
Principal element of lease payments		(892)	-
Net cash flows used in financing activities		<u>(892)</u>	<u>-</u>
Cash flows to State Government			
Income tax equivalent paid		-	(4,055)
Dividend paid		(5,959)	(4,989)
Net cash to State Government		<u>(5,959)</u>	<u>(9,044)</u>
Net increase in cash and cash equivalents		3,836	82,190
Cash and cash equivalents at the beginning of the financial year		123,246	41,056
Cash and cash equivalents at the end of the financial year	9	<u>127,082</u>	<u>123,246</u>

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

Gold Corporation
Notes to the consolidated financial statements
30 June 2020

Contents of the notes to the consolidated financial statements

	Page
1 General information	10
2 Significant accounting policies	10
3 Critical estimates, judgements and assumptions	24
4 Revenue from contracts with customers	25
5 Revaluation increase/(decrease)	25
6 Expenses	26
7 Employee benefits expense	27
8 Income tax expense	27
9 Current assets - cash and cash equivalents	28
10 Current assets - trade and other receivables	29
11 Current assets - inventories	32
12 Current assets - other current assets	32
13 Non-current assets - property, plant and equipment	32
14 Non-current assets - intangible assets	35
15 Non-current assets - deferred tax	36
16 Current liabilities - trade and other payables	37
17 Current liabilities - borrowings - interest bearing	37
18 Current liabilities - employee benefits	37
19 Current liabilities - provisions	38
20 Current liabilities - precious metal borrowings	39
21 Non-current liabilities - provisions	40
22 Non-current liabilities - employee benefits	41
23 Equity - issued capital	41
24 Equity - reserves	42
25 Equity - retained profits	43
26 Equity - dividend	43
27 Leases	43
28 Financial risk management	46
29 Fair value measurement	54

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

30	Key management personnel disclosures	58
31	Related party transactions	59
32	Remuneration of auditors	60
33	Contingent liabilities	60
34	Commitments	61
35	Subsidiaries	61
36	Cash flow information	64
37	Events occurring after the reporting period	64
38	Explanatory statement	65

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(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 11 September 2020. 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 2020
(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 16 Leases

The consolidated entity has adopted AASB 16 Leases retrospectively from 1 July 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. The new accounting policies are disclosed in note 27.

On adoption of AASB 16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.2%.

(1) Measurement of lease liabilities

The reconciliation of operating lease commitments to lease liabilities is as follows:

	\$'000
Operating lease commitments disclosed as at 30 June 2019	28,114
Discounted using the lessee's incremental borrowing rate of at the date of initial application	21,343
Less short-term leases not recognised as a liability	(17)
Add contracts reassessed as lease contracts	84
Total	21,410
Of which are:	
Current lease liabilities	1,389
Non-current lease liabilities	20,021
Total	21,410

(2) Adjustments recognised in the balance sheet on 1 July 2019

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets - increase by \$18,593,000
- Deferred tax assets - increase by \$291,000
- Lease liabilities - increase by \$21,410,000
- Other non-current liabilities - decrease by \$1,849,000

The net impact on retained earnings on 1 July 2019 was a decrease of \$677,000, net of tax.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(b) 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*.

(c) 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.

(d) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Gold Corporation ('company' or 'parent entity') and its subsidiaries as at 30 June 2020. Gold Corporation and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(d) Principles of consolidation (continued)

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*.

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.

(e) 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.

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

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(e) Revenue recognition (continued)

(i) Sale of goods (continued)

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 revenue is charged separately to the customer and consequently no adjustment to the value recognised for the sale of goods is necessary. Any such finance revenue is recognised over time using the effective interest method.

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(e) Revenue recognition (continued)

(i) Sale of goods (continued)

Recognition (continued)

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.

(f) 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(g) 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. Exchange differences arising on consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss, as part of the gain or loss on sale.

(h) Financial instruments

(i) Derivative financial instruments

Where the consolidated entity commits a sale or purchase of metal in advance of the settlement date, the difference between the committed price and the fair value of the metal is recognised as a derivative asset or liability.

The consolidated entity may also 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.

(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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(h) Financial instruments (continued)

(ii) Cash flow hedge (continued)

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.

(i) 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 in 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(i) Income tax (continued)

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).

(j) 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.

(k) 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.

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.

(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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(k) Trade and other receivables (continued)

(iii) Other receivables

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

(l) 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.

(m) 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 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.

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

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(m) Property, plant and equipment (continued)

(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 \$5,000 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 \$5,000 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).

(n) 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.

(o) 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.

(p) 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 20 days of recognition.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(q) 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.

(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.

(r) 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(r) Employee benefits (continued)

(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.

(s) 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.

(t) Dividends

Dividends are recognised when declared during the financial year.

(u) 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.

(v) Operating Leases

Prior to the adoption of AASB 16 on 1 July 2019, leases under which all risks and benefits of ownership are effectively retained by the lessor were classified as operating leases. Operating lease payments were charged to the consolidated statement of profit or loss and other comprehensive income in the periods in which they were incurred over the term of the lease, as this represented the pattern of benefits derived from the leased assets.

(w) 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 29.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

2 Significant accounting policies (continued)

(w) Fair value measurement (continued)

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 29.

(x) 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.

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 consolidated statement of financial position.

Applicable precious metal transactions are subject to the Reverse Charge regime. For such transactions, the GST is not paid to the supplier and is 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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 29.

(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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

4 Revenue from contracts with customers

	2020	2019
	\$'000	\$'000
Revenue from contracts with customers		
Sale of goods	23,827,576	18,035,692
Provision of services	32,493	27,819
Finance revenue	5,752	6,786
Total Revenue	23,865,821	18,070,297

5 Revaluation increase/(decrease)

	2020	2019
	\$'000	\$'000
Revaluation decrease in buildings (note 13(a))	(45)	(394)
Revaluation increase in buildings (note 13(a))	174	37
Revaluation increase / (decrease)	129	(357)

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

6 Expenses

	2020	2019
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold buildings	1,146	1,156
Freehold buildings	675	728
Plant, property and equipment	4,650	4,698
Right-of-use assets	1,319	-
Total depreciation	7,790	6,582
Amortisation		
Software	951	659
Total depreciation and amortisation	8,741	7,241
Trading profit		
Revenue from contracts with customers	23,865,821	18,070,297
Opening trading inventories	3,985,709	3,348,875
Purchases	25,731,864	18,610,523
Less closing trading inventories	(5,996,743)	(3,985,709)
Cost of goods sold	23,720,830	17,973,689
Trading profit	144,991	96,608
Impairment		
Impairment of assets	750	2,912

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

7 Employee benefits expense

	2020	2019
	\$'000	\$'000
Wages and salaries (a)	36,772	31,148
Superannuation	3,222	2,930
Annual leave (b)	2,651	2,380
Long service leave (b)	621	589
Total employee benefits	43,266	37,047

(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

	2020	2019
	\$'000	\$'000
Income tax expense		
Current tax on profits for the year	15,179	4,305
Deferred tax - origination and reversal of temporary differences	(962)	(488)
Adjustments for current tax of prior periods	190	517
Adjustments for deferred tax of prior periods	1,873	981
Aggregate income tax expense	16,280	5,315

Numerical reconciliation of income tax expense and tax at statutory rate

Profit before income tax expense	74,474	18,984
Tax at the Australian tax rate of 30.0% (2019 - 30.0%)	22,342	5,695
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	18	37
Government grants exempted from tax	(65)	(197)
Effect of the Perth Mint Physical Gold ETF not being subject to federal income tax in the USA	(8,078)	(1,718)
Adjustments recognised for current tax of prior periods	190	517
Adjustments recognised for deferred tax of prior periods	1,873	981
Income tax expense	16,280	5,315

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

8 Income tax expense (continued)

Numerical reconciliation of income tax expense to prima facie tax payable (continued)

In addition, in 2020 the consolidated entity recognised deferred tax amounts directly in retained earnings of \$291,000 (2019: nil) as a result of the adoption of AASB 16 leases (see note 2(a)).

	2020	2019
	\$'000	\$'000
Amounts charged/(credited) directly to reserves		
Current tax liabilities	-	(105)
Deferred tax assets/liabilities (note 15)	(51)	(387)
	(51)	(492)

9 Current assets - cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash on hand	60	40
Cash at bank	127,022	123,206
Total cash and cash equivalents	127,082	123,246

(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 28.

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

10 Current assets - trade and other receivables

	2020 \$'000	2019 \$'000
Trade receivables	38,251	6,937
Provision for impairment	(7)	(5)
	<u>38,244</u>	<u>6,932</u>
Receivables and advances to customers at fair value (ii)	842,919	523,123
Other receivables	5,114	4,540
Total trade and other receivables	<u>886,277</u>	<u>534,595</u>

(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 at fair value through profit and loss.

The commodity price risk associated with these receivables is managed as outlined in note 28. 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 28.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

10 Current assets - trade and other receivables (continued)

(iii) Impairment and risk exposure (continued)

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.

The expected loss rates are based on the payment profiles of sales over the previous 36 months 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 consolidated entity 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 2020 and 30 June 2019 was determined to be as follows:

	2020	2019
	\$'000	\$'000
Gross receivables	38,251	6,937
Expected credit loss provision	(7)	(5)
	38,244	6,932

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

10 Current assets - trade and other receivables (continued)

(iv) Impairment of trade receivables (continued)

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

	2020	2019
	\$'000	\$'000
Opening balance	5	27
Amounts restated through retained earnings on 1 July 2018	-	2
Additional provisions recognised	14	3
Receivables written off during the year as uncollectible	(12)	(27)
Closing balance	7	5

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.

(v) Past due but not impaired

Customers with balances past due but without provision for impairment of trade receivables amount to \$1,766,000 as at 30 June 2020 (30 June 2019: \$694,000).

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:

	2020	2019
	\$'000	\$'000
0 to 3 months overdue	1,605	659
3 to 6 months overdue	161	35
Total past due but not impaired	1,766	694

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

11 Current assets - inventories

	2020	2019
	\$'000	\$'000
Precious metal - at fair value	5,982,923	3,971,676
Finished goods - at lower of cost and net realisable value	11,854	12,108
Work in progress - at cost	801	824
Consumables - at lower of cost and net realisable value	1,165	1,101
Total inventories	5,996,743	3,985,709

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 \$949,000 was recognised in 2020 for inventories carried at net realisable value (2019: \$493,000). This amount is recognised in cost of sales.

12 Current assets - other current assets

	2020	2019
	\$'000	\$'000
Prepayments	5,794	4,762

13 Non-current assets - property, plant and equipment

	2020	2019
	\$'000	\$'000
Land - at independent valuation	13,800	13,800
Buildings - at independent valuation	41,224	42,503
Decommissioning asset	6,237	6,000
Plant and equipment - at cost	80,722	83,705
Less: accumulated depreciation	(46,404)	(53,991)
Total property, plant and equipment	95,579	92,017

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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

(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 2019 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 \$40,000 (land \$nil and buildings \$40,000).

Included in the total revaluation decrement in 2020 were net building revaluation increments amounting to \$129,000 (2019: net decrements amounting to \$357,000) that were credited (2019: 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. Deferred tax of \$51,000 (2019: \$387,000) was recognised against the decrement of \$169,000 (2019: decrement of \$1,291,000). Net transfer to revaluation reserve thus amounts to \$118,000 (2019: \$904,000).

Information on fair value measurements is provided at note 29.

(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:

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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 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

	Leasehold buildings \$'000	Freehold land \$'000	Freehold buildings \$'000	Plant and equipment \$'000	Assets under construction \$'000	Total \$'000
Year ended 30 June 2020						
Opening net book amount	21,502	13,800	27,001	22,371	7,343	92,017
Additions	-	-	-	-	10,239	10,239
Disposals	-	-	-	(8)	-	(8)
Revaluation surplus (through profit or loss)	140	-	34	-	-	174
Revaluation decrement (through profit or loss)	-	-	(45)	-	-	(45)
Revaluation decrement (through other comprehensive income)	(50)	-	(119)	-	-	(169)
Remeasurement of decommissioning provision	592	-	-	-	-	592
Transfers	211	-	16	4,358	(4,585)	-
Depreciation charge	(1,146)	-	(675)	(4,650)	-	(6,471)
Impairment loss	-	-	-	(750)	-	(750)
Balance at 30 June 2020	21,249	13,800	26,212	21,321	12,997	95,579

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

14 Non-current assets - intangible assets

	2020	2019
	\$'000	\$'000
Software - at cost	25,497	22,743
Less: impairment and accumulated amortisation	(4,658)	(8,703)
Total intangible assets	20,839	14,040

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	Computer software	Total
	\$'000	\$'000	\$'000
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
Year ended 30 June 2020			
Opening net book amount	13,554	486	14,040
Additions	7,750	-	7,750
Transfers	(4,165)	4,165	-
Amortisation expense	-	(951)	(951)
Balance as at 30 June 2020	17,139	3,700	20,839

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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 was 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

	2020	2019
	\$'000	\$'000
Deferred tax asset comprises temporary differences attributable to:		
Deferred tax assets		
Impairment of receivables	2	1
Employee benefits	1,785	1,585
Inventories	874	931
Other payables	7,412	1,173
Decommissioning provision	2,640	2,430
Total deferred tax assets	12,713	6,120
Deferred tax liabilities		
Property, plant and equipment and intangibles	10,488	3,390
Prepayments	-	7
Decommissioning asset	1,871	1,800
Total deferred tax liabilities	12,359	5,197
Net deferred tax assets	354	923
Movements:		
Opening balance	923	1,029
Charged to the profit or loss (note 8)	(911)	(493)
Credited to reserves (note 8)	51	387
Credited to retained earnings (note 8)	291	-
Closing balance	354	923

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

15 Non-current assets - deferred tax (continued)

As at 30 June 2020, the consolidated entity has total carried forward capital losses of \$278,000 (2019: \$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

	2020 \$'000	2019 \$'000
Trade payables	191,295	89,623
Other payables and accrued expenses	10,824	8,627
Total trade and other payables	202,119	98,250

Refer to note 28 for further information on financial instruments.

17 Current liabilities - borrowings - interest bearing

	2020 \$'000	2019 \$'000
Precious metal borrowings - interest bearing	1,721,461	1,225,660

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by the Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987* (WA).

18 Current liabilities - employee benefits

	2020 \$'000	2019 \$'000
Annual leave	2,805	2,372
Long service leave	2,257	2,191
Purchased leave	41	21
Employment on-costs	333	301
Total employee benefits	5,436	4,885

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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

	2020	2019
	\$'000	\$'000
Other Provisions (a)	590	345
Employee Incentive Provisions (b)	4,790	2,366
Total provisions	5,380	2,711

(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 2019	
Carrying amount at the start of the year	371
Payments	(26)
Total	345
	Other provisions
	\$'000
Year ended 30 June 2020	
Carrying amount at the start of the year	345
Additional provisions recognised	413
Payments	(168)
Total	590

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 2020
(continued)

19 Current liabilities - provisions (continued)

(a) Movement in provisions (continued)

	2020 \$'000	2019 \$'000
Classification of provisions		
Current portion	5,380	2,711
Non-current portion*	-	106
	5,380	2,817

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

(b) Incentive plan

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.

In the 2020 financial year the consolidated entity did exceed its return on equity target, so employees will be eligible for incentive payments in total of \$2,810,000 (2019: incentive payments of \$1,400,000).

A separate scheme was approved by the Board in 2014 that is limited to Treasury staff. The purpose of this scheme was 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 was to be deferred one year and subject to the employee remaining employed by Gold Corporation at the time the payment is made. In June 2019 notice was served that the scheme was to be discontinued, with the 2020 financial year being the last period that the scheme will accrue. In accordance with the terms of the scheme, the deferred portion became current upon notification to the relevant staff that the scheme was being discontinued. As such, the final payment under the scheme will be paid during the 2021 financial year.

20 Current liabilities - precious metal borrowings

	2020 \$'000	2019 \$'000
Precious metal borrowings - non-interest bearing	4,676,918	3,227,991

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

20 Current liabilities - precious metal borrowings (continued)

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by the Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987 (WA)*.

21 Non-current liabilities - provisions

	2020 \$'000	2019 \$'000
Decommissioning provision	8,799	8,100

(a) Movements in provisions

Movements in the provision during the financial year are set out below:

Year ended 30 June 2019	\$'000
Opening balance	7,251
Unwinding of discount	190
Remeasurement	659
Balance as at 30 June 2019	8,100
Year ended 30 June 2020	
Opening balance	8,100
Unwinding of discount	107
Remeasurement	592
Balance as at 30 June 2020	8,799

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

22 Non-current liabilities - employee benefits

	2020	2019
	\$'000	\$'000
Long service leave	520	393
Employment on-costs	35	26
Total employee benefits	555	419

(a) Superannuation commitments

The consolidated entity contributes to a superannuation fund, the IOOF Employer Super, which is operated and administered 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

	2020	2019	2020	2019
	Shares	Shares	\$'000	\$'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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

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 2020 the return was 31.1% (2019: 10.3%).

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

24 Equity - reserves

	2020	2019
	\$'000	\$'000
Asset revaluation (a)	15,457	15,575
Foreign currency translation	(3)	(20)
	15,454	15,555

(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
30 June 2020
(continued)

25 Equity - retained profits

	2020	2019
	\$'000	\$'000
Retained profits at the beginning of the financial year	81,262	78,311
Change in accounting policy AASB 9	-	(2)
Change in accounting policy AASB 16	(677)	-
Restated retained profits at the beginning of the financial year	80,585	78,309
Profit after income tax expense for the year	31,266	7,942
Dividends paid (note 26)	(5,959)	(4,989)
Retained profits at the end of the financial year	105,892	81,262

26 Equity - dividend

	2020	2019
	\$'000	\$'000
Government of Western Australia	5,959	4,989

In accordance with subsection 21(4) of the *Gold Corporation Act 1987* (WA), the Board recommended to the Treasurer that an amount of \$23,450,000 (2019: \$5,959,000) be payable as dividend for the financial year ended 30 June 2020. 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 Leases

This note provides information for leases where the consolidated entity is a lessee.

(a) Assets and liabilities recognised relating to leases

The consolidated entity recognised the following amounts relating to leases:

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

27 Leases (continued)**(a) Assets and liabilities recognised relating to leases (continued)**

	30 June 2020 \$'000	1 July 2019 \$'000
Right-of-use assets		
Land	16,768	17,822
Buildings	513	664
Others	123	107
	17,404	18,593
Lease liabilities		
Current	1,353	1,389
Non-current	19,295	20,021
	20,648	21,410

Additions to the right-of-use assets during the 2020 financial year were \$121,000.

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 \$'000	2019 \$'000
Depreciation charge for right-of-use assets		
Land	1,053	-
Buildings	161	-
Other	105	-
	1,319	-
Interest expense (included in finance cost)	660	-
Expense relating to short-term leases (included in cost of goods sold)	105	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in materials and services)	218	-

The total cash outflow for leases in 2020 was \$1,775,000.

(c) The consolidated entity's leasing activities and how these are accounted for

The consolidated entity leases various land, storage facilities, and equipment. The terms of these are various, with the maximum term being until May 2036.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

27 Leases (continued)

(c) The consolidated entity's leasing activities and how these are accounted for (continued)

Until the 2020 financial year, leases of property, plant and equipment were classified as operating leases, see note 2(w) for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the consolidated entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the consolidated entity under residual value guarantees
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the consolidated entity, the consolidated entity uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

The consolidated entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the consolidated entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the consolidated entity revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the consolidated entity.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT equipment.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 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.

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(b) Market risk (continued)

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).

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	
	2020	2019	2020	2019
Australian dollars				
USD	0.6714	0.7156	0.6849	0.7012
EUR	0.6071	0.6270	0.6111	0.6176
JPY	72.6000	79.5114	73.9426	75.7920
GBP	0.5331	0.5527	0.5585	0.5531
CNH	4.7267	4.8825	4.8642	4.8229
NZD	1.0546	1.0670	1.0701	1.0453
CAD	0.9001	0.9467	0.9388	0.9191

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

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

	Assets		Liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
USD	78,845	69,969	(98,331)	(52,068)
EUR	379	99	(433)	(115)
JPY	64	2	-	-
CNH	2	3	(329)	-
NZD	54	62	(198)	(202)
GBP	127	13	(37)	(1)
CAD	-	-	(1,036)	-
	79,471	70,148	(100,364)	(52,386)

The consolidated entity (with the exception of Perth Mint Physical Gold ETF whose functional currency is United States dollars) 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.

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 2019.

Year ended 30 June 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on other equity \$'000		Effect on profit before tax \$'000	Effect on other equity \$'000
USD	10%	21	(48)	10%	(26)	59
EUR	10%	5	-	10%	(6)	-
JPY	10%	(6)	-	10%	7	-
CNH	10%	30	-	10%	(36)	-
NZD	10%	13	-	10%	(16)	-
GBP	10%	(8)	-	10%	10	-
CAD	10%	94	-	10%	(115)	-
		149	(48)		(182)	59

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

Year ended 30 June 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on other equity \$'000		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	-
CAD	10%	-	-	10%	-	-
		1	(19)		(3)	23

(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.

(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. 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(b) Market risk (continued)

(iv) Interest and lease rate risk

	2020		2019	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Variable rate - financial assets interest	0.4%	127,082	1.5%	123,246
Net exposure to cash flow interest/lease rate risk		127,082		123,246

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 2019.

	Impact on pre-tax profit		Impact on other components of equity	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest rates - increase by 50 basis points (50 bps)	635	616	-	-
Interest rates - decrease by 50 basis points (50 bps)	(635)	(616)	-	-

(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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(c) Credit risk (continued)

(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.

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 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade and other receivables (continued)

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 the previous 36 months 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:

	2020	2019
	\$'000	\$'000
Wholesale customers	38,251	6,937

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

	2020	2019
	\$'000	\$'000
Trade and other receivables	886,277	534,595
Cash and cash equivalents	127,082	123,246
	1,013,359	657,841

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(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.

	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
At 30 June 2019					
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)
	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
At 30 June 2020					
Non-derivatives					
Trade payables	(191,295)	-	-	-	(191,295)
Borrowings - interest bearing	(1,721,461)	-	-	-	(1,721,461)
Precious metal borrowings - non interest bearing	(4,676,918)	-	-	-	(4,676,918)
Total non-derivatives	(6,589,674)	-	-	-	(6,589,674)

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

28 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Remaining contractual maturities (continued)

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.

29 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
30 June 2020
(continued)

29 Fair value measurement (continued)

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
At 30 June 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Receivables and advances to customers at fair value	-	842,919	-	842,919
Precious metal inventory	5,982,923	-	-	5,982,923
Buildings	-	-	47,461	47,461
Land	-	-	13,800	13,800
Total assets	5,982,923	842,919	61,261	6,887,103
Liabilities				
Borrowings - interest bearing	1,721,461	-	-	1,721,461
Precious metal borrowings - non interest bearing	4,676,918	-	-	4,676,918
Total liabilities	6,398,379	-	-	6,398,379

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

29 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 years ended 30 June 2020 and 30 June 2019:

	Land \$'000	Buildings \$'000	Total \$'000
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
Opening balance 1 July 2019	13,800	48,503	62,303
Losses recognised in other comprehensive income	-	(169)	(169)
Remeasurement of decommissioning provision	-	592	592
Losses recognised in profit or loss	-	(45)	(45)
Transfers	-	227	227
Depreciation expense	-	(1,821)	(1,821)
Gains recognised in profit or loss	-	174	174
Closing balance 30 June 2020	13,800	47,461	61,261

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

29 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 2020 \$'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	41,224	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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

30 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:

	2020	2019
	\$	\$
Short-term employment benefits	2,217,919	2,268,834
Superannuation	224,424	232,871
Other long-term employment benefits	26,318	78,065
Total employment benefits	2,468,661	2,579,770

Total fees received by non-executive directors were \$478,000 (2019: \$459,000).

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:

	2020	2019
\$0 - \$10,000	1	3
\$10,001 - \$20,000	-	1
\$40,001 - \$50,000	-	2
\$50,001 - \$60,000	-	2
\$60,001 - \$70,000	6	4
\$620,001 - \$630,000	1	1
	8	13

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

30 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:

	2020	2019
\$240,001 - \$250,000	-	1
\$270,001 - \$280,000	1	-
\$280,001 - \$290,000	1	-
\$300,001 - \$310,000	-	2
\$350,001 - \$360,000	1	-
\$370,001 - \$380,000	1	-
\$630,001 - \$640,000	-	1
	4	4

31 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 \$455,000 (2019: \$317,000) (Note 22); and
- audit fees payable to the Auditor General (Note 32).

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

31 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.

32 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:

	2020	2019
	\$	\$
<i>Office of the Auditor General</i>		
Audit of financial statements and key performance indicators	250,000	188,000

33 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 2020.

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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

34 Commitments

(a) Capital commitments

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

	2020	2019
	\$'000	\$'000
Capital commitments - property, plant and equipment		
Within one year	6,328	8,116
Total capital commitments	6,328	8,116

35 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:

Name of entity	Country of incorporation	Equity holding	
		2020	2019
		%	%
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	33	69
W.A. MINT PTY. LTD.	Australia	100	100

(a) Non-controlling interests (NCI)

Perth Mint Physical Gold ETF (the "Trust") was formed pursuant to a Trust Agreement inception 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.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

35 Subsidiaries (continued)**(a) Non-controlling interests (NCI) (continued)**

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.

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.

	Perth Mint Physical Gold ETF	
	2020	2019
	\$'000	\$'000
Summarised balance sheet		
Current assets	514,452	190,449
Current liabilities	73	27
Current net assets	514,379	190,422
Non-current net assets	-	-
Net assets	514,379	190,422
Accumulated NCI	345,405	58,474
	Perth Mint Physical Gold ETF	
	2020	2019
	\$'000	\$'000
Summarised statement of comprehensive income		
Profit for the period	63,812	27,288
Total comprehensive income	63,812	27,288
Profit allocated to NCI	26,928	5,727

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

35 Subsidiaries (continued)

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

Perth Mint Physical Gold ETF as a stand-alone entity earned profit for the period of \$63,812,000 (2019: \$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 28(b)(iii). The gain on the precious metal inventory within the Perth Mint Physical Gold ETF attributable to the owner of Gold Corporation is offset by an equivalent loss on the position to manage the associated metal price risk, resulting in a profit of \$26,928,000 (2019: \$5,727,000) to the consolidated entity, which is 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 \$267,369,000 (2019: \$51,125,000) which has been recorded as an increase in non-controlling interest.

Perth Mint Physical Gold ETF redeemed some shares held by non-controlling interests during the year. The value of the consideration paid was \$7,271,000 (2019 since acquisition \$nil) which has been recorded as a decrease in non-controlling interest.

During the period, some shareholders of the Perth Mint Physical Gold ETF have exercised their right to exchange their shares in the ETF for physical gold products supplied by Gold Corporation. The impact of these transactions is that Gold Corporation has acquired additional shares in the ETF in exchange for gold products with a fair value of \$95,000 (2019 since acquisition \$nil) which has been recorded as a decrease in non-controlling interest.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

36 Cash flow information

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

	2020 \$'000	2019 \$'000
Profit after income tax expense for the year	58,194	13,669
Depreciation and amortisation	8,741	7,241
Provision for doubtful debts	2	3
Revaluation of land and buildings	(129)	357
Impairment of intangible assets	750	2,912
Fair value gains on assets at fair value through profit and loss	(26,928)	(5,727)
Amounts credited to provisions for income tax equivalents	16,280	5,315
Unwinding of discount on provisions	107	190
Change in operating assets and liabilities:		
Increase in employee benefits	687	267
(Increase)/decrease in precious metal holdings	(99,367)	53,487
Decrease/(increase) in inventories	213	(1,033)
Increase in prepayments	(1,032)	(476)
(Increase)/decrease in receivables	(31,971)	8,656
Increase in payables	102,865	17,699
Increase in provisions	2,318	1,600
Decrease in income taxes payable	(216)	(656)
Increase in other non current liabilities	-	390
Net cash inflow from operating activities	30,514	103,894

37 Events occurring after the reporting period

The London Bullion Market Association ("LBMA") invoked an Incident Response Process (IRP) on 12 June 2020 in response to a newspaper article on 11 June 2020 on the Corporation's sourcing of gold from Papua New Guinea.

On 7 August 2020 the LBMA issued a press release stating "Following the conclusion of this IRP, The Perth Mint remains a Good Delivery List Refiner. LBMA did not find any instances of zero-tolerance non-conformance." They further noted that there were elements of the Mint's risk assessment process that required strengthening through a Corrective Action Plan (CAP), for example, Papua New Guinea was rated by Perth Mint as a medium risk country rather than the LBMA's assessment of high risk. The CAP is well underway and policies are being enhanced accordingly.

Gold Corporation
Notes to the consolidated financial statements
30 June 2020
(continued)

38 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 2019/2020 projected an operating result before income tax equivalent of \$13.95 million against an actual profit before income tax equivalent (attributable to the owner of Gold Corporation) of \$47.55 million. This favourable variance was primarily driven by a surge in demand for the consolidated entity's products during the year due to uncertainty arising from the COVID-19 pandemic.

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 \$23.87 billion in 2020 was 32% higher than the \$18.07 billion revenue in 2019 due primarily to increased precious metal prices throughout the year.

(ii) *Cost of sales*

Cost of sales in 2020 of \$23.72 billion was 32% increased from the \$17.97 billion cost of sales in 2019, in line with the increase 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 \$26.93 million in 2020 compared to \$5.73 million in 2019. This income has arisen as a result of the consolidation of the Perth Mint Physical Gold ETF and is entirely attributable to non-controlling interests (note 35). The increase was primarily attributable to the increase in the AUD gold price during the year, as well as an increased non-controlling ownership interest throughout the year.

(iv) *Employee benefits expense*

Employee benefits expense was \$43.27 million in 2020 compared to \$37.05 million in 2019, with the increase primarily attributable to higher labour costs arising from increased production volumes during the year.

(v) *Materials and services*

Materials and services expense was \$42.40 million in 2020 compared to \$33.67 million in 2019, with the increase attributable to increased production volumes during the year.