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## **THE YEAR IN BRIEF**

The 2001-2002 financial year was one of rest Corporation recording an operating profit of \$2 million before write-downs of, and provisioning for, slow-moving inventory. Before statutory contribution and after write-

## CHAIRMAN'S REVIEW

The 2001-2002 financial year was one of restructuring and consolidation, with the Corporation recording an operating profit of \$2 million before write-downs of, and provisioning for, slow-moving inventory. Before statutory contribution and after write-downs and provisions, a loss of \$981,000 was incurred, compared with a loss of \$5.8 million in the previous year.

The turn-around in the operating result was due to a significant reduction in group overheads and better than expected performances from the Treasury division and Australian Gold Corporation holds a 50%





## **FUNCTIONS**

Gold Corporation's functions, as described in





## **OUTPUT MEASURE ANALYSIS**

**SENIOR MANAGEMENT (at 30 June 2002)**

**GOLD CORPORATION**



# **REPORT ON OPERATIONS**

## **FINANCIAL SUMMARY**

Coin and medallion sales in 2001-2002 added value to 3.58 tonnes of gold (2.91 tonnes in 2000-

The first Collectable project to achieve sell-out status was the State Houses of Parliament series. By year- end, The Race of the Century and the glass art pieces, Abstract and Vivid, were also each close to selling out.

Direct viewing was identified as a successful marketing method for Collectables, and opportunities were progressed through a network of retail partners and through selective approaches to wholesalers in relevant industries across Australia.

### **E-Commerce**

The value of e-commerce sales and the number of e-commerce orders increased by 63% and 69% respectively in 2001-2002 compared with the previous year. A number of promotional activities were undertaken to drive additional orders,

Gold Corporation's total profit share from the Sydney 2000 Olympic Coin Program Joint Venture was \$9.1 million. This figure does not include profit from the sale of Olympic products in The Perth Mint Shop and contribution to the Coining Department overhead.

### **The Perth Mint Shop and 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.

The year highlighted the exposure of the business to external factors beyond its control. Turnover was higher than expected due to the revival of gold investment demand following the 11 September 2001 terrorist attacks on the USA.



## Perth Mint Depository

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

Perth Mint Depository Services (PMDS) offers confidential precious metal storage to international private clients, trusts and corporations seeking on Australian Government guarantee. The service is promoted via [perthmint.com.au/depository](http://perthmint.com.au/depository)) and an international representative network. Minimum investment is USD50,000 for international clients and AUD50,000 for Australian

The Perth Mint Certificate Program (PMCP) is designed to attract international precious metal investment via an international Approved Dealer network. The minimum investment is USD10,000 for US domiciled investors, with varying minimum amounts for other regions. The Certificate is a non-negotiable but transferable warehouse receipt and is not a bearer instrument.

The division's performance exceeded budget targets significantly, due primarily to renewed investor interest in precious metals. A contributing factor was the decline in international equity markets, especially in the second and half of the year. Equity investors experienced a crisis of confidence in the wake of large US corporate political instability also intensified in the Middle East, adding to

New PMCP certificate dealers were appointed in Switzerland (EurAxxess AG) and the USA

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## **WESTERN AUSTRALIAN MINT**

### **Australian Gold Refineries (AGR Joint Venture)**

Australian Gold Refinerim0.0004 Joint Venture) is a partnership jointly owned by the Western Australian Mint and Australian Gold Alliance Pty Ltd0.000A) in equal shares, and managed by AGR Management Servicm0Pty Ltd.

AGR Joint Venture reported a group operating profit before tax of A\$7.4 million for the 12 months to 30 June 2002.

Ownership of AGR Joint Venture changed hands during 2001-2002, with the Western Australian Mint's original partner, Golden West0.00ustralasia) Pty Ltd0.0GW) disposing of its 50% interest to the 00A. The 00A purchase was negotiated by Normandy Mining Ltd0.0NML), which in turn was subsequently acquired by Newmont Australia Ltd. These changm0introduced a new

## **Gold Corporation (Thailand) Limited**

Gold Corporation (Thailand) Limited operates a precious metal trading business and is a major supplier of kilobars, granules and other precious metal products to the Thai export jewellery sector and also to domestic bullion dealers and consumers. The business struggled in 2001-2002 in difficult markets, where regional refiners dumped both gold and silver at heavily discounted prices.

## **Hong Kong**

AGR Hong Kong trades precious metals and supplies precious metal products, jewellery alloys and specialty chemicals to the local market and some limited areas of mainland China. The business performed satisfactorily after a mid-year review resulted in a transfer in marketing emphasis from chemicals and metal leasing to sterling silver and other ring products.

## **Metals Refining Operations**

Metals Refining Operations (MRO) is a Port Moresby-based precious metal refinery in which AGR Joint Venture has a 45% interest. The other major shareholder is the Government of Papua New Guinea. MRO also offers support services to the domestic jewellery market and small gold producers. It performed satisfactorily throughout the year.

## **Westmill**

### ***Kaltails***

Gold 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 Newmont Australia Ltd.

As re-treatment operations ceased in 1999-2000, activity in the past financial year was limited to ongoing rehabilitation of the site.

### ***State Batteries***

Westmill also controls the remainder of the form



During the year, there were no work stoppages, nor was there any other industrial activity.

The lost time injury rate improved from 13.5 lost time injuries per million hours worked in 2000-2001 to 13.1 in 2001-2002. The latter figure represents only four cases, all of which were minor, at a cost to the insurer equivalent to 0.24% of payroll. Gold Corporation's premium rate has,

**EVENTS POST BALANCE DATE**

## **COMPLAINTS POLICY AND CUSTOMER SERVICE CHARTER**

Gold Corporation recognises the paramount importance of

As part of its continual effort to promote The Perth Mint as a tourist attraction, the Mint participated in a number of trade shows during the year. These included the Inbound Tour Operators' Workshop, held in Perth in August 2001, the Japan Australia Mission, held in Tokyo and Osaka in February 2002, and the Australian



**SECTION 175ZE OF THE ELECTORAL ACT 1907 (WA)**

- 1** 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:
  - a** advertising agencies;

## **BOARD OF DIRECTORS**

### **CHAIRMAN**

#### **PETER UNSWORTH CA, B.Com**

Peter 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 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.

### **DIRECTORS**

#### **PETER LALOR LL.B**

Peter Lalor is the Executive Chair 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 starti/P dse24(ad.nd sixett rale frhe ri8(p)0s) in 1.2(ti)TJ-20.58 -1.15





## Independent Advice

The Corporation's Directors can seek independent professional advice on Board matters at the Corporation's expense, with the approval of the Chairman. No such advice was sought during the year.

## Directors' Meetings

There were seven meetings of the Directors of Gold Corporation and five meetings of the Directors of the AGR Joint Venture during the year ended 30 June 2002. The number of meetings attended by each Gold Corporation Director is indicated below:

<b>DIRECTOR ATTENDANCE</b>		
	<b>Gold Corporation</b>	<b>AGR Joint Venture</b>
P J Unsworth	7	5
D Mackay-Coghill	7	5
P K Lalor	5	n/a
J L Langoulant	6	n/a
M D F Pop	5	2 <sup>1</sup>
V Davies	7	n/a

1 Ms Pop attended all AGR Joint Venture Board meetings following her appointment on 7 November 2001.

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. In the event that agreement is not 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 four 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)                      Je T64.2 non-executive Director:

The Committee also actively monitors Group risk management to ensure it is comprehensive and integrated with key processes such as 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 three times during the year and the Committee members were:

P J Unsworth (Chair)	-	Non-executive Director
J Sentow	-	Chief Financial Officer
A P Melville	-	Group Accountant and Joint Corporation Secretary

## **MANAGEMENT COMMITTEES**

### **Risk Management**

Risk Management is essential for good corporate governance, sound management principles and





## EFFECTIVENESS INDICATORS

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

	<b>2001-02</b>	<b>2000-01</b>	<b>1999-00</b>	<b>1998-99</b>	<b>1997-98</b>
1 Estimated proportion of Australian fine gold production refined by AGR <i>(Note 1)</i>	68%	65%	62%	58%	

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## **CERTIFICATION OF PERFORMANCE INDICATORS**



## **FINANCIAL ESTIMATES**









**Japan**

**Latin America and the Carribean**

Sterling Precious Metals, Ltd  
 PO Box SS-10951  
 British American Building  
 Marlborough & Navy Lyon Road  
 Nassau, Bahamas  
 Tel: (1242) 325 7574  
 Fax: (1242) 325 8030  
 Email: [hwoltz@sterlinggroup.bs](mailto:hwoltz@sterlinggroup.bs)  
 Contact: Howell W. Woltz, Managing Director

**PERTH MINT CERTIFICATE PROGRAM****Australia**

Perth Mint Buildings  
 Tel: (618) 9421 7280  
 Fax: (618) 9221 7074  
 E-mail: [pmds@perthmint.com.au](mailto:pmds@perthmint.com.au)  
 Contact: Anita Wehrli, Client Relations Coordinator, Perth Mint Depository

**PSG Doyle Private Client Services**

Level 32, The Chifley Tower  
 2 Chifley Square  
 Sydney NSW 2000

Tel: (612) 9239 6000  
 Fax: (612) 9239 6060

Email: [dillonh@psgpacific.com](mailto:dillonh@psgpacific.com) Contact: Howell 4TjETEMC114.54 348.s .248TDCBT12 0 0 12 72 349.6ET8





**Papua New Guinea**

## **CORPORATE DIRECTORY**

### **DIRECTORS**

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