

GOLD CORPORATION

2001 ANNUAL REPORT

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8 November 2001

Hon. Nick Griffiths LLB MLC
Minister for Government Enterprises
10th Floor, 216 St George's Tce
PERTH WA 6000

STATEMENT OF COMPLIANCE

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and for presentation to Parliament, the Annual Report of Gold Corporation for the year ended 30 June 2001.

The Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

P J UNSWORTH
Chairman

D MACKAY-COGHILL
Director

THE YEAR IN BRIEF

- Gold Corporation recorded an annual operating loss before statutory contribution of \$5.8 million in the 2000-2001 financial year. The loss was due to a combination of a number of historical precious metal and foreign exchange hedge positions, the collapse of international precious metals investment markets, the write-off of surplus and returned Olympic products, and provisioning for the rehabilitation of the Kaltails gold tailings re-treatment site in Kalgoorlie.
- The Australian Gold Refineries Joint Venture (AGR JV) recorded an operating pre-tax profit of \$4.669 million, an increase of \$1.0 million or 27% on the previous year's profit. The Joint Venture's annual refined fine gold output was 233.45 tonnes compared with 246 tonnes in 1999-2000.
- The highly successful Sydney 2000 Olympic Coin Program Joint Venture wound down after almost four years' operation, having achieved total sales to 30 June 2001 of 5.4 million coins valued at \$150 million. These coins added value to a remarkable 2.02 tonnes of Australian gold and 30 tonnes of Australian silver.
- The Perth Mint Shop & Exhibition performed well, with Olympic coins accounting for the most significant portion of Shop sales, and Olympic-related promotions helping to maintain visitor numbers at record levels.
- In the absence of precious metals investment demand, GoldCorp Australia focused on producing high-premium, limited issue collector coinage, releasing several successful commemorative issues, including those celebrating the new Millennium and Australia's Centenary of Federation.
- Gold Corporation and The Perth Mint won several prestigious marketing and tourism awards, including an Australian Tourism Award and a Western Australian Industry and Export Award.
- The new minting facility under construction next to the existing Mint buildings remains on schedule to open at the end of calendar 2001. The building will also house the Sales Administration, Marketing and E-commerce divisions.
- Perth Mint Depository again exceeded budget expectations, despite the extremely negative precious metals investment environment.

CHAIRMAN'S REVIEW

Following two successive years of record profits, Gold Corporation's \$5.8 million loss in the 2000-2001 financial year was a disappointing outcome, particularly given the high level of activity that took place during the year. The result, however, must be viewed in the context that \$3.4 million of the loss was attributable to a number of historical precious metal and foreign exchange hedge positions.

Gold Corporation was not alone among gold industry participants in sustaining foreign exchange losses last year as a result of forward sales. The falling Australian dollar, which reached a record low of 0.4775 on 2 April 2001, exacerbated unrealised losses on positions carried over from the previous year. These positions had been retained in expectation that the Australian dollar would appreciate during the year.

Other factors which contributed to the year's result included the collapse of international precious metals investment markets, the write-off of surplus and returned Olympic product, and provisioning for the rehabilitation of the Kaltails gold tailings re-treatment site in Kalgoorlie.

The Sydney 2000 Olympic Coin Program, conducted in partnership with the Royal Australian Mint, was wound down during the year, having made an extremely positive contribution to the Group's financial performance since its inception in 1997. Gold Corporation's total profit share from the joint venture in the almost four years to 30 June 2001 was \$8.97 million.

In addition, the Perth Mint Shop earned almost \$3 million in retail gross margin from the sale of Olympic products (coins, medallions, jewellery, pins and collectables) over the same period, and Olympic-related promotions helped the Shop to maintain the record visitor levels of the past two years. The Coining Department was also a major beneficiary of the Olympic program, earning an additional \$2.84 million in Olympic related margin.

A total of 5.44 million Olympic coins, valued at \$150 million, were sold between October 1997 and June 2001, more than double the number of coins sold to commemorate the 1996 Atlanta Olympic Games (2.4 million). The breakdown of sales included 4,288,291 bronze, 953,579 silver and 202,323 gold coins. This enormous international coin program added value to a remarkable 2.02 tonnes of Australian gold and almost 30 tonnes of silver.

Other significant benefits to flow from the Sydney 2000 Olympic Coin Program were the opening up of valuable new distribution channels, which placed The Perth Mint firmly on the international stage, and the elevation of the Mint's profile both in Australia and overseas.

As well as providing an important revenue stream for the Corporation, the Olympic program contributed almost \$25 million in royalties and seigniorage to the Commonwealth Treasury, the Sydney Organising Committee for the Olympic Games, the International Olympic Committee and the National Olympic Committees in the countries in which the coins were sold.

The Australian Gold Refineries Joint Venture (AGR JV) continued to strengthen its position as Australia's largest gold refiner and fabricator of precious metal value-added products.

The 50% interest in AGR JV held by Golden West (Australasia) Pty Ltd (GWA) will be sold to the Australian Gold Alliance Pty Ltd (AGA), the shareholders of which will be a consortium of major gold producers.

Gold Corporation welcomes gold producers as shareholders in AGR JV, given Australia's status as a major gold producing nation and the need to retain a strong refining and value-added presence in order to support the local industry and to capitalise on its proximity to Asian gold markets.

In taking a direct interest in AGR JV, the gold producers are becoming stakeholders in the precious metals value-adding processes at an attractive return to their own shareholders. Gold Corporation believes considerable opportunities are available to AGR in this new partnership and anticipates a closer working relationship with producers as a result.

GoldCorp Australia was adversely affected during the year by historically low demand for precious metal investment products, which previously formed the backbone of its business. The continuation of a strong US dollar, low inflation, central bank sales and the price-dampening effects of the large volume of gold returned to the market following the cessation of Y2K-related economic fears, give little prospect for recovery in the near future.

In the absence of investment interest, GoldCorp Australia's efforts were focused on the development of high-margin, limited-edition collector coin issues, the success of which made a positive contribution to the Group's result. Future growth is expected to come from the Perth Mint Collectables division, which is developing a range of high quality collectables incorporating coins, medallions and other minted products.

Construction of the new coining facility, next door to the existing Mint buildings, continued during the year. The building is due to open in December, as scheduled. The four-level, 8,400 square metre building will accommodate new precious metal blanking lines and house the Sales Administration, Marketing and E-commerce divisions.

Despite the disappointing financial result in 2000-2001, Gold Corporation is well positioned to return to profitability in the current financial year. A comprehensive cost-cutting program that has reduced overheads throughout the organisation by some \$3 million should see the Group's financial position turned around in the course of this year. The organisation will also benefit from productivity and efficiency gains achieved as a result of a comprehensive business process review undertaken during the financial year.

Gold Corporation was proud to receive several major awards in 2000-2001, the highlights of which were an Australian Tourism Award, two Western Australian Tourism Awards, a Western Australian Industry and Export Marketing Award and a StateWest Credit Society Marketing Award.

The Western Australian Government has appointed a new Board of Directors, including a new Chairman, Mr Peter Unsworth, a corporate finance specialist who has been a Gold Corporation Director for the past five years. The Government has also appointed a new non-executive Director, businesswoman and communications specialist, Ms Valerie Davies.

Chief Executive Officer, Mr Don Mackay-Coghill, has been reappointed to the Board, along with non-executive Directors, Mr Peter Lalor, Ms Martine Pop and the Western Australian Under Treasurer, Mr John Langoulant, whose appointment is ex officio. All appointments will take effect from 1 July 2001.

I feel privileged to have served as Chairman of Gold Corporation for the past five years, during the most exciting and dynamic period in the Corporation's history. Upon my retirement from the Board, I extend my sincere thanks to the management and staff of Gold Corporation for their efforts during the year, and I offer the incoming Chairman and the new Board my best wishes for the Group's continued growth and future prosperity.

L E McCARREY CMG

Chairman

30 June 2001

GROUP PROFILE

MISSION STATEMENT

The mission of Gold Corporation is:

to provide high quality refining, processing and other services to the gold industry and to develop and market globally, innovative, value-added precious metal products at a commercial rate of return acceptable to the shareholder.

Gold Corporation's history began more than a century ago with the opening of The Perth Mint on 20 June 1899. The Mint was established as a branch of Britain's Royal Mint to refine the increasing quantities of gold being discovered in Western Australia's eastern goldfields and to coin it into sovereigns and half-sovereigns for the Crown.

Today the Corporation is Australia's leading precious metals refining, minting and value-adding group, providing high quality services and precious metal products to domestic and international markets.

The Corporation is the holding company of two wholly owned subsidiaries, the Western Australian Mint and GoldCorp Australia. It provides central services to the Group, including treasury, bullion services and settlement, accounting, personnel management, business development, information systems, public affairs, government relations, security and records management. Some treasury services, such as depository and metal leasing, are also offered to external clients.

The Corporation was created by the *Gold Corporation Act 1987* on 30 June 1988 and is wholly owned by the Government of Western Australia. The Act formalised the merger of the Western Australian Mint (also known as The Perth Mint) and GoldCorp Australia.

GoldCorp Australia was formed in 1986 to manage the redevelopment of the Western Australian Mint and to mint and market Australia's first legal tender precious metal bullion coin program internationally, under a unique agreement with the Commonwealth of Australia.

GoldCorp Australia is a significant participant in international markets for value-added precious metal investment and collectable coin products, marketing a wide range of legal tender bullion and collector coins, and precious and base metal medallions, and collectables.

The Western Australian Mint has a 50% interest in the Australian Gold Refineries Joint Venture (AGR JV), one of the world's largest gold refiners, trading as Australian Gold Refineries (AGR).

Gold Corporation has one wholly owned international operating subsidiary, GoldCorp Australia (Hong Kong) Limited, and representative offices in the United States, Europe, Hong Kong and Japan.

FUNCTIONS

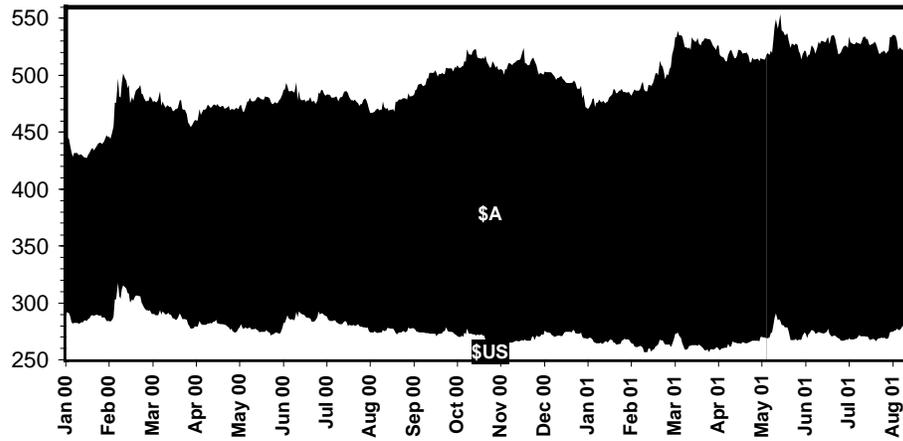
Gold Corporation's functions, as described in sections 10, 36 and 49 of the Act, include:

- providing high quality processing services to the precious metals industry;
- adding value to Australia's precious metals before export;
- generating consumer interest in, and demand for, precious metals;
- promoting and developing markets for gold; and
- providing international standard storage and safekeeping facilities for precious metals and other valuables.

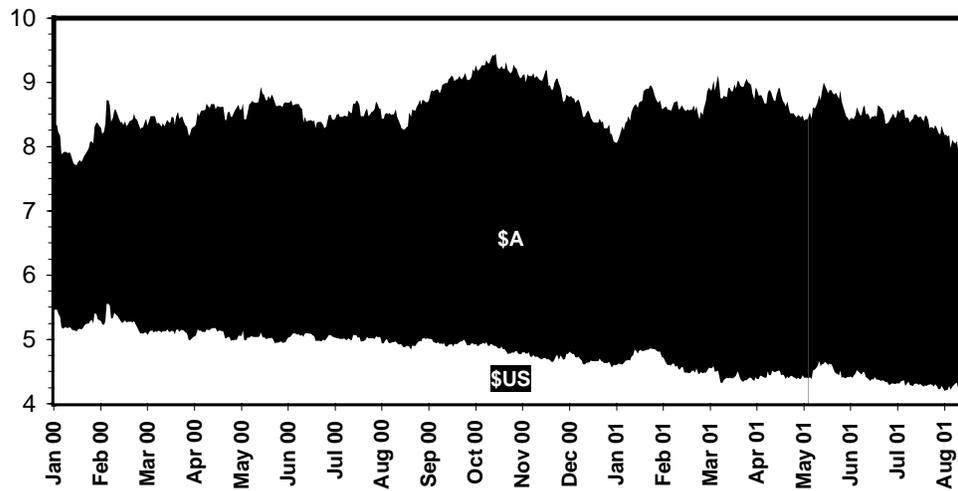
PRECIOUS METAL PRICES

Daily Average Perth Mint Prices, January 2000 - August 2001.

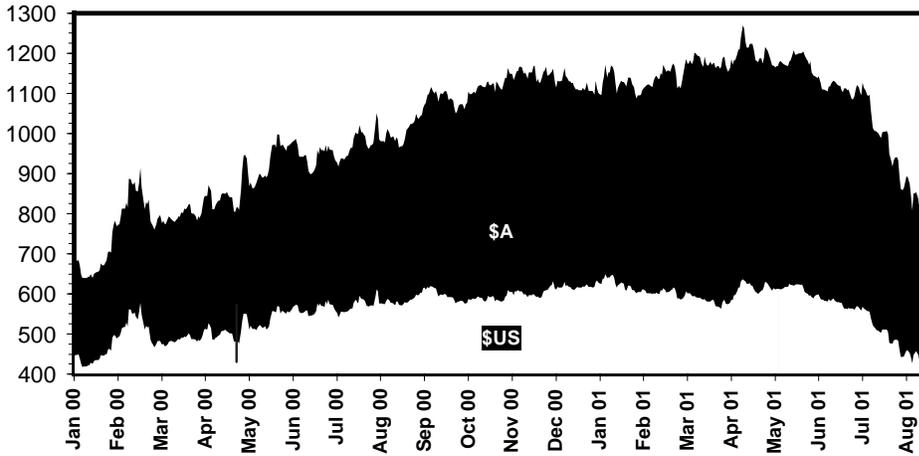
GOLD



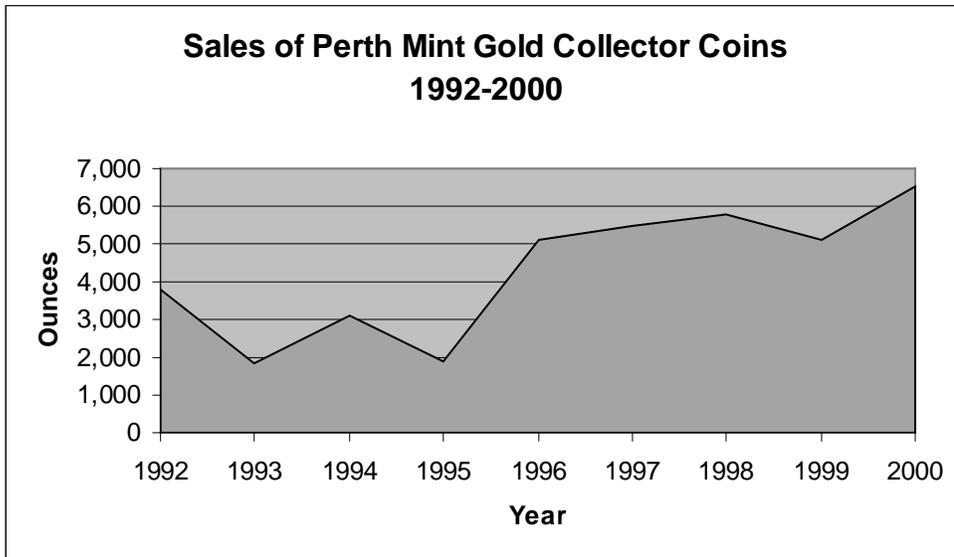
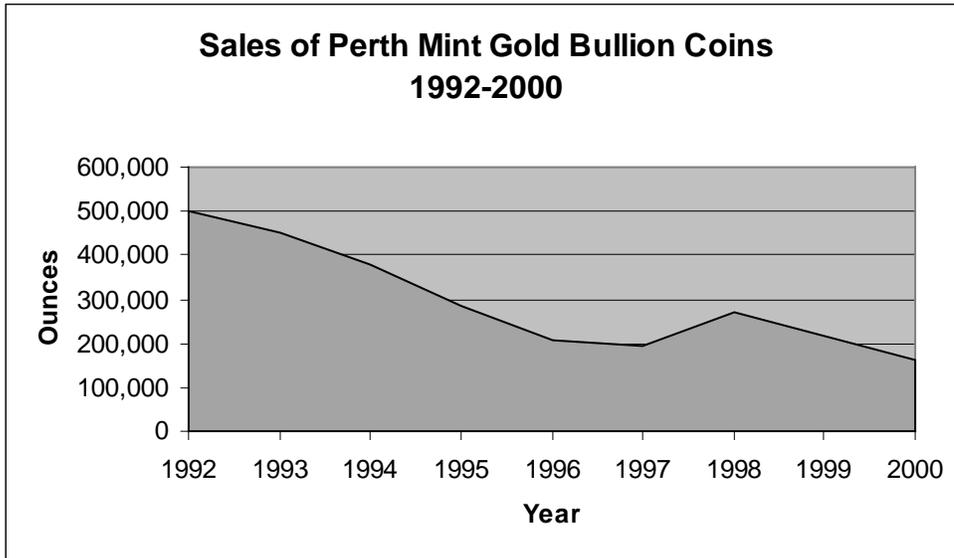
SILVER



PLATINUM



PERTH MINT GOLD COIN SALES 1992-2000



OUTPUT MEASURES

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

- Government desired outcome(s) for each output;
- key efficiency indicators for each output, relating outputs to consumed inputs;
- key effectiveness indicators for each outcome, relating outputs to achieved outcomes; and
- comparative results for the output measures of quantity, quality, timeliness and cost.

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

- **high quality precious metal refining;**
- **value-added precious metal product manufacture and marketing; and**
- **a commercial rate of return on its equity.**

The key effectiveness indicators for the above outcomes are:

- the estimated proportion of Australian fine gold refined annually by the Corporation's 50%-owned precious metals refinery, AGR;
- the Australian Nugget's annual share of the world bullion coin market;
- the annual value added to precious metals in (i) coin production and (ii) other precious metal products (eg blanks);
- the Corporation's annual return on equity, (i) before and (ii) after abnormal items; and
- the average daily number of visitors to The Perth Mint Shop.

The Corporation's outputs are:

- **precious metals refining services; and**
- **precious metal product sales.**

The key efficiency indicators for the above outputs are:

- the Corporation's trading results as a proportion of sales revenue;
- the Corporation's expenditure as a proportion of total revenue; and
- the cost per ounce of refining gold expressed as an index.

The Corporation's key effectiveness and efficiency indicators since 1995-1996 are tabulated on pages 33 and 34 of this Report.

Under the Treasurer's Instructions, output measures describing quantity, quality, timeliness and cost are also to be included in a statutory authority's Annual Report for each output identified above. An output measure analysis is presented below:

OUTPUT MEASURE ANALYSIS

OUTPUT MEASURE	REFINING SERVICES		PRODUCT SALES		GROUP TOTAL	
	Actual \$M	Budget \$M	Actual \$M	Budget \$M	Actual \$M	Budget \$M
QUANTITY <i>(Note 1)</i>	2	2	36	48	37	50
COST <i>(Note 2)</i>	N/A	N/A	43	42	43	42
QUALITY	Gold and silver bars produced by The Perth Mint and the AGR JV are accredited for their accurate weight and purity by the London Bullion Market Association (LBMA), Tokyo Commodities Exchange (TOCOM) and the Comex Division of the New York Mercantile Exchange (Comex).		The weight and purity of all Australian legal tender precious metal coins manufactured by The Perth Mint are described in the Commonwealth <i>Currency Act 1965</i> . The Corporation has installed processing and management systems to ensure it meets these statutory specifications.		The Corporation sells some 90 percent of its precious metal coins and products in international markets. The Corporation is committed to maintaining the product quality standards described opposite to protect its international market status.	
TIMELINESS	The AGR JV melts, samples and assays primary precious metal doré within two business days of receipt at the Perth refinery. This turnaround time is equivalent to the most efficient international industry standards.		The Corporation's minting and marketing divisions operate in an international commercial environment and must be timely with regard to product releases and manufacture to remain competitive.		The Corporation complies with standard international two-day settlement terms on its precious metal and precious metal product purchases and sales.	

Note 1: The Group quantity measure is the actual trading profit and other revenue for the fiscal year, compared with the financial estimate in the Corporation's 2000 Annual Report. Refining Services' income is derived from the Group's investment in the AGR JV partnership. Income from the partnership is included as a single line item in the Group Operating Statements. Further information is presented in the Group Operating Statements and Note 2 of the Financial Statements.

Note 2: The cost measure of each output is the actual total expenditure for the fiscal year, compared with the financial estimate in the Corporation's 2000 Annual Report.

SENIOR MANAGEMENT (at 30 June 2001)**GOLD CORPORATION**

Chief Executive Officer:	Don Mackay-Coghill
Chief Financial Officer:	Jesper Sentow
Group Accountant and Joint Company Secretary:	Anne Melville
Manager, Business Development and Joint Company Secretary:	Michael Kile
Manager, Information Systems:	Mannie Camacho
Manager, Personnel and Industrial Relations:	Giles Talbot
Manager, Public Affairs:	Alison Puchy
Manager, Risk Services:	Chris Mumme
Manager, Treasury Operations:	Nigel Moffatt

GOLDCORP AUSTRALIA

Managing Director:	Don Mackay-Coghill
General Manager:	Veronica Maguire
General Manager, Perth Mint Retail Operations:	Chris Rosagro
Manager, Customer Services:	Justin Kees
Director, Europe:	Ernst Jurgens
Managing Director, GoldCorp Australia (Hong Kong) Ltd:	Dominic Leung
Agent, United States:	George Hall
Agent, Japan:	Koji Ishikawa

WESTERN AUSTRALIAN MINT

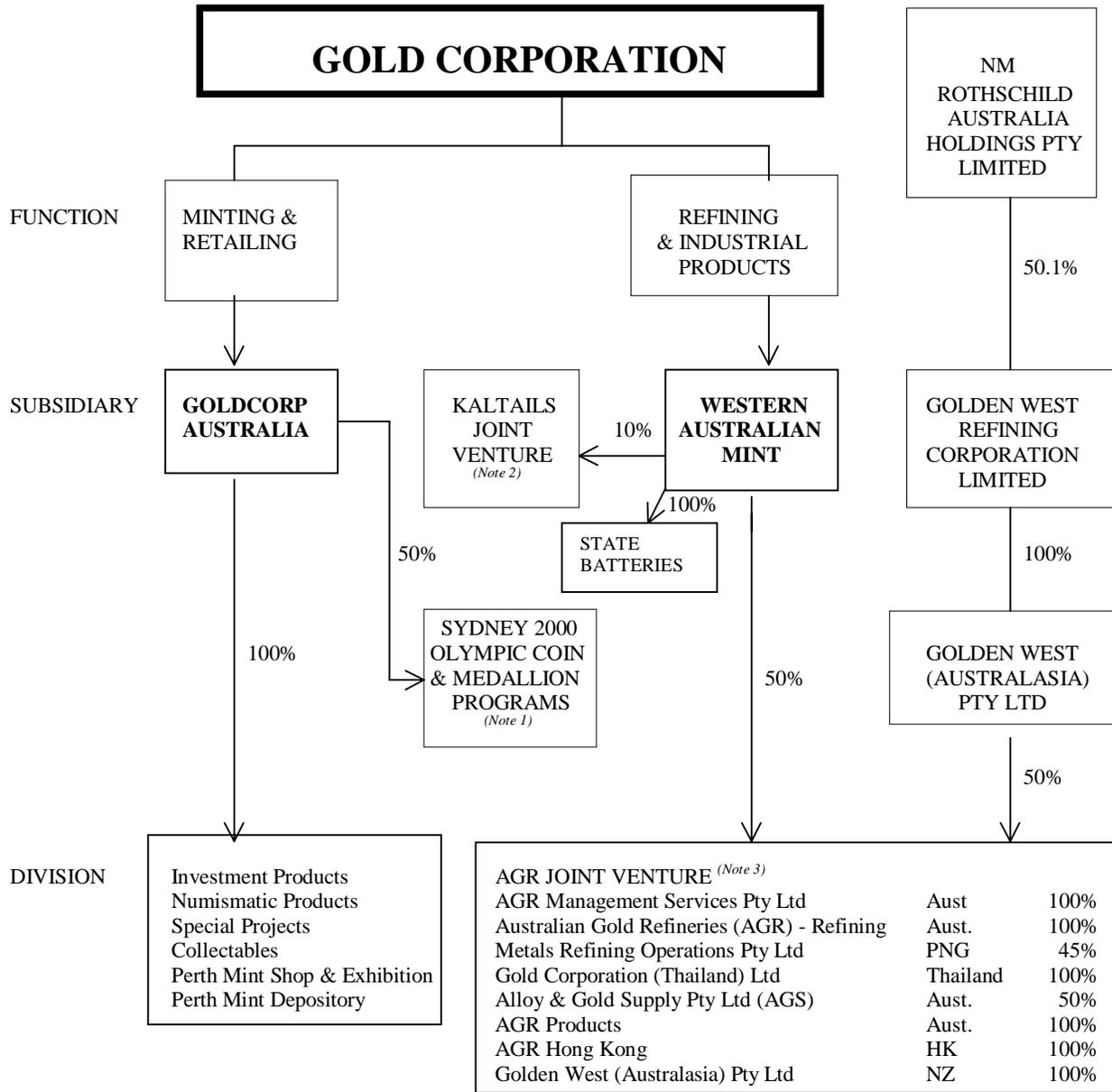
Managing Director, Western Australian Mint:	Don Mackay-Coghill
Operations Manager, Minting:	Eric Brogle

AGR MANAGEMENT SERVICES PTY LTD

Managing Director:	Brian Bath
Deputy Managing Director and Finance Director:	Richard Hayes
Associate Director, Marketing (Refining Services):	Michael Cotton
Associate Director, Technical Services:	Darrall Trainor
General Manager, Products Division:	Brian O'Connor
Operations Manager, Refining (Newburn):	David Woodford
General Manager, Gold Corporation (Thailand) Ltd:	Kasame Chunhasomboon

NOTE: *In 2000-2001, AGR Management Services Pty Ltd (ACN 085 142 605) was a company incorporated and controlled by Golden West (Australasia) Pty Ltd (ACN 073 121 918) and the Western Australian Mint.*

GROUP STRUCTURE



Note 1: A 50/50 partnership between Gold Corporation and the Royal Australian Mint.

Note 2: Gold Corporation has a 10% share in the Kaltails Joint Venture, the balance being held by Normandy Mining Ltd.

Note 3: In 2000-2001, the Australian Gold Refineries JV was a 50/50 partnership between the Western Australian Mint and Golden West (Australasia) Pty Ltd. It was formed on 1 December 1998.

REPORT ON OPERATIONS

FINANCIAL SUMMARY

The Group's annual operating loss, before the statutory contribution, payable to the Western Australian Government in lieu of Commonwealth income tax was \$5.8 million. This compares with a Group profit of \$7.0 million, before statutory contribution, in the 1999-2000 financial year.

No statutory contribution will be paid to the Western Australian Government in respect of the 2000-2001 fiscal year.

Since its establishment in 1988, Gold Corporation has made income tax equivalent and dividend payments to the Western Australian Government of \$27 million.

The Corporation also pays royalties to the Commonwealth annually on all its Australian legal tender coin sales. An amount of \$1.3 million will be paid in this fiscal year, bringing to \$10 million the total royalty payments to the Commonwealth since fiscal 1991-1992.

Payments to the State and Federal Governments since inception now total \$37 million, or an average annual payment of \$2.8 million.

The Corporation's capital expenditure for the year was \$9.8 million, \$9.6 million of which was spent on the construction of a new coining facility adjacent to the existing Mint buildings.

GROUP SUBSIDIARIES

GOLDCORP AUSTRALIA

GoldCorp Australia's major products are precious metal coins and medallions. The main coin programs have legal tender status under the Australian *Currency Act 1965* and are manufactured and marketed by formal agreement with the Commonwealth Government. The Commonwealth receives a royalty on each coin sold by the Group.

The current range of coins includes the Australian Nugget gold, Australian Koala platinum, Australian Kookaburra silver and Australian Lunar gold and silver coin series. In addition to this standard annual range of coins, permission was also granted for the release of special commemorative issues during 2000-2001, including two Millennium coins, three Centenary of Federation coins and a privy mark series based on the US 50 State Quarters Program.

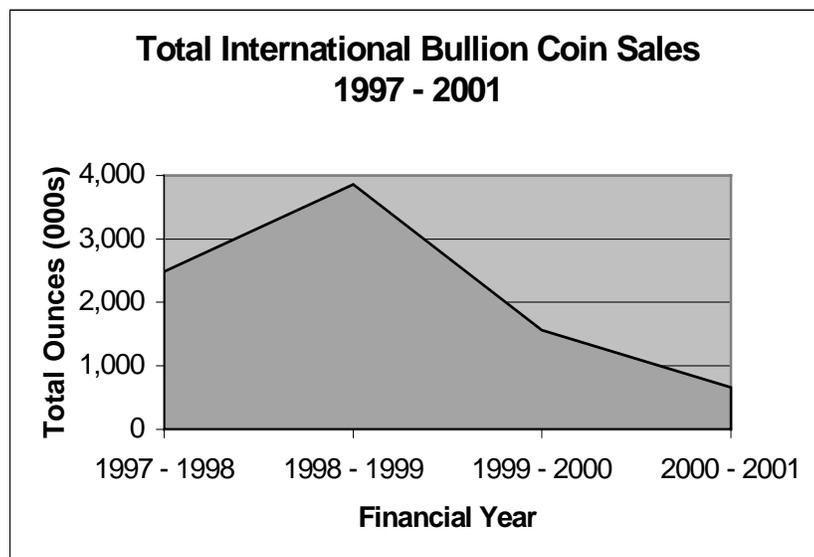
GoldCorp Australia also mints coins under the authority of the Governments of the Cook Islands, Tuvalu and Zambia, and produces a diverse range of medallions and special sets.

Coins and medallions are manufactured to proof and bullion or uncirculated quality. The introduction of colour to many new coins has also seen the creation of a new category of 'proof-like' coins.

Coin and medallion sales in 2000-2001, excluding the Sydney 2000 Olympic Coin Program, added value to 2.91 tonnes of gold (5.27 tonnes in 1999-2000), 19.98 tonnes of silver (25.17 tonnes) and 0.03 tonnes of platinum (0.12 tonnes).

Investment Products

The international investment products market declined dramatically, with total world bullion coin sales falling by 58% from 1,553,116oz in the 1999-2000 financial year to only 657,662oz last year. However, the Australian Nugget's share of the diminished world market increased from 9.3% in calendar 2000 to 11.2% in the first half of the 2001 calendar year.



Numismatic Products

Sales of proof gold and silver Lunar coins were the main contributor to the Numismatic Products category, providing 47% of the total contribution. A large proportion of the Lunar sales came from the popular 2000 Year of the Dragon coins, which sold throughout the year, in addition to the new, but less popular, 2001 Year of the Snake coins.

Special Projects

A wide range of coin issues was released under the Special Projects banner during the year. Most popular among these were three Centenary of Federation issues and two Millennium coins, each of which featured innovative designs. The Cook Islands Year of the Dragon and Snake gold coin programs, issued for sale in South East Asia, also made a substantial contribution to the Special Projects category.

A special coin program commemorating the life of Sir Donald Bradman was issued in conjunction with the Royal Australian Mint, and met with an enthusiastic response from collectors. Overseas custom minting projects for medallions and coin blanks again made a significant contribution.

Perth Mint Collectables

The Collectables product category, launched in March 2000, focused on marketing the Sydney 2000 Olympic Art Pieces in 2000-2001. In the final quarter, many exciting new products commenced development, the first of which, the 'State Houses of Parliament' art piece series, met with immediate success. The series celebrated Australia's Centenary of Federation and consisted of a set of framed art pieces depicting the six State Houses of Parliament as they were at the turn of the 20th century. Incorporating drawings by architectural artist Keith Norris and a special Holey Dollar coin and coloured medallion, the issue sold out within weeks of its release.

New issues for release in the new financial year include two glass art pieces, a Centenary of Federation issue featuring each State and Territory's floral emblem, a Wine Regions of Australia art series, an Australia II photographic art piece, a desk clock and a Lunar Year of the Horse collectable.

E-Commerce

The Perth Mint e-store was launched on 5 July 2000. A low-cost, staged approach was taken initially, with an emphasis on ensuring all elements of the facility were fully operational. All activity was closely monitored to ensure the highest level of service to customers and to minimise conflict with international wholesale distributors.

During this prolonged testing phase, no direct marketing expenditure was undertaken, and promotion of the facility was limited to the inclusion of the web address on printed materials. Despite the lack of promotion, orders immediately began flowing from the main target markets, and by the end of the financial year, this new business channel had contributed more than \$280,000 in gross margin. It is anticipated that this facility will experience substantial growth over the next three years.

Sydney 2000 Olympic Coin Program

The Sydney 2000 Olympic Coin Program commemorated the Games of the XXVII Olympiad, held in Sydney between 15 September and 1 October 2000.

Launched in October 1997, the program was conducted in partnership with the Royal Australian Mint (RAM), under the auspices of the Sydney Organising Committee for the Olympic Games, (SOCOG) and with the approval of the Commonwealth Government.

The program comprised 53 coins - eight 10 gram proof gold coins (all produced by The Perth Mint), 16 one ounce silver proof coins (half of which were produced by The Perth Mint and the other half by RAM), 28 aluminium bronze coins (all minted by RAM), and a one kilogram silver proof coin manufactured by The Perth Mint.

A total of 5.4 million coins were sold worldwide between October 1997 and 30 June 2001, more than double the number of coins sold to commemorate the 1996 Atlanta Olympic Games (2.4 million). These sales generated revenue of \$150 million and added value to a remarkable 2.02 tonnes of Australian gold and almost 30 tonnes of Australian silver.

Gold Corporation's total profit share from the Sydney 2000 Olympic Coin Program was \$8.97 million to 30 June 2001. In addition, the program has opened up valuable new distribution channels for The Perth Mint and significantly elevated its profile internationally.

As well as providing an important revenue stream for the Corporation, the program contributed almost \$25 million in royalties and seigniorage to the Commonwealth Treasury, SOCOG, the International Olympic Committee and the National Olympic Committees in the countries in which the coins were sold.

While Olympic coin sales were extremely strong in the lead up to and during the Games, demand fell away sharply after the Games, resulting in problems of over-stocking and subsequent retrieval and write-off of surplus product.

In the early part of 2001, substantial effort was devoted to the winding up of the program, and in this process it became evident that there would be an ongoing demand at a low level for product. The two Mints therefore agreed that the program would continue until December 2001.

Both Mints benefited from their collaboration in the Sydney 2000 Olympic Coin Program, and the coins produced will stand as enduring mementos of what was arguably the greatest sporting event in history.

Overall sales of Olympic coins to 30 June 2001 are shown below:

	Gold	Silver	Bronze	Kilo Silver	Total
Australia	117,120	556,863	3,661,497		4,335,480
Europe	25,077	253,480	359,429		637,986
SE Asia	11,701	36,985	72,826		121,512
Japan	24,739	48,867	21,947		95,553
N. America	23,520	53,500	161,259		238,279
Others	100	2,000	-		2,100
Total	202,257	951,695	4,276,958	16,909	5,447,819

Other Olympic and Paralympic products

As a major contribution to the Sydney 2000 Olympic Games and the Paralympic Games, the Perth Mint and RAM together produced the Olympic Victory Medals. The medals were made from silver donated by BHP (supplemented by 20 kilograms of silver donated by the community of Broken Hill in NSW) and gold donated by the Ophir 2000 Gold Project of NSW. The bronze medals were manufactured from recycled Australian 1 cent and 2 cent coins, plus one percent silver. By agreement with the Sydney Paralympic Organising Committee (SPOC), the Mints also produced the Victory Medals for the Paralympic Games, using materials provided by the same donors.

The gold medals for the Olympic Games were produced in Perth, and the silver and bronze in Canberra. For the Paralympics, the gold and silver medals were produced in Canberra and the bronze medals were produced in Perth.

By agreement with SPOC, the two Mints released a limited mintage Paralympic Coin Program, comprising one gold coin, three silver coins and one bronze coin. In addition, a medallion release was developed, featuring small scale replicas of the Stuart Devlin designed Paralympic Victory Medals in sets of three. Sales of these products generated some \$129,000 in royalty revenue for the Paralympics.

Perth Mint Shop & Gold Exhibition

The Perth Mint Shop sells a wide variety of precious metal products to investors, collectors, jewellery buyers and tourists. The Gold Exhibition is a premier tourist destination, the main attraction being an hourly gold pouring demonstration.

Olympic coin sales accounted for the most significant portion (22%) of the Shop's business in 2000-2001. This was a similar level to the previous year, but almost all of it was achieved in the first three months of the financial year. Retailing in Sydney during the Olympic Games stretched staff resources, with mixed results. Contrary to expectations, demand for Olympic memorabilia declined sharply after the Games closed.

By mid-year, sales in the Shop had reverted to their traditional product mix prior to the Olympic Coin Program. An Olympic pin counter in the foyer was converted to a Centenary of Federation counter. However, declining domestic consumer and business confidence limited sales. The high Australian dollar gold price also deterred bullion sales, but supported continuing high levels of divestment.

The 150th anniversary of the discovery of payable gold in Australia provided an opportunity to introduce Perth Mint products to the new Museum of Australia and the Museum of Victoria. These museums hosted the popular 'Gold and Civilisation' exhibition, which featured a number of natural nuggets loaned by The Perth Mint.

The Perth Mint Gold Exhibition benefited from the acquisition of the huge, 368oz 'Golden Beauty' nugget found in Western Australia in August 2000.

The natural nugget export business to the USA doubled following the display of Perth Mint nuggets at the Tucson Gem Show, the world's foremost event of its kind.

Visitor numbers in 2000-2001 increased slightly on the previous record year, 1999-2000, when visitation was boosted by The Mint's Centenary celebrations. This indicated healthy underlying growth.

In December 2000, The Perth Mint was a finalist in three categories of the 2000 Australian Tourism Awards, winning the *Heritage and Cultural Tourism* category. To leverage this national success, brochures were re-printed and the award win was promoted within the tourist industry. At the 2001 Western Australian Tourism Awards, held in June 2001, the Mint won the *Tourism Retailing* and *Heritage and Cultural Tourism* categories, which provided additional promotional opportunities and the potential for further success at the national awards to be held in November 2001.

As an additional promotion, a free 'Gold Pass' was issued to tourist industry personnel to encourage them to become 'ambassadors' for the Mint.

Tourism from the United Kingdom was particularly strong during early 2001 mainly as a result of the weak Australian dollar. Japanese tourism to The Perth Mint increased noticeably, due to the building of long-term partnerships with inbound operators. During 2001 there was some weakening in overseas visitor numbers and in their discretionary spending. However, The Perth Mint will continue to project itself to this important market as a highly unusual tourist attraction of national significance.

Perth Mint Depository

The Perth Mint Depository division comprises two segments - Perth Mint Depository Services and The Perth Mint Certificate Program.

Perth Mint Depository offers confidential precious metal storage to international private clients, trusts and corporations seeking offshore storage and portfolio diversification under a government guarantee. The service is promoted via the internet (www.perthmint.com.au/depository) and an international representative network. The minimum investment is USD50,000.

The Perth Mint Certificate Program is designed primarily to attract international investment in Australian precious metal legal tender coins and bars, which are stored at the Mint on behalf of investors. The minimum investment is USD25,000 for US domiciled investors, with varying minimum amounts for other regions. The Certificate is a non-negotiable but transferable warehouse receipt and not a bearer instrument. It is retailed via an international Approved Dealer network.

The division's performance during the year exceeded budget targets once again, despite the negative precious metals investment market. This trend is expected to continue, with the likely appointment of new certificate dealers in Singapore and possibly other Asian countries. Recent volatility in international share markets also is expected to stimulate demand for precious metal depository services.

New Business Development

Gold Corporation has agreed to act as the preferred depository and precious metal supplier for an innovative US mutual fund project. Further work continued on the project during the year with the group's US partner.

A Private Offering Memorandum for a Delaware-based holding company, Gemini Diversified Holdings, LLC, was executed early in the fourth quarter. Gemini management is now seeking investors to underwrite its further development and enable it to proceed with the US regulatory approval process.

WESTERN AUSTRALIAN MINT

Australian Gold Refineries Joint Venture

The Australian Gold Refineries Joint Venture, trading as Australian Gold Refineries (AGR), is one of the world's largest refiners of newly mined gold.

Its internationally accredited modern refining operation in Perth offers a choice of processing options and treats a comprehensive range of material, including gold and silver doré, industrial scrap, jeweller's lemls, dental alloys, electronic scrap, photographic and x-ray waste, as well as other material of varying grades. Other services provided include testing and assaying, as well as technical consulting, both in Australia and overseas.

AGR's refining operations are complemented by a jewellery and industrial precious metal products manufacturing facility in Somerton, Victoria, joint ventures in other precious metal related operations, and equity in and management of Papua New Guinea's only gold refinery, Metals Refining Operations (MRO) in Port Moresby.

The majority of refined gold and silver is manufactured by AGR into value-added forms and marketed internationally through its own offices in Hong Kong, Thailand and New Zealand and through a comprehensive network of distributors.

Ownership

In 2000-2001, AGR was owned jointly, in equal shares, by the Western Australian Mint and Golden West (Australasia) Pty Ltd (GWA), and managed by AGR Management Services Pty Ltd. The interest held by GWA has since been sold to Australian Gold Alliance Pty Ltd (AGA), the shareholders of which will be a consortium of major gold producers.

Financial Performance

AGR recorded an operating pre-tax profit of \$4.669 million for the 12 months ended 30 June 2001, an increase of \$1.0 million or 27% on the previous year's profit of \$3.667 million.

The improvement in operating profit was achieved despite difficult trading conditions for AGR's Products Division, the unexpected necessity to make provisions for bad debts following the collapse of the HIH Insurance Group, and non-recurring costs associated with the introduction of the Goods and Services Tax.

Refining and Fabrication

AGR continued to strengthen its position as Australia's largest gold refiner and fabricator of precious metal value-added products. Refined fine gold output was 233.45 tonnes and refined silver output was 93 tonnes. International demand for refinery products such as kilo bars and tola bars continued to be erratic and subject to fluctuations in the gold price.

Products Division

AGR's Products Division faced extremely competitive trading conditions during the year, resulting in squeezed profit margins. The Division's three joint venture operations - Atlantis Jewellery (importing of gold chain and jewellery findings), Alloy & Gold Supply (NSW) Pty Ltd (jewellery marketing operations) and Analytical Platinum Supplies Pty Ltd (platinum laboratory ware marketing operation) - all performed satisfactorily.

Thailand

Gold Corporation (Thailand) Ltd, based in Bangkok, is a well-established supplier of kilo bars, gold and silver granules and other precious metal products to the Thai export jewellery sector and to the domestic market. Trading conditions were volatile and competitive during the year. In the circumstances, results were considered to be satisfactory.

Hong Kong

AGR Hong Kong trades precious metals and supplies precious metal products, jewellery alloys and other specialty products to the local market and mainland China. This operation, in a strategic marketing area, makes a positive contribution to Group profits.

Papua New Guinea

AGR has a 45% interest in MRO, a Port Moresby based precious metal refinery. The other major shareholder is the Government of Papua New Guinea. MRO is the only refinery of consequence in the country and provides services to both large and small producers as well as supporting the domestic jewellery market with product. Performance was again satisfactory for the year.

Westmill

Kaltails

The Corporation's Westmill division holds a 10% interest in the Kaltails gold tailings re-treatment project in Kalgoorlie. The project is 90% owned and operated by Normandy Mining Ltd.

Re-treatment operations ceased in 1999-2000. The past financial year has seen the sale of plant, equipment and associated assets, and rehabilitation of the site.

As part of the rehabilitation, the tailings dam walls were rock armoured and the remainder of the site re-vegetated. Further rehabilitation work estimated to cost up to \$7 million may be required, and Gold Corporation is potentially liable for 10% of these costs, for which provision has been made.

The one remaining viable tailings dump was sold during the year to a local venture for re-treatment.

State Batteries

Westmill also controls the remainder of the former State Battery system, having assumed control in 1988 to commercialise its operations and realise the value of the tailings resulting from the operation of the batteries over many decades.

Responsibility for managing and funding the State Batteries rehabilitation program remains unresolved. Discussions with the Departments of Minerals and Energy, Environmental Protection and Land Administration have revealed strong support for a "whole of government"

approach, as no individual agency has the resources to undertake such an extensive rehabilitation program.

The Northampton State Battery has been identified as the highest environmental and public safety risk. During the year, the State Government provided \$245,000 to determine the extent of rehabilitation required, and to carry out preliminary earthworks to prevent further erosion of the tailings dump by the local creek system.

STAFF

Staff numbers peaked in 2000-2001 due to activity generated by the Sydney 2000 Olympic Coin and Medallion Programs, and fell as a number of term contracts ended and terminating employees were not replaced. Total permanent and contract staff numbers in Gold Corporation and the Western Australian Mint decreased from 197 (including eight part-time staff) to 188 (including 13 part-time staff). The reduction occurred mainly in the marketing and support functions.

At 30 June 2001 permanent and temporary contract staff were assigned as follows (2000 figures in brackets):

Gold Corporation	33	(26)
Western Australian Mint	107	(113)
GoldCorp Australia (includes Europe)	44	(55)
GoldCorp Australia (Hong Kong) Ltd	4	(3)

Work on the Sydney 2000 Olympic Coin Program continued at a high level of intensity until September, with up to 130 personnel recruited from a labour hire agency to supplement core staff in the Coining Department. This number fell to about a dozen by the end of the financial year.

Staff employed in Australia fell into the following broad categories:

Salaried	94	(99)
Wages	88	(92)

There were 181 (187) staff based in Western Australia, one (four) in the eastern states and six (six) in Hong Kong and Switzerland. Overseas staff are all residents of the countries concerned.

The proportion of women on the staff in Western Australia was 45.6% (42.8%) or 45.9% (43.4%) of all staff in Australia. The number of women in middle and senior management or equivalent positions (Peromnes grade 8 and above) was five (seven).

Employees from non-English speaking backgrounds comprised 20.7% (16.7%) of staff in Australia.

Gross staff turnover was 18.0% (16.8%) for the year. This figure was inflated by the expiry of term contracts associated with the Olympic programs. The avoidable turnover rate in 2000-2001, ie the rate excluding expired contracts, retirements, redundancies, ill health and employee relocation etc, was 8.8% (10.5%).

The number of WA Mint staff employed under WA workplace agreements was 59 (53). There were 29 (31) staff employed under engineering, clerical and security awards.

There were no work stoppages or other industrial activity during the year.

After lengthy consideration and a detailed selection process, the directors of GC Superannuation Fund Pty Ltd, the trustee of the GC Superannuation Fund, resolved to transfer the trusteeship and responsibility for investment management to NSP Buck Pty Ltd, the current Fund administrators, effective from 1 July 2001. Member investment choice was also introduced from the same date and a member information program was undertaken prior to the changes.

One equal opportunity complaint was made against the WA Mint during the year by a labour hire agency employee, under the clause in the Equal Opportunity Act regulating the relationship between a principal and the employees of contractors. The complaint, which alleged discrimination on the grounds of pregnancy, was discontinued. A case from the previous year, which had been dismissed by the Equal Opportunity Commission, was referred by the complainants to the Equal Opportunity Tribunal, but has yet to be heard. This case involves two linked complaints made on the grounds of race.

The Personnel and Industrial Relations Department continued to provide personnel and payroll services to the AGR JV on a fee basis, and this arrangement will continue in 2001-2002.

INDUSTRY AND COMMUNITY PARTICIPATION

As part of its functions under the *Gold Corporation Act 1987*, the Corporation is obliged to encourage industry and community interest in precious metals and the Australian gold industry.

Production of the quarterly precious metals journal, the Australian Nugget Journal, and quarterly newsletter, the Australian Numismatic Post, continued during the year. However, due to rising production and distribution costs, a decision was taken to discontinue publication of the Nugget Journal following the release of the February 2001 issue. Many of the Journal's popular features, such as the Precious Metals Review and the International Financial Indices, are now published quarterly on The Perth Mint website.

The AGR JV was again a contributor to the Australian Gold Conference, Australia's premier annual gold forum. Gold Corporation's Chief Executive Officer, Mr Don Mackay-Coghill, delivered a speech to the conference on gold marketing. The conference, arranged by the Chamber of Minerals and Energy of Western Australia, was held at the Burswood Convention Centre in Perth and attracted some 350 participants. The Corporation will continue its association with the conference in 2002 via the AGR JV's sponsorship of this event. The AGR JV also sponsored and participated in the Diggers and Dealers mining conference in Kalgoorlie during the year.

The launch at the Australian Gold Conference of The Perth Mint's *Australian Prospector* coin, celebrating the 150th anniversary of the discovery of payable gold in Australia, attracted media attention and resulted in local and interstate publicity.

The official launch of Western Australia's celebrations for the nation's Centenary of Federation was held at The Perth Mint on 5 November 2000. The highlight of the day's events was the unveiling of The Perth Mint's three Centenary of Federation coins by the Premier, The Hon. Richard Court, MLA.

During the year, Gold Corporation sponsored several non-profit organisations through the donation of framed Olympic collectables for auction. Beneficiaries included WA Police Legacy, the Juvenile Diabetes Foundation, the Australian Red Cross and the Cancer Foundation of Western Australia.

Gold Corporation is a member of the World Gold Council and an associate member of the Australian Gold Council. It is also a member of the Chamber of Commerce and Industry of Western Australia, the Australian Institute of Management and Standards Australia.

The AGR JV is an associate member of the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies and the Australian Gold Council.

The Perth Mint is a member of the Western Australian Chinese Chamber of Commerce Inc. It is a Silver Member of the Perth Convention Bureau and a member of the Meetings Industry Association of Australia, the Association of Perth Attractions, Museums Australia, the Inbound Tour Operators Association, Tourism Council Australia and the Royal Western Australian Historical Society.

AWARDS

The Perth Mint was one of only six Western Australian attractions to win an Australian Tourism Award in 2000 – in the *Heritage and Cultural Tourism* category. It was also a major winner in the 2001 Western Australian Tourism Awards, taking out two category awards. The Mint will now represent Western Australia as a finalist in the 2001 Australian Tourism Awards in the *Heritage and Cultural Tourism* and *Tourism Retailing* categories. The national winners will be announced in November 2001.

Gold Corporation's 2000 Annual Report won a Bronze Award in the W.S. Lonnie Awards for Excellence in Public Sector Reporting. This was the third successive year in which the Corporation had been honoured in the Awards, having won Silver in 1999 and Bronze in 1998.

BOARD OF DIRECTORS

CHAIRMAN

LESLIE McCARREY CMG, BEc(Hons), BSc

Mr McCarrey is a former Under Treasurer of Western Australia and Director General of Economic Development. He is widely experienced in financial management and was involved in all aspects of Commonwealth and State financial relations for more than twenty years.

Mr McCarrey chaired the Independent Commission to Review Western Australia's Public Sector Finances from February to August 1993. He was State Under Treasurer from 1976 to 1984, having previously occupied the position of Deputy Under Treasurer for five years and Assistant Under Treasurer for a similar period.

During his career, Mr McCarrey served on a variety of State Government and national committees. He was Chairman of the Gas Strategy Committee and Chairman of the Trustee Investments Review Committee. He is a past Commissioner of the R&I Bank. As Director General of Economic Development he directed a number of project and investment analysis studies.

Following his retirement from Government service, Mr McCarrey was Director of the Institute of Public Affairs Limited, States' Policy Unit and a Senior Fellow of the Institute from 1986 until 1989. Since 1990 he has been an Emeritus Fellow of the Institute.

Throughout the year, Mr McCarrey served as a Director of the AGR Joint Venture. Mr McCarrey retired as Chairman of Gold Corporation, effective from 1 July 2001, and was succeeded by Mr P J Unsworth.

DIRECTORS

PETER UNSWORTH CA, BCom

Mr Unsworth was appointed Chairman of Gold Corporation, effective from 1 July 2001. A corporate finance specialist, Mr Unsworth is a director of a number of public and private companies, including the AGR Joint Venture. He was formerly an Executive Director of Western Australian stockbroking company Paterson Ord Minnett Ltd and his career has included six years with international accounting firm Coopers & Lybrand (now PricewaterhouseCoopers) in Perth and Sydney and six years with the Perth Stock Exchange Ltd.

PETER LALOR LL.B

Peter Lalor is the Executive Chairman of Sons of Gwalia Ltd, one of Australia's largest and most successful mining companies.

Mr Lalor is a law graduate from the University of Western Australia and practised in Perth prior to starting Sons of Gwalia Ltd. with his brother Chris, in 1981.

He has significant legal and commercial experience and has been actively involved in Perth's business and industry sectors for many years.

Mr Lalor is currently the President of the Chamber of Minerals & Energy of Western Australia (Inc.) and Vice-President of the Minerals Council of Australia in Canberra.

He is a Director of the London-based World Gold Council and Deputy Chairman of the Australian Gold Council.

Mr Lalor was recently appointed to the Science Council, a significant election initiative of the Western Australian Government.

MARTINE POP PhD EEC Commercial Law

Ms Pop has more than 12 years of credit, risk management and control management experience with the banking industry in senior and executive positions. She has been working in the consulting industry for the last six years, providing risk management and corporate management services to the public and private sectors. She holds directorships of the Special Broadcasting Service (SBS), The Grain Pool of WA and the Centre for Mental Health Services Research. In addition, she was a director of the AGR Joint Venture until 1 February 2001. She is a member of the University of Western Australia's Institute of Advanced Studies Advisory Board.

JOHN LANGOULANT BEc(Hons)

Mr Langoulant is the Western Australian Under Treasurer, a position he has held since June 1995. Prior to this appointment, he worked for 18 years in State and Federal Treasury Departments, developing and implementing economic and financial policies. More than a decade of this experience was with the Federal Treasury in Canberra. Mr Langoulant is also Chairman of the Western Australian Treasury Corporation and a Director of the Asia Research Centre.

DON MACKAY-COGHILL

Mr Mackay-Coghill is the Chief Executive Officer of Gold Corporation, a position he has held since the proclamation of the *Gold Corporation Act* on 30 June 1988.

Mr Mackay-Coghill joined International Gold Corporation Limited (Intergold) in South Africa in 1971, an organisation established to promote the industrial uses of gold worldwide. The following year, he was appointed Manager of the Johannesburg Office of Intergold. He became Manager, Worldwide, in 1975 and was appointed Chief Executive, Worldwide, in 1979.

During his time at Intergold, Mr Mackay-Coghill was responsible for the outstandingly successful international marketing of the Krugerrand, which created the first global market for bullion coins. In recognition of his achievements he received the South African Marketing Award of the Year in 1978.

He resigned from Intergold in 1986 and emigrated from South Africa to take up the dual position of Chief Executive Officer of GoldCorp Australia, and Managing Director of the Western Australian Mint.

He is a director of the World Gold Council and on 15 June 2001 was appointed Chairman of the AGR Joint Venture.

CORPORATE GOVERNANCE

FUNCTIONS OF THE BOARD

Gold Corporation is managed by a Board of Directors. The *Gold Corporation Act 1987* empowers the Board to determine policies for the Corporation and its subsidiaries, and requires the Board to:

- develop and expand the Corporation's business;
- operate in accordance with prudent commercial principles; and
- strive to earn a commercial rate of return on capital.

The Board's authority is limited by the provisions in the *Act* and by Ministerial direction.

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

The Board acknowledges its accountability to the Corporation's only shareholder, the Government of Western Australia.

BOARD MEMBERSHIP

The Gold Corporation Board comprises executive and non-executive Directors. It has a majority of independent non-executive Directors, including the Chair.

During 2000-2001, the Board consisted of five non-executive Directors, Mr Les McCarrey, Mr Peter Lalor, Ms Martine Pop, Mr Peter Unsworth and the Under Treasurer of the State of Western Australia, Mr John Langoulant, who was a non-executive Director *ex officio*. Mr Don Mackay-Coghill (Chief Executive Officer of Gold Corporation and Managing Director of GoldCorp Australia and the Western Australian Mint) was the only executive Director of the Board.

Apart from the Under Treasurer, each of the non-executive Directors was appointed by the Government of Western Australia on the nomination of the Treasurer for three-year terms from 1 July 1996. These terms were extended during the 1998-1999 financial for one year, and again in the 1999-2000 financial year for one year.

Gold Corporation Board Directors, Mr Les McCarrey, Mr Don Mackay-Coghill, Ms Martine Pop (until 1 February 2001) and Mr Peter Unsworth (from 1 February 2001) were also Directors of the Board of the AGR JV.

On 1 December 2000, Mr Les McCarrey was appointed Chairman of the AGR JV. He resigned from this position on 15 June 2001 and was replaced by Mr Don Mackay-Coghill. On 1 February 2001, Ms Martine Pop resigned as a non-executive Director of the AGR JV and was replaced by Mr Peter Unsworth. The other Directors of the AGR JV were Messrs Rick Lee, Sean Russo and Mike Ryan. Messrs Brian Bath and Richard Hayes were non-voting Directors in their capacity as Managing Director and Financial Director, respectively.

The Government has appointed a new Gold Corporation Board, with effect from 1 July 2001. The new Board comprises five non-executive Directors, Mr Peter Unsworth (Chairman), Mr Peter Lalor, Ms Martine Pop, Ms Valerie Davies and the Under Treasurer of the State of Western Australia, Mr John Langoulant, who is a non-executive Director *ex officio*. Mr Don Mackay-Coghill remains the only executive Director of the Board.

DIRECTORS' MEETINGS

Nine meetings of the Directors of Gold Corporation and two meetings of the Directors of the AGR JV were held during the year ended 30 June 2001. The number of meetings attended by each Corporation Director is indicated below.

DIRECTOR ATTENDANCE:

	Gold Corporation	AGR JV
L E McCarrey	9	2
D Mackay-Coghill	9	2
P K Lalor	5	n/a
J L Langoulant	8	n/a
M D F Pop	7	2
P J Unsworth	7	n/a

n/a = Not applicable

BOARD COMMITTEES

The Board has established a number of committees, chaired by non-executive Directors, to assist in the execution of its duties, including an Audit Committee, Credit Committee and Remuneration and Allowances Committee.

Each committee member has only one vote and each resolution must be passed by unanimous agreement, except in the case of the Audit Committee, where decisions are taken by majority. In the event that an agreement cannot be reached, the matter is referred to the Board for resolution.

AUDIT COMMITTEE

The Audit Committee advises the Board on the quality, integrity, reliability and adequacy of the Corporation's information, accounting, and control systems. The Committee also acts as a communications interface between the Board and the Corporation's auditors. It comprises three members, including a non-executive Director, who acts as Chairperson.

The Committee met four times during the year and the Committee members were:

- M D F Pop (Chair) - Non-executive Director
- P J Unsworth - Non-executive Director

A P Melville - Group Accountant and Joint Company Secretary

The Committee also actively monitors Group risk management to ensure it is comprehensive and integrated with divisional decision making, project management and planning.

CREDIT COMMITTEE

The Credit Committee assists the Board in developing and implementing credit policy, procedures and controls required to ensure the Corporation operates in accordance with prudent commercial principles.

The Credit Committee met four times during the year and the Committee members were:

L E McCarrey (Chair) - Non-executive Director
 A P Melville - Group Accountant and Joint Company Secretary
 C J Mumme - Manager, Risk Services

Under the Committee's voting procedures, each member has only one vote and each resolution must be passed unanimously. In the event that unanimity cannot be reached, the matter is referred to the Board for resolution.

The Committee monitors the Group Prudential Management Policy. The policy deals with all operational and financial risk management issues and insurance compliance matters including Treasury dealing authorities, counter-party risk evaluation, credit application procedures, and credit approval authorities, and ensures that adequate risk control measures are in place in the Group's divisions.

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 staff salary adjustments, alterations to core conditions of employment and incentive bonus schemes.

The Remuneration and Allowances Committee consists of two non-executive Directors and the Chief Executive Officer.

During 2000-2001, the members of the Committee were:

L E McCarrey (Chair) - Non-executive Director
 P K Lalor - Non-executive Director
 D Mackay-Coghill - Chief Executive Officer

MANAGEMENT COMMITTEES

RISK MANAGEMENT

Risk Management is essential for good corporate governance, sound management principles and effective internal controls.

The definition of 'Business Risk' used by Gold Corporation is 'the likelihood that an event or action will adversely affect Gold Corporation's ability to achieve its objectives'. The Corporation's Business Risk Management procedures are aimed at maximising the results of positive events as well as minimising the impact of negative events.

On a quarterly basis, the Board reviews reports on group financial risk, Credit and Audit Committee matters, Occupational Safety and Health, environmental issues and security. Division managers report on the identified major risk issues relating to their areas of responsibility. A detailed analysis of these risks is also incorporated into the annual Group Business plan.

OCCUPATIONAL SAFETY AND HEALTH

Mr Chris Mumme, Manager, Risk Services, coordinates Occupational Safety and Health issues within the Corporation.

Line management is responsible for Occupational Safety and Health at site level. The coordinator's role is to ensure that agreed policies, procedures and standards are implemented throughout the organisation.

The Occupational Safety and Health Committee meets on a monthly basis.

The lost time injury rate increased slightly from 9.5 lost time injuries per million hours worked in 1999-2000 to 13.5 in 2000-2001. However, the latter figure represents only five cases, all of which were minor, at a cost to the insurer equivalent to 0.27% of payroll. Despite this satisfactory record, events in the insurance industry, including the collapse of HIH, have created a sellers' market, and Gold Corporation's premium rates have risen from 1.9% to 2.31% (the industry standard is now 2.72%).

PERFORMANCE INDICATORS

The mission statement of Gold Corporation is: to provide high quality processing, refining and other services to the gold industry and to develop and market world-wide, innovative, value-added precious metal products at a commercial rate of return acceptable to the Western Australian Government.

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

- Government desired **outcome(s)** for each **output**;
- **key efficiency indicators** for each output, relating **outputs** to consumed **inputs**; and
- **key effectiveness indicators** for each **outcome**, relating **outputs** to achieved **outcomes**.

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

- high quality precious metal refining;
- value-added precious metal product manufacture and marketing; and
- a commercial rate of return on its equity.

EFFECTIVENESS INDICATORS

The key **effectiveness indicators** for the above **outcomes** are presented below.

	2000-01	1999-00	1998-99	1997-98	1996-97
1 Estimated proportion of Australian fine gold production refined by AGR ^(Note 1)	65%	62%	58%	58%	55.2%
2 Global market share of Australian Nugget gold bullion coin: ^(Note 2)	10%	6%	5%	11%	16%
3 Coin programs - value added to gold, silver, platinum & palladium: ^(Note 3)					
(a) Total premium income:	\$15.1m	\$17.9m	\$11.4m	\$11.3m	\$10.6m
(b) Total premium income expressed as a percentage of precious metal value:	28.2%	21.7%	10.4%	8.7%	9.2%
4 (a) Return on equity before abnormal items: ^(Note 4)	(11.1%)	12.4%	12.0%	6.0%	3.9%
(b) Return on equity after abnormal items:	(11.1%)	12.4%	26.4%	(6.2%)	3.9%
5 Average daily number of visitors to The Perth Mint Shop: ^(Note 5)	326	322	309	272	284

Notes:

- 1 This figure represents 100% of the AGR JV's share of total Australian refined fine gold production in 2000-2001. The AGR JV processed 195.4 tonnes (or 65.4%) of Australia's total fine gold production in 2000-2001. This is based on the AGR JV's records and an estimate of total Australian fine gold production (299 tonnes) provided by the Australian Bureau of Agricultural and Resource Economics.
- 2 Based on World Gold Council data for calendar 2000.
- 3 The calculation is the total premium income (amount of income received above metal cost) for all fiscal year legal tender coin sales, which is also expressed as a percentage of the value of the precious metal content of the coins. The effectiveness indicator for this financial year has been changed to include all Australian legal tender coins, as well as coins produced for other countries. Comparative figures have been changed accordingly. The premium income as a percentage of the precious metal content reflects the directional shift to higher premium products. A significant volume of non-coin precious metal product (eg medallions and coin blanks) was produced also during fiscal 2000-2001. The total premium income (amount of income received above metal cost) earned on these non-coin product sales was \$3.2 million (2000 - \$7.3 million).
- 4 (a) The percentages show Group return on equity at the end of the respective fiscal year, based on the operating result before abnormal items and statutory contribution in lieu of Commonwealth income tax.
 (b) The percentages show Group return on equity at the end of the respective fiscal year, based on the operating result after abnormal items and before statutory contribution in lieu of Commonwealth income tax.
- 5 Daily visitor traffic is recorded and the annual number of visitors divided by the number of trading days.

EFFICIENCY INDICATORS

Given the Treasurer's Instructions and taking into account the Corporation's functions under the *Act*, its outputs are:

- precious metal refining services; and
- precious metal product sales.

The **key efficiency indicators** for the above **outputs** are presented below.

		2000-01	1999-00	1998-99	1997-98	1996-97
All figures are percentages (except item 3)						
1	Trading results (gross margin) as a proportion of sales revenue	(Note 1) 19.3%	15.9%	3.9%	3.0%	3.8%
2	Expenditure as a proportion of total revenue:	(Note 2) 27.4%	19.2%	4.3%	3.9%	4.7%
3	Gold refining cost per ounce expressed as an index:	(Note 3) 58	66	66	68	79

Notes:

- The percentages show the proportion of Group sales revenue represented by the trading result for the respective financial year. The significant change in percentage is due to the restructure of the Group's business in 1998-1999, wherein the refining and industrial products divisions transferred to the AGR JV partnership on 1 December 1998. Income from the partnership is included as a single-line item in the Group Operating Statements. Sales revenue from 1999-2000 is therefore significantly lower than in previous years, with a resultant increase in the efficiency indicator.*
- The percentages show the proportion of Group total revenue – trading and other – represented by total expenditure as shown in the operating statement for the respective financial year. The significant change in percentage is again due to the restructure of the Group's business, as set out under Note 1. Sales revenue from 1999-2000 is therefore significantly lower than in previous years, with a resultant increase in the efficiency indicator.*
- The cost per ounce is the annual total cost divided by the number of fine ounces of gold refined by the Group, expressed as an index with the 1994-1995 year indexed as 100.*

CERTIFICATION OF PERFORMANCE INDICATORS

In our opinion, the performance indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records and fairly represent the performance of the group for the year ended 30 June 2001.

P J UNSWORTH
Chairman

D MACKAY-COGHILL
Executive Director

24 October 2001

To the Parliament of Western Australia**GOLD CORPORATION
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001****Scope**

I have audited the key effectiveness and efficiency performance indicators of the Gold Corporation for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Board is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Corporation's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Gold Corporation are relevant and appropriate for assisting users to assess the Corporation's performance and fairly represent the indicated performance for the year ended June 30, 2001.

D D R PEARSON
AUDITOR GENERAL
October 26, 2001

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of Gold Corporation and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the Western Australian *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2001, and the financial position as at 30 June 2001.

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

P J UNSWORTH
Chairman

D MACKAY-COGHILL
Executive Director

A P MELVILLE
Principal Accounting Officer

24 October 2001

To the Parliament of Western Australia**GOLD CORPORATION****FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001****Scope**

I have audited the accounts and financial statements of the Gold Corporation for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985. The financial statements include the consolidated accounts of the consolidated entity comprising the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Board.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Corporation to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Corporation's and the consolidated entity's financial position, the results of their operations and their cash flows. The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Gold Corporation provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows of the Corporation and the Consolidated Statement of Financial Performance, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows of the consolidated entity and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, position of the Corporation and the consolidated entity at June 30, 2001 and the results of their operations and their cash flows for the year then ended.

D D R PEARSON
AUDITOR GENERAL
October 26, 2001

FINANCIAL ESTIMATES

The following financial estimates for 2001-2002 are based on the budget approved by the Board and are included to satisfy the requirements of Treasurer's Instruction 953.

	\$000
Total revenue (Trading result plus Other)	40,000
Total expenditure	37,465
Operating profit before statutory contribution	2,535
Statutory contribution ^{Note}	761
Operating profit after statutory contribution	1,774
Dividend	887
Retained earnings	21,097

Note: The estimated statutory contribution of \$761,000, as in the 2001/02 budget, will be reduced by the tax losses carried forward from the financial year ended 30 June 2001.

FREEDOM OF INFORMATION

One formal application was lodged at Gold Corporation under Freedom of Information (FOI) legislation this year. The Corporation provided full access to the document sought.

FREEDOM OF INFORMATION STATEMENT

This information statement has been prepared by Gold Corporation pursuant to Part 5 of the *Freedom of Information Act 1992* and guidelines issued by the Office of the Information Commissioner on 13 May 1994.

THE CORPORATION

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Hon. Nick Griffiths LLB MLC, Minister for Government Enterprises. Details of the Corporation's mission statement, functions, structure and management are available elsewhere in this report.

The 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 the 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..."

The Corporation's Board is committed to sound corporate governance principles, high standards of legislative compliance and ethical business practice.

DOCUMENTS

The 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* (FOI).

Documents that are available for purchase are: *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)*; and *A Century of Minting Excellence – The History of Australian Coin Production at The Perth Mint (published in 1999)*.

Documents that can be obtained free of charge include Perth Mint brochures and catalogues, media statements, annual reports and *The Australian Numismatic Post* newsletter. Back issues of *The Australian Nugget Journal*, which ceased publication in February 2001, are also available. These can be obtained on request by mail to GPO Box M924, Perth, Western Australia, 6843, or The Perth Mint website, www.perthmint.com.au

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 the 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* provides the rights enabling the public to apply for documents held by the 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 the 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 the Corporation may request an internal review. Application 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.

FOI inquiries or applications should be made to the FOI Coordinator, Ms Alison Puchy, Manager, Communications & Public Affairs, Gold Corporation, 310 Hay Street, East Perth, Western Australia 6004, telephone (08) 9421 7222, facsimile (08) 9221 7031, email: alisonp@goldcorp.com.au Inquiries or applications may be directed also to the Manager, Personnel and Industrial Relations, Mr Giles Talbot.

GROUP DIRECTORY

GOLD CORPORATION

Perth Mint Buildings
310 Hay Street, East Perth
Western Australia 6004
Tel: (618) 9421 7222
Fax: (618) 9221 2258

Postal address:
GPO Box M924, Perth
Western Australia 6843
E-mail: info@perthmint.com.au
Website: www.perthmint.com.au
Contact: Don Mackay-Coghill,
Chief Executive Officer

GOLDCORP AUSTRALIA

Australia

Perth Mint Buildings
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Fax: (618) 9221 3812
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Contact: Veronica Maguire

Hong Kong

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2 Ice House Street, Central
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Contact: Dominic Leung

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1-5-5 Hirakawacho,
Chiyoda-ku, Tokyo 102-0093
Tel: (813) 3237 3067
Fax: (813) 3237 3068
Contact: Koji Ishikawa

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Switzerland
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Fax: (4121) 944 0793
Contact: Ernst Jurgens

The Americas

Hall International Inc
30210 Rancho Viejo Road Suite C
San Juan Capistrano CA 92675
Tel: (1949) 443 0600
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E-mail: GeorgeH@pop.net
Contact: George Hall

PERTH MINT SHOP

Perth Mint Buildings
Tel: (618) 9421 7425
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E-mail: chriss@goldcorp.com.au
Contact: Chris Rosagro

PERTH MINT COLLECTABLES

Perth Mint Buildings
Tel: (618) 9421 7202
Fax: (618) 9221 2258
E-mail: davidm@goldcorp.com.au
Contact: David McCulloch

PERTH MINT DEPOSITORY SERVICES

Australia

Perth Mint Buildings
Tel: (618) 9421 7400
Fax: (618) 9421 7457
E-mail: michaelk@goldcorp.com.au
Contact: Michael Kile

North America

PO Box 73
 Peterborough NH 03458
 Tel: (1603) 924 3624
 Fax: (1603) 924 4430
 E-mail: jhampson@perthmint.com.au
 Contact: Jonathan Hampson

PO BOX 425
 Santa Rosa
 California 95402
 Toll Free: 1-877-808-GOLD (4653)
 Tel: (707) 578-GOLD (4653)
 Fax: (425) 799-2840
 E-mail: jnadler@perthmint.com
 Contact: Jon Nadler

United Kingdom

212 Piccadilly, London, England
 W1V 9LD, UK
 Tel: (44171) 917 6814
 Fax: (44171) 917 6815
 E-mail: wellbred@email.msm.com
 Contact: Naresh Rajya

Latin America and the Caribbean

Sterling Precious Metals, Ltd
 P O Box SS-10951
 British American Building
 Marlborough & Navy Lyon Road
 Nassau, Bahamas
 Tel: (242) 325 7574
 Fax: (242) 325 8030
 Email: info@sterlingacs.com
 Contact: Howell W Woltz, Director
 Cheryl True Lonning

PERTH MINT CERTIFICATE PROGRAM**Australia**

Perth Mint Buildings
 Tel: (618) 9421 7250
 Fax: (618) 9221 7074
 E-mail: brons@goldcorp.com.au
 Contact: Bron Suchecki

North America

Asset Strategies International, Inc
 1700 Rockville Pike, Suite 400
 Rockville, Maryland, 20852-1631
 USA
 Tel: (800) 831 0007
 (301) 881 8600
 Fax: (301) 881 1936
 Email: gkirsch@assetstrategies.com
 Contact: Glen O Kirsch

Kitco Precious Metals, Inc
 620 Cathcart, #900
 Montreal, Quebec
 Canada H3B 1M1
 Tel: (514) 875 4820
 Fax: (514) 875 6484
 Email: rgregorio@kitco.com
 Contact: Rosalina Di Gregorio

Latin America and the Caribbean

Sterling Precious Metals, Ltd
*See contact details under Perth Mint
 Depository Services (above).*

Singapore

Phillip GNI Futures Pte Ltd
 95 South Bridge Road
 #11-03 Pidemco Centre
 Singapore 058717
 Tel: (65) 535 1155
 Fax: (65) 533 0593
 Email: bullion@phillip.com.sg
 Website: www.phillipfutures.com
 Contact: Loh Mun Chun

First Gold Investments Asia Pte Ltd
 1 Brooke Road
 #01-30 Katong Plaza
 Singapore 429979
 Tel: (65) 348 1243/348 1424
 Fax: (65) 348 1432
 Email: jtang@firstgold.net
 Website: www.firstgold.net
 Contact: Jimmy Tang

AUSTRALIAN GOLD REFINERIES JV**Australia**

Horrie Miller Drive, Newburn
 Western Australia 6104
 Tel: (618) 9479 9999
 Fax: (618) 9479 9909
 E-mail: admin@agrjv.com.au
 Website: www.agrjv.com.au
 Contact: Brian Bath, Managing Director
 Michael Cotton, Associate Director

208 Hume Highway, Somerton
 Victoria 3062
 Tel: (613) 9308 6966
 Fax: (613) 9308 7077
 E-mail: agradmin@zip.com.au
 Contact: Brian O'Connor

Level 1, 273 Sussex Street, Sydney
 New South Wales 2000
 Tel: (612) 9267 7744
 Fax: (612) 9264 7211
 Contact: Mike Still

Room 2, 9th Floor
 TNG Building
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 Queensland 4000
 Tel: (617) 3229 1277
 Fax: (617) 3229 4295
 Contact: Billie Baker

PO Box 2138, Kent Town
 South Australia 5071
 Tel/Fax: (618) 8365 8179
 Contact: Anne Cooper

150 Hannan Street, Kalgoorlie
 Western Australia 6430
 Tel: (618) 9021 5555
 Fax: (618) 9021 2517
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 Contact: Doreen Karlson

New Zealand

1st Floor, 14 Maidstone St
 Ponsonby Auckland New Zealand
 Tel: (649) 357 6667
 Fax: (649) 357 6658
 Contact: Clare Goldsworthy

Hong Kong

Unit 9, 10th Floor
 Peninsula Square – West Wing
 18 Sung On Street
 Hung Hom, Kowloon Hong Kong
 Tel: (852) 2356 7889
 Fax: (852) 2303 1339
 Contact: Stephen Chak

Papua New Guinea

Metals Refining Operations Pty Ltd
 PO Box 3980
 Boroko Port Moresby
 Tel: (675) 325 2647
 Fax: (675) 325 2959
 Contact: Geoff Whebell

Thailand

5th Floor, KCC Building
 No 2 Soi Silom 9, Silom Road
 Bangrak, Bangkok 10500
 Tel: (662) 267 5735
 Fax: (662) 236 9962
 Contact: Kasame Chunhasomboon

CORPORATE DIRECTORY

DIRECTORS

P J Unsworth (Chairman)
D Mackay-Coghill (Executive)
J L Langoulant (Non-executive)
P K Lalor (Non-executive)
M D F Pop (Non-executive)
V Davies (Non-executive)

COMPANY SECRETARIES

M G Kile
A P Melville

REGISTERED OFFICE

Perth Mint Buildings
310 Hay Street
East Perth
Western Australia 6004

Telephone: (618) 9421 7222
Facsimile: (618) 9221 2258
E-mail: info@goldcorp.com.au

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

BANKERS

Westpac Banking Corporation

MINISTER

The Hon. N. D. Griffiths, LL.B, MLC
Minister for Government Enterprises

STATUTE

Gold Corporation was established under the
Gold Corporation Act 1987.