THE PERTH MINT AUSTRALIA

Gold Corporation
Annual Report 2015/16

2016


9964

15 September 2016

The Honourable Colin Barnett MEc MLA
Premier; Minister for Tourism; Science
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 2016.

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

D Mackay-Coghill
Chairman

R G Hayes
Executive Director

The Year in Brief 2016

$9.01 billion
annual turnover

$41.04 million
annual profit before tax

$15.62 million
dividend and tax equivalent paid to the Government of Western Australia

$5.13 million
capital expenditure spend

$3.11 billion
of client metal on deposit

94%
(6.88 million ounces worth $11.04 billion) of gold produced in Australia as doré was refined. Total refining throughput was 33.8 million ounces of gold and silver doré

79%
of gold refined was supplied as value-added bars, with a gross value of $13.14 billion

16.22 million
coins, medallions and minted bars were sold, valued at $1.3 billion

67,000
visitors to the Perth Mint Exhibition

Our Strategic Intent

Our intent is to be a global leader in the precious metals business, achieved by:

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

Our Vision

To create and deliver outstanding value to all our stakeholders in a safe, environmentally sound and commercially fair manner.

Our Values

Excellence, Ethics and Equity

Our values form the basis of how we act towards each other and how we do business with our customers and suppliers.

Safety
We place the safety of our people and our environment at the heart of everything we do. No job is so important that it cannot be done safely.

Customer Focus
Our customers and their needs are our priority.

Productivity and Cost Consciousness
We are productive in our working practices and cost effective in our choices.

Accountability
We define and accept responsibility for our own actions and outcomes. We are accountable for delivery of our own objectives and hold others accountable for theirs.

Integrity
We are honest in our words and actions. We do what we say we will do. We are fair in our dealings with others.

Our Charter

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

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

Promote

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

Refine

- To crush, mill, recover, extract, process, smelt, sample, refine, assay and work precious metals
- To maintain the Corporation's reputation, qualifications, skills and international accreditations

Distribute

- To maximise value added and export income from precious metals

Mint

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

Store

- To provide storage and safekeeping facilities for precious metals

Services

- To provide technical and consulting services

Tourism

- To promote Perth as a destination

A momentous year for Gold Corporation

The past year has been a momentous one for Gold Corporation and The Perth Mint. The year commenced with the appointment of a new Chairman, Chief Executive Officer and executive team, including the creation of two new executive roles: Chief Commercial Officer and Chief Operating Officer. The Board has also been reinvigorated with the appointment of three new Board members, all of whom have been carefully selected and have skill-sets pertinent to the requirements of Gold Corporation's business.

Most notable of the developments during the year was the dismantling of the existing divisional structure, which had become seriously dysfunctional, and its replacement by a new functional structure which has both streamlined and simplified the management of the business. The positive impact of the restructure on the culture and morale of the staff throughout the organisation is palpable.

I am delighted to report a more than doubling of pre-tax profit over that of the previous year to a record $41.04 million. Despite the perceived attractiveness of some equity markets (especially in the United States), falling bond rates, stagnant real estate sectors, a slowing Chinese economy and geopolitical tensions all combined to encourage cautious flows of funds back into the precious metals sector. Listed exchange traded funds were the main beneficiary, supported by a gold price at an annual high of USD 1,340 at the end of June 2016, up from a low of a little under USD 1,060 in December 2015.

The refinery had another successful year maintaining its accreditation status with all the various global precious metals market associations and exchanges. Australia retained its status as the world's second largest gold producer after China and is expected to remain so for the foreseeable future. Refinery gold throughput remained steady in the face of stiff competition, mainly from overseas refineries, and it is pleasing to note that no material contracted volumes were lost.

The highlight of the year was the introduction of the new 1oz 99.99% Silver Kangaroo coin in September 2015 to world acclaim. From initial sales projections of 5.5 million pieces in the first twelve months, more than 10 million pieces were sold in the first 10 months following its launch. This was an outstanding achievement in light of the prevailing market conditions and provided a welcome lift to the Corporation's profitability. The Mint's new state-of-the-art silver coin blanking facility was commissioned early in the year, enabling coin and minted bar production volumes to triple over those of the previous twelve months. As a result, The Perth Mint is now well placed to take advantage of any upturn in either coin blank or finished coin demand.

The value of precious metals held in The Perth Mint Depository increased from $2.69 billion in 2014/15 to $3.11 billion in 2015/16. This world class facility provides multiple storage options to more than 30,000 clients worldwide looking for an exposure to precious metals without the need to take physical delivery. Backed by the Government of Western Australia, The Perth Mint Depository has become a strategically important location for those investors wishing to protect themselves from the vagaries of traditional asset investment classes.

Gold Corporation is Western Australia's sixth largest exporter. The Corporation trades on its underlying pillars of trust, integrity, quality and innovation and is driven by its core values of excellence, ethics and equity. On these it has built a pre-eminent reputation in the world's precious metals markets. Its client base now exceeds 100,000 and spans well over 100 countries. The many successes it has achieved over the years would not have been possible without the dedication and loyalty of its many agents, dealers, banks and other counterparties which distribute and promote its products. The global coverage The Perth Mint has achieved could not have been accomplished without the assistance of its business partners, and thus I would like to extend my sincere thanks to all of them for their continuing efforts on our behalf.

Gold Corporation's business and profits have grown significantly since its inception with the introduction of the *Gold Corporation Act i*n 1987. The ever increasing products and services which have been developed, and which have evolved from the vertically integrated nature of its business model, have established The Perth Mint's reputation as a global leader in the precious metals industry. Substantial investments have been, and will continue to be, made to increase capacity, productivity and quality whilst maintaining a strong focus on occupational health and safety and environmental compliance. These investments, all funded from internal resources, will ensure the Corporation's success into the future.

The case for precious metals remains compelling, notwithstanding a recent slowing of demand in the markets. Unresolved sovereign debt issues, continuing enormous global fiscal stimulus and slowing bond and property markets remain positive factors for gold and silver as an alternate, safe haven class. The outlook for 2016/17 is less optimistic compared with the past year but is still expected to produce a positive result.

Demand for physical precious metal products has slowed considerably in recent months with demand for minted products having turned negative in the United States. Notwithstanding this, there will almost certainly be opportunities which will present themselves during the year and it will be essential that these are identified and seized upon where appropriate.

Much work has been done over the past twelve months to rebuild the Corporation's marketing function which had declined markedly in recent years. The appointment of a newly created Group Manager, Marketing Services, will ensure that a focus is maintained on this all important function across the breadth of the business. This, coupled with a renewed sense of flexible thinking, agility and a greater sense of working together will ensure the Corporation is well placed to meet the challenges of the future.

Another area in which huge strides have been made during the year is Information Technology which has been brought under the purview of the newly appointed Chief Commercial Officer, who has also been given responsibility for the development of the E-Future and E-Commerce platforms. These are crucial developments which will underpin the growth of the business moving forward.

I would like to thank the Minister responsible for Gold Corporation, the Honourable Colin Barnett MLA, Premier; Minister for Tourism; and Science for his unerring support and keen interest. I would also like to thank my fellow Board members for their dedication and enthusiasm and in so doing acknowledge the extra effort of those serving on the various Board Committees.

Finally, I would like to acknowledge the efforts and achievements of Richard Hayes and his management team over the past twelve months. It has taken a supreme effort on their part and that of employees overall to have accomplished what has been achieved in the first year under new management. Their enthusiasm is infectious and the outstanding result achieved in 2015/16 is testament to their endeavours.

Don Mackay-Coghill
Chairman

The Year in Review

I commenced in the role of Chief Executive Officer at a time of great challenge for Gold Corporation, which operates in many of its markets as The Perth Mint. Following three years of increasingly difficult trading conditions for the Corporation, I am delighted to report an outstanding result for 2015/16 – our best performance on record. The launch of the new 1oz Silver Kangaroo bullion coin in September 2015 was met with great acclaim in our international markets, most notably the United States and Germany. Initial sales predictions were almost doubled in the nine months to June 2016, providing strong demand pull-through for our minted product lines. This and a number of other initiatives provided the foundation for the posting of a record profit before tax.

In my first year as Chief Executive Officer, Gold Corporation has undergone significant change and renewal. The Corporation has been restructured to take advantage of its vertical integration through the precious metals value chain, primarily to recognise the changing nature and needs of our clients and customers, but also to provide an environment of greater decision making ability and accountability both for the Executive team as well as others within the Corporation. This saw the creation of two new executive roles – one to bring together the physical operations of the Corporation and the other to group together the Corporation's client-facing functions under single titular heads. Duplicated functions have been merged and costs have been eliminated where appropriate.

The year also saw the appointment of a new Chairman, Donald Mackay-Coghill. A former CEO of the Corporation, Don brings to the Board not only a wealth of experience in the precious metals industry but also a practical, direct approach. The Corporation also welcomed the appointment to the Board of four new Directors – Peter Unsworth, a former Director and Chairman of the Corporation from 1996 to 2008, Liam Twigger, Managing Director of PCF Capital Group, John O'Connor, a former Managing Partner of PricewaterhouseCoopers, Perth, and Michael Barnes, the Under Treasurer of Western Australia. All are experts in their respective fields of operation. Ron Edwards left the Board at the end of December 2015 following the expiry of his term. I would like to thank Ron for his support and contribution.

For some years, the Corporation had assumed a lower and more subdued profile in many of the markets in which it operates. Following the adoption of a new corporate strategic intent, resources have been allocated to rebuild our profile. A dedicated group-wide marketing function has been established with the aim of ensuring our customers and clients experience a more integrated and cohesive service offering, making it easier to transact with us. This initiative is heavily dependent on upgrading and integrating the ageing software platforms we operate currently. Whilst this initiative will take some time to develop and roll out, it promises to be transformational in the way business is conducted.

We have also taken a leading role in the newly formed Gold Industry Group, whose charter is to ensure the value of the industry to the Australian economy is espoused and embedded through education, issue representation and value proposition. These initiatives will serve to strengthen our brand, reputation and global presence.

A renewed focus on the contribution made by each and every one of our employees has also been undertaken. A revised set of values has been rolled out to all employees and an Achievement Management System introduced to assist them in achieving to the best of their abilities. Our Human Resources function

The Corporation's profit before tax was $41.04 million, more than double that of the $19.9 million achieved in 2014/15 – our best performance on record.

has been refreshed with an emphasis on driving a culture of accountability, achievement, teamwork and pride in the organisation. Training and development have become focal points and I am delighted in the way our employees, at all levels, have embraced these changes. Productivity has risen markedly and the results achieved in the 2015/16 year would not have been possible without the dedication and buy-in of our team members.

The International Environment

The global financial crisis of the late 2000s resulted in a surge of interest in precious metals, usually as a hedge against falling currency, equity and property values, resulting from economic upheaval in many parts of the world. With faith in global banks and financial systems falling to lows not seen since the 1930s, coupled with flattening or declining growth rates in many economies from 2008 to 2011, investors were forced to look elsewhere, if not for investment returns then at least for capital stability.

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

Initial green shoots of recovery began to emerge, albeit somewhat falteringly during 2012 and 2013, indicating that a sense of normality might be returning to world markets. Whilst those green shoots remain today, they have failed to develop in any significant manner, with global GDP forecasts having been successively revised downwards over the last few years. Global growth is now at lows not seen in decades and the spectre of inflation, which should have been fuelled by unprecedented economic stimulus and money printing, has all but vanished to be replaced with the threat of a global deflationary environment.

Sovereign, corporate and personal debt issues remain and commodity prices are generally weak. Compounding this is a backdrop of general global political instability – the upcoming US elections, the unexpected 'Brexit' vote outcome, the rise of both the far right and far left in Europe, and a resurgent Russia, to name but a few examples. This has been generally positive for precious metals, but not to the extent experienced previously – the world has become increasingly immune to bad economic news and political crisis.

Gold and silver, however, experienced a better year in 2015/16. Silver demand spiked in September 2015, fuelled by rumours of physical shortages, and it was into this market that the new Silver Kangaroo coin was launched. Gold prices firmed in the second half of the year and appear to have settled above USD 1,300. Funds have been moving back into precious metals and the ETFs have seen their holdings grow following a number of years of decline. We were able to capitalise on this with the introduction of on-line trading facilities for our Depository business.

Through all of this, the Australian dollar has remained stronger than would have been expected given weak commodity prices and the faltering global economy. Notwithstanding this, gold and silver – in AUD terms – have flirted with historic highs, boosting confidence in the Australian gold mining sector. Gold miners have benefitted from this, and deliveries of doré to our refinery have remained healthy.

Results Achieved

The Corporation's profit before tax was $41.04 million, more than double that of the $19.9 million achieved in 2014/15 – a record result. Turnover was $9.01 billion compared to the previous year's $6.61 billion, reflecting the increased activity for the year.

Payments to the Government of Western Australia during the financial year included income tax equivalent payments totalling $5.07 million and a dividend of $10.54 million. Significantly, the Corporation has paid $200 million to the State Government over the last 10 years. Seignorage royalty payments to the Australian Federal Treasury, relating to the terms of the agreement under which Gold Corporation mints and issues Australian legal tender coins, was $4.37 million for the year.

Gold and Silver Refining

In 2015/16, Australia was again the world's second largest producer of gold after China, and mining analysts expect this status to continue.

During the year, the Perth facility refined almost all of Australia's gold doré production as well as gold mined in New Zealand, Papua New Guinea, Fiji, Solomon Islands, Thailand, Malaysia, Laos and The Philippines. Recycled gold, mainly from Asia, was also refined. The Perth Mint refinery is in the top echelon of refiners by volume and the facility enjoys an international reputation for excellence, quality, safety and efficiency.

The Corporation has paid $200 million to the State Government over the last 10 years.

The Perth Mint refinery is in the top echelon of refiners by volume, and the facility enjoys an international reputation for excellence, quality, safety and efficiency.

In excess of 16 million coins, minted bars and medallions were sold during 2015/16 – an increase of more than 300 per cent on that of the previous year.

16 million coins, minted bars and medallions were sold during 2015/16. The sale of these products resulted in our adding value to the following:

17

tonnes of gold

546

tonnes of silver

398

kilograms of platinum

Competition in the precious metals refining sector remains high, with additional capacity locally and offshore adding to what is already a global excess. This has led to rounds of industry price-cutting to retain volume.

The refinery is also a substantial refiner of silver doré, with the majority of the refined silver being sold as bullion coins.

Cast Bar Production

Our refinery continued as a supplier of value-added gold cast bars to both China and the wider Asian region. There was healthy market demand for small gold bars in the early part of the year but this declined in the second six months, with excess gold in the form of 400oz Good Delivery bars being shipped to London.

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

Minted Products

In excess of 16 million coins, minted bars and medallions were sold during 2015/16 – an increase of more than 300 per cent on that of the previous year's 5.08 million units. The sale of these products resulted in our adding value to 17 tonnes of gold, 546 tonnes of silver and 398 kilograms of platinum, well up on the 14 tonnes of gold, 236 tonnes of silver, and 223 kilograms of platinum the previous year. Approximately 89 per cent of the revenue earned from the sale of these products was derived from exports.

Sales into the United States and Europe, both key markets for our products, were very strong during

As one of Perth's iconic cultural tourist attractions, we welcomed 67,000 international, interstate and local visitors to our Exhibition in 2015/16.

the year. Almost 10 million newly introduced 1oz Silver Kangaroo bullion coins were sold, well above the original forecast of five million pieces. Notable bullion coin accomplishments during the year included the sell-out of the 2016 1oz Year of the Monkey gold bullion coin (30,000 mintage), and the 2016 1oz Year of the Monkey silver bullion coin (300,000 mintage). For the eighth consecutive year, sales of the 2016 dated 1oz Australian Kookaburra silver bullion coin reached its mintage of 500,000 units. The 2016 1oz Australian Koala silver bullion coin also achieved its 300,000 mintage.

We also achieved tremendous success this year with our numismatic releases. Products included the Wedge-tailed Eagle, Queen Elizabeth's 90th Birthday coin range and the Australian Lunar Monkey series. The ongoing ANZAC series has proven to be a significant success during the 100th anniversary of World War I.

Licensed products continued to be very important for us, both as a revenue stream as well as in capturing new collectors. The Star Trek series was again very popular, and a range of Marvel Superhero coins were also minted specifically for our Chinese customers – our first major licensing initiative in this important market. An historically significant programme to celebrate the 75th anniversary of Pearl Harbour was also undertaken for sale into the United States market.

The trend continued for coins showcasing popular themes, innovative features, new finishes, stylish packaging and limited mintages. Within the past 12 months, we issued 168 Australian legal tender proprietary collector coins, either as individual pieces or in sets. A further 40 commemorative coins were released on behalf of the Governments of Tuvalu or the Cook Islands. In total, 21 collector coin programmes sold out their full mintages.

Production of coins during the year significantly exceeded that of the previous year. High demand for silver coins, most notably the newly introduced 1oz Silver Kangaroo coin resulted in increased pressure in both the blank and minting operations throughout the period. We have responded to these demands through an ongoing equipment modernisation programme and the continuous up-skilling of our people.

The new silver blank production facility was commissioned in late 2015 and has provided significant additional blank production capacity at lower average unit costs.

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

We manufacture precious metal coin blanks for our own needs and we supply other mints around the world. Approximately 17.9 million coin blanks were produced during the year, higher than the previous year in line with significantly higher coin sales volumes.

Perth Mint Shop and Exhibition

As one of Perth's iconic cultural tourist attractions, we welcomed 66,899 international, interstate and local visitors to our Exhibition in 2015/16, compared with 66,414 in the previous year. Many additional clients

> We have an especially dedicated team of employees – a mixture of long serving members and new appointments.

and customers visited our retail store, which provides them with dedicated rooms for an exclusive retail experience.

A number of promotional initiatives were undertaken during the year aimed at drawing in new and previous visitors to the Exhibition. However, with falling levels of consumer confidence in the wider Australian economy, this has proven to be a difficult task. Both the Shop and the Exhibition have been affected in recent years by reducing visitor numbers, which led to disappointing results in recent times. It is anticipated that visitor numbers will increase in 2016/17 in line with forecast increases in overseas tourist numbers, attracted by a lower Australian dollar.

We participated in the Australian Tourism Exchange at the Gold Coast, Queensland, in May 2016, and were represented at tourism trade shows in China, Malaysia and Singapore, with the aim of attracting more overseas visitors.

Perth Mint Depository

Our Depository was created in the 1990s to facilitate clients investing in precious metals without the need to take physical delivery. Our ongoing strategy of targeting individual investors and self-managed superannuation funds rather than institutional investors enabled Depository to better its 2014/15 performance. Whilst lacklustre gold prices in the first half of the year combined with gains in offshore equity markets made conditions difficult for Perth Mint Depository products, the second half of the year saw better results with both international (USD) and local gold prices increasing, sparking interest in precious metals and consequent flows into Depository. The introduction of on-line trading facilities, with an emphasis on reduced transaction costs and 24-hour access targeted at younger investors has also been a success, and whilst these are early days, the profile of Perth Mint Depository is being transformed.

Capital Works and Capacity Enhancement Programmes

The ongoing capital expenditure programme 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 programme.

During the year, the new silver blank facility was commissioned and is paying significant dividends with respect to greater quality and productivity. Capital expenditure over the year amounted to $5.13 million, with all financing coming from internal resources.

Gold Corporation is entirely self-supporting and has no borrowings.

Closing Comments

Global uncertainty has generally improved the health of precious metals markets, but demand remains patchy, especially as experienced in the second six months of the period. Precious metals remain the ultimate refuge for portfolio diversification and whilst conditions in 2016/17 are expected to be less favourable than those in 2015/16, the outlook is still positively biased.

2015/16 was an exceptional year, assisted by additional productive capacity coming on stream and the introduction of a number of initiatives, not least of which was a renewal of the organisation's culture and values as well as a greater focus on marketing, combined with the benefits appropriate information technology will bring. These combined in a most positive fashion to produce the record result posted.

We have an especially dedicated team of employees – a mixture of long serving members and new appointments. The businesses are specialised and many skills required are rare or unique. I would like to thank all members of the team for their efforts during the year. They met the many changes and challenges with dedication, resilience, determination and adaptability. I would especially like to thank those who challenged convention and not only came up with new ideas, but made them work. Of particular importance to the Corporation's Board are the issues of Workplace Safety and Environmental Protection, and our good record in both comes as a result of training and continuous attention to detail. Thanks are due to the new Executive team for their dedication to these essential aspects.

I would like to thank our Chairman, Don Mackay-Coghill, for his unstinting support and guidance over the last 12 months, and the Directors who generously gave of their time in a year of substantial change and renewal.

I look forward to the future and am confident that notwithstanding the challenges that undoubtedly lie ahead, we will continue to consolidate and build on our successes.

Richard G Hayes
Chief Executive Officer

Our Directors

Don Mackay-Coghill

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

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

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

In recognition of his achievements, Don received: the South African Marketing Award of the Year in 1978; the Vreneli-Preis Award for his contribution to Numismatics in 2001; the Australian Institute of Export's Australian Export Hero Award in 2007; and the Juan Antonio Samaranch Medal for his contribution to Olympic coin collecting in 2012.

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

Peter Unsworth

B Comm, FAICD

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

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

Michael Barnes

BBus (Hons)

Michael Barnes was appointed to the position of Under Treasurer in April 2015, following an acting role in this position from February 2014. Michael previously spent more than five years as the Deputy Under Treasurer after holding a number of senior positions across the Department. These were mainly in the areas of revenue policy, fiscal strategy, and whole-of-government financial management and reporting.

Michael is the Chair of the Western Australian Treasury Corporation and chairs both Treasury's Budget Management and Finance, and Risk and Audit Committees.

Michael joined WA Treasury in 1997 after commencing his career in the Commonwealth Treasury in 1992.

Gaye McMath

BCom (Melb) MBA (MBS) FCPA, FAIC

Gaye McMath is a Non-Executive Director and Corporate Advisor. She previously held senior executive roles over 15 years in the higher education sector, including as Executive Director Perth Education City at the University of Western Australia (UWA), Chief Operating Officer (UWA), Executive Director Finance and Resources and Chief Financial Officer (UWA), and Pro Vice-Chancellor (Resource Management) and Chief Financial Officer at Murdoch University.

Prior to joining the higher education sector, Gaye had a 23-year career with BHP Billiton (BHPB) where she held a range of senior executive roles in finance, strategy, planning, commercial and treasury operations across the mining, steel and corporate divisions. Gaye was a BHPB-nominated Director on a number of domestic and international mining infrastructure subsidiary and joint venture Boards. She has extensive Board experience gained over 20 years in the areas of mining, resources, infrastructure, energy, financial services, treasury, property, education, healthcare, aged care, culture and arts. Gaye is currently on the Board of the Perth Convention Bureau, Committee for Perth and Perth Markets Limited.

Chris Wharton

AM

Chris Wharton is Chief Executive Officer of Seven West Media WA.

Chris is responsible for all Seven West Media assets in Western Australia, which include The West Australian, West Regional Publications (21 mastheads), its on-line properties, WA Publishers, Redwave Media (nine regional licence areas) and Channel Seven Perth.

Chris was previously Chief Executive Officer of West Australian Newspapers, a position he held from December 2008. His appointment prior was as Managing Director of Channel Seven Perth Pty Limited, a position he held for nine years. During this period, Channel Seven Perth dominated its opposition.

He began his career as a journalist and worked in every area of newspaper management in Sydney before being appointed Chief Executive Officer of Perth's Community Newspaper Group in 1995. In 2013, he became Chairman of Community Newspaper Group. His community and business involvement includes Board membership with Telethon Trust, Gold Corporation and The West Coast Eagles.

Chris has been a member of the WA Olympic Team Appeal Committee since 2000, is a member of the Australian Institute of Company Directors, the Australian Institute of Management and is a former Councillor, Board member and Vice President of the WA Chamber of Commerce and Industry. He is also a former member of the Committee for Perth.

Liam Twigger

BEc Grad Dip Fin CPA

Liam Twigger was appointed to the Board of Gold Corporation in January 2016, and brings more than 30 years' experience in the fields of investment banking and corporate finance. He is currently the Managing Director of the corporate advisory and investment banking firm PCF Capital Group, providing strategic advice to the Australian mining sector regarding project divestments, finance and partnering. In addition to overseeing all PCF Capital businesses, he is also actively involved in the Corporate Advisory and Corporate Finance Divisions.

For the past seven years, Liam has held the position of Chairman and Managing Director of the web-based mine broking business, MinesOnline.com. He is also Chairman of Football West Limited, the governing body for soccer in Western Australia, and is a member of the Board of Governors for St Mary's Anglican Girls School.

John O'Connor
BSc (Hons) FICA, FICAEW, FAICD

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

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

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

Richard Hayes
BComm, CPA, MBA, ACIS, MAICD

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

Richard was appointed Chairman of the Gold Industry Group in 2015, a body established to bring together, strengthen and promote the gold industry. He also actively contributes to the Western Australian community as a Director of disability service organisation Interchange Inc, and is a member of the Board of Governors of Wesley College.


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Our Business Activities and Capabilities

Our History

The Perth Mint was established in 1899 by Britain's Royal Mint. 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 and 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, The Perth Mint turned its skills to the production of base metal coins, although it still continued to refine gold. It 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 Programme. The Australian Nugget bullion coin was launched in 1987 and was followed by many other successful bullion, numismatic and commemorative coin programmes.

The Perth Mint's refining activities eventually outgrew the old premises in the city of Perth and a new refinery was built near Perth's international airport. This facility commenced operation in 1990. A number of factory extensions have been added since the millennium, expanding the minting and refining capacities to what they are today. A world class exhibition and retail outlet, showcasing the story of gold and featuring a theatrical gold pour as its centrepiece, occupies the ground floor of the original mint building.

A Global Leader in Precious Metals

The Perth Mint is now an internationally competitive precious metals refining, manufacturing, minting, marketing and storage business, structured as a vertically integrated business operating across the precious metals value chain. Management responsibility is based on functional lines designed to provide a comprehensive and cohesive service to our many clients and customers around the world.

Credentials

Our reputation in the precious metals industry is built on a 117-year history of striving towards excellence. We are recognised worldwide for our innovation, superior technical abilities and craftsmanship as well as the quality of our precious metals products. We are one of Western Australia's top 10 exporters, with clients in more than 100 countries.

Refining

The Perth Mint is one of a select group of gold refiners that have accreditation from five of the world's major gold exchanges and is Australia's only LBMA (London Bullion Market Association) accredited gold and silver refinery.

Our refinery is also accredited by the following international exchanges:

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

Refining more than 94 per cent of Australia's newly mined gold as well as gold from New Zealand, Papua

Our reputation in the precious metals industry is built on a 117-year history of striving towards excellence.

6,581 tonnes of gold have been refined over the last 27 years.

New Guinea, Fiji, Solomon Islands, Thailand, Malaysia, Laos and The Philippines (10.37 million fine ounces valued at $16.63 billion in 2015/2016), we are one of the largest and most highly respected refiners worldwide. We are committed to producing ethically responsible gold and were one of the first refiners in the world to receive 'conflict free' accreditation under the Conflict-Free Smelter Programme.

The refinery holds ISO accreditation for safety and environmental management practices as follows:

- ISO AS4801:2001 | OH&S Systems
- OHSAS 18001:2007 | OH&S Systems
- ASNZS 14001:2004 | Environmental Management Systems

During 2015/16, we continued our commitment to ensuring that we only refine material sourced in compliance with the Organisation for Economic Development (OECD) guidelines for conflict-free minerals. An annual independent audit is conducted to ensure compliance with applicable legal requirements, as well as with broader societal obligations.

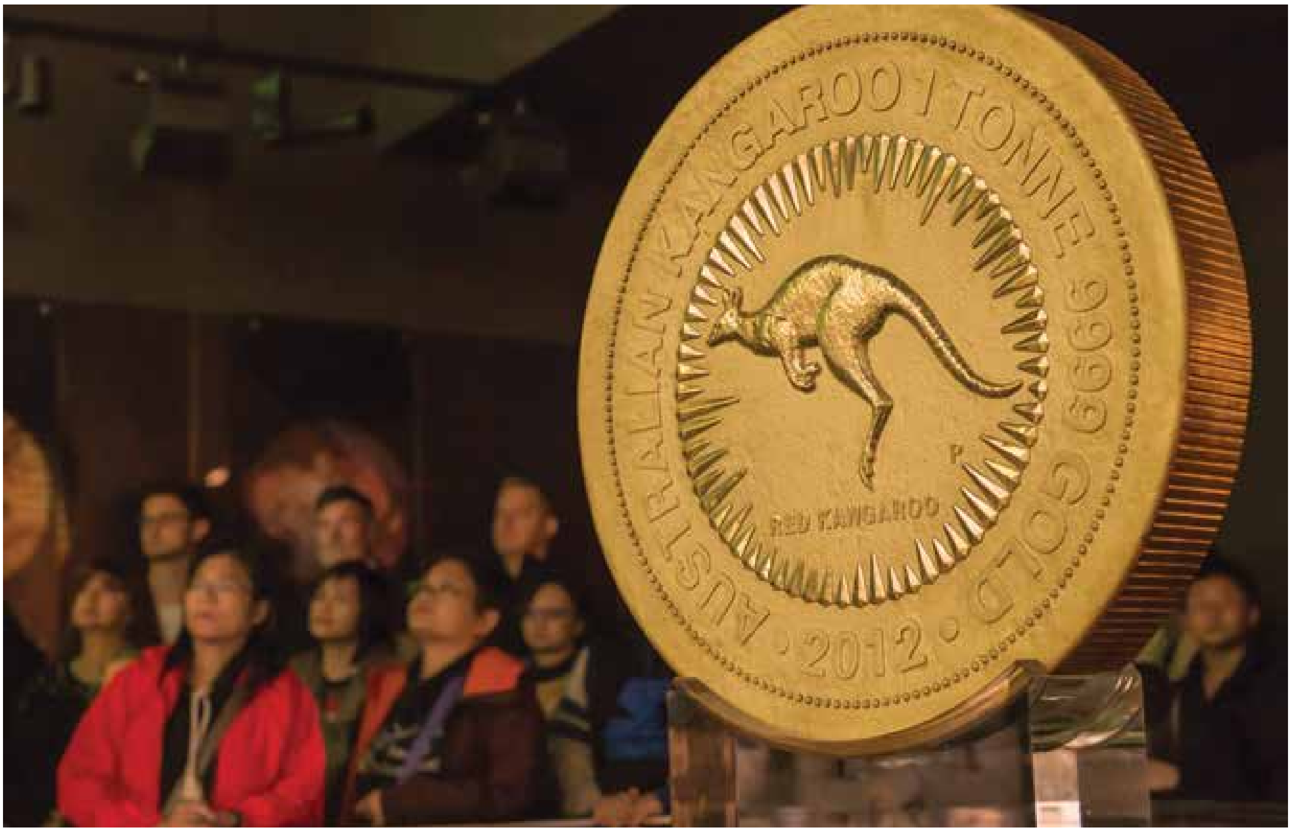
Cast Bullion Bars

The refinery produces 400oz 99.5% gold and 1,000oz 99.99% silver London Good Delivery Bars, and has the capacity to convert all its gold and silver feed into value-added Good Delivery products. Also produced are one kilogram, 100 gram, 50oz, 20oz, 2.5oz and 1oz 99.99% gold bars, one kilogram 99.5% gold bars, and one kilogram, 100oz, and 10oz 99.99% silver bars.

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

Bullion Coins

The Perth Mint is the inaugural producer of the Australian Bullion Coin Programme, issued as legal tender under the *Australian Currency Act 1965.* The annual programme comprises four series portraying iconic native fauna, and a fifth series celebrating the animals of the Chinese lunar calendar:



- Australian Kangaroo 99.99% pure gold coin series
- New Australian Kangaroo 99.99% pure silver coin series
- Australian Kookaburra 99.9% pure silver coin series
- Australian Koala 99.9% pure silver coin series
- Australian Platypus 99.95% pure platinum coin series, and
- Australian Lunar 99.99% pure gold and 99.99% pure silver coin series.

Together with a range of minted gold bars, our bullion coins are distributed through an international network of authorised agents, financial institutions and coin dealers. Investors in Australia and much of Asia can also purchase bullion direct from us at www.perthmintbullion.com.

Numismatic Coins

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

Designed in-house, the programme is heavily biased towards Australian themes such as native wildlife, iconic locations, historical events, famous people and important anniversaries. We also explore more universal themes, and over the past year these have included royalty, popular culture icons such as Star Trek, ancient gods and goddesses, and universal celebrations and occasions.

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

Since the inception of Gold Corporation in 1987, 50.9 million bullion and numismatic coins have been minted and sold worldwide, adding value to 267 tonnes (8.6 million ounces) of gold and 3,067 tonnes (98 million ounces) of silver.

The Perth Mint operates the most extensive central bank grade vaulting facilities in the Southern Hemisphere, offering the safest precious metals storage options available today.

Australia's only London Bullion Market Association accredited gold and silver refinery.

Coin Blanks

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

Depository

The Perth Mint operates the most extensive central bank grade vaulting facilities in the Southern Hemisphere, offering the safest precious metals storage options available today. Backed by a guarantee from the State Government of Western Australia, customers and clients (currently numbering more than 30,000 from more than 100 countries) are able to purchase and store precious metals, dealing with us either on-line or face to face.

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

- Perth Mint Depository Programme (PMDP) is available only through our website on a direct basis. PMDP is tailored towards larger investors, including self-managed superannuation funds.
- Perth Mint Certificate Programme (PMCP) offers similar services, however, is marketed through an international network of distributors. PMCP investors receive confirmation of their holdings via a certificate issued by The Perth Mint.
- Depository On-Line (PMDO) provides web-based access to precious metals with a low cost, live-priced 24/7 service. It is marketed directly by The Perth Mint and is also available through select distributors.
- Perth Mint Gold (ASX code PMGOLD) is listed on the AQUA platform of the Australian Securities Exchange and offers unallocated storage to investors who prefer to deal through their stockbroker.

Tourism

The Perth Mint is Australia's only remaining 'gold rush' mint.

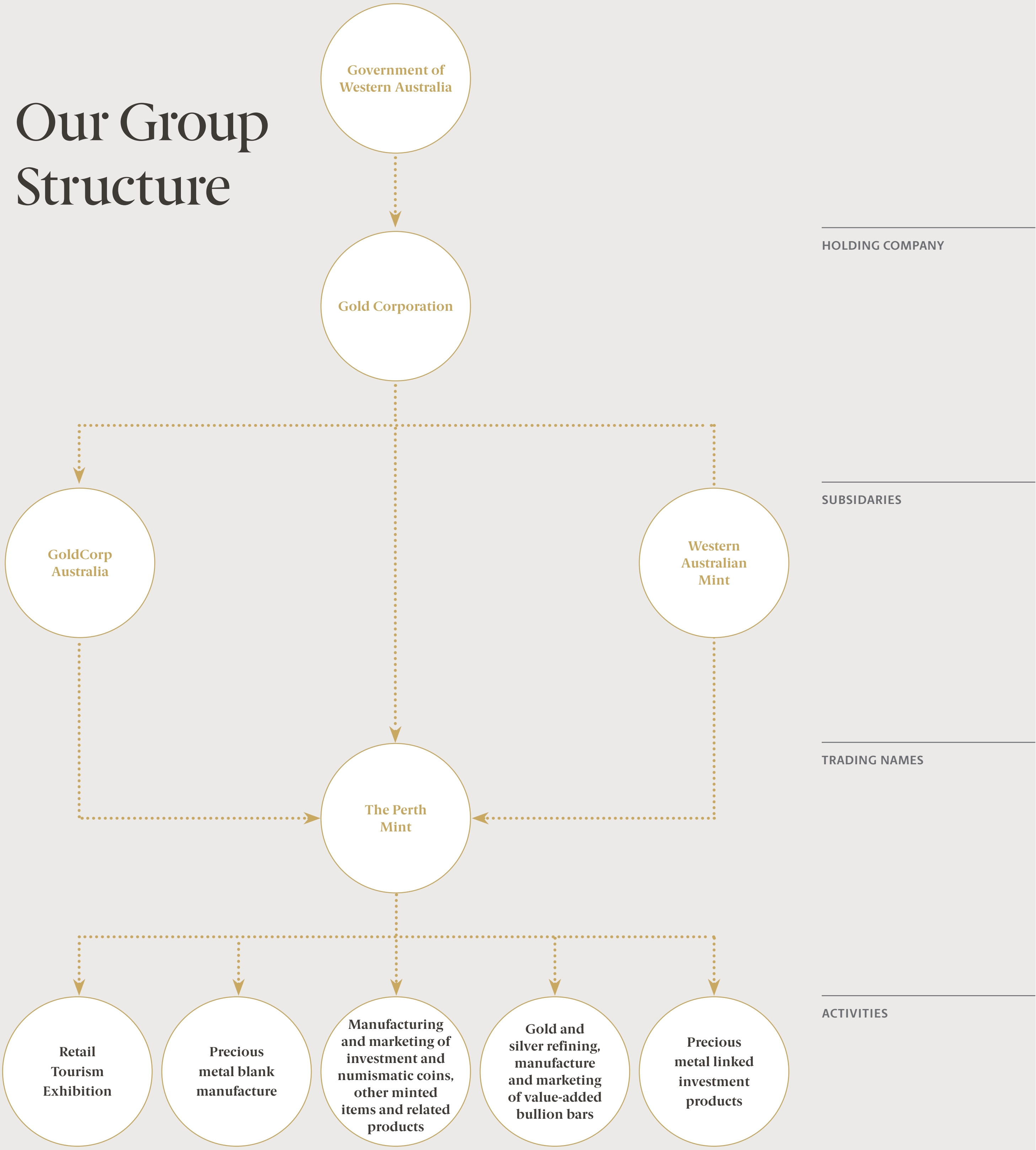
Based at the historic Hay Street site in East Perth, a retail outlet and a world-class exhibition charting gold through the ages is housed in a beautifully maintained heritage building.

Welcoming approximately 67,000 international, interstate and local visitors annually, The Perth Mint provides a fascinating glimpse into the history of gold and the minting of coins in Western Australia.

Among the many highlights of our guided tours are the spectacular gold pour, the Australian Kangaroo One-Tonne Gold Coin which is worth approximately $60 million, a visually rich journey showcasing gold through the ages, and displays of contemporary and historic coins.

Our retail facility provides a unique opportunity to purchase bullion, coins and other distinctive Australian products such as gold nuggets, opals, pink diamonds and South Sea pearls. We also offer souvenirs, gifts and other products.

Our Group Structure



Executive Management

The Executive Management Team has responsibility for the day-to-day operations of the business. Specialists in their areas of responsibility, several have joined in recent years bringing fresh insights and approaches to what is a mature set of business operations.

David Woodford, Caroline Preuss, Richard Hayes, Anne Melville, David Koch, Jane King and Joe Metcalfe

Gold Corporation

Chief Executive Officer
R G Hayes

Treasurer and Chief Commercial Officer
G J Metcalfe

Chief Operating Officer
D E Woodford

Chief Financial Officer
C J Preuss

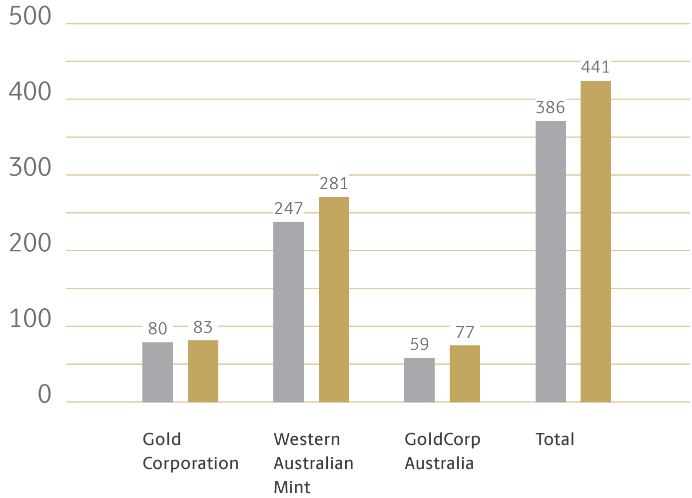
General Manager, Corporate Governance and Risk
D J Koch

General Manager, Human Resources
J E King

Company Secretary
A P Melville

Our People

Our permanent employee numbers increased from 386 to 441. This was primarily due to a significant number of workers transferring from contractor to employee status over the year.

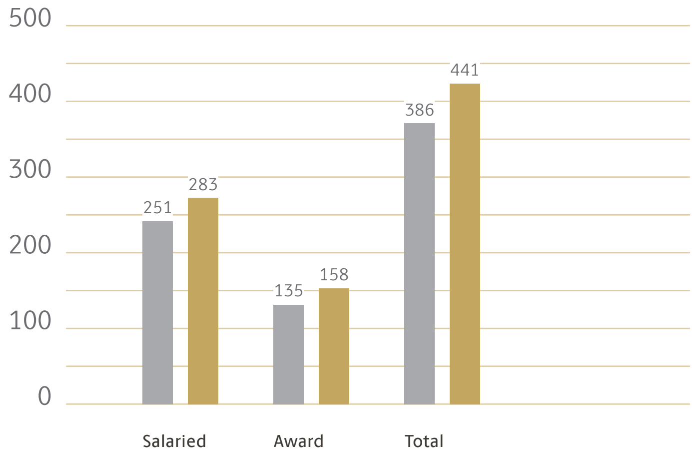


Employees per entity

Employees were assigned to the business entities as shown left

30 JUNE 2015

30 JUNE 2016



Salary vs award

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

30 JUNE 2015

30 JUNE 2016

Employee demographics

An employee demographic snapshot is shown left

	30 JUNE 2015	30 JUNE 2016
WOMEN	43%	44%
FEMALE TIER 2 (MANAGERS REPORTING TO CEO)	27%	40%
FEMALE TIER 3 (MANAGERS REPORTING TO TIER 2)	50%	29%
AVERAGE AGE	45	45
EMPLOYEES <25 YEARS OLD	4%	1%
EMPLOYEES >45 YEARS OLD	52%	49%
EMPLOYEE TURNOVER	10%	14%

Employees from culturally diverse backgrounds are defined as our employees born in countries other than Australia, Canada, New Zealand, South Africa, United Kingdom and the United States of America.

More than 55 per cent of our 441 employees are from culturally diverse backgrounds. They bring with them a wide variety of spoken languages from German and Mandarin, to Russian and Singhalese, together with many others. This diversity reflects the many and varied markets in which we operate.

Occupational Health and Safety

Commitment and Compliance

Our occupational health and safety (OHS) systems aim to minimise health and safety risks to employees, customers, contractors, the public and the environment. These systems ensure that policies, procedures and work instructions are in place not only to comply with legislation and codes of practice, but to embrace best practice. Objectives and targets are set, and performance against targets is monitored and reviewed on a regular basis.

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

Injury Management

We ensure compliance with the *Workers Compensation and Injury Management Act 1981*. We are committed to ensuring all injured employees, regardless of whether the injuries are work-related or non-work-related, return to work as soon as is practicable and medically appropriate. Return to work programmes are developed and implemented, and injury management consultants are engaged when required.

The Perth Mint

Consultation

At both our refinery and Perth site there is regular consultation with employees, facilitated through regular toolbox meetings and monthly OHS Committee meetings. Both OSH Committees met 12 times during the 2015/16 year. Employee OHS representatives contributed significantly at these meetings and were fully engaged in safety inspections and accident and injury investigations. Employees are encouraged to contribute to the annual OHS Strategy and Plan, their suggestions are actively solicited, and they continued to participate actively in the site safety observation programme.

Third Party Certification – Perth Site

The Perth Mint site achieved accreditation for its Safety Management System in 2009. The annual surveillance audit for our Safety Management System, namely AS/NZS 4801:2001, was undertaken by SAI Global in March 2016. One minor non-conformance was raised, which has been actioned and closed out.

Third Party Certification – Refinery Site

The refinery is regarded as a mine site and is regulated by the *Mines Safety and Inspection Act 1994*. Three site inspections were undertaken by the Department of Mines and Petroleum and no improvement notices were issued.

The refinery achieved international accreditation for its Safety Management System and Environmental Management System in 2010. The annual ISO surveillance audits for The Perth Mint Refinery's Safety Management System and Environmental Management System, namely AS/NZS 4801:2001, OHSAS 18001:2007 and AS/NZS ISO 14001:2004, were undertaken by Bureau Veritas in August 2015. No non-conformances were raised.

PERFORMANCE AGAINST TARGETS

	MINT ACTUAL		REFINERY		TARGET
NUMBER OF FATALITIES	0	0	0	0	0
LOST TIME INJURY / DISEASE INCIDENT RATE	0.24 56%* decrease	0.26 26%* decrease	1.9 6%** increase	0 100%* decrease	0 or 10% decrease
LOST TIME INJURY SEVERITY RATE	0	0	0	0	0
PERCENTAGE OF WORKERS RETURNED TO WORK WITHIN: (I) 13 WEEKS (II) 26 WEEKS	100% 100%	100% 100%	100% 100%	100% 100%	100% 100%
PERCENTAGE OF MANAGERS AND SUPERVISORS TRAINED IN OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT RESPONSIBILITIES	85%	85%	100%	100%	>80%

* The reduction is calculated over a three-year average. | ** The increase is calculated over a three-year average.

30 JUNE 2015 30 JUNE 2016

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

> "The commitment to the needs of people with disability by The Perth Mint is to be commended."
>
> Dr Ron Chalmers, Director General, Disability Services Commission

Disability Access and Inclusion Plan 2014–2019

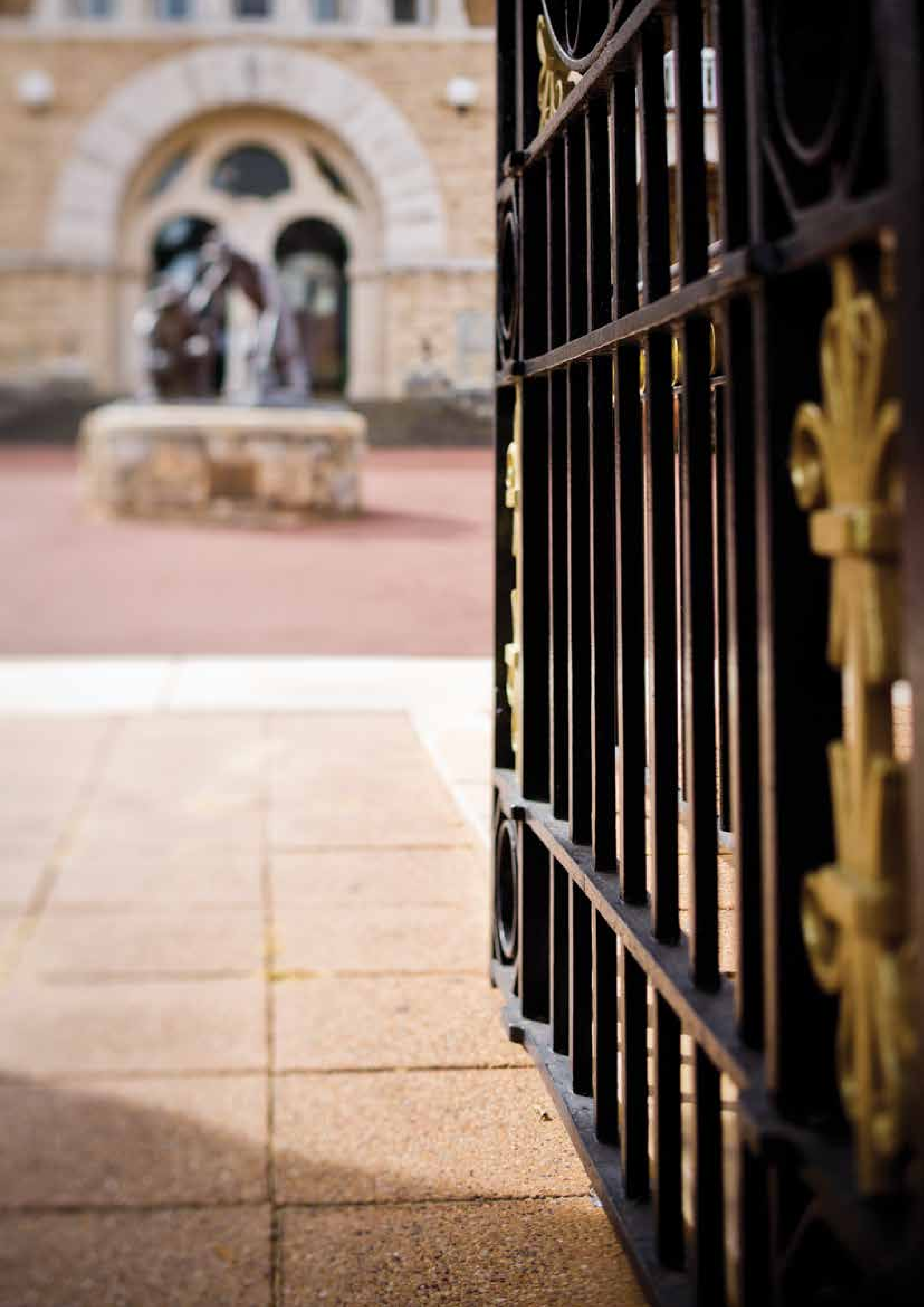
In October 2014, we received communications from the Disability Services Commission stating that our Disability Access Inclusion Plan met the requirements of the *Disability Services Act 1993*.

An excerpt from the letter received from Dr Ron Chalmers, Director General, Disability Services Commission, stated, "The commitment to the needs of people with disability by The Perth Mint is to be commended".

We have committed to achieving the seven outcomes outlined in the plan listed below.

A number of initiatives have been undertaken to ensure we achieve the commitments made.

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 employees of a public authority as other people receive from the employees 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.



Our Customers and Community

Customer Service and Customer Complaints

We recognise the importance of delighting our 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 comment and complaints provided opportunities to address issues which may otherwise not have been raised.

The majority of coin complaints received related to damaged packaging whilst in transit, with a small number of complaints regarding minor quality issues. These issues have been dealt with and we have minimised the likelihood of recurrence.

CUSTOMER SERVICE 2015/16

	ORDERS PROCESSED	COMPLAINTS RECEIVED
COINS	32,692	16
DEPOSITORY	29,612	3
SHOP AND EXHIBITION	36,647	8
REFINERY	15,266	0

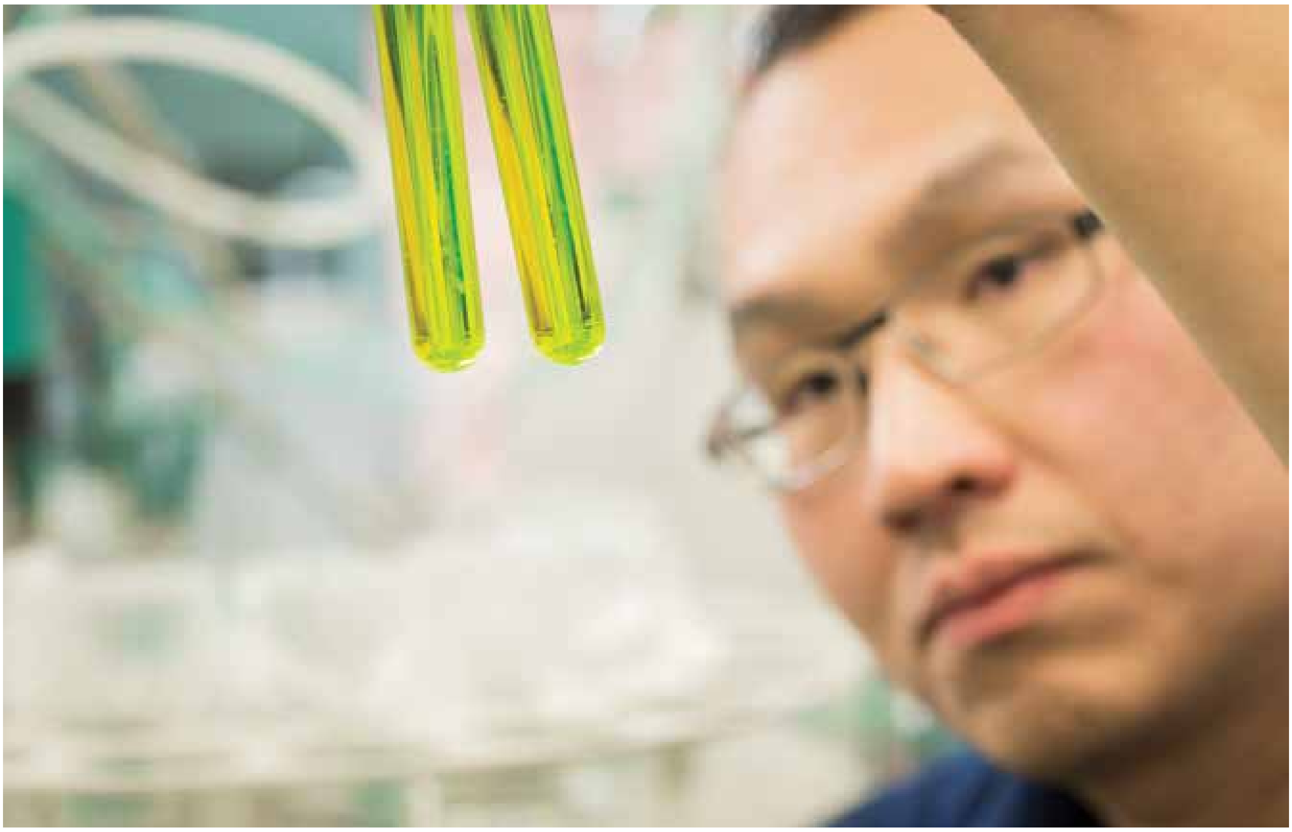
We recognise the importance of delighting our customers.

Industry and Community Participation

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

The Perth Mint is involved in the local tourism industry and business community through its memberships in the following organisations:

- Tourism Australia
- Tourism Western Australia
- Tourism Council of Western Australia
- Association of Perth Attractions
- Perth Regional Tourism Association (Experience Perth)



As an active participant in the coin, banknote and stamp trade shows of the Australasian Numismatic Dealers' Association, we attended events held in Sydney, Melbourne, Perth and Brisbane. We also took part in the popular culture exposition in Perth, 'Supanova', and participated in a number of targeted international events tied to and associated with our business operations.

Through our sponsorships and donations, we assisted a number of specific organisations and entities.

State Batteries

A number of state batteries (Government owned mineral processing facilities) were vested in Western Australian Mint (a subsidiary of Gold Corporation) 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*.

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.

Gold Corporation

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Honourable Colin Barnett MEc MLA; Premier; Minister for Tourism; Science.

Gold Corporation has no policy role in government, makes no laws or regulations except in relation to the conduct of its own affairs, and administers 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 the culture, business practices and ethics of Gold Corporation. Its 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.

The Board is committed to sound corporate governance principles and high standards of legislative compliance.

Board of Directors

The Board of Directors is the governing body of Gold Corporation. 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, and
- Strive to earn a commercial rate of return on its capital.

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

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

Key Activities

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

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

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

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
D Mackay-Coghill (Chairman)	Non-Executive	30 June 2018
M A Barnes	Non-Executive	Ex-Officio
G M McMath	Non-Executive	30 June 2016
J O'Connor	Non-Executive	31 December 2018
L A Twigger	Non-Executive	31 December 2018
P J Unsworth	Non-Executive	6 September 2018
C S Wharton	Non-Executive	30 June 2016
R G Hayes	Executive	30 June 2016

Ron Edwards retired as a Director on 31 December 2015 at the expiry of his term. Michael Barnes, Under-Treasurer, was appointed as Ex-Officio Director on 7 September 2015, replacing John Murphy. Peter Unsworth was appointed a Director on 7 September 2015. John O'Connor and Liam Twigger were appointed Directors on 1 January 2016.

Meeting Attendance

There were seven formal meetings of the Directors of Gold Corporation during the year ended 30 June 2016, and a number of informal meetings. The number of formal meetings attended by each Director is indicated in the table below.

DIRECTORS MEETING ATTENDANCE

Director	Attended	Eligible
D Mackay-Coghill	7	7
M A Barnes	5	7
R F Edwards	2	2
G M McMath	7	7
J O'Connor	4	5
L A Twigger	5	5
C S Wharton	6	7
P J Unsworth	7	7
R G Hayes	7	7

Board Committees

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

The Information Technology Committee, established in August 2014 as a temporary Committee, was dissolved in September 2015, having fulfilled its objectives. No meetings were held since 1 July 2015.

Audit and Risk Management Committee

The Committee reviews the quality, integrity, reliability and adequacy of the Corporation's information, finance, accounting and control systems and the risk management function, and advises the Board accordingly. The Committee also acts as a communications interface between the Board and the Corporation's internal and external auditors.

Membership of the Committee at year-end comprised Gaye McMath (Chair), Don Mackay-Coghill (appointed in September 2015) and John O'Connor (appointed in February 2016).

Ron Edwards was appointed to the Committee in September 2015 and retired at 31 December 2015. John Murphy resigned as a Director on 7 September 2015.

Attendees at meetings of the Committee were Caroline Preuss (Chief Financial Officer), David Koch (General Manager, Corporate Governance and Risk), James Sawyer (Group Financial Controller) and Guy Moore (Finance & Corporate Services Manager). Richard Hayes (CEO) was an invitee. Attendees and invitees do not have voting rights.

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

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE

Director	Attended	Eligible
G M McMath (Chair)	5	5
R F Edwards	0	1
D Mackay-Coghill	3	3
J W F Murphy	2	2
J O'Connor	1	2

Remuneration and Allowances Committee

The Board of Directors delegates authority for determining conditions of employment to the Remuneration and Allowances Committee. The Committee's responsibilities include determining senior employee salary levels, alterations to core conditions of employment and incentive bonus schemes. In order to ensure that the Corporation is 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 Don Mackay-Coghill (Chairman), Peter Unsworth and Richard Hayes. Peter Unsworth was appointed to the Committee in September 2015, replacing Gaye McMath. The General Manager, Human Resources, also attends the meetings by invitation.

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

REMUNERATION AND ALLOWANCES COMMITTEE MEETING ATTENDANCE

Director	Attended	Eligible
D Mackay-Coghill (Chairman)	2	2
P J Unsworth	1	1
G M McMath	1	1
R G Hayes	2	2

Environment, Occupational Health and Safety Committee

The Environment, Occupational Health and Safety Committee was established in September 2015. The key objectives of the Committee are to:

- Ensure leading edge safety and environmental strategies are in place
- Review health and safety and environmental performance
- Ensure systems and procedures for ensuring compliance with The Perth Mint policy, legislative requirements and Australian Standards are in place
- Review activities as carrying potentially inappropriate levels of risk, and
- Ensure management plans are in place to mitigate these risks.

The Board elected Chris Wharton to Chair the new Committee, and Richard Hayes (CEO) and David Woodford (Chief Operating Officer) were appointed as Committee members. Liam Twigger was appointed to the Committee by the Board in February 2016.

Additional Executive Committee members are Nathan Edwards (Operations Manager, Refinery), Vijay Kumar (Operations Manager, Hay Street), Aletha Cruse (Group Manager, OSH/E and Training), Mwita Chacha and Louie Naumoski (OSH Committee Chairpersons – Refinery and Hay Street Operations).

The Committee has met three times since its establishment. Attendance at the meetings is indicated in the following table.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETING ATTENDANCE

Director	Attended	Eligible
C S Wharton (Chair)	3	3
L A Twigger	1	1
R G Hayes	2	3
D E Woodford	3	3
N Edwards	3	3
V Kumar	2	3
A Cruse	3	3
M Chacha	2	3
L Naumoski	3	3

Treasury Committee

The Treasury Committee was formed in May 2016 to provide visibility to the Board on the activities of the Corporation's Treasury activities. The Committee consists of Liam Twigger, Richard Hayes (CEO) and Joe Metcalfe (Treasurer and Chief Commercial Officer).

The inaugural meeting of the Committee was held on 20 July 2016.

Management Committees

Executive Management Committee

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

Other Committees

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

Risk Management

The Board actively monitors Gold Corporation's risk management systems to ensure they are robust, fully integrated and aligned to its 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, occupational safety and health, and environmental issues.

Corruption Prevention

Fraud and corruption controls are an integral component of Gold Corporation's Risk Management programme.

The organisation's policies and practices are reviewed regularly and are subject to internal and external audit programmes. Employee awareness sessions, including new employee inductions, are conducted. Gold Corporation is obliged to report any suspected or actual breaches to the Corruption and Crime Commission.

Public Interest Disclosure

Gold Corporation is 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 the public interest disclosure process and information on the process, and the appropriate forms are available on our intranet.

The Public Interest Disclosure Officers are David Koch and Graham Segall.

No claims were submitted during the 2015/2016 period.

Public Sector Standards and Ethical Codes

Gold Corporation is required to comply with Section 31(1) of the *Public Sector Management Act 1994*.

We are committed to promoting high ethical standards which are incorporated into the organisation's policies and practices.

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

During the current financial year, no issues relating to non-compliance with the public sector standards, or the WA Code of Ethics were raised.

Records Management

Gold Corporation is obliged to report on its conduct, in compliance with the requirements of the *State Records Act 2000*, and communicate this in the Annual Report.

We are committed to improving the effectiveness of our Records Management capabilities. To meet this goal, we engage all areas of the business in the requirements of a Record Keeping Plan, which has been affirmed by the State Records Office, and periodically reviewed. The plan identifies the strategy, processes and tools that ensure business critical information is identified, secured and retained, in compliance with legislation.

In accordance with the Record Keeping Plan, all employees participate in training programmes 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, and are provided with ongoing guidance and support in the management of business records.

Gold Corporation's Records Management processes are continuously monitored and developed to meet the needs of the business. In the past two years, the records management system software has been upgraded, with the number of participating employees increased by 36 per cent. The increased

uptake of record systems across the business has enabled the implementation of new processes and efficiencies such as paperless workflow processes, the automated registration of customer records, and interdepartmental collaboration in the use of shared filing systems. These initiatives have reduced time, resources and record keeping costs, while increasing effectiveness, compliance and the security of our records keeping systems.

The Records Management programme is regularly assessed for compliance with both legislation and Gold Corporation's Quality Management system. The current Record Keeping Plan has been reviewed and submitted for approval by the State Records Commission.

Freedom of Information (FoI) Statement

The following Information Statement has been prepared by Gold Corporation 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).

The following were published by The Perth Mint:

- 90 Golden Years (published in 1989)
- The Perth Mint Numismatic Issues 1986–1996 (published in 1996)
- Striking Gold: 100 Years of The Perth Mint (published in 1999)
- A Century of Minting Excellence – The History of Australian Coin Production at The Perth Mint (published in 1999)

Documents which can be obtained free-of-charge include Perth Mint brochures and catalogues, media statements, annual reports and the Numismatic Post newsletters.

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, or
- A transaction relating to gold or other precious metal received or held by Gold Corporation.

FOI Procedures and Access

It is the aim of Gold Corporation to make information available promptly and at the least possible cost, and 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.

One application was lodged to Gold Corporation under FOI legislation in 2015/2016.

FOI enquiries or applications should be made to the FOI Coordinator:

Graham Segall
Lawyer
Legal Compliance and Risk
Gold Corporation
310 Hay Street
East Perth WA 6004
Telephone (08) 9421 7222
Facsimile (08) 9221 7031
Email Graham.Segall@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.au

Postal Address
GPO Box M924
Perth, WA 6843
Australia

Website
www.perthmint.com.au

MINISTER

The Honourable Colin J Barnett MEc MLA
Premier; Minister for Tourism; Science

STATUTE

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

DIRECTORS

D Mackay-Coghill	Chairman
M A Barnes	(Non-Executive)
G M McMath	(Non-Executive)
J O'Connor	(Non-Executive)
L A Twigger	(Non-Executive)
P J Unsworth	(Non-Executive)
C S Wharton	(Non-Executive)
R G Hayes	(Executive, CEO)

COMPANY SECRETARY

A P Melville

BANKERS

Westpac Banking Corporation
JP Morgan Chase

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.au
Website: www.perthmint.com.au
Contacts: Richard G Hayes, Chief Executive Officer
Tanya Lawes, Executive Assistant to the
Chief Executive Officer

TREASURY

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

REFINERY

Street Address:
131 Horrie Miller Drive,
Perth Airport, WA 6105, Australia
Tel: +61 8 9479 9999
Email: david.woodford@perthmint.com.au
Contact: David Woodford, Chief Operating Officer

PERTH MINT DEPOSITORY

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

THE PERTH MINT SHOP

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

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

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

Corporate Functions
Tel: + 61 8 9421 7433
Email: samantha.parke@perthmint.com.au
Contact: Cathy Anza, Manager, Shop and Exhibition

Group Directory

MINTED PRODUCTS

Australia
Street Address: 310 Hay Street,
East Perth, WA 6004, Australia
Tel: +61 8 9421 7614
Email: info@perthmint.com.au
Contacts: Joe Metcalfe, Treasurer and
Chief Commercial Officer
Neil Vance, Group Manager, Minted Products

Overseas Independent Agents of GoldCorp Australia

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

CIS Countries and Eastern Europe
Street Address: 310 Hay Street,
East Perth, WA 6004, Australia
Tel: +61 8 9421 7222
Email: info@perthmint.com.au
Contact: Andrey Ignatchenko, CIS Wholesale Manager

Middle East
Street Address: 310 Hay Street,
East Perth, WA 6004, Australia
Tel: +61 8 9421 7222
Email: info@perthmint.com.au
Contact: Andrey Ignatchenko, CIS Wholesale Manager

North America
Street Address: 310 Hay Street,
East Perth, WA 6004, Australia
Tel: + 61 8 9421 7225
Email: neil.vance@perthmint.com.au
Contact: Neil Vance, Group Manager, Minted Products

Financial Estimates

The following financial estimates for 2016/2017 are based on Gold Corporation's budget and are included to satisfy the requirements of the *Treasurer's Instruction 953*.

	$'000
Total Revenue	8,517,816
Total Expenditure	8,486,816
Operating profit before income tax	31,000
Income tax expense	9,300
Operating profit after income tax	21,700
Dividend	20,007
Retained earnings	88,394

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 2015/2016 was $881,223
2. Expenditure was incurred in the following areas:

	$		$
TOTAL Advertising agencies	234,783	Marketforce	5,765
		One Advertising	1,208
		Optimum Media Decisions	74,282
		Style Creative	18,896
		Unique Integrated Marketing	34,631
		Yappy Group Pty Ltd	100,000
Market research organisations	–		–
Polling organisations	–		–
TOTAL Direct mail organisations	370,099	Buscher Direkt Gmbh	23,719
		Fischer Druck	81,248
		Salesforce.Com	60,092
		Lasermail	11,721
		Quickmail	103,255
		Style Creative	90,065

	$		$
TOTAL Media advertising organisations	276,342	Acumen Publishing	2,790
		APN Outdoor	5,625
		Aussie Drawcards	1,157
		Australian Associated Press	3,859
		Boylen Media	6,000
		Citrus Media	3,900
		Concept Media	849
		Countrywide Publications	8,915
		Evolve Digital Publishing	6,979
		Flying Visit	12,000
		Force Publishing	2,390
		Fremantle Herald	1,888
		Hardie Grant Media	3,240
		Indigo Arch	3,370
		Ink Publishing	19,000
		Jorben Luxury Hotel Guides	1,091
		K.K.Kojimachi Direction	19,243
		Lasso Media	1,400
		Let's Go Kids	1,600
		Media Today	11,900
		Media Factory	12,000
		Mediaseed	5,000
		Oakney	3,120
		Publicity Press	2,500
		Radio 96FM Perth	3,600
		Scoop Publishing	9,020
		Seven Network	1,650
		Signature Publishing	1,900
		The Epoch Times	780
		The Last Post	1,200
		Tourism Brochure Exchange	2,970
		Tourism Western Australia	1,200
		Traction Digital	24,568
		Travelwest Publications	7,273
		Tug Agency	66,793
		Waiviata	2,000
		West Australian Newspapers	9,950
		What's On Group	3,623

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOLD CORPORATION

Report on the Financial Statements

I have audited the accounts and financial statements of the Gold Corporation and the consolidated entity.

The financial statements comprise the Statement of Financial Position as at 30 June 2016, the Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Corporation and the consolidated entity for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Opinion
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Gold Corporation and the consolidated entity at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Board's Responsibility 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 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.

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 based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

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

Report on Controls

I have audited the controls exercised by the Gold Corporation during the year ended 30 June 2016.

Controls exercised by the Gold 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.

Opinion
In my opinion, in all material respects, the controls exercised by the Gold Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

Board's Responsibility for Controls
The Board is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility for the Audit of Controls
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Gold Corporation based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Corporation complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Gold Corporation for the year ended 30 June 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion
In my opinion, in all material respects, the key performance indicators of the Gold Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2016.

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 controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility for the Audit of Key Performance Indicators
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Board's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Independence
In conducting the above audits, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators
This auditor's report relates to the financial statements and key performance indicators of the Gold Corporation for the year ended 30 June 2016 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
16 September 2016

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Key Performance Indicators

Gold Corporation is a body corporate incorporated in terms of the *Gold Corporation Act 1987 of Western Australia*. The purpose of Gold Corporation is to:

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

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

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

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

Given the above Treasurer's Instructions and taking into account Gold 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 have a noted world market share. 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, guided tours, historical information on the gold industry in Western Australia, gold displays and a comprehensive range of investor and numismatic coins. It is an integral part of the state'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

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

	2011-12	2012-13	2013-14	2014-15	2015-16	Target
The key effectiveness indicators for outcome No. 1 are:						
1 Global market share of Australian gold bullion coins (Note 1)	7%	11%	12%	12%	7%	12%
2 Coins and bars – value-added to gold, silver and platinum (Note 2)						
(a) Total premium income	$62.0m	$58.4m	$59.4m	$55.7m	$80.7m	$60.9m
(b) Total premium income expressed as a percentage of (Note 2) precious metal value	4.20%	4.00%	5.50%	6.80%	6.45%	6.46%
3 Estimated proportion of Australian gold doré production refined by The Perth Mint (Note 3)	99.95%	99.00%	99.00%	99.00%	94.00%	99.90%
4 Return on equity (Note 4)	35.1%	30.5%	24.2%	16.4%	29.7%	16.5%
5 Dividends/income tax equivalent payable to the Western Australian Government (Note 5)	$32.2m	$29.9m	$31.8m	$23.3m	$15.6m	$20.4m
The key effectiveness indicators for outcome No. 2 are:						
6 a) Visitors to Perth Mint Exhibition (Note 6)	80,000	80,000	67,000	66,000	67,000	73,000
b) Visitors' satisfaction level	99.9%	99.9%	99.9%	99.9%	99.4%	99.9%

Notes: 1. The figures are based on Gold Fields Mineral Services data for the previous calendar year. As global demand for gold coins increases, a larger proportionate share of this market is often captured by North American manufacturers due to the size of the market in that continent. The total number of gold coins sold by the Corporation increased in 2015/16 compared to the prior year. | 2. The calculation is the total premium income (amount of income received above metal cost) for all legal tender coins and bar sales, which is expressed as a percentage of the value of the precious metal value of the coins and bars. The key effectiveness indicator includes all Australian legal tender coins and bars, as well as coins produced for other countries. | 3. This calculation is based on the refinery's records and an estimate of the total Australian gold doré production. While the total gold volume refined by the Corporation increased, a small proportion of Australian production volume was refined by other refiners. | 4. The percentages show Gold Corporation's return on equity for each respective financial year, based on ordinary activities before income tax. This performance measure is referred to in the *Gold Corporation Act 1987*. Return on equity is above target due to higher profitability largely driven by higher than expected demand for investment coins. Most notably the new Silver Kangaroo, of which almost 10 million units were sold. | 5. Income tax equivalent, calculated as if Gold 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. | 6a. Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic. | 6b Satisfaction levels are derived from surveys completed by visitors to The Perth Mint. The number of visitors is below target as a result of decreased visitor numbers from overseas and poorer economic conditions within Western Australia. The apparent reduction in visitor satisfaction during the 2015/16 period is due to the adoption of a more comprehensive visitor survey during the period.

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.

	2011-12	2012-13	2013-14	2014-15	2015-16	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	1.34%	1.40%	1.74%	1.15%	1.16%	1.46%
2 Staff costs as a proportion of trading profit (Note 2)	32.60%	38.10%	37.30%	44.87%	36.32%	40.36%
The key efficiency indicator for service No. 2 is:						
3 Average cost per Exhibition visitor expressed as an index (Note 3)	157	174	197	244	263	243

Notes: 1. The percentages show the proportion of Gold Corporation's sales revenue represented by the trading profit for the respective financial year. Trading profit as a proportion of sales revenue is below target due to a differing product mix throughout 2015/16. | 2. Employee costs include employee benefits, on-costs and contract staff costs, expressed as a percentage of trading profit (gross margin). Employee costs are Gold Corporation's major expenditure, after the cost of precious metals. Staff costs as a proportion of trading profit is below target due to higher trading profits for the period as a result of increased sales volumes. | 3. Average cost per Exhibition visitor is derived by calculation of total costs of Exhibition divided by annual number of visitors expressed as an index, with the 2002/03 year indexed as 100. The number of visitors increased slightly in 2015/16.

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 year ended 30 June 2016.

D Mackay-Coghill
Chairman

R G Hayes
Executive Director

15 September 2016

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 year ended 30 June 2016, and the financial position as at 30 June 2016.

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.

D Mackay-Coghill
Chairman

R G Hayes
Executive Director

C J Preuss
Chief Finance Officer

15 September 2016

Gold Corporation

Trading as The Perth Mint

ABN 98 838 298 431

Financial Report - 30 June 2016

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Notes	2016 $'000	2015 $'000
Revenue	4	**9,007,746**	**6,606,277**
Net gain on disposal of property, plant and equipment		-	5
Revaluation increase in buildings	5	11	288
Net foreign exchange gains		-	1,050
Fees and rents		15,806	14,531
Interest revenue		1,163	761
Expenses			
Cost of goods sold	6	(8,903,081)	(6,530,028)
Employee benefits expense	7	(38,015)	(34,210)
Materials and services		(30,443)	(29,478)
Depreciation and amortisation expense	6	(7,955)	(6,609)
Loss on disposal of assets		(43)	-
Impairment of assets	6	-	(1,235)
Computer rental		(155)	(197)
Fair value decrease in investment property	5	(198)	(217)
Finance costs - net		(2,833)	(902)
Revaluation decrease in buildings	5	(490)	(117)
Net foreign exchange losses		(476)	-
Profit before income tax expense		**41,037**	**19,919**
Income tax expense	8	(11,497)	(5,860)
Profit after income tax expense for the period attributable to the owner of Gold Corporation	**26**	**29,540**	**14,059**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
(Loss)/gain on revaluation of buildings	13	(3,321)	4,571
Income tax on items of other comprehensive income		996	(1,371)
Total other comprehensive (loss)/income for the year		**(2,325)**	**3,200**
Total comprehensive income for the period attributable to the owners of Gold Corporation		**27,215**	**17,259**

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 2016

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	67,283	58,330
Trade and other receivables	10	32,811	29,445
Inventories	11	4,080,014	3,036,850
Income tax refund due	17	-	5,019
Other	12	3,349	12,883
Total current assets		**4,183,457**	**3,142,527**
Non-current assets			
Investment properties		-	1,831
Property, plant and equipment	13	99,478	99,500
Intangibles	14	4,216	2,809
Total non-current assets		**103,694**	**104,140**
Total assets		**4,287,151**	**3,246,667**
LIABILITIES			
Current liabilities			
Trade and other payables	15	114,693	106,911
Borrowings - interest bearing	16	986,117	675,572
Income tax payable	17	1,641	-
Employee benefits	18	4,882	5,132
Provisions	19	3,196	429
Precious metal borrowings	20	3,029,045	2,335,229
Total current liabilities		**4,139,574**	**3,123,273**
Non-current liabilities			
Deferred tax liabilities	21	273	1,505
Provisions	22	8,208	-
Other non-current liabilities		545	-
Employee benefits	23	316	325
Total non-current liabilities		**9,342**	**1,830**
Total liabilities		**4,148,916**	**3,125,103**
Net assets		**138,235**	**121,564**
EQUITY			
Issued capital	24	31,603	31,603
Reserves	25	17,068	19,393
Retained profits	26	89,564	70,568
Total equity		**138,235**	**121,564**

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

2

Gold Corporation
Consolidated statement of changes in equity
For the year ended 30 June 2016

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Opening balance at 1 July 2014		**31,603**	**16,193**	**69,425**	**117,221**
Profit after income tax expense for the year		-	-	14,059	14,059
Other comprehensive (loss)/income for the year, net of tax		-	3,200	-	3,200
Total comprehensive income for the period		**-**	**3,200**	**14,059**	**17,259**
Transactions with owners in their capacity as owners:					
Dividends paid	27	-	-	(12,916)	(12,916)
Total transactions with owners		**-**	**-**	**(12,916)**	**(12,916)**
Closing balance at 30 June 2015		**31,603**	**19,393**	**70,568**	**121,564**
Opening balance at 1 July 2015		**31,603**	**19,393**	**70,568**	**121,564**
Profit after income tax expense for the year		-	-	29,540	29,540
Other comprehensive (loss)/income for the year, net of tax		-	(2,325)	-	(2,325)
Total comprehensive income for the period		**-**	**(2,325)**	**29,540**	**27,215**
Transactions with owners in their capacity as owners:					
Dividends paid	27	-	-	(10,544)	(10,544)
Total transactions with owners		**-**	**-**	**(10,544)**	**(10,544)**
Closing balance at 30 June 2016		**31,603**	**17,068**	**89,564**	**138,235**

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 2016

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		8,986,848	7,274,217
Payments to suppliers and employees (inclusive of goods and services tax)		(8,965,681)	(7,215,572)
		21,167	58,645
Interest received		1,228	787
Interest and other finance costs paid		(2,674)	(902)
Net cash inflow from operating activities	**36**	**19,721**	**58,530**
Cash flows from investing activities			
Payments for investment property		(97)	(37)
Payments for property, plant and equipment		(5,134)	(22,921)
Proceeds from sale of investment property		78	-
Deposits made		(31,000)	(30,000)
Deposits repaid		41,000	40,000
Proceeds from sale of property, plant and equipment		1	5
Net cash from / (used in) investing activities		**4,848**	**(12,953)**
Cash flows to State Government			
Income tax equivalent paid		(5,072)	(10,343)
Dividend paid		(10,544)	(12,918)
Net cash to State Government		**(15,616)**	**(23,261)**
Net increase in cash and cash equivalents		**8,953**	**22,316**
Cash and cash equivalents at the beginning of the financial year		58,330	36,014
Cash and cash equivalents at end of period	**9**	**67,283**	**58,330**

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

Contents of the notes to the consolidated financial statements

Gold Corporation
Notes to the consolidated financial statements
30 June 2016
(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's and its subsidiaries' functional and presentation currency.

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* and domiciled in Australia. 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 15 September 2016. The directors have the power to amend and reissue the financial report.

The *Financial Management Act 2006* 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.

(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.

2 Significant accounting policies (continued)

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

Any new, revised or amending Australian Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following newly adopted Australian Accounting Standards and Interpretations are most relevant to the consolidated entity:

(i) AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The impact of this amendment to the consolidated entity was not material.

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

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory, and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is set out below.

(i) AASB 9 Financial Instruments

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The main changes of the standard are as follows:

Financial assets
Financial assets that are debt instruments will be classified based on the following:
• The objective of the entity's business model for managing the financial assets
• The characteristics of the contractual cash flows

Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

2 Significant accounting policies (continued)

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

Financial liabilities
Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:
• The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
• The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment
The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue-Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board and developed jointly with the US Financial Accounting Standards Board.

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

2 Significant accounting policies (continued)

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

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2018. The consolidated entity will adopt this standard from 1 July 2018, the impact of its adoption is yet to be fully assessed by the consolidated entity.

(iii) AASB 16 Leases

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Currently, AASB 16 is effective for annual reporting periods commencing on or after 1 January 2019. The consolidated entity will adopt this standard from 1 July 2019, the impact of its adoption is yet to be fully assessed by the consolidated entity.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, *Financial Management Act 2006* 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, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the consolidated statement of profit or loss and other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

2 Significant accounting policies (continued)

(c) Basis of preparation (continued)

(iii) Critical estimates & judgements

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

(iv) Comparatives

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

(v) Rounding

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

(d) Parent entity financial information

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

(e) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Gold Corporation ('company' or 'parent entity') as at 30 June 2016. Gold Corporation and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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.

2 Significant accounting policies (continued)

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

(i) Sale of goods

Sales revenue represents revenue earned from the sale of precious metals, precious metal products and other products, fees and services. It also includes margins on transactions known as metal location swaps, where a quantity of metal is sold in one location, and simultaneously an equivalent quantity is purchased in another location. Bullion sales are recognised on value date. Other sales are recognised on a trade date basis.

(ii) Funds received from the Government

Government grants are recognised in the consolidated statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the consolidated entity will comply with the conditions associated with the grant. A grant that compensates the consolidated entity for expenses incurred is recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the consolidated entity for the cost of an asset are recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis over the useful life of an asset.

(iii) Interest income

Interest revenue 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.

(iv) Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

(g) Foreign currency translation

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.

2 Significant accounting policies (continued)

(g) Foreign currency translation (continued)

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

(h) Financial instruments

(i) Derivative financial instruments

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

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

(ii) Cash flow hedge

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

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

(iii) Non-derivative financial instruments

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

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

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

2 Significant accounting policies (continued)

(h) Financial instruments (continued)

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

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

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

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

(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.

2 Significant accounting policies (continued)

(k) 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.

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

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.

Precious metal borrowings and unallocated precious metal owned by the consolidated entity's customers is shown as inventory due to the fungible nature of precious metal.

(m) Investment properties

Investment properties principally comprises freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly to the consolidated statement of profit or loss and other comprehensive income.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The fair value of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

2 Significant accounting policies (continued)

(m) Investment properties (continued)

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

(n) Property, plant and equipment

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

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

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

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

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

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

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

(i) Gains and losses

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

2 Significant accounting policies (continued)

(n) Property, plant and equipment (continued)

(ii) Capitalisation and expensing of assets

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

(o) Impairment of assets

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) 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.

2 Significant accounting policies (continued)

(p) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

(q) Trade and other payables

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

(r) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis.

(s) 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.

2 Significant accounting policies (continued)

(s) Provisions (continued)

(ii) Decommissioning liability

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

(t) Employee benefits

(i) Wages and salaries and annual leave

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

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

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

(ii) Long service leave

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

(iii) Defined contribution plans

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

2 Significant accounting policies (continued)

(u) 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.

(v) Dividends

Dividends are recognised when declared during the financial year.

(w) 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.

(x) Operating Leases

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

(y) Fair value measurement

The consolidated entity measures financial instruments, such as derivatives and non-financial assets (for example investment properties), at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed in note 29.

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.

(z) 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.

2 Significant accounting policies (continued)

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

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

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
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(continued)

3 Critical estimates, judgements and errors

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 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) Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3 Critical estimates, judgements and errors (continued)

(f) Provision for decommissioning

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

4 Revenue

	2016 $'000	2015 $'000
Sales Revenue		
Sale of goods	8,973,917	6,577,922
Sale of services	33,829	28,355
Total Revenue	**9,007,746**	**6,606,277**

5 Revaluation increase / (decrease)

	2016 $'000	2015 $'000
Revaluation decrease in buildings (note 13(a))	(490)	(117)
Revaluation increase in buildings (note 13(a))	11	288
Fair value decrease in investment property	(198)	(217)
Revaluation decrease	**(677)**	**(46)**

6 Expenses

	2016 $'000	2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold buildings	789	345
Freehold buildings	777	617
Plant, property and equipment	5,816	5,395
Total depreciation	**7,382**	**6,357**
Amortisation		
Software	573	252
Total amortisation	**573**	**252**
Total depreciation and amortisation	**7,955**	**6,609**
Trading profit		
Sales	9,007,746	6,606,277
Total sales	**9,007,746**	**6,606,277**
Opening trading inventories	3,036,850	2,848,243
Purchases	9,946,245	6,718,635
Less closing trading inventories	(4,080,014)	(3,036,850)
Cost of goods sold	**8,903,081**	**6,530,028**
Trading profit	**104,665**	**76,249**
Impairment of intangible assets		
Impairment of intangible assets (note 14)	-	1,235
Impairment of intangible assets	**-**	**1,235**

7 Employee benefits expense

	2016 $'000	2015 $'000
Wages and salaries (a)	33,082	28,660
Superannuation	2,891	2,793
Annual leave (b)	1,919	2,208
Long service leave (b)	123	549
Total employee benefits	**38,015**	**34,210**

(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

	2016 $'000	2015 $'000
Income tax expense		
Current tax	13,518	6,466
Deferred tax - origination and reversal of temporary differences	(1,198)	(672)
Adjustments for current tax of prior periods	(1,785)	66
Adjustments for deferred tax of prior periods	962	-
Aggregate income tax expense	**11,497**	**5,860**
Decrease in deferred tax liabilities (note 21)	(236)	(672)

Gold Corporation
Notes to the consolidated financial statements
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(continued)

8 Income tax expense (continued)

	2016 $'000	2015 $'000
Numerical reconciliation of income tax expense and tax at statutory rate		
Profit before income tax expense	41,037	19,919
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	12,311	5,976
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	-	21
Other non-deductible items	9	(203)
	12,320	5,794
Adjustments recognised for current tax of prior periods	(1,785)	66
Adjustments recognised for deferred tax of prior periods	962	-
Income tax expense	**11,497**	**5,860**

Amounts charged/(credited) directly to equity		
Deferred tax liabilities (note 21)	(996)	1,371

9 Current assets - cash and cash equivalents

	2016 $'000	2015 $'000
Cash on hand	29	32
Cash at bank	67,254	58,298
Total cash and cash equivalents	**67,283**	**58,330**

(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.

10 Current assets - trade and other receivables

	2016 $'000	**2015 $'000**
Trade receivables	28,188	26,684
Provision for impairment of receivables	(97)	(72)
	28,091	26,612
Other receivables	4,720	2,833
Total trade and other receivables	**32,811**	**29,445**

(i) 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.

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.

(ii) Impairment of trade receivables

The ageing of the impaired trade receivables are as follows:

	2016 $'000	**2015 $'000**
3 to 6 months overdue	97	72

Movements in the provision for impairment of trade receivables are as follows:

	2016 $'000	**2015 $'000**
Opening balance	72	41
Additional provisions recognised	25	31
Closing balance	**97**	**72**

Based on historical default rates, the consolidated entity believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Allowance for impairment in respect of trade receivables was made during the year for $25,000 (2015: $31,000)

10 Current assets - trade and other receivables (continued)

(ii) Impairment of trade receivables (continued)

The allowance in respect of trade receivables is used to record impairment losses unless the consolidated entity is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

(iii) Past due but not impaired

Customers with balances past due but without provision for impairment of trade receivables amount to $1,642,000 as at 30 June 2016 ($352,000 as at 30 June 2015).

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:

	2016 $'000	2015 $'000
0 to 3 months overdue	1,589	352
3 to 6 months overdue	53	-
Total past due but not impaired	1,642	352

11 Current assets - inventories

	2016 $'000	2015 $'000
Precious metal - at fair value	4,065,387	3,020,593
Finished goods - at lower of cost and net realisable value	12,000	13,049
Work in progress - at cost	1,202	1,241
Consumables - at cost	1,425	1,967
Total inventories	**4,080,014**	**3,036,850**

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.

In 2016 $1,284,000 (2015: $631,000) was recognised as an expense for inventories carried at net realisable value. This amount is recognised in cost of sales.

12 Current assets - other current assets

	2016 $'000	2015 $'000
Prepayments	3,349	2,883
Other deposits	-	10,000
Total other current assets	**3,349**	**12,883**

Other deposits represent term deposits with maturity date greater than 90 days.

13 Non-current assets - property, plant and equipment

	2016 $'000	2015 $'000
Land - at independent valuation	14,500	17,000
Buildings - at independent valuation	46,003	47,277
Decommissioning asset	7,664	-
Plant and equipment - at cost	70,646	69,631
Less: accumulated depreciation	(39,335)	(34,408)
Total property, plant and equipment	**99,478**	**99,500**

(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, Perth and Horrie Miller Drive, Perth Airport. The land and buildings were revalued as at 1 July 2015 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 $3,800,000 (land $2,500,000 and buildings $1,300,000).

Included in the total revaluation decrement in 2016 were building revaluation decrements amounting to $479,000 (2015: increments amounting to $171,000) that were debited (2015: credited) to the income statements to the extent that there were not amounts available in the corresponding revaluation reserve. The deferred tax of ($996,000) (2015: $1,371,000) was recognised against the decrement of $3,321,000 (2015: increment of $4,571,000). Net transfer to revaluation reserve thus amounts to $2,325,000 (2015: $3,200,000).

Information on fair value measurements is provided at note 29.

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

(b) Reconciliation

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

	Leasehold buildings $'000	Freehold Land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2015						
Opening net book amount	13,460	15,600	25,235	24,933	3,221	82,449
Additions	-	-	-	80	20,554	20,634
Revaluation surplus	2,510	1,400	949	-	-	4,859
Revaluation decrement	-	-	(117)	-	-	(117)
Transfers	156	-	6,046	4,333	(12,503)	(1,968)
Depreciation charge	(345)	-	(617)	(5,395)	-	(6,357)
Balance at 30 June 2015	**15,781**	**17,000**	**31,496**	**23,951**	**11,272**	**99,500**

	Leasehold buildings $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2016						
Opening net book amount	15,781	17,000	31,496	23,951	11,272	99,500
Additions	8,049	-	-	-	3,154	11,203
Disposals	-	-	-	(43)	-	(43)
Revaluation surplus	14	-	11	-	-	25
Revaluation decrement	(104)	(2,500)	(1,221)	-	-	(3,825)
Transfers	107	-	1,100	10,729	(11,936)	-
Depreciation charge	(789)	-	(777)	(5,816)	-	(7,382)
Balance at 30 June 2016	**23,058**	**14,500**	**30,609**	**28,821**	**2,490**	**99,478**

The addition to leasehold buildings of $8,049,000 during the year ended 30 June 2016 represents the recognition of a decommissioning asset. This is a non-cash addition which has been recognised as part of our provision for decommissioning of the refining facility (see note 22).

14 Non-current assets - intangible assets

	2016 $'000	2015 $'000
Software - at cost	8,200	6,221
Less: accumulated amortisation	(3,984)	(3,412)
Total intangible assets	**4,216**	**2,809**

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

(i) Reconciliation

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

	Assets under construction $'000	Computer software $'000	Total $'000
Year ended 30 June 2015			
Opening net book amount	-	41	41
Additions	2,198	89	2,287
Transfers	305	1,663	1,968
Amortisation expense	-	(252)	(252)
Impairment charge	(1,086)	(149)	(1,235)
Balance as at 30 June 2015	**1,417**	**1,392**	**2,809**
Year ended 30 June 2016			
Opening net book amount	1,417	1,392	2,809
Additions	1,980	-	1,980
Transfers	(295)	295	-
Amortisation expense	-	(573)	(573)
Balance as at 30 June 2016	**3,102**	**1,114**	**4,216**

(ii) Impairment loss

In 2015, the impairment loss of $1,235,000 represented the write-off of certain projects formally placed on hold by the Corporation. The impairment charge was recognised within the consolidated statement of profit or loss and other comprehensive income. The recoverable value was assessed based on the future value of the work performed prior to the projects being formally placed on hold.

15 Current liabilities - trade and other payables

	2016 $'000	2015 $'000
Trade payables	104,939	97,152
Other payables and accrued expenses	9,754	9,759
Total trade and other payables	**114,693**	**106,911**

Refer to note 28 for further information on financial instruments.

16 Current liabilities - borrowings - interest bearing

	2016 $'000	2015 $'000
Precious metal borrowings - interest bearing	986,117	675,572

(a) Security for borrowings

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

17 Current liabilities - income tax payable

	2016 $'000	2015 $'000
Opening balance	(5,019)	(1,209)
Provision for the current year	13,518	6,467
(Overprovision) / underprovision previous years	(1,786)	66
Refunds received during the year	8,081	569
Amount paid during the year	(13,153)	(10,912)
Total income tax payable / (refund due)	**1,641**	**(5,019)**

18 Current liabilities - employee benefits

	2016 $'000	2015 $'000
Annual leave	2,055	1,888
Long service leave	2,522	2,744
Employment on-costs	305	500
Total employee benefits	**4,882**	**5,132**

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

	2016 $'000	2015 $'000
Incentive plan	3,196	429

(a) Incentive plan

The consolidated entity's incentive plan was originally approved by the Board in 2003 and is designed to motivate all staff to strive towards the consolidated entity achieving an acceptable return on assets. A plan was put into place whereby an appropriate profit target was set over a number of years. 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 are eligible for payments under the terms of the scheme.

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

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

In the 2016 financial year the consolidated entity did exceed its profit target, so employees will be eligible for incentive payments of $3,195,928 (2015: $429,110).

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Notes to the consolidated financial statements
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(continued)

19 Current liabilities - provisions (continued)

(b) Movement in provisions

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

	2016 $'000	2015 $'000
Incentive plan		
Carrying amount at the start of the year	429	632
Additional provisions recognised	3,196	429
Payments	(429)	(632)
Carrying amount at the end of the year	**3,196**	**429**

20 Current liabilities - precious metal borrowings

	2016 $'000	2015 $'000
Precious metal borrowings - non-interest bearing	3,029,045	2,335,229

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by Government of Western Australia under Section 22 (1) of the *Gold Corporation Act 1987*, with annual limits for gold, silver, platinum and palladium approved by the Treasurer. These do not attract interest and are utilised in the consolidated entity's operations.

21 Non-current liabilities - deferred tax liabilities

	2016 $'000	2015 $'000
Deferred tax liability comprises temporary differences attributable to:		
Deferred tax assets		
Impairment of receivables	29	22
Property, plant and equipment	-	782
Employee benefits	1,560	1,681
Inventories	1,103	2,419
Other payables	1,275	205
Decommissioning liability	2,462	-
Investment properties	57	-
Total deferred tax assets	6,486	5,109
Deferred tax liabilities		
Property, plant and equipment	4,386	6,533
Other	-	4
Prepayments	74	77
Decommissioning asset	2,299	-
Total deferred tax liabilities	6,759	6,614
Net deferred tax liabilities	**273**	**1,505**
Deferred tax liabilities expected to be settled after more than 12 months	273	1,505
Movements:		
Opening balance	1,505	806
Charged/(credited) to profit or loss (note 8)	(236)	(672)
Charged/(credited) to equity (note 8)	(996)	1,371
Closing balance	**273**	**1,505**

22 Non-current liabilities - provisions

	2016 $'000	2015 $'000
Decommissioning provision	8,208	-

(a) Movements in provisions

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

	Decommissioning provision $'000	Total $'000
Year ended 30 June 2016		
Opening balance	-	-
Additional provisions recognised	8,049	8,049
Unwinding of discount	159	159
Balance as at 30 June 2016	**8,208**	**8,208**

A provision has been recognised for the first time for the decommissioning costs associated with a refining facility owned by Western Australian Mint. The consolidated entity has an obligation to decommission the site upon the expiry of the lease on the land on which the facility is built if requested by the lessor.

23 Non-current liabilities - employee benefits

	2016 $'000	2015 $'000
Long service leave	296	305
Employment on-costs	20	20
Total employee benefits	**316**	**325**

(a) Superannuation commitments

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

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

23 Non-current liabilities - employee benefits (continued)

(a) Superannuation commitments (continued)

The consolidated entity's employees not wishing to, or who are ineligible to join the IOOF Employee Superannuation Fund are members of the OnePath Master Fund, to which the consolidated entity contributes at the current rate required by superannuation guarantee legislation.

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 or the OnePath Master 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.

24 Equity - issued capital

	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares - fully paid	31,602,582	31,602,582	31,603	31,603

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends.

(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 is to achieve a return on equity of 16.5% before Income Tax equivalent. During the year ended 30 June 2016 the return was 29.7% (2015: 16.4%).

24 Equity - issued capital (continued)

(b) Capital risk management (continued)

Neither the consolidated entity nor any of its subsidiaries are subject to externally imposed capital requirements. The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

25 Equity - reserves

	2016 $'000	2015 $'000
Reserve - asset revaluation	17,068	19,393

(a) Revaluation surplus reserve

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

26 Equity - retained profits

	2016 $'000	2015 $'000
Retained profits at the beginning of the financial year	70,568	69,425
Profit after income tax expense for the year	29,540	14,059
Dividends paid (note 27)	(10,544)	(12,916)
Retained profits at the end of the financial year	**89,564**	**70,568**

27 Equity - dividend

	2016 $'000	2015 $'000
Government of Western Australia	10,544	12,916

In accordance with section 21(4) of the *Gold Corporation Act 1987,* the Board recommended to the Treasurer that an amount of $22,154,000 (2015: $10,544,000) be payable as dividend for the financial year ended 30 June 2016. The dividend was declared and approved after the end of the financial year and therefore has not been provided for in the financial statements.

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 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
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(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.

The consolidated entity does not hedge its estimated foreign currency exposure in respect of forecast sales and purchases. The consolidated entity does not hedge trade receivables, but may hedge trade payables denominated in a foreign currency where appropriate. The consolidated entity uses forward exchange contracts to hedge this currency risk, most with maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled at maturity.

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	
	2016	**2015**	**2016**	**2015**
Australian dollars				
USD	0.7283	0.8380	0.7439	0.7685
EUR	0.6561	0.6966	0.6707	0.6847
CHF	0.7133	0.7862	0.7311	0.7110
GBP	0.4914	0.5307	0.5547	0.4881
HKD	5.6513	6.4655	5.7885	5.9510

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

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28 Financial risk management (continued)

(b) Market risk (continued)

	Assets		Liabilities	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
USD	60,998	75,222	(75,212)	(75,900)
EUR	-	-	-	(4)
GBP	-	-	(5)	-
	60,998	**75,222**	**(75,217)**	**(75,904)**

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

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 2015.

	AUD strengthened			AUD weakened		
Year ended 30 June 2016	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	1,292	-	10%	(1,579)	-
		1,292	**-**		**(1,579)**	**-**

	AUD strengthened			AUD weakened		
Year ended 30 June 2015	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	62	-	10%	(75)	-
		62	**-**		**(75)**	**-**

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28 Financial risk management (continued)

(b) Market risk (continued)

(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 does not enter into commodity (precious metals) contracts other than to meet the consolidated entity's expected 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 utilising leased precious metal and unallocated precious metal owned by the consolidated entity's customers in its working inventories. 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.

(iv) Interest and lease rate risk

The consolidated entity adopts a policy of not hedging its exposure to change in interest rates and lease rates on borrowings and precious metal borrowings. At the reporting date the interest rate profile of the consolidated entity interest-bearing financial instruments was:

	2016		**2015**	
	Weighted average interest rate %	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Variable rate - financial assets interest	1.0%	67,227	0.7%	68,295
Fixed rate - metal leases	0.3%	(986,117)	0.1%	(675,572)
Net exposure to cash flow interest/lease rate risk		**(918,890)**		**(607,277)**

The consolidated entity's exposure to interest and lease rate risk and the effective weighted average interest and lease rate for each class of financial assets and interest and lease rate bearing liabilities are set out below. 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 2015.

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28 Financial risk management (continued)

(b) Market risk (continued)

	Impact on post-tax profit		Impact on other components of equity	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Interest rates - increase by 50 basis points (50 bps)	336	342	-	-
Interest rates - decrease by 50 basis points (50 bps)	(336)	(342)	-	-

(c) Credit risk

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

(i) Guarantees

The consolidated entity does not provide financial guarantees.

(ii) Trade and other receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual financial characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. No significant percentage of the consolidated entity's revenue is attributable to sales transactions with 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.

28 Financial risk management (continued)

(c) Credit risk (continued)

The majority of the trade and other receivables customers have been transacting with the consolidated entity for over four years, and losses have occurred infrequently. The consolidated entity's trade and other receivables relate mainly to wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list, and future sales are made on a prepayment basis.

The consolidated entity has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the group of similar assets in respect of losses that have been incurred but not yet identified.

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 geographic region was:

	2016 $'000	2015 $'000
Australia	2,972	2,885
United States	25,216	23,799
	28,188	**26,684**

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

	2016 $'000	2015 $'000
Wholesale customers	28,188	26,684

28 Financial risk management (continued)

(c) Credit risk (continued)

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

	2016 $'000	2015 $'000
Term deposits	-	10,000
Trade and other receivables	32,811	29,445
Cash and cash equivalents	67,283	58,330
	100,094	**97,775**

(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.

28 Financial risk management (continued)

(d) Liquidity risk (continued)

	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 2016					
Non-derivatives					
Trade payables	(104,939)	-	-	-	(104,939)
Borrowings - interest bearing	(986,117)	-	-	-	(986,117)
Precious metal borrowings - non interest bearing	(3,029,045)	-	-	-	(3,029,045)
Total non-derivatives	**(4,120,101)**	**-**	**-**	**-**	**(4,120,101)**
At 30 June 2015					
Non-derivatives					
Trade payables	(97,152)	-	-	-	(97,152)
Borrowings - interest bearing	(675,572)	-	-	-	(675,572)
Precious metal borrowings - non interest bearing	(2,335,229)	-	-	-	(2,335,229)
Total non-derivatives	**(3,107,953)**	**-**	**-**	**-**	**(3,107,953)**

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 fair values of assets and liabilities, together with their carrying amounts in the consolidated statement of financial position, for the consolidated entity are as follows:

	2016		2015	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Assets				
Investment Properties	-	-	1,831	1,831
Land (note 13)	14,500	14,500	17,000	17,000
Buildings (note 13)	53,667	53,667	47,277	47,277
Precious metal inventory (note 11)	4,065,387	4,065,387	3,020,593	3,020,593
Total Assets	**4,133,554**	**4,133,554**	**3,086,701**	**3,086,701**
Liabilities				
Borrowings - interest bearing (note 16)	986,117	986,117	675,572	675,572
Precious metal borrowings - non-interest bearing (note 20)	3,029,045	3,029,045	2,335,229	2,335,229
Total Liabilities	**4,015,162**	**4,015,162**	**3,010,801**	**3,010,801**

The following tables detail the consolidated entity's fair values of assets and liabilities 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)

29 Fair value measurement (continued)

At 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Land	-	-	14,500	14,500
Buildings	-	-	53,667	53,667
Precious metal inventory	4,065,387	-	-	4,065,387
Total assets	**4,065,387**	**-**	**68,167**	**4,133,554**
Liabilities				
Borrowings - interest bearing	986,117	-	-	986,117
Precious metal borrowings - non interest bearing	3,029,045	-	-	3,029,045
Total liabilities	**4,015,162**	**-**	**-**	**4,015,162**

At 30 June 2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Land	-	-	17,000	17,000
Investment Properties	-	-	1,831	1,831
Buildings	-	-	47,277	47,277
Precious metal inventory	3,020,593	-	-	3,020,593
Total assets	**3,020,593**	**-**	**66,108**	**3,086,701**
Liabilities				
Borrowings - interest bearing	675,572	-	-	675,572
Precious metal borrowings - non interest bearing	2,335,229	-	-	2,335,229
Total liabilities	**3,010,801**	**-**	**-**	**3,010,801**

The $3,029,045,000 (2015: $2,335,229,000) of precious metal deposited by Perth Mint Depository clients (note 20) was used in operations by the consolidated entity as working inventory.

There were no transfers between levels during the financial year.

29 Fair value measurement (continued)

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

The following table presents the changes in level 3 items for the periods ended 30 June 2016 and 30 June 2015:

	Investment properties $'000	Land $'000	Buildings $'000	Total $'000
Opening balance 1 July 2014	**2,011**	**15,600**	**38,695**	**56,306**
Additions	37	-	-	37
Transfers	-	-	6,202	6,202
Depreciation expense	-	-	(962)	(962)
Gains recognised in other comprehensive income	-	1,400	3,171	4,571
Gains/(losses) recognised in other income	(217)	-	171	(46)
Closing balance 30 June 2015	**1,831**	**17,000**	**47,277**	**66,108**
Opening balance 1 July 2015	**1,831**	**17,000**	**47,277**	**66,108**
Additions	97	-	8,049	8,146
Transfers	-	-	1,207	1,207
Losses recognised in other comprehensive income	-	(2,500)	(821)	(3,321)
Depreciation expense	-	-	(1,566)	(1,566)
Gains/(losses) recognised in other income	(198)	-	(479)	(677)
Reclassification to receivables	(1,730)	-	-	(1,730)
Closing balance 30 June 2016	**-**	**14,500**	**53,667**	**68,167**

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 2016 $'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land	$14,500	Restricted use	$1,213/sqm	Higher value of similar land increases the estimated fair value.
Buildings	$46,003	Depreciated replacement cost	2.5% 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.

30 Key management personnel disclosures

Compensation

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

	2016 $	2015 $
Short-term employment benefits	2,305,825	3,410,736
Post-employment benefits	192,135	403,724
Total employment benefits	**2,497,960**	**3,814,460**

Total fees received by non-executive directors was $342,171 (2015: $247,693).

Number of directors whose total of fees, salaries, superannuation and other benefits, received or due and receivable for the financial year, falls within the following bands:

	2016	2015
$0 - $10,000	2	1
$20,001 - $30,000	2	-
$30,001 - $40,000	1	1
$40,001 - $50,000	1	3
$50,001 - $60,000	2	-
$80,001 - $90,000	-	1
$90,001 - $100,000	1	-
$440,001 - $450,000	-	1
$520,001 - $530,000	1	-
$580,001 - $590,000	-	1
	10	**8**

30 Key management personnel disclosures (continued)

Compensation (continued)

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, falls within the following bands:

	2016	**2015**
$60,001 - $70,000	-	1
$70,001 - $80,000	1	1
$150,001 - $160,000	-	1
$160,001 - $170,000	-	1
$170,001 - $180,000	-	1
$180,001 - $190,000	-	1
$200,001 - $210,000	1	1
$240,001 - $250,000	1	-
$260,000 - $270,000	1	-
$270,001 - $280,000	-	1
$290,001 - $300,000	-	3
$350,001 - $360,000	-	1
$380,001 - $390,000	1	-
$440,001 - $450,000	1	-
	6	**12**

31 Related party transactions

(a) Transactions with other related parties

(i) Purchases from entities controlled by key management personnel

The son of Mr D Mackay-Coghill, the Chairman of the Board, is a director and majority shareholder of Yappy Group Pty Ltd. Gold Corporation has entered into a social media advertising agreement with Yappy Group Pty Ltd. A request for proposal and an evaluation process was undertaken to determine the preferred vendor. Upon completion of this process, Yappy Pty Ltd were selected as the preferred vendor. Mr Mackay-Coghill was not involved in the process. The agreement is based on normal commercial terms and conditions. For the year ended 30 June 2016 expenses totalling $100,000 were incurred under this agreement.

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:

	2016 $	2015 $
Office of the Auditor General		
Audit of financial statements and key performance indicators	208,000	198,000

33 Contingent liabilities

In addition to the liabilities included in the financial statements, there is the following contingent liability:

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 2016.

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.

33 Contingent liabilities (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:

	2016 $'000	2015 $'000
Capital commitments - property, plant and equipment		
Within one year	591	535
Total capital commitments	**591**	**535**

(b) Non-cancellable operating leases

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

	2016 $'000	2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,312	91
Later than one year but not later than five years	6,492	14
Later than five years	23,811	-
Total commitments	**31,615**	**105**

The operating lease commitments are for leases of land, storage facilities, and equipment. The terms of these are various, with the maximum term being until May 2036. During 2016 $1,402,453 was recognised as an expense in the consolidated statement of profit or loss and other comprehensive income in respect of operating leases (2015: $212,919).

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		Contribution to consolidated result	
		2016	2015	2016	2015
		%	%	$'000	$'000
Gold Corporation	Australia			25,213	12,875
Subsidiaries of Gold Corporation:					
GoldCorp Australia	Australia	100	100	2,879	1,124
Western Australian Mint	Australia	100	100	1,448	(86)
AGR Management Service Pty Ltd	Australia	100	100	-	-
				29,540	**13,913**

36 Cash flow information

	2016 $'000	2015 $'000
Profit after income tax expense for the year	29,540	14,059
Depreciation and amortisation	7,955	6,609
Provision for doubtful debts	25	31
Revaluation of land and buildings	677	46
Impairment of intangible assets	-	1,235
Net loss on disposal of property, plant and equipment	43	(5)
Amounts credited to provisions for income tax equivalents	11,497	5,860
Unwinding of discount on provisions	159	-
Change in operating assets and liabilities:		
(Decrease)/increase in employee benefits	(259)	657
Decrease in precious metal holdings	(40,432)	(1,154)
Decrease/(increase) in inventories	1,630	(1,067)
Increase in prepayments	(466)	(7)
Increase in receivables	(1,740)	(4,274)
Increase in payables	7,780	36,743
Increase/(decrease) in provisions	2,767	(203)
Increase in other non current liabilities	545	-
Net cash inflow from operating activities	**19,721**	**58,530**

Gold Corporation
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37 Explanatory statement

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

The consolidated entity's business plans for 2015/2016 projected an operating result before income tax equivalent of $24.70 million against an actual profit before income tax equivalent of $41.04 million. The most significant variations were:

- Significantly higher than anticipated sales of investment coins. Most notably the new Silver Kangaroo of which the consolidated entity sold just under 10 million units.

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) Sales revenue

Sales revenue of $9.01 billion in 2016 was 36.3% higher than the $6.61 billion revenue in 2015 due to increased average precious metal prices, and increased precious metal volumes throughout the period.

(ii) Cost of sales

Cost of sales in 2016 of $8.90 billion was 36.3% increased from the $6.53 billion cost of sales in 2015, in line with the increase in revenue.

(iii) Trading profit

Trading profit increased to $104.67 million in 2016, 37.3% above the trading profit of $76.25 million in 2015, this is due to increased sales volume during the year.

(iv) Employee Benefits expense

Employee benefits expense increased by $3.81 million (11.1%) to $38.02 million in 2016. This is primarily attributable to the increase in the incentive scheme provision during the period as a result of the Corporation's increased profits.