

**2004/2005 ANNUAL REPORT**

# CONTENTS

STATEMENT OF COMPLIANCE.....	1
THE YEAR IN BRIEF .....	2
CHAIRMAN'S REVIEW.....	3
GROUP PROFILE.....	5
GROUP STRUCTURE CHART.....	7
SENIOR MANAGEMENT (AT 30 JUNE 2005) .....	8
REPORT ON OPERATIONS.....	9
CORPORATE GOVERNANCE .....	17
PRECIOUS METAL PRICES PER OUNCE .....	25
AUDITOR GENERAL'S OPINIONS.....	26
CERTIFICATION OF FINANCIAL STATEMENTS .....	28
FINANCIAL STATEMENTS .....	29
PERFORMANCE INDICATORS .....	62
CERTIFICATION OF PERFORMANCE INDICATORS.....	66
STATUTORY REPORTING REQUIREMENTS.....	67
GROUP DIRECTORY .....	71

6 October 2005

The Hon E S Ripper BA DipEd MLA  
Deputy Premier, Treasurer,  
Minister for Government Enterprises  
28<sup>th</sup> Floor, Governor Stirling House  
197 St George's Terrace  
PERTH WA 6000

#### **STATEMENT OF COMPLIANCE**

In accordance with 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 2005.

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

P J UNSWORTH  
Chairman

M E HARBUZ  
Executive Director

## **THE YEAR IN BRIEF**

- Gold Corporation recorded an operating profit before tax of \$1.6m for the financial year ended 30 June 2005.
- The Corporation issued several successful commemorative coins, including the ANZAC gold and silver coins, the Commemorative Sovereign, gold and silver coins to mark the sixtieth anniversary of the end of World War II and a silver coin to commemorate Prince Henry's 21<sup>st</sup> birthday.
- The Corporation's share of the world's bullion coin market increased from 9% to 11.3%.
- Sales of precious metal coin blanks to other mints increased significantly.
- There were over 120,000 visitors to the Mint, of which more than 80,000 visited the exhibition and gold pour.
- Precious metal deposits in Perth Mint Depository exceeded \$500 million for the first time.
- AGR Matthey, in which Gold Corporation has a 40% stake, refined 99.9% of Australia's gold.

## CHAIRMAN'S REVIEW

Gold Corporation made a profit, before tax, of \$1.6 million for the year ended 30 June 2005 compared to \$5.95 in the previous year. The previous year's result had been boosted by the sale of some assets in Gold Corporation, on the formation of a joint venture, and the results of the year ending 30 June 2005 were depressed by some non-recurring rationalisation costs, write-offs and provisions in the AGR Matthey partnership, which otherwise made a satisfactory operating profit. Gold Corporation has a 40% interest in AGR Matthey.

The Corporation's share of the world market for gold bullion coins increased in the face of a shrinking total market – a commendable achievement by the organisation and its various distributors throughout the world. Sales of other bullion coins and commemorative coins continued to improve. The world wide reputation of The Perth Mint for value, innovation and quality continues to grow. Two awards received by the Mint at an international coin show are further public recognition of its success.

Highlights of Australian legal tender numismatic coins issued during the year were the ANZAC gold and silver coins, the Commemorative Sovereign and gold and silver coins to commemorate the end of World War II. The last mentioned were coins incorporating moving images, a Perth Mint innovation. These and other coins continued effectively to promote Australia's heritage and history, to educate and to promote Australia overseas.

Coins issued on behalf of other countries are also an important part of the Mint's business. An exclusive contract signed with the Government of Tuvalu during the year cements a long standing relationship. A number of Tuvalu and Cook Island coins were successfully issued and promoted.

A special word of thanks is deserved for The Perth Mint's dealers and distributors who have so successfully promoted its products throughout Australia and in many parts of the world. Perhaps finding Perth Mint coins in a small outback town is not remarkable but finding them in outlets in Russia, China, Japan or Sweden (to mention a few countries) may cause some surprise. The dealer and distributor network, and the markets cultivated so carefully are critical to the continued success of the Mint.

The Poongsan Perth Mint JV successfully increased the sales of precious metal coin blanks to other mints in the world, further adding value to precious metals exported from Australia. Many collectors buying coins issued by other mints are actually buying coins minted on blanks manufactured in Australia, from Australian mined precious metals. Further growth is expected in this business in the future.

The exhibition at the Mint was further enhanced during the year, improving what is already a successful attraction in Perth. The total number of visitors to the Mint was in excess of 120,000 and more than 80,000 visited the exhibition. Many of these were foreign tourists.

The Corporation also facilitates investment in precious metals through its Perth Mint Depository service. A number of products are offered enabling investment in precious metals without investors being required to take physical possession. The total value of precious metals held on behalf of depositors is over \$500 million, most of which is held on behalf of overseas clients.

Gold Corporation is striving constantly to improve performance in all its businesses. Recent rises in the gold price have increased interest in bullion coins and Perth Mint Depository products. Further growth is expected in the coin blank business and enhancements are planned for the exhibition and shop. The installation of a new computer system will streamline the organisation's administration and various improvements are planned for the manufacturing processes. Training, development and apprenticeship programmes should ensure that future skills requirements are met.

The Corporation has a 40% share of AGR Matthey, the refiner and distributor of almost all of Australia's gold, and one of the largest gold refineries in the world. Virtually all of Australia's mined gold, and a significant tonnage of gold sourced overseas, was refined. There was strong demand for value-added gold bars in Asia, and this was an important market for the business.

I thank my fellow directors for their efforts and contributions during the year, and welcome Chris Wharton as a new director. A special welcome is due to Mr John Langoulant who has rejoined the board.

I would also like to thank The Hon Nick Griffiths, the former Minister for Government Enterprises who was responsible for Gold Corporation, for his support over a number of years. The Board welcomes The Hon Eric Ripper MLA, Deputy Premier, Treasurer, Minister for Government Enterprises and Minister Assisting the Minister for Public Sector Management, as the minister now responsible for Gold Corporation. Despite his many and varied responsibilities, he and his staff have shown a keen interest in Gold Corporation and I would like to convey my appreciation for this.

The businesses of Gold Corporation are varied, demanding and challenging. The Corporation competes in the international market place and product innovation and management discipline are key ingredients to our success. The management and staff of Gold Corporation have continued to meet these demands and challenges and, on behalf of my fellow directors, I express our appreciation for their dedication and vigilance. Our various joint venture partners have all been a pleasure to work with and we look forward to continuing in partnership with them. I also thank all our agents, representatives and distributors throughout the world for their part in our success.

**P J UNSWORTH**  
Chairman

## GROUP PROFILE

### THE CORPORATION'S PURPOSE

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

*The purpose of Gold Corporation is to:*

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

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

### MISSION STATEMENT

*Gold Corporation develops and supplies precious metal related products and services. It commits to:*

- *supplying products, services and experiences which delight the customers and users;*
- *preserving its heritage assets and history, and using these for the benefit of the community;*
- *providing fulfilment, development, security and reward to its employees; and*
- *generating an acceptable financial return to its shareholder, the Western Australian Government.*

*It is also committed to promoting high ethical standards, respect for all people and the environment, and enlightened business practices.*

Gold Corporation's history began more than a century ago with the opening of The Perth Branch of the Royal Mint on 20 June 1899. The Mint was established to refine the increasing quantities of gold being discovered in Western Australia and to use the gold to mint sovereigns and half-sovereigns for the Crown.

The Mint ceased production of sovereigns in 1931, but by this time it was minting other circulation coin denominations for Australia. In 1970, responsibility for the Mint was taken over by the Government of Western Australia. Minting operations were discontinued in 1984.

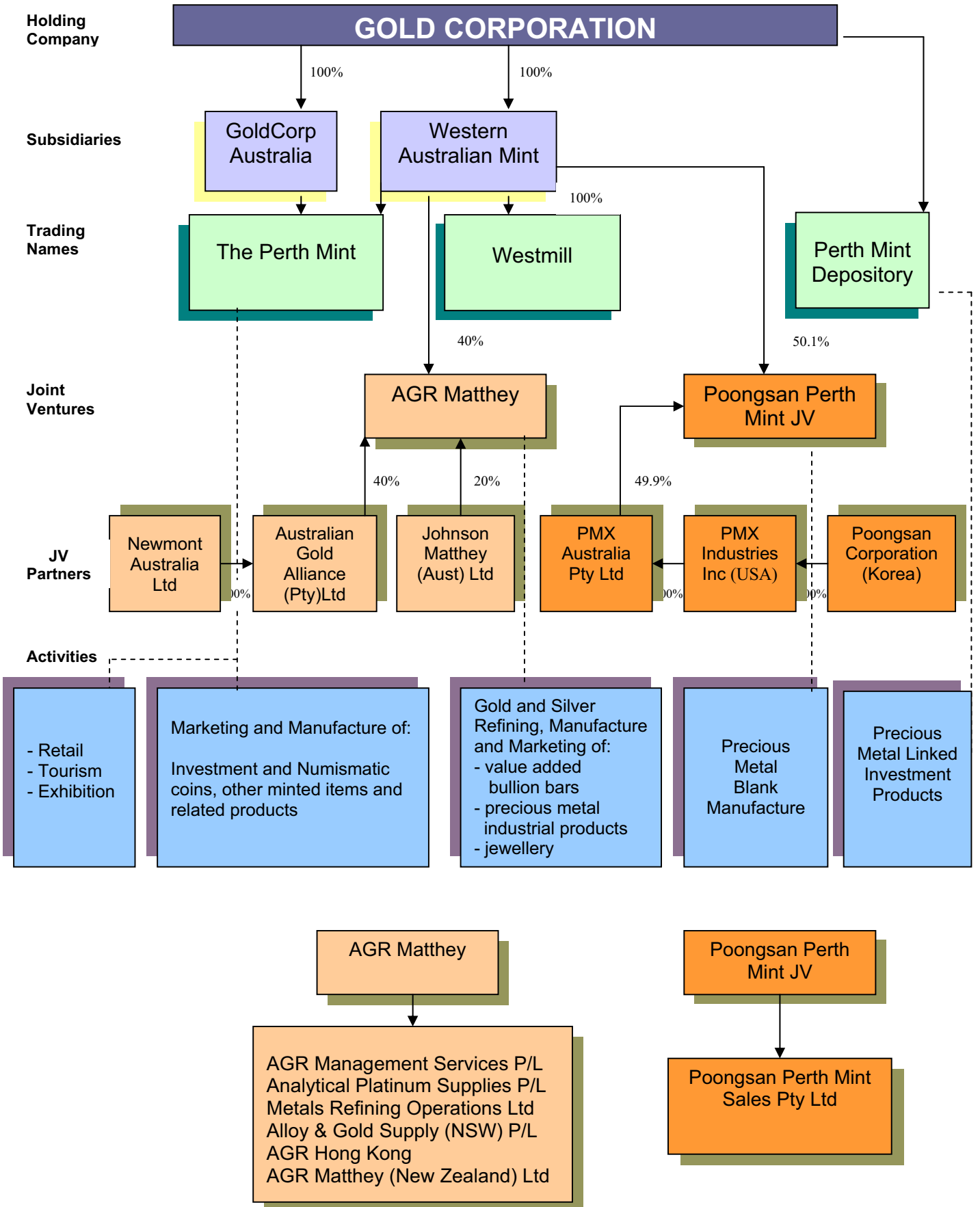
Gold Corporation was created by the *Gold Corporation Act 1987* and is wholly owned by the Government of Western Australia. The Corporation and its subsidiaries were formed to restart minting activities at the Mint premises and to launch Australia's bullion coin programme. The legal tender bullion coins were produced at the Mint and marketed internationally under an agreement with the Commonwealth of Australia. The minting activities were eventually expanded to include a wide range of legal tender collector or numismatic coins and other minted products.

Today, Gold Corporation is Australia's leading precious metal refiner and precious metal mint. It manufactures a variety of precious metal products and markets a number of precious metal investments.

The Corporation has two wholly owned subsidiaries: the Western Australian Mint and GoldCorp Australia. It also has a 40% interest in AGR Matthey (a partnership) and a 50.1% share in Poongsan Perth Mint JV (an unincorporated joint venture). AGR Matthey refines virtually all of Australia's gold, as well as some gold from other countries, and is one of the world's largest gold refineries. It distributes the gold in the form of bars as well as in the form of various value-added products. It is also a major silver refiner. Poongsan Perth Mint JV is a major manufacturer of precious metal coin blanks supplied to mints throughout the world.



# GROUP STRUCTURE CHART



## **SENIOR MANAGEMENT (at 30 June 2005)**

### **GOLD CORPORATION**

Chief Executive Officer:	M Edward Harbuz
Chief Financial Officer:	Richard Hayes
Treasurer & Manager, Perth Mint Depository:	Nigel Moffatt
Group Accountant and Joint Company Secretary:	Anne Melville
Corporate Analyst and Joint Company Secretary:	Bron Suchecki
Manager, Human Resources:	Susan Coutts-Wood
Manager, Corporate Governance & Risk Management:	Christopher Mumme

### **GOLDCORP AUSTRALIA**

General Manager Minted Products:	Veronica Maguire
Manager, Perth Mint Shop:	Leonie Mirmikidis

### **WESTERN AUSTRALIAN MINT**

General Manager Operations:	Justin Kees
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### **AGR MANAGEMENT SERVICES PTY LTD\***

Chief Executive Officer:	Brian Bath
Chief Financial Officer:	John Shephard

\*AGR Management Services Pty Ltd (AGRMS) is owned 40% by the Western Australian Mint, 40% by Australian Gold Alliance Pty Ltd (a wholly owned subsidiary of Newmont Australia Ltd) and 20% by Johnson Matthey (Aust) Ltd (a wholly owned subsidiary of Johnson Matthey Plc). AGRMS manages AGR Matthey, pursuant to the provisions of the Partnership Agreement.

## **REPORT ON OPERATIONS**

### **FINANCIAL SUMMARY**

Gold Corporation made a profit, before tax, of \$1.6 million for the year ended 30 June 2005 compared to \$5.95 million in the previous year. The previous year's result had been boosted by the sale of some assets in Gold Corporation on the formation of a joint venture and the results of the year ending 30 June 2005 were depressed by some non-recurring rationalisation costs, write-offs and provisions in the AGR Matthey partnership, which otherwise made a satisfactory operating profit. Gold Corporation has a 40% interest in AGR Matthey. An after tax profit of \$0.8 million was achieved, compared with a profit of \$3.5 million in the previous year.

Income tax equivalent of \$71,000 will be paid to the Western Australian Government in respect of the 2004/2005 financial year after recoupment of tax losses brought forward from previous years. In accordance with government requirements, provision has been made for a dividend of 60% of after tax profits, being \$493,000.

Since the establishment of Gold Corporation on 30 June 1988, income tax and dividend payments to the State Government (including the \$493,000 provided this year) total \$29.7 million.

The Corporation also pays royalties to the Commonwealth annually on all its Australian legal tender coin sales. An amount of \$1.6 million will be paid for the year ended 30 June 2005, bringing to \$15.1 million the total royalty payments to the Commonwealth since 1991/1992.

Payments to the State and Federal Governments since the Corporation's inception now total \$44.8 million, or an average annual payment of \$2.6 million.

The Corporation's capital expenditure for the year was \$3.1 million, the majority of which was spent on the purchase of new equipment for the coining division and the new information system.

### **BUSINESS ACTIVITIES**

#### **Coins**

The Perth Mint has a reputation for excellence in precious metal coins because of its designs, high standards of minting and focus on innovation. The flagship programmes are Australian legal tender coins, issued under a formal agreement with the Commonwealth Government, which receives a royalty on each coin sold.

During the 2004-2005 financial year, a wide range of coins was released. These included the annual issues of the Australian Nugget and Lunar gold coins, the Kookaburra and Lunar silver coins, and the Koala platinum coins. Special commemorative issues included the ANZAC gold and silver coins, the Commemorative Sovereign, gold and silver coins to mark the sixtieth anniversary of the end of World War II and a silver coin to celebrate Prince Henry's 21<sup>st</sup> birthday. These coins were extremely popular among Australian collectors and found an enthusiastic market overseas.

A wide range of commemorative coins and coins depicting interesting themes was issued under the authorities of the governments of Tuvalu and Cook Islands, who receive royalties on all of their coins sold. Some of these were specially produced for Australian or international organisations which market such products. An important development during the year was the signing of an exclusive contract with the Government of Tuvalu in terms of which Gold Corporation was appointed as manager of Tuvalu's commemorative coin issues. This arrangement will be of benefit to both parties.

Maintaining its strong emphasis on innovation, Gold Corporation developed and issued coins to commemorate the sixtieth anniversary of the end of World War II featuring fascinating moving images of the famous "dancing man" footage, taken from the original newsreel film. These coins add to the list of "firsts" in numismatic innovations for which The Perth Mint has a reputation. At a recent international show in San Francisco, two international "Coin of the Year" awards were received. One was for the "Most Innovative Coinage Concept" for the Gemstone Zodiac coins, featuring free-moving gemstones on the centre of legal tender coins. The second award was for the "Most Historically Significant Coin" for the ten ounce Evolution of the Alphabet silver coin.

Demand for the Corporation's coin products has remained buoyant, partly due to the efforts of its Australian and international distributors. The number of wholesale orders increased by 53% over the previous year, and retail orders increased by 37%. Coin and medallion sales added value to 5.05 tonnes of Australian gold (4.43 tonnes in the previous year), 39.31 tonnes of Australian silver (36.63 tonnes) and 0.01 tonnes of platinum (0.02 tonnes).

Sales of Australia's gold bullion coins increased in the face of a significant decline in the total market, increasing the market share of the Nugget and Lunar combined from 9% to 11.3% in the 2004 calendar year.

E-commerce is becoming increasingly important in the coin business. The value of sales increased by 13%, and the number of orders by 18%.

The creativity and innovation of the designers as well as the necessity to maintain and even improve on Gold Corporation's extremely high quality standards has put pressure on processes in the factory, so an enhancement and modernisation programme has commenced with the ordering of a sophisticated vacuum furnace for the heat treatment of coining dies. This is to be followed up with various equipment upgrades and replacements over the next few years.

The Corporation's ISO9001-2000 quality certification was maintained and the quality management system continues to be used effectively to achieve continuous improvement in design, manufacturing and customer service.

### **The Perth Mint Shop and Gold Exhibition**

Over 80,000 visitors paid to see the Gold Exhibition and the total number of visitors, including those who came to the shop only, is estimated to have been over 120,000.

Many of the visitors are tourists and during the year a concerted effort was made to promote The Perth Mint at "Tourism Australia" trade fairs in Japan, New Zealand, Singapore, Malaysia and the United Arab Emirates. In addition, in June 2005, the Australian Tourism Exchange, which is

Australia's premier tourism trade fair, was held in Perth and the opportunity was taken to showcase The Perth Mint to the tourism industry.

As part of an ongoing programme to enhance the attraction, an audiovisual presentation was added as a prelude to the renowned gold pour in the melt house. It shows images of the history and development of the gold industry in Western Australia, accompanied by music specially written by the composer, Iain Grandage.

Given the wide mix of overseas, interstate and local visitors, the shop stocks a wide variety of merchandise, including natural gold nuggets and other Australian memorabilia. It is obviously also a showcase for The Perth Mint's own internationally renowned products and the promotion of these was enhanced during the year by the opening of a coin and bullion room where visitors can browse with the assistance of a coin and gold expert. Further enhancements are being planned to promote coin products and to provide information about coins and their history.

The Perth Mint has previously been inducted into the Hall of Fame for Heritage and Cultural Tourism and Tourism Retailing in the Western Australian Tourism Awards and in 2004 it won the coveted Sir David Brand Award for Tourism.

### **Perth Mint Depository**

Gold Corporation's Perth Mint Depository provides investors with the opportunity of investing in precious metals without having to deal with all the issues related to taking possession of and safely storing physical metal. It offers one of the world's safest locations for precious metal storage and offers three products: Perth Mint Depository Services, the Perth Mint Certificate Program and the Australian Stock Exchange listed securitised product, Perth Mint Gold.

The division continued to grow, and currently has in excess of 3,000 clients spread over 80 countries. Gold and silver prices have recently experienced volatility, due largely to movements in the value of the US dollar, encouraging interest in investing in precious metals. The value of the precious metal deposits exceeded \$500 million at the end of the financial year.

#### ***Perth Mint Depository Services***

Perth Mint Depository Services (PMDS) offers precious metal storage to both national and international investors seeking storage and portfolio diversification. The service is promoted via the internet ([www.perthmint.com.au/depository](http://www.perthmint.com.au/depository)) and an international representative network. The minimum investment is USD50,000 for international clients and AUD50,000 for Australian residents.

#### ***Perth Mint Certificate Program***

The Perth Mint Certificate Program (PMCP) offers precious metal investments via an international network of approved dealers. The minimum investment is USD10,000 for USA domiciled investors, with varying minimum amounts for other regions. The Certificate is a non-negotiable but transferable warehouse receipt and not a bearer instrument.

***Perth Mint Gold (Quoted on the ASX)***

Gold Corporation continued to offer the Perth Mint Gold quoted product through the Australian Stock Exchange. Structured as a warrant, this product enables both large and small investors to have an exposure to gold in their portfolios.

**Poongsan Perth Mint JV**

The Poongsan Perth Mint JV is a joint venture between the Gold Corporation subsidiary Western Australian Mint (50.1%) and PMX Australia Pty Ltd. The latter company is a wholly owned subsidiary of PMX Industries Inc of the USA which is, in turn, owned by Poongsan Corporation of Korea.

The JV produces fine and alloy precious metal coins blanks. Almost six million precious metal blanks were produced in the financial year and supplied to the Royal Australian Mint, the US Mint and a number of other mints throughout the world.

Products include blanks made from gold, silver, platinum and various alloys of these metals. Development work is being done on a number of new alloys, as well as blanks made from palladium, niobium and titanium.

**AGR Matthey**

AGR Matthey is a partnership between the Gold Corporation subsidiary, the Western Australian Mint (40%), Australian Gold Alliance Pty Ltd (40%) and Johnson Matthey (Aust) Ltd (20%).

The refining of gold and silver and the production of bullion bars is conducted at the Newburn refinery in Western Australia and precious metal fabrication (jewellery and industrial products) is carried out at Thomastown, Victoria.

Although the ongoing refinery operation performed well, the partnership reported an overall loss of \$1.9 million resulting from non-recurring rationalisation costs, write-offs and provisions. Kodak's decision to discontinue its manufacturing operations in Australia led to the closure and write-off of the silver nitrate plant and the transfer of all silver refining to Newburn. The 45% investment in MRO, the refinery based in Papua New Guinea, was written off because of the decision by the other shareholder to assume management control which led to a significant deterioration in performance.

An estimated 99.9% of Australian gold was refined by AGR Matthey in the financial year.

AGR Matthey continued the production and marketing of other precious metal products, including finished jewellery, semi-fabricated gold and silver items for jewellery, various industrial products and platinum laboratory ware. It has sales outlets in all major Australian cities and a branch in Auckland, New Zealand.

## Westmill

### *Kaltails*

Gold Corporation's Westmill division holds a 10% interest in the Kaltails gold tailings retreatment project in Kalgoorlie. Newmont Australia Ltd owns the other 90% of the project. Activity in the past financial year has been limited to ongoing site maintenance, the cost of which has been minimal.

There is a closure plan for the operation which would require capping of the tailings storage facility within the next 10 years and this would result in considerable expense for the joint venture. Another option, not requiring the expensive capping, is being explored.

### *State Batteries*

Westmill also has some responsibility for a number of former State Battery sites. Most of these are no longer operational but a few have been leased out to small independent operators. The revenue received has been minimal. Several of the sites are contaminated and the Corporation expects that the issue will be tackled on a "Whole of Government" basis.

The Northampton site, which is contaminated with lead, is a priority. The management plan for the site has been completed and an interpretation plan, which must be approved by the Heritage Council before rehabilitation can take place, is being prepared. The rehabilitation costs will require funding from the Western Australian Government.

## STAFF

The total number of permanent and contract staff increased from 167 to 170. Of these, 159 were full time and 11 were part time. All were employed in Perth. They were assigned as shown below:

	<b>30 June 2005</b>	<b>30 June 2004</b>
Gold Corporation	31	33
Western Australian Mint	92	98
GoldCorp Australia	47	36
Total	170	167

Of the staff at 30 June 2005, 91 were salaried staff and 79 were wages employees.

The percentage of women on the staff at 30 June 2005 was 44.2%. Of the managers in Tier 2 (reporting to the CEO), 60% were women and of those in Tier 3 (reporting to Tier 2 managers) 35.7% were women.

Employees from non-English speaking backgrounds comprised 26% (18.8%) of staff and indigenous Australians comprised 1% (nil) of staff.

Gross staff turnover was 9% for the year and the avoidable turnover rate (excluding expired contracts, retirements and redundancies) increased to 5.5% from the previous year's 3%.

Annual leave hours per person decreased in Gold Corporation and GoldCorp Australia by a net 10% and long service leave increased by the same amount. In Western Australian Mint, annual leave increased by 14.5% and long service leave increased by 6.5%

The number of staff employed under engineering, clerical and security awards increased from 65 to 74.

As previous negotiations with unions covered either two (in the case of the CSA) or three (in the case of the AMWU) years, there were no negotiations with unions during the year. The WA Mint Production Award has been updated with legislative changes and is awaiting registration with the WA Industrial Relations Commission.

The lost time injury frequency rate (LTIFR) increased from 7.59 to 10.06 lost time injuries per million hours worked and there are five continuing claims extending into the new financial year. A plan to address the issues has been drawn up.

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

Gold Corporation recognises the importance of excellent service to its customers. As a public statement of commitment to service and complaints handling, the Corporation's Complaints Policy and Customer Service Charter embodies the following elements:

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

A total of 52,267 orders were processed and there were 133 complaints (0.3%). A number of unsolicited letters and e-mails were received in which customers from various parts of the world congratulated Gold Corporation on its products and service, and some were also received expressing thanks for the manner in which complaints were dealt with.

## **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.

In 2004/2005, AGR Matthey was a sponsor at the Diggers and Dealers Mining Conference, held in Kalgoorlie in August 2004.



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

The Perth Mint is a silver member of the Perth Convention Bureau. It is a bronze member of the Tourism Council of Western Australia, and a member of ATEC (Australian Tourism Export Council), Tourism WA Network, Association of Perth Attractions, Museums Australia, the Perth Regional Tourism Association and Experience Perth.

Gold Corporation is an Associate Member of the Australian Gold Council, and a member of the Chamber of Commerce and Industry of Western Australia, the Western Australian Chapter of the Australia Arab Chamber of Commerce & Industry Inc, the Australian Institute of Management, Standards Australia and an associate of the Western Australian Chapter of the Australia Business Arts Foundation.

As part of its continuing effort to promote The Perth Mint as a tourist attraction, the Mint participated in a number of trade shows during the year. These included Oz-Talk Asia in Singapore and Malaysia in July 2004, ATEC Meeting Place Sydney December 2004, Japan Australia Mission in Atami, Tokyo in February 2005, OZ-Talk New Zealand in April 2005, Arabian Travel Mart in May 2005, and the Australian Tourism Exchange in Perth in June 2005. The latter produced first time opportunities to showcase the Perth Mint through site visits from visiting delegates and journalists from both the Eastern and Western Hemispheres. In addition to promoting the Mint, participation in such initiatives was a tangible and practical demonstration of the Mint's support for the Western Australian tourism industry.

The Mint participated in a range of Australian and overseas exhibitions aimed at showcasing its coins, medallions and collectables to distributors and the general public. These included the Australian Numismatic and Dealers Association Coin Fairs held in Sydney in August 2004, in Melbourne in November 2004, in Perth in February 2005, followed by Sydney again in April and then Brisbane in May 2005. In August 2004, the Mint was represented at the American Numismatic Coin Show in Pittsburgh, then later at the Beijing International Coin Exposition in October. In February 2005 the Mint participated in the World Money Fair in Basel, Switzerland, before heading to Singapore in March for the Asia Money Fair.

The Mint was also represented at Australia's Licensed Post Office conferences in Melbourne, Sydney, Adelaide and Brisbane throughout August 2004 and in Perth in September 2004.

To promote gold bullion investment in Japan, the Mint partnered with a leading Japanese gold refiner and mining operation to promote its Australian Nugget pure gold bullion coins, which were presented in a 'senryo-bako', a Japanese treasure chest styled wooden box. The collaborative promotion entitled 'Gold Now 2004 - The Australian Kangaroo Nugget Special' was broadcast on Nikkei CNBC in November 2004.

In February 2005, the Mint in conjunction with the curator of The Industry Collection of Gold Bars Worldwide lent gold bars and coins to the Houston Museum of Natural Science in Texas for display in their "Gold! National Treasure, Cultural Obsession" exhibition.

The Mint's precious metal gold and silver proof coins are also on display from March 2005 at the international Aichi World Expo in Japan.

In 2004/2005, the Board approved an Arts and Charity sponsorship program. The Mint is the inaugural sponsor of an initiative called The Patrons' Program which is a new program for donors to support the Western Australian Symphony Orchestra. The Mint received substantial recognition, opportunities to target members of the Arts and the chance to distribute a product catalogue at one of the performances of WASO. Funds were provided to the Academy of Performing Arts for final year film makers of WAPA and to 'Storm the Stage', a Rotary initiative supporting young Western Australian talent.

Charity sponsorship was provided to Telethon through a golf day held at Araluen Golf Club. Donations were made to St Vincent de Paul, Anglicare, and the Salvation Army and the Neurological Department at Princess Margaret Hospital.

In addition to the above, 172 other donations were made in various forms, including complimentary family passes to the Gold Exhibition and selected coins, medallions and collectables, to schools, sporting clubs, industry bodies and non-profit organisations. Beneficiaries included: the Cerebral Palsy Association of WA, the Dialysis and Renal Transplant Association, Channel Nine's Appealathon, Channel Seven's Telethon, the Royal Flying Doctor Service, Cystic Fibrosis WA, the Perth Bone and Tissue Bank, the Muscular Dystrophy Association, St John Ambulance, the Cancer Council of Western Australia, Downs Syndrome Association of Western Australia, the Senses Foundation, the Tsunami Appeal, the Multiple Sclerosis Society of WA, the Heart and Lung Transplant Foundation, Juvenile Diabetes, and Parkinson's Western Australia.

Production of The Perth Mint's newsletter, *Australian Numismatic Post*, continued in 2004/2005. This was mailed, together with Perth Mint product catalogues, to the Mint's extensive national and international direct mail database four times during the year.

M EDWARD HARBUZ  
Chief Executive Officer

## CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

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

- promote and develop markets for gold and gold products in Australia and elsewhere;
- develop and expand the Corporation's business for the benefit and to the greatest advantage of the people of Australia;
- operate in accordance with prudent commercial principles; and
- strive to earn a commercial rate of return on its capital.

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

The Board is committed to sound corporate governance principles, high standards of legislative compliance, and appropriate financial and ethical behaviour. The Board regards directorial and managerial conduct seriously and as an integral part of sound governance practices. In accordance with that, the Board has committed itself to comply, wherever applicable, with the spirit and letter of the Australian Institute of Company Directors' Code of Conduct and Guidelines. Additionally, 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.

### Membership

Directors are appointed by the Governor of Western Australia on the nomination of the Minister and approval by Cabinet. During the 2004/05 financial year a number of new Directors were appointed and at year-end the Gold Corporation Board consisted of eight non-executive Directors and two executive Directors.

Gold Corporation Board Membership			
Director	Status	Date of First Appointment	Expiry of Term
P Unsworth (Chair)	Non-executive	1 July 1996	30 June 2008
S Boyd	Non-executive	1 July 2004	30 June 2007
R Edwards	Non-executive	1 July 2004	30 June 2007
M E Harbuz	Executive	1 July 2003	30 June 2006
R Hayes	Executive	1 July 2004	30 June 2007
J Langoulant	Non-executive	21 June 2005	30 June 2008
D Mackay-Coghill	Non-executive	30 June 1988	30 June 2006
M Pop	Non-executive	1 July 1996	30 June 2007
D Smith	Non-executive	12 August 2004	N/A, ex-officio
C Wharton	Non-executive	12 October 2004	31 October 2007

## **Director Biographies**

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

Peter Unsworth was appointed Chairman of Gold Corporation, effective from 1 July 2001. A Chartered Accountant and corporate finance specialist, Mr Unsworth has extensive experience as a public and private company director, and is a director of AGR Matthey. Formerly an Executive Director of Western Australian stock broking company Paterson Ord Minnett Ltd, 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.

### **SUE BOYD BA, Dip Ed, D.Litt (hc), GAICD**

Dr Sue Boyd had a distinguished 33 year career in the Australian Foreign Service, including appointments as High Commissioner in Fiji, Tuvalu and Nauru, Consul-General in Hong Kong, Ambassador in Vietnam and High Commissioner in Bangladesh.

Returning to Perth in 2003, she is currently a Trustee of Argyle Diamond Mine's Gelganyem and Kilkayi Trusts; a Board member of RRRT, the UNDP Human Rights Organisation working in the Pacific; International Adviser to UNIFEM Australia; Adjunct Professor in the Centre for International Health at Curtin University; and an executive business coach with the Global Coaching Partnership.

### **RONALD EDWARDS B.Ed, M.Ed (Hons), Dip Tch TAFE**

Mr Ron Edwards was the Federal Member for the seat of Stirling from 1983 to 1993. He has a strong background in economics through his formal education, his career in lecturing in economics and administrative studies, and as Chairman of the Federal Parliamentary Labor Party Committee on Economics and Industrial Relations.

Mr Edwards is Chairman of the Anglican Church Board of Youth Ministries, the Australian Prawn Industry Association and the Rock Lobster Industry Advisory Committee. He is a board member of the Polly Farmer Foundation and acts as a consultant to the European Union Trade Negotiations for the Prawn and Lobster Industries, the Yellow Fin Tuna Aquaculture Projects in Geraldton and Esperance, the Australian Plaintiff Lawyers Association and Jackson Wells Morris.

### **M EDWARD HARBUZ B Sc (Eng), MBL**

Mr Ed Harbuz was appointed Chief Executive Officer of Gold Corporation on 1 July 2003. Mr Harbuz was Managing Director of the South African Mint Company Pty Ltd for almost seven years until 2001 and Group Managing Director of Cullinan Holdings Limited, one of South Africa's oldest industrial companies prior to that. Preceding this, he was Chief Executive of Cullinan Refractories and Managing Director of Steetley Refractories in the United Kingdom. Mr Harbuz holds a Master of Business Leadership from the University of South Africa and a BSc (Engineering Electrical) from the University of Natal. Mr Harbuz is a member of the Pearling Industry Advisory Committee.

**RICHARD HAYES B.Comm, MBA, CPA, ACIS**

Mr Hayes was appointed as Chief Financial Officer of Gold Corporation in March 2003. He was previously the Chief Operating Officer and a Director of AGR Matthey from October 2002 to March 2003 and prior to that he was Director, Finance and Deputy Managing Director of AGR Joint Venture from December 1998 to October 2002. He was Chief Financial Officer and Company Secretary of Golden West Refining Corporation Ltd, an ASX listed company controlled by N M Rothschild & Sons Ltd which, in December 1998, merged with AGR to become AGR Joint Venture. Mr Hayes came to Australia from Zimbabwe in 1987 and has held a number of financial positions with Boral Ltd.

**JOHN LANGOULANT B.Ec (Hons)**

Mr John Langoulant is the Chief Executive of the Chamber of Commerce and Industry of Western Australia. Prior to taking on this position Mr Langoulant worked for a period of 30 years in the Commonwealth and Western Australian Treasury departments. The last 9 years of this period, between 1995 and 2004, he ran the Western Australian Department of Treasury and Finance as the Government's Under Treasurer. During this period Mr Langoulant was an ex-officio member of the Gold Corporation Board.

Mr Langoulant has been the Chairman of the Western Australian Treasury Corporation, a member of the Australian Government's Financial Reporting Council and a Director of the Asian Research Council. He is currently a member of the Senate of the University of Western Australia, a Director of the Telethon Institute for Child Health Research, a Director of Industry Capability Network and a member of the WA Ballet Board.

**DON MACKAY-COGHILL**

Mr Don Mackay-Coghill retired as Chief Executive Officer of Gold Corporation on 30 June 2003 after leading the Corporation for 17 years. Mr Mackay-Coghill emigrated from South Africa in 1986 to take up the dual positions of Chief Executive Officer of GoldCorp Australia and Managing Director of the Western Australian Mint. Before that, he had a 15-year career with International Gold Corporation (Intergold), being appointed Chief Executive, Worldwide, in 1979. During his time at Intergold, Mr Mackay-Coghill was responsible for the introduction of the Krugerrand to world markets, which created the first global market for bullion coins. Mr Mackay-Coghill is Chairman of AGR Matthey.

**MARTINE POP PhD EEC Commercial Law**

Ms Martine Pop had more than 12 years of credit, risk management and control management experience with Macquarie Bank and Challenge Bank, in senior and executive positions. Ms Pop worked for more than six years as an Executive Consultant with Ernst & Young, providing risk management and corporate management/governance advisory services to the private and public sectors. She is on the board of the Australian Rail Track Corporation and is the Chairperson of the Western Australian Meat Industry Authority. Ms Pop is a past director of SBS and The Grain Pool of WA.

## **DAVID SMITH B.Econ (Hons)**

Mr David Smith represents the Western Australian Under Treasurer, Mr Timothy Marney. He is currently the Executive Director of the Economic Division in the Western Australian Department of Treasury and Finance. In this role Mr Smith heads a team that provides advice to the government of the day on the state and structure of the WA economy. This encompasses State revenue now and into the future as well as financial arrangements with the Commonwealth.

Mr Smith has been with the Department of Treasury and Finance for eight years in a number of roles. These have included a period as chief of staff in the Treasurer's office. Prior to moving to Perth, he had a long career with the Commonwealth public service, working most recently in the Department of the Prime Minister and Cabinet and the Department of Foreign Affairs and Trade on international trade issues. Mr Smith has worked overseas with government including three years in Geneva under the original World Trade Organisation negotiations and in the private sector with a London-based economic research unit.

## **CHRIS WHARTON**

Chris Wharton is currently the Managing Director of Channel Seven Perth, a position he has held since 2000. Prior to joining Channel Seven, Mr Wharton was the Chief Executive Officer of the Community Newspaper Group (since 1995) and had over 17 years experience with News Limited companies in a variety of roles. Mr Wharton is a member of the WA Olympic and Commonwealth Games Fundraising Committees and is on the Board of Trustees of the Telethon Trust.

### **Meeting attendance**

There were six meetings of the Directors of Gold Corporation during the year ended 30 June 2005. The number of meetings attended by each Director is indicated in the table below.

<b>Directors' Meeting Attendance</b>		
	<b>Attended</b>	<b>Eligible</b>
P Unsworth	5	6
S Boyd	6	6
R Edwards	6	6
M E Harbuz	6	6
R Hayes	6	6
J Langoulant	0	0
D Mackay-Coghill	6	6
M Pop	6	6
D Smith	4	6
C Wharton	3	4

### **Board Committees**

The Board has established two committees, chaired by independent non-executive Directors, to assist in the execution of its duties. These are the Audit Committee and the 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 cannot be reached, the matter is referred to the Board for resolution.

### **Audit Committee**

The objective of Gold Corporation's Audit Committee is to assist the Board in the effective discharge of its responsibility for corporate governance, financial reporting and audit.

The Committee's role is to assist in improving the quality of financial reporting, and assess the integrity of information systems and the adequacy of accounting and internal control systems and procedures.

The Committee also acts as a channel of communication between the Board and the external and internal auditors, to ensure significant issues and information arising from the auditors' activities are brought to the attention of the Board.

In May 2005 the Board resolved to limit the Audit Committee to audit matters only and to move risk and credit issues on to the agenda of the Board in order that the Board could discharge fully its responsibilities.

Membership of the Committee comprised Ms Martine Pop (Chair), Mr Peter Unsworth and Mr Don Mackay-Coghill. Attendees at meetings of the Committee are Mr Richard Hayes (CFO) Mr Chris Mumme (Manager, Risk and Corporate Governance) and Ms Anne Melville (Group Accountant). Mr M Edward Harbuz (CEO) is a permanent invitee. Attendees and invitees do not have voting rights. The Audit Committee met six times during the financial year. Attendance at the meetings is indicated in the table below.

<b>Audit Committee Meeting Attendance</b>		
	<b>Attended</b>	<b>Eligible</b>
M Pop	6	6
P Unsworth	6	6
D Mackay-Coghill	6	6
M E Harbuz (invitee)	6	6
R Hayes (attendee)	5	6
A Melville (attendee)	5	6
C Mumme (attendee)	6	6

### **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 levels, alterations to core conditions of employment and incentive bonus schemes.

The Remuneration and Allowances Committee consists of two non-executive Directors (D Mackay-Coghill and P Unsworth) and the Chief Executive Officer (M E Harbuz). Mr Peter Unsworth is the Chair of the Committee. The Committee met three times during the financial year. Attendance at the meetings is indicated in the following table.

<b>Remuneration and Allowances Committee Meeting Attendance</b>		
	<b>Attended</b>	<b>Eligible</b>
P Unsworth	3	3
D Mackay-Coghill	3	3
M E Harbuz	3	3

## **MANAGEMENT COMMITTEES**

### **Executive Management Committee**

The Executive Management Committee consists of the senior managers of Gold Corporation. It meets weekly and is chaired by Mr Edward Harbuz. Committee meetings provide a forum for senior managers to keep the management team abreast of key issues in their area and to discuss strategic issues facing the Corporation.

### **Record Keeping Steering Committee**

Under the requirements of the State Records Act 2000, Gold Corporation must comment on its compliance with the Act and report this in its annual report. Under the Act the Corporation must submit a Record Keeping Plan outlining its records program, processing, systems and training. At present the Corporation maintains a CLEARED status with provision to complete additional areas as outlined by the State Records Commission.

A Records Management Consultant has been employed to facilitate Gold Corporation's compliance with the Act and to educate staff in their individual responsibilities under the Act. This will form the basis of a wider training program for staff, which will be reviewed regularly and updated. A Record Keeping Steering Committee supervises the records management process and meets when required to determine records management policy and procedure.

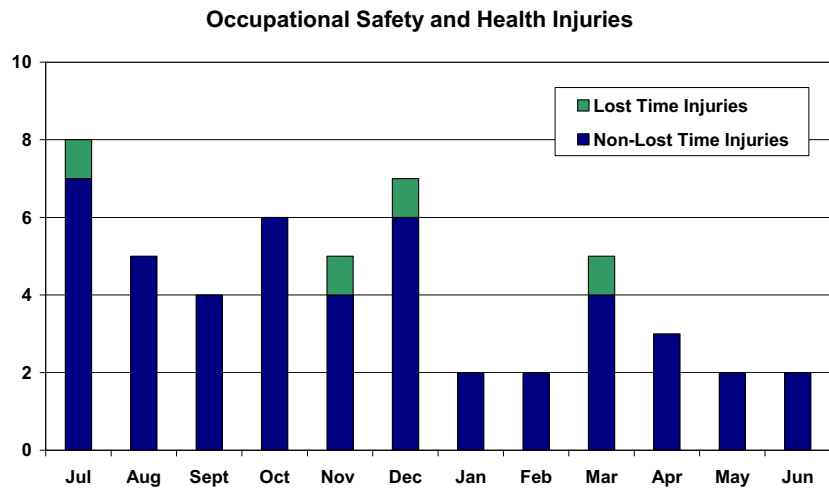
Further compliance with the Act has been achieved by the implementation of an electronic records management system (EDMS). This system will allow staff to share knowledge across departments. Further implementation of the system and supporting policies, procedures and training is anticipated for completion by December 2005. The implementation coincides with further completion of requirements as outlined by the State Records Commission. Completion of all necessary areas is anticipated for mid 2007.



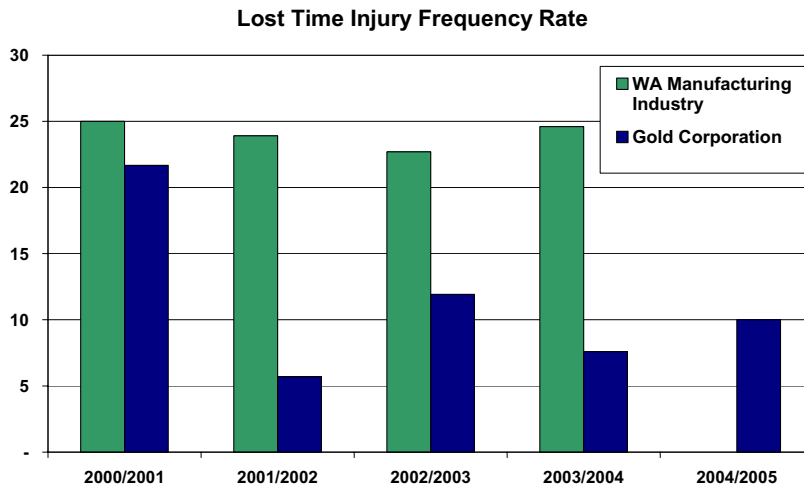
### Occupational Safety and Health Committee

Mr Phillip Kruger, Production Manager, Fabrication, 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 regular basis, with ten formal meetings held during the financial year.

There were 52 Occupational Safety and Health incidents in the financial year (see chart at right), of which four were Lost Time Injuries. The overall trend is downward.



Gold Corporation’s Lost Time Injury Frequency Rate (LTIFR) compares favourably with the average rate of the Manufacturing industry in Western Australia (see chart below). A target rate of zero has been set for the coming financial year.



A new staff member has been employed in the Human Resources department to assist with Occupational Safety and Health and to help implement initiatives detailed in Gold Corporation’s Occupational Safety and Health business plan.

### Risk Management

Risk Management is essential for good corporate governance, sound management principles and effective internal controls. Mr Chris Mumme, Manager Corporate Governance and Risk Management, facilitates the risk management process. Line management is responsible for risk management. A major review was undertaken during the year to develop a top-down approach and further integrate risk management into the key processes.

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'.

Regular monthly and quarterly reports are submitted to the Board on group financial risk, credit and audit matters, occupational safety and health, and environmental issues. Division managers report on the identified major risk issues relating to their areas of responsibility.

### **AGR Matthey**

Gold Corporation, through its subsidiary Western Australian Mint, has a 40% share in AGR Matthey. This share entitles Gold Corporation to representation on the AGR Matthey Board of Directors. Mr Peter Unsworth and Mr Don Mackay-Coghill represent the Corporation on the AGR Matthey Board, with Mr Mackay-Coghill also holding the position of Chairman. Mr Ed Harbuz was a permanent invitee to AGR Matthey Board meetings and, since year end, was appointed a director.

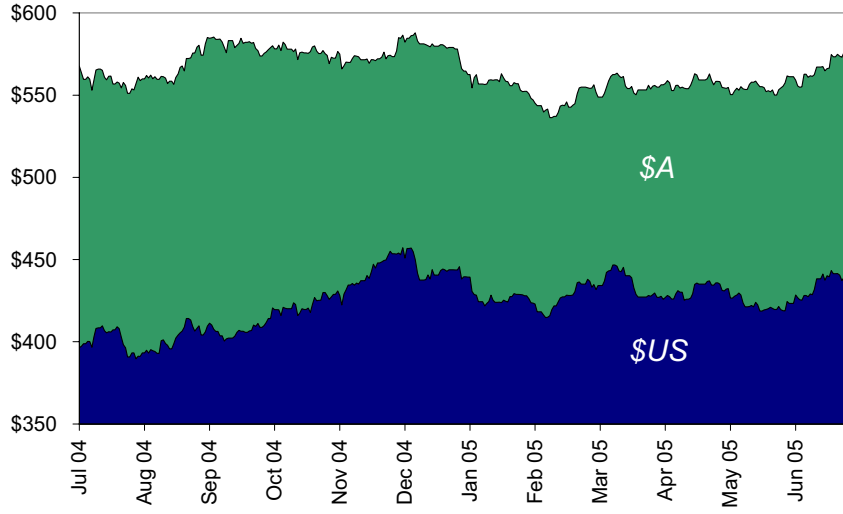
Gold Corporation also has representation on the AGR Matthey Audit Committee. Ms Martine Pop and Mr Richard Hayes represented the Corporation during the year. In May 2005 it was agreed to streamline the Committee and to move risk and credit issues on to the agenda of the Board in order that the Board could discharge fully its responsibilities. Mr Edward Harbuz replaced Ms Martine Pop and Mr Richard Hayes on the AGR Matthey Audit Committee.

There were six formal meetings of the Directors of AGR Matthey during the year ended 30 June 2005. The number of meetings attended by each Gold Corporation Director is indicated in the table below.

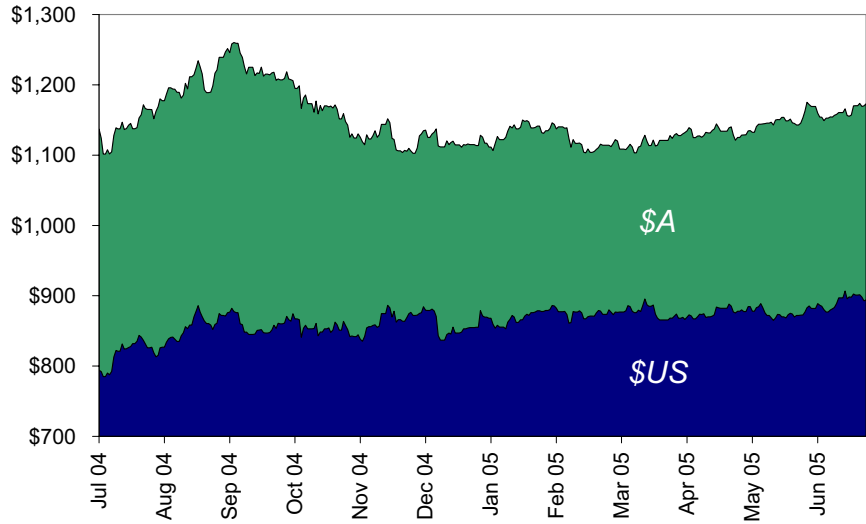
<b>AGR Matthey Directors' Meetings</b>		
	<b>Attended</b>	<b>Eligible</b>
D Mackay-Coghill	6	6
P Unsworth	5	6
M E Harbuz (by invitation)	4	4
R Hayes (by invitation)	2	2

# PRECIOUS METAL PRICES PER OUNCE

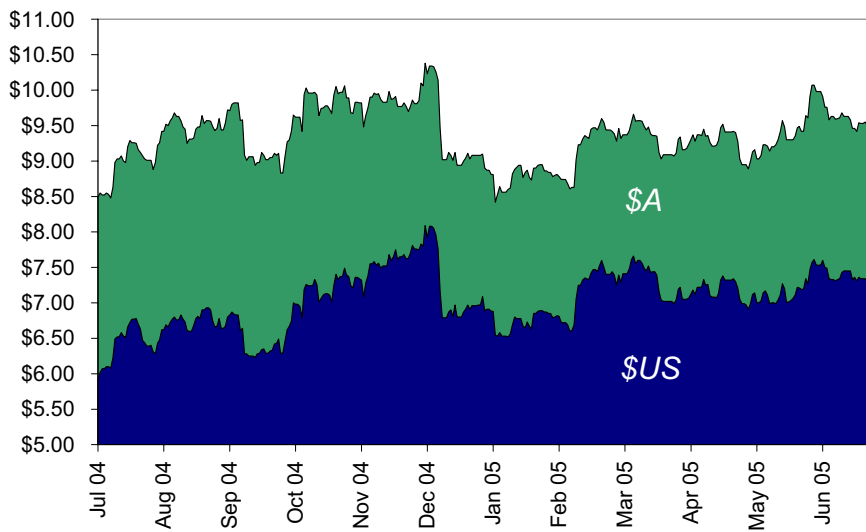
## GOLD



## PLATINUM



## SILVER





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### GOLD CORPORATION PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Gold Corporation are relevant and appropriate to help users assess the Corporation's performance and fairly represent the indicated performance for the year ended 30 June 2005.

#### **Scope**

##### *The Board's Role*

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
30 September 2005



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### GOLD CORPORATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Gold Corporation provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Corporation and the consolidated entity at 30 June 2005 and their financial performance and cash flows for the year ended on that date.

#### **Scope**

##### ***The Board's Role***

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows of the Corporation and the consolidated entity, and the Notes to the Financial Statements.

##### ***Summary of my Role***

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
30 September 2005

## **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 *Financial Administration and Audit Act 1985 (WA)* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2005, and the financial position as at 30 June 2005.

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

P J UNSWORTH  
Chairman

M E HARBUZ  
Executive Director

A P MELVILLE  
Principal Accounting Officer

29 September, 2005

**GOLD CORPORATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 2005**

**GOLD CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Group		Gold Corporation	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>REVENUE</b>					
<b>Revenue from ordinary activities</b>					
Sales revenue	2	395,707	409,613	332,286	375,994
Charges for technical services		6,250	1,822	1,081	866
Interest income		2,398	2,487	2,397	2,484
Proceeds from sale of plant & equipment	8	226	5,137	225	103
Foreign currency hedging		101	220	101	220
Fees and rents		1,361	893	842	888
Share of profits of joint venture partnerships	11	-	3,056	-	-
Dividends from subsidiaries	3	-	-	3,000	8,000
		<u>406,043</u>	<u>423,228</u>	<u>339,932</u>	<u>388,555</u>
<b>EXPENDITURE</b>					
<b>Expenses from ordinary activities</b>					
Cost of goods sold	2	371,548	388,040	331,383	375,007
Employee benefits		10,340	9,367	2,931	2,850
Materials and services		18,289	12,996	2,754	3,009
Depreciation	8	1,311	1,764	211	147
Amortisation	12	-	264	-	-
Write-down of goodwill	12	-	776	-	-
Computer rentals		388	361	388	361
Bad debts		4	-	-	-
Borrowing costs		949	1,192	746	1,006
Carrying value of plant & equipment sold	8	230	1,640	230	92
Currency translation movements		3	372	3	370
Inventory write-down to net realisable value		100	225	-	-
Share of loss of joint venture partnerships	11	1,271	279	-	-
		<u>404,433</u>	<u>417,276</u>	<u>338,646</u>	<u>382,842</u>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>					
<b>BEFORE INCOME TAX</b>					
		1,610	5,952	1,286	5,713
Income tax expense	4	<u>788</u>	<u>2,437</u>	<u>682</u>	<u>2,246</u>
<b>NET PROFIT</b>	19	<u><b>822</b></u>	<u><b>3,515</b></u>	<u><b>604</b></u>	<u><b>3,467</b></u>

*The Statements of Financial Performance are to be read in conjunction with the Notes to and forming part of the Financial Statements.*



**GOLD CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2005**

		Group		Gold Corporation	
	Note	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>CURRENT ASSETS</b>					
Cash assets	5	19,070	17,207	17,962	14,112
Receivables	6	3,814	1,967	2,618	8,592
Precious metal leases	7a	457,537	388,013	457,537	388,013
Inventories	7b	168,470	164,718	142,859	136,809
Prepayments		503	240	433	137
<b>Total current assets</b>		<b>649,394</b>	<b>572,145</b>	<b>621,409</b>	<b>547,663</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	35,893	32,947	2,251	849
Other financial assets	9	-	-	21,603	21,603
Investments accounted for using the equity method	11	14,186	15,952	-	-
Intangible asset	12	-	-	-	-
Deferred tax assets	4	747	1,358	747	1,358
<b>Total non-current assets</b>		<b>50,826</b>	<b>50,257</b>	<b>24,601</b>	<b>23,810</b>
<b>TOTAL ASSETS</b>		<b>700,220</b>	<b>622,402</b>	<b>646,010</b>	<b>571,473</b>
<b>CURRENT LIABILITIES</b>					
Payables	13	17,747	15,520	9,609	9,278
Interest-bearing liabilities	14	147,265	123,515	143,765	120,015
Current tax liabilities	4	71	-	71	-
Provisions	15	1,748	3,267	1,228	2,829
Other liabilities	16	476,616	425,136	456,957	405,111
<b>Total current liabilities</b>		<b>643,447</b>	<b>567,438</b>	<b>611,630</b>	<b>537,233</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	15	229	174	93	64
<b>Total non-current liabilities</b>		<b>229</b>	<b>174</b>	<b>93</b>	<b>64</b>
<b>TOTAL LIABILITIES</b>		<b>643,676</b>	<b>567,612</b>	<b>611,723</b>	<b>537,297</b>
<b>NET ASSETS</b>		<b>56,544</b>	<b>54,790</b>	<b>34,287</b>	<b>34,176</b>
<b>EQUITY</b>					
Contributed equity	17	31,603	31,603	31,603	31,603
Asset revaluation reserve	18	9,703	8,278	-	-
Retained profits	19	15,238	14,909	2,684	2,573
<b>TOTAL EQUITY</b>		<b>56,544</b>	<b>54,790</b>	<b>34,287</b>	<b>34,176</b>

*The Statements of Financial Position are to be read in conjunction with the Notes to and forming part of the Financial Statements.*

**GOLD CORPORATION AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Group		Gold Corporation	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Cash flows from operating activities					
Receipts from operations		405,575	414,337	234,183	284,895
Payments to suppliers and employees		(400,246)	(414,482)	(227,896)	(277,948)
Distributions from joint venture partnerships		949	2,679	-	-
Interest received		2,352	2,749	2,351	2,746
Interest paid		(1,262)	(1,306)	(1,061)	(1,124)
Net cash provided by operating activities	20	<u>7,368</u>	<u>3,977</u>	<u>7,577</u>	<u>8,569</u>
Cash flows from investing activities					
Payments for plant and equipment		(3,062)	(1,288)	(1,843)	(640)
Proceeds from sale of plant and equipment		226	5,137	225	103
Payment for investment in partnerships		(560)	(925)	-	-
Proceeds from sale of investment		-	18	-	-
Net cash provided by/(used in) investing activities		<u>(3,396)</u>	<u>2,942</u>	<u>(1,618)</u>	<u>(537)</u>
Cash flows from financing activities					
Principal repayments under finance lease		-	(9)	-	-
Net cash used in financing activities		<u>-</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
Cash flows to Government					
Dividend paid		(2,109)	-	(2,109)	-
Net cash flow to Government		<u>(2,109)</u>	<u>-</u>	<u>(2,109)</u>	<u>-</u>
NET INCREASE IN CASH					
		1,863	6,910	3,850	8,032
Cash at 1 July		17,207	10,297	14,112	6,080
CASH AT 30 JUNE	5	<u><u>19,070</u></u>	<u><u>17,207</u></u>	<u><u>17,962</u></u>	<u><u>14,112</u></u>

*The Statements of Cash Flow are to be read in conjunction with the Notes to and forming part of the Financial Statements.*

**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted by Gold Corporation and its subsidiaries are stated to assist in general understanding of these financial statements. These policies have been consistently applied.

**(a) Basis of Preparation**

The financial statements have been prepared on the basis of historical costs except for precious metal inventories and, except where stated, do not take into account current valuations of non-current assets. Non-current assets are revalued from time to time as considered appropriate by the Board. (Note 8)

These accounts have been prepared in accordance with the requirements of the Financial Administration and Audit Act 1985, including full adoption of the accrual basis of accounting.

**(b) Modifications of Statements of Accounting Standards**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views, as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in individual notes to these financial statements.

**(c) Principles of consolidation**

The consolidated financial statements comprise the financial statements of Gold Corporation and all controlled entities (the Group). A controlled entity is any entity controlled by Gold Corporation. Control exists where Gold Corporation has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Gold Corporation to achieve the objectives of Gold Corporation. A list of controlled entities is contained in Note 9 to the financial statements.

All inter-entity balances and transactions between controlled entities in the group, including any unrealised profits or losses, have been eliminated on consolidation.

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Foreign currency translation and hedges**

Transactions denominated in a foreign currency are translated at rates in existence at the transaction dates. Foreign currency receivables and payables are translated at exchange rates current at balance date. Exchange gains and losses are brought to account in determining the result for the year.

Exchange gains and losses arising on contracts entered into as hedges of specific revenue or expense transactions are deferred until the dates of settlement, at which time they are included in the determination of such revenue or expense.

Financial statements of integrated foreign subsidiaries are translated using the temporal method. Exchange differences arising on such translation are taken to the statement of financial performance.

**(e) Investments**

**(i) Partnerships and Joint Ventures**

The group's interests in partnerships have been accounted for under the equity accounting method as set out in AAS 19 "Interests in Joint Ventures". The group's share of post-acquisition profits or losses of partnerships is recognised in the statement of financial performance.

**(ii) Subsidiaries**

Investments in subsidiaries are brought to account at cost in Gold Corporation. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**(f) Inventories**

Precious metal inventories are valued at market prices ruling at balance date.

Other inventories are stated at the lower of cost or net realisable value. Cost is assigned on a first-in - first-out basis except for retail inventories where a weighted average method is used.

**(g) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. (Note 8)

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Property, plant and equipment (continued)**

Freehold land and buildings are carried at fair value.  
 (Note 8)

Plant and equipment are carried at cost

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The assets are written down to recoverable amounts where the carrying value of any plant and equipment exceeds recoverable amount. In determining the recoverable amount of plant and equipment, the expected net cash flows have not been discounted to their present value.

**Depreciation**

Buildings, plant and equipment are depreciated over their estimated useful lives using the straight line method. Freehold land is not depreciated. Profits or losses on disposal of property, plant and equipment are taken into account in determining the profit from ordinary activities for the year. The expected useful life for each class of asset is as follows, and is reviewed on an annual basis:

Buildings	40 years
Plant and equipment	3 - 8 years

**(h) Leases**

Assets acquired under finance leases are included as plant and equipment under finance lease in the statement of financial position. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased property. Where assets are acquired by means of finance leases, the present value of the minimum lease payments is recognised as an asset at the beginning of the lease term and amortised on a straight line basis to the statement of financial performance over the period during which the Group is expected to benefit from the use of the leased assets. A corresponding liability is also established and minimum lease payments are allocated between the liability and interest expense. Finance lease liabilities are classified as current and non-current, depending on when the principal component of the lease payments is due.

Other leases under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred over the term of the lease, as this represents the pattern of benefits derived from the leased assets.

**(i) Receivables**

Trade debtors are recognised at the amounts receivable at the time of sale of products to customers. Settlement is generally within 30 days. Collectibility of trade debtors is reviewed on an ongoing basis. The group has insurance cover on trade debtors in Australia to limit the credit risk exposure. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the period in which they are identified.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Goodwill**

Goodwill, representing the excess of the cost of acquiring the former Goldcorp Australia division of the Western Australian Development Corporation over the fair value of the net tangible assets acquired, is shown as an intangible asset. Goodwill is amortised on a straight line basis over twenty years, being the period during which the benefits were expected to arise. The carrying value of the asset is reviewed by the directors on an annual basis, and at 30 June 2004 the remaining balance of goodwill as at that date was fully amortised.

**(k) Employee entitlements**

Employee entitlements for annual leave and long service leave are provided for in accordance with Accounting Standard AASB 1028, Employee Benefits.

**(l) Precious metal borrowings**

Precious metal borrowings are brought to account at market prices ruling at balance dates.

**(m) Income tax**

From 1 July 2002, Gold Corporation entered into the National Tax Equivalent Regime (NTER), under the State Enterprises (Commonwealth Tax Equivalents) Act 1996. The NTER is administered by the Australian Taxation Office (ATO) on behalf of the States. Prior to that date, Gold Corporation was required, under Section 20 of the Gold Corporation Act, to pay to the Treasurer of Western Australia for credit of the Consolidated Fund an amount equivalent to the income tax which would have been payable under the law of the Commonwealth had the Corporation been a public company liable for payment of tax.

Under the NTER, the income tax equivalent revenue continues to be remitted to the Treasurer of Western Australia.

Tax effect accounting procedures are followed in accordance with Accounting Standard AAS 3, Income Taxes.

**(n) Revenue**

Sales revenue represents revenue earned from the sale of precious metals, precious metal products and other products and services. It also includes margins on transactions known as metal location swaps, where a quantity of metal is sold in one location, and simultaneously an equivalent quantity is purchased in another location. Bullion sales are recognised on receipt of cash. Proof coin sales are recognised on despatch of the coins.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

**(o) Trade and other creditors**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(p) Borrowing costs**

Borrowing costs include interest and amortisation of discounts or premiums relating to borrowings, and are recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Interest payments in respect of financial instruments classified as liabilities are included in borrowing costs.

**(q) Goods and services tax**

Revenue, expenditure and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as an expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(r) International Financial Reporting Standards**

For reporting periods beginning on or after 1 January 2005, Gold Corporation must comply with Australian equivalents to International Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. (Note 30)

**(s) Comparative figures**

Comparative figures have been adjusted where necessary to conform with changes in presentation of the financial statements for the current financial year.

	Group		Gold Corporation	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>2 TRADING PROFIT</b>				
Sales revenue	<u>395,707</u>	<u>409,613</u>	<u>332,286</u>	<u>375,994</u>
Cost of goods sold				
Opening trading inventories	6,126	6,963	(304)	(46)
Purchases	<u>370,575</u>	<u>387,203</u>	<u>331,501</u>	<u>374,749</u>
	376,701	394,166	331,197	374,703
Less closing trading inventories	<u>5,153</u>	<u>6,126</u>	<u>(186)</u>	<u>(304)</u>
Cost of goods sold	<u>371,548</u>	<u>388,040</u>	<u>331,383</u>	<u>375,007</u>
Trading Profit	<u>24,159</u>	<u>21,573</u>	<u>903</u>	<u>987</u>

**3 DIVIDENDS FROM SUBSIDIARIES**

In accordance with sections 44(b) and 53(b) of the Gold Corporation Act, the Board has determined that dividends be paid to the Corporation by its subsidiaries as follows:

Western Australian Mint	-	2,000
GoldCorp Australia	<u>3,000</u>	<u>6,000</u>
	<u>3,000</u>	<u>8,000</u>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005	2004	2005	2004
<b>4 INCOME TAX</b>	\$000	\$000	\$000	\$000
Prima facie income tax on pre-tax accounting profit/(loss) calculated at 30% (2004: 30%)	483	1,785	386	1,714
Add/(Less) Tax effect of permanent differences				
Non-deductible depreciation on buildings	11	28	-	-
Amortisation of goodwill	-	312	-	-
Difference in accounting profit and taxable income of partnerships	234	185	-	-
Profit of overseas subsidiary offset against tax losses in prior years	-	(485)	-	-
Other non-deductible items	16	11	12	9
Under-provision income tax in prior year	44	178	44	178
Write-off tax benefit of capital loss from prior year	-	423	-	423
Dividends from subsidiaries	-	-	(900)	(2,400)
	<u>305</u>	<u>652</u>	<u>(844)</u>	<u>(1,790)</u>
Income tax expense/(benefit) attributable to profit/(loss) from ordinary activities	788	2,437	(458)	(76)
Obligations of Gold Corporation for income tax on behalf of subsidiaries	(i) -	-	1,140	2,322
	<u>788</u>	<u>2,437</u>	<u>682</u>	<u>2,246</u>
Comprising :				
Provision for income tax payable	71	-	71	-
Provision for deferred income tax	-	(11)	-	(11)
Provision for overseas tax of associates	106	191	-	-
Future income tax benefit	611	2,257	611	2,257
	<u>788</u>	<u>2,437</u>	<u>682</u>	<u>2,246</u>

Note (i)

Gold Corporation's income tax expense/(benefit) of \$684,000 (2004: \$(2,246,000)) includes the obligation in relation to the income of its subsidiaries, Western Australian Mint and GoldCorp Australia

Movement in the carrying amount of future income tax benefit between the beginning and end of the current and previous financial year:

Carrying amount at beginning of financial year	1,358	3,604	1,358	3,604
Amount arising during the year	(611)	(2,246)	(611)	(2,246)
Carrying amount at end of financial year	<u>747</u>	<u>1,358</u>	<u>747</u>	<u>1,358</u>

Movement in the carrying amount of provision for current income tax between the beginning and end of the current and previous financial year:

Carrying amount at beginning of financial year	-	-	-	-
Amount arising during the year	71	-	71	-
Carrying amount at end of financial year	<u>71</u>	<u>-</u>	<u>71</u>	<u>-</u>



**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005	2004	2005	2004
<b>5 CASH ASSETS</b>	\$000	\$000	\$000	\$000
Cash at bank and on hand	<u>19,070</u>	<u>17,207</u>	<u>17,962</u>	<u>14,112</u>

**Reconciliation of Cash**

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

Cash at bank and on hand	<u>19,070</u>	<u>17,207</u>	<u>17,962</u>	<u>14,112</u>
	<u>19,070</u>	<u>17,207</u>	<u>17,962</u>	<u>14,112</u>

**6 RECEIVABLES**

Current				
Trade debtors	3,083	1,279	-	-
Other debtors	751	708	751	708
less provision for doubtful debts	(20)	(20)	-	-
Due from subsidiaries	-	-	1,867	7,884
	<u>3,814</u>	<u>1,967</u>	<u>2,618</u>	<u>8,592</u>

**7a PRECIOUS METAL LEASES**

Current				
Precious metal leases - related entity	(i) <u>457,537</u>	<u>388,013</u>	<u>457,537</u>	<u>388,013</u>

**(i) Precious metal leases - related entity**

The ounce based leases of precious metals to AGR Matthey are provided under the terms of a Metal Facility Agreement, and are held as inventory by AGR Matthey.

**7b INVENTORIES**

Current				
Precious metals	162,754	160,099	142,859	136,809
Inventories				
Finished goods - at net realisable value	4,668	3,305	-	-
Work in progress	97	-	-	-
Consumables - at net realisable value	951	1,314	-	-
	<u>168,470</u>	<u>164,718</u>	<u>142,859</u>	<u>136,809</u>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005	2004	2005	2004
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>	\$000	\$000	\$000	\$000
Freehold land and buildings at fair value	30,496	29,555	-	-
	<u>30,496</u>	<u>29,555</u>	<u>-</u>	<u>-</u>
Plant and equipment at cost	15,840	13,383	5,078	3,565
less accumulated depreciation	(10,443)	(9,991)	(2,827)	(2,716)
	<u>5,397</u>	<u>3,392</u>	<u>2,251</u>	<u>849</u>
<b>Total Property, Plant and Equipment</b>	<u>35,893</u>	<u>32,947</u>	<u>2,251</u>	<u>849</u>

The Board resolved to adopt the Valuer General's valuation of the Western Australian Mint's property at 310 Hay Street, Perth. The land and buildings were revalued as at 30 June 2005 in accordance with the Valuer General's valuation as at that date. The revaluation increment of \$1,425,000, being \$10,000 on the land and \$1,415,000 on the buildings, was credited to the asset revaluation reserve (Note 18)

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**8 PROPERTY, PLANT AND EQUIPMENT (Continued)**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year:

<b>Group</b>	Freehold Land \$000	Freehold Buildings \$000	Plant & equipment \$000	Total \$000
Opening balance	9,890	19,665	3,392	32,947
Additions	-	8	3,054	3,062
Disposals	-	-	(230)	(230)
Revaluation	10	1,415	-	1,425
Depreciation	-	(492)	(819)	(1,311)
	<u>9,900</u>	<u>20,596</u>	<u>5,397</u>	<u>35,893</u>
<b>Gold Corporation</b>				
Opening balance	-	-	849	849
Additions	-	-	1,843	1,843
Disposals	-	-	(230)	(230)
Depreciation	-	-	(211)	(211)
	<u>-</u>	<u>-</u>	<u>2,251</u>	<u>2,251</u>

<b>Net profit/(loss) on sale of non-current assets</b>	<b>Group</b>		<b>Gold Corporation</b>	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>Plant and equipment</b>				
Gross proceeds on sale/disposal of assets	226	5,137	225	103
Carrying value of assets sold/disposed	230	1,640	230	92
Net profit/(loss) on sale/disposal	(4)	3,497	(5)	11

Sale of assets in 2004 included the sale of coin blanking equipment to PMX Australia Pty Ltd, a wholly owned subsidiary of PMX Industries, Inc.

On 1 February 2004, Gold Corporation and its subsidiary, Western Australian Mint, entered into an agreement with PMX Australia Pty Ltd, wherein Western Australian Mint sold 50.1% of its coin blanking business to PMX Australia Pty Ltd for \$5 million, pursuant to the formation of the Poongsan Perth Mint JV, an unincorporated Joint Venture (Note 11c)

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**9 OTHER FINANCIAL ASSETS**

Corporation	Place of Incorporation	Book value of investment		Contribution to Group result	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
Gold Corporation	Western Australia			(1,256)	(2,212)
Subsidiaries of Gold Corporation:					
GoldCorp Australia	Western Australia	5,000	5,000	6,478	4,531
Western Australian Mint	Western Australia	16,603	16,603	(4,400)	1,226
W.A. Mint Pty Ltd	Western Australia	-	-	-	-
Perth Mint (Hong Kong) Limited	Hong Kong	-	-	-	(30)
		<u>21,603</u>	<u>21,603</u>	<u>822</u>	<u>3,515</u>

All subsidiaries are wholly owned.

W.A. Mint Pty Ltd has never operated. The investment is recorded at no cost.

Perth Mint (Hong Kong) Limited carried on business as the Group's representative in Hong Kong and was wholly owned by GoldCorp Australia. The investment was recorded in the books of GoldCorp Australia at an amount of \$1,780. The company was sold to third party Hong Kong ownership effective 1 August 2003.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**10 INVESTMENTS IN ASSOCIATED ENTITIES**

Entity	Principal Activities	Group Ownership Interest		Group Carrying Amount of Investment	
		2005	2004	2005	2004
		%	%	\$000	\$000
<b>Associated Companies</b>					
AGR Management Services Pty Ltd	Management services	40.0	40.0	-	-
Poongsan Perth Mint Sales Pty Ltd	Marketing	50.0	50.0	-	-
<b>Partnerships</b>					
AGR Matthey	Metal refining and precious metal products business	40.0	40.0	12,662	14,132
AGR Joint Venture	Metal refining and precious metal products business	50.0	50.0	-	-
<b>Unincorporated Joint Ventures</b>					
Poongsan Perth Mint JV	Manufacturing and marketing precious metal blanks	50.1	50.1	1,524	1,820
<b>Group's Share in Partnership's Direct Interest in Associates</b>					
Metals Refining Operations Pty Ltd	Metal refining	18.0	18.0	-	-
Alloy and Gold Supply (NSW) Pty Ltd	Precious metals	20.0	20.0	-	-
Analytical Platinum Supplies Pty Ltd	Platinum lab ware	20.0	20.0	-	-
AGR Matthey (NZ) Limited	Sales precious metal products	40.0	-	-	-

All the above investments are held by Western Australian Mint.

The Group's interests in the above investments, except for AGR Matthey (NZ) Limited, Poongsan Perth Mint Sales Pty Ltd and Poongsan Perth Mint JV, took effect from 1 December 1998 with the commencement of the AGR Joint Venture, and were subsequently transferred into the AGR Matthey AGR Matthey partnership on 3 October 2002. (Notes 11b and 11c)

The investment in AGR Management Services Pty Ltd comprises a 40% interest in the ordinary share capital of the associate and is held by Western Australian Mint.

The investment in AGR Matthey (NZ) Limited commenced upon its incorporation in New Zealand on 16 January 2004. The investment comprises a 40% interest in the ordinary share capital of the associate and is held via the group's interest in AGR Matthey.

The investment in Poongsan Perth Mint Sales Pty Ltd comprises a 50% interest in the ordinary share capital of the associate and is held by Western Australian Mint.

The investment in Metals Refining Operations Pty Ltd comprises an 18% interest in the ordinary share capital of the associate and is held via the Group's interest in AGR Matthey. However AGR Matthey wrote-down the investment in this associate to a nominal value as at 30 June 2005 and ceased the equity accounting of this investment, due to the loss of management control and the deterioration in its operating performance subsequent to the transfer of management control to the majority shareholder.

The investment in Alloy and Gold Supply (NSW) Pty Limited comprises an 20% interest in trust capital in the PBM Unit Trust and is held via the Group's interest in AGR Matthey.

The investment in Analytical Platinum Supplies Pty Ltd comprises a 20% interest in the ordinary share capital of the associate and is held via the Group's interest in AGR Matthey.

The balance date of the associated entities is 30 June.

**GOLD CORPORATION AND SUBSIDIARIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		Group	
		2005 \$000	2004 \$000
Share of profit from AGR Joint Venture	11a	-	57
Share of profit/(loss) from AGR Matthey	11b	(775)	2,999
Share of (loss) from Poongsan Perth Mint JV	11c	(496)	(279)
		<u>(1,271)</u>	<u>2,777</u>
Investment in AGR Matthey	11b	12,662	14,132
Investment in Poongsan Perth Mint JV	11c	1,524	1,820
		<u>14,186</u>	<u>15,952</u>

**11a INVESTMENT IN AGR JOINT VENTURE**

Balance at 1 July	-	-
Plus: Share of partnership profits before tax	-	57
Less: Profit distributions received	-	(57)
	<u>-</u>	<u>-</u>

- (i) The AGR Joint Venture partnership was formed on 1 December 1998 between Western Australian Mint and Golden West (Australasia) Pty Ltd. In 2001, Golden West (Australasia) Pty Ltd sold its interest to Australian Gold Alliance Pty Ltd, a wholly owned subsidiary of Newmont Australia Ltd. Each partner held a 50% interest in the AGR Joint Venture partnership.

The investment in AGR Joint Venture partnership comprised the fair value of the Group's contributed assets and post formation profits. The balance date of the partnership was 30 June.

In 2002, the partners in AGR Joint Venture and Johnson Matthey (Aust) Ltd agreed to combine their existing Australian and New Zealand businesses. A new partnership, AGR Matthey, was formed on 3 October 2002 between Western Australian Mint, Australian Gold Alliance Pty Ltd and Johnson Matthey (Aust) Ltd. The interests of the parties are 40%, 40% and 20% respectively.

The Group equity accounts its interest in the AGR Joint Venture partnership. The Group's share of the assets, excluding cash and debtors, and liabilities of the AGR Joint Venture were transferred to the AGR Matthey partnership as at 3 October 2002. The AGR Joint Venture partnership ceased trading on 2 October 2002, but remains in existence for winding-up purposes.

- (ii) Results attributable to Partnership

Revenue	-	190
Expenses	-	133
Operating profit before income tax	<u>-</u>	<u>57</u>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Group	
	2005	2004
	\$000	\$000
<b>11b INVESTMENT IN AGR MATTHEY</b>		
Balance at 1 July	14,132	14,402
Less: Share of partnership profit/(loss) before tax	(ii) (775)	2,999
Less: Profit distributions received	(949)	(2,679)
Contribution to AGR Joint Venture	360	-
Less: Accrual for overseas tax	(106)	(344)
Adjustment for transfer investment from AGR Joint Venture	-	(246)
	<u>12,662</u>	<u>14,132</u>

- (i) The AGR Matthey partnership was formed on 3 October 2002 between Western Australian Mint, Australian Gold Alliance Pty Ltd and Johnson Matthey (Aust) Ltd. The partners hold a 40%, 40%, 20% interest in the AGR Matthey partnership respectively.

The investment in AGR Matthey partnership comprises the fair value of the Group's contributed assets and post formation profits. The balance date of the partnership is 30 June.

The Group equity accounts its interest in the AGR Matthey partnership. The Group's share of the assets and liabilities of the AGR Matthey partnership at 30 June 2005 comprised:

	Group	
	2005	2004
	\$000	\$000
Current assets		
Cash assets	10,015	5,472
Receivables	7,682	22,972
Inventories	280,984	257,940
Other	508	507
	<u>299,190</u>	<u>286,891</u>
Non-current assets		
Investments	288	1,300
Property, plant and equipment	8,178	8,610
Intangibles	3,380	3,514
	<u>11,846</u>	<u>13,424</u>
<b>TOTAL ASSETS</b>	<b>311,036</b>	<b>300,315</b>
Current liabilities		
Payables	17,197	11,895
Precious metal leases	274,598	264,296
Interest-bearing liabilities	4,407	6,988
Other	1,446	2,020
	<u>297,648</u>	<u>285,199</u>
Non-current liabilities		
Interest-bearing liabilities	1	5
	<u>1</u>	<u>5</u>
<b>TOTAL LIABILITIES</b>	<b>297,649</b>	<b>285,204</b>
<b>NET ASSETS</b>	<b><u>13,387</u></b>	<b><u>15,111</u></b>

**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005**

	Group	
	2005 \$000	2004 \$000
<b>11b INVESTMENT IN AGR MATTHEY (continued)</b>		
(ii) Results attributable to Partnership		
Revenue	2,179,772	2,343,139
Expenses	<u>2,180,547</u>	<u>2,340,140</u>
Operating (loss)/ profit before income tax	<u>(775)</u>	<u>2,999</u>
 The Group's share of Partnership's commitments to purchase plant and equipment at balance date was	 <u>64</u>	 <u>-</u>
 Lease Commitments		
The Group's share of Partnership's aggregate operating lease expenditure contracted for at balance date, but not provided for, in the financial statements		
Payable no later than one year	440	518
Payable later than one, but no later than five years	906	975
Payable later than five years	<u>1,388</u>	<u>1,475</u>
	<u>2,734</u>	<u>2,968</u>
 <b>11c INVESTMENT IN POONGSAN PERTH MINT JV</b>		
Balance at 1 July	1,820	-
Assets contributed	(ii) 200	2,099
Less: Share of partnership loss before tax	(iii) (496)	(279)
	<u>1,524</u>	<u>1,820</u>
 (i) The Poongsan Perth Mint Joint Venture was formed on 1 February 2004 between Western Australian Mint and PMX Australia Pty Ltd, a wholly owned subsidiary of PMX Industries, Inc. The partners hold a 50.1% and 49.9% interest in the Joint Venture respectively. The investment in Poongsan Perth Mint JV comprises the fair value of the Group's contributed assets and post formation profits. The balance date of the partnership is 30 June. The Group equity accounts its interest in the Poongsan Perth Mint JV. The Group's share of the assets and liabilities of the Poongsan Perth Mint JV at 30 June 2005 comprised:		
	2005	2004
	\$000	\$000
Current assets		
Cash assets	48	246
Receivables	629	190
Inventories	221	101
Other	<u>-</u>	<u>1</u>
	898	539
Non-current assets		
Property, plant and equipment	2,794	3,185
Intangibles	<u>1,194</u>	<u>1,525</u>
	3,988	4,709
TOTAL ASSETS	<u>4,886</u>	<u>5,248</u>
Current liabilities		
Payables	627	207
TOTAL LIABILITIES	<u>627</u>	<u>207</u>
NET ASSETS	<u>4,259</u>	<u>5,041</u>



**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>11c INVESTMENT IN POONGSAN PERTH MINT JV (continued)</b>				
(ii) The group's initial contribution to the Poongsan Perth Mint JV was accounted for as follows:				
Assets contributed		1,530	-	-
Establishment costs		69	-	-
Working capital		500	-	-
		<u>2,099</u>	<u>-</u>	<u>-</u>
(iii) Results attributable to Partnership				
Revenue	2,842	588	-	-
Expenses	<u>3,338</u>	<u>867</u>	<u>-</u>	<u>-</u>
Operating loss before income tax	<u>(496)</u>	<u>(279)</u>	<u>-</u>	<u>-</u>
The Partnership had no commitments to purchase plant and equipment at balance date.				
<b>12 INTANGIBLE ASSET</b>				
Goodwill, at cost	-	5,000	-	-
Less: accumulated amortisation	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Movement in the carrying amount of goodwill between the beginning and end of the current and previous financial years:				
Goodwill - opening balance	-	1,040	-	-
Amortisation expense	-	(264)	-	-
Write-down of goodwill	<u>-</u>	<u>(776)</u>	<u>-</u>	<u>-</u>
Goodwill - closing balance (Note 1j)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The carrying value of the asset was reviewed by the directors on an annual basis and, as at 30 June 2004, they determined that the original acquisition of goodwill was no longer contributing to the ongoing and future success of the Group's business activities. The directors therefore resolved that the remaining balance of goodwill should be fully amortised as at 30 June 2004.				
<b>13 PAYABLES</b>				
Current - unsecured				
Trade creditors	3,189	1,465	305	277
Other creditors and accrued expenses	<u>14,558</u>	<u>14,055</u>	<u>9,304</u>	<u>9,001</u>
	<u>17,747</u>	<u>15,520</u>	<u>9,609</u>	<u>9,278</u>
<b>14 INTEREST-BEARING LIABILITIES</b>				
Current - secured				
Borrowings (a)	3,500	3,500	-	-
Precious metal borrowings (b)	<u>143,765</u>	<u>120,015</u>	<u>143,765</u>	<u>120,015</u>
	<u>147,265</u>	<u>123,515</u>	<u>143,765</u>	<u>120,015</u>

**Security for Borrowings**

- (a) Borrowings from Western Australian Treasury Corporation
- (b) Precious metal borrowings are guaranteed by the Government of Western Australia under Section 22 (1) of the Gold Corporation Act, with annual limits for gold, silver and platinum approved by the Treasurer.

**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>15 PROVISIONS</b>				
Current				
Employee entitlements	1,255	1,158	735	720
Proposed dividend	493	2,109	493	2,109
	<u>1,748</u>	<u>3,267</u>	<u>1,228</u>	<u>2,829</u>
Non-current				
Employee entitlements	172	117	93	64
Employee superannuation liability	57	57	-	-
	<u>229</u>	<u>174</u>	<u>93</u>	<u>64</u>

**16 OTHER LIABILITIES**

## Current - secured

Precious metal borrowings (a)	<u>476,616</u>	<u>425,136</u>	<u>456,957</u>	<u>405,111</u>
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**Security for Borrowings**

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

**17 CONTRIBUTED EQUITY**

Issued and fully paid : 31,602,852 shares	<u>31,603</u>	<u>31,603</u>	<u>31,603</u>	<u>31,603</u>
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**18 ASSET REVALUATION RESERVE**

Balance at the beginning of the financial year	8,278	-	-	-
Revaluation of non-current asset - land	8 10	8,278	-	-
Revaluation of non-current assets - buildings	8 1,415	-	-	-
Balance at the end of the financial year	<u>9,703</u>	<u>8,278</u>	<u>-</u>	<u>-</u>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>19 RETAINED PROFITS</b>				
Retained profits at the beginning of the financial year	14,909	16,902	2,573	1,215
Revaluation of non-current assets - buildings	-	(3,399)	-	-
Provision for proposed dividend	(493)	(2,109)	(493)	(2,109)
Net profit	822	3,515	604	3,467
Retained profits at the end of the financial year	<u>15,238</u>	<u>14,909</u>	<u>2,684</u>	<u>2,573</u>

**20 NOTES TO THE STATEMENT OF CASH FLOWS**

Reconciliation of cash flow from operations with profit  
from ordinary activities after income tax

Profit from ordinary activities after income tax	822	3,515	604	3,467
Non-cash items:				
Depreciation and amortisation	1,311	2,804	211	147
Share of loss/(profit) of joint venture partnerships	1,271	(2,777)	-	-
Accrual for overseas tax	106	344	-	-
Amounts credited to provisions for :				
employee entitlements	152	-	44	-
inventory write-down to net realisable value	100	225	-	-
income tax	71	-	71	-
Amounts written back /paid from provisions:				
employee entitlements	-	(34)	-	(83)
superannuation	-	(57)	-	-
doubtful debts	-	(379)	-	(212)
Profit on sale of assets and business	-	(3,476)	-	-
(Profit)/loss on sales of plant and equipment	4	(21)	5	(11)
Changes in assets and liabilities				
Decrease/(increase) in receivables	(1,801)	912	6,020	4,454
(Increase) in precious metal leases	(69,524)	(53,918)	(69,524)	(53,918)
(Increase) in inventories	(3,852)	(85,061)	(6,050)	(76,998)
Decrease/(increase) in prepayments	(263)	83	(296)	2
Decrease in deferred tax assets	611	2,245	611	2,245
Increase/(decrease) in payables	3,130	2,546	285	(1,698)
Increase in borrowings	75,230	137,026	75,596	131,174
Cash flows from operations	<u>7,368</u>	<u>3,977</u>	<u>7,577</u>	<u>8,569</u>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**21 SEGMENT REPORTING**

<b>(a) Primary reporting-Business segments</b>	<b>Product</b>	<b>Refining</b>	<b>Coin</b>	<b>TOTAL</b>
	<b>Sales</b>		<b>Blanks</b>	
<b>Group - 2005</b>	\$000	\$000	\$000	\$000
<b>Revenue</b>				
External sales and other revenue	406,043			406,043
Total revenue from ordinary activities	406,043	-	-	406,043
Profit/(loss) from ordinary activities before income tax expense	2,881	(775)	(496)	1,610
Income tax (expense)/benefit				(788)
<b>Net Profit</b>				<b>822</b>
Segment assets	685,287	12,662	1,524	699,473
Unallocated assets				747
Total assets				700,220
Segment liabilities	643,676	-	-	643,676
<b>Other</b>				
Investments accounted for using the equity method	-	12,662	1,524	14,186
Acquisition of non-current segment assets	3,062	-	-	3,062
Share of net loss of investments accounted for using the equity method		775	496	1,271
Depreciation and amortisation of segment assets	1,311	-	-	1,311
Other non-cash segment expenses	757	-	-	757
<b>Group - 2004</b>				
<b>Revenue</b>				
External sales and other revenue	420,172	-	-	420,172
Share of net profits of investments accounted for using the equity method	-	3,056	-	3,056
Total revenue from ordinary activities	420,172	3,056	-	423,228
Profit/(loss) from ordinary activities before income tax expense	3,175	3,056	(279)	5,952
Income tax (expense)/benefit				(2,437)
<b>Net Loss</b>				<b>3,515</b>
Segment assets	605,092	14,132	1,820	621,044
Unallocated assets				1,358
Total assets				622,402
Segment liabilities	567,612	-	-	567,612
<b>Other</b>				
Investments accounted for using the equity method	-	14,132	1,820	15,952
Acquisition of non-current segment assets	1,288	-	-	1,288
Share of net loss of investments accounted for using the equity method		0	279	279
Depreciation and amortisation of segment assets	2,804	-	-	2,804
Other non-cash segment expenses	916	-	-	916

*Segment information has been disclosed by output*

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**21 SEGMENT REPORTING (Continued)**

**Business Segments**

Gold Corporation operates predominantly in the precious metal industry. Its revenue is derived from manufacture and marketing of precious metals and precious metal value added products, the provision of services related to precious metals, such as trading, metal leasing and consultancy, and from the refining of gold and silver (through its investment in AGR Matthey).

The group has three business segments as follows:

- **Minting and Retailing - Product Sales**

This segment includes the manufacture and marketing, including wholesale and retail sales, of precious metal coins, medallions, value added precious metal products and collectables, and metal trading, leasing and depository services.

- **Refining**

This segment comprises the investments in the AGR Matthey partnership and AGR Joint Venture, Venture, which are engaged in refining of precious metals and manufacture of industrial products.

- **Coin Blanks**

This segment comprises the investment in the Poongsan Perth Mint JV, which is engaged in manufacturing and marketing of precious metal coin blanks.

**Accounting Policies**

Segment revenues are those directly attributable to the segments. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment net of accumulated depreciation and amortisation. Segment liabilities consist principally of accounts payable, interest-bearing liabilities, and provisions.

**Intersegment Transfers**

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar products to parties outside the group at arm's length. These transfers are eliminated on consolidation.

**(b) Secondary reporting - Geographical segments**

Geographical location:	Segment Revenues from External customers		Carrying Amount of Segment Assets		Acquisitions of Non- current Segment Assets	
	2005 \$000	2004 \$000	2005 \$000	2004 \$000	2005 \$000	2004 \$000
Europe	85,370	109,271	-	-	-	-
Asia	135,816	106,615	-	-	-	-
U S A	96,869	119,264	-	-	-	-
Other countries	13,847	12,435	-	-	-	-
Australia	74,141	75,643	700,220	622,402	3,062	1,288
	<u>406,043</u>	<u>423,228</u>	<u>700,220</u>	<u>622,402</u>	<u>3,062</u>	<u>1,288</u>

**Geographical segments**

The group's business segments are located in Australia. There are agents in Europe, Hong Kong and Japan. Sales revenue is derived from precious metal products exported from Australia.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005	2004	2005	2004
<b>22 LEASE COMMITMENTS</b>	\$000	\$000	\$000	\$000
Aggregate non-cancellable operating lease expenditure contracted for at balance date but not provided for in the accounts :				
Payable no later than one year	213	186	213	186
Payable later than one, but no later than five years	287	90	287	90
	<u>500</u>	<u>276</u>	<u>500</u>	<u>276</u>

The operating lease commitments are for leases of computer equipment  
The terms of these are various, with  
the maximum term being until June 2009

**23 CAPITAL COMMITMENTS**

Aggregate capital expenditure contracted for, but not provided for, in the financial statements  
Payable no later than one year

	<u>473</u>	<u>1,029</u>	<u>413</u>	<u>898</u>
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**24 REMUNERATION OF AUDITORS**

Fees paid or due and payable to the Auditor General for the financial year:

    fees for external audit of financial statements and performance indicators

110	90	110	90
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    fees for external audit of IFRS

35	-	35	-
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Fees paid or due and payable to auditors other than the Auditor General for the financial year:

    fees for external audits of overseas subsidiaries

-	12	-	-
<u>145</u>	<u>102</u>	<u>145</u>	<u>90</u>

**25 FINANCIAL INSTRUMENTS**

**(a) Derivative Financial Instruments**

Gold Corporation enters into forward foreign exchange contracts to sell specified amounts of foreign currencies in the future at a pre-determined exchange rate. The contracts are normally entered into to hedge a maximum of 60% of the anticipated US dollar receipts within a rolling twelve month period.

At balance date, there were no outstanding contracts.

**(b) Interest rate risk exposure**

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out on the following pages.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**25 FINANCIAL INSTRUMENTS (continued)**

	Notes	Floating interest rate	Fixed interest maturing in:			Non- interest bearing	Total
			1 year or less	over 1 to 5 years	more than 5 years		
		\$000	\$000	\$000	\$000	\$000	\$000
<b>2005</b>							
<b>Financial and Precious Metal Assets</b>							
Cash assets	5	8,646	10,399	-	-	25	19,070
Receivables	6	-	-	-	-	3,814	3,814
Precious metal leases	7a	-	457,537	-	-	-	457,537
Precious metal inventories	7b	-	-	-	-	162,754	162,754
		<u>8,646</u>	<u>467,936</u>	<u>-</u>	<u>-</u>	<u>166,593</u>	<u>643,175</u>
<i>Weighted average interest rate</i>							
- cash		3.21%	5.64%				
- precious metal leases			0.69%				
<b>Financial and Precious Metal Liabilities</b>							
Payables	13	-	-	-	-	17,747	17,747
Borrowings	14	-	3,500	-	-	-	3,500
Precious metal borrowings	14,16	-	143,765	-	-	476,616	620,381
Employee entitlements	15	-	-	-	-	1,427	1,427
		<u>-</u>	<u>147,265</u>	<u>-</u>	<u>-</u>	<u>495,790</u>	<u>643,055</u>
<i>Weighted average interest rate</i>							
- borrowings			5.94%				
- precious metal borrowings			0.30%				
<b>Net financial and precious metal assets/(liabilities)</b>		<b>8,646</b>	<b>320,671</b>	<b>-</b>	<b>-</b>	<b>(329,197)</b>	<b>120</b>
<b>2004</b>							
<b>Financial and Precious Metal Assets</b>							
Cash assets	5	6,629	10,556	-	-	22	17,207
Receivables	6	-	-	-	-	1,967	1,967
Precious metal leases	7a	-	388,013	-	-	-	388,013
Precious metal inventories	7b	-	-	-	-	160,099	160,099
		<u>6,629</u>	<u>398,569</u>	<u>-</u>	<u>-</u>	<u>162,088</u>	<u>567,286</u>
<i>Weighted average interest rate</i>							
- cash		1.62%	5.46%				
- precious metal leases			0.78%				
<b>Financial and Precious Metal Liabilities</b>							
Payables	13	-	-	-	-	15,520	15,520
Borrowings	14	-	3,500	-	-	-	3,500
Precious metal borrowings	14,16	-	120,015	-	-	425,136	545,151
Employee entitlements	15	-	-	-	-	1,275	1,275
		<u>-</u>	<u>123,515</u>	<u>-</u>	<u>-</u>	<u>441,931</u>	<u>565,446</u>
<i>Weighted average interest rate</i>							
- borrowings			5.74%				
- precious metal borrowings			0.52%				
<b>Net financial and precious metal assets/(liabilities)</b>		<b>6,629</b>	<b>275,054</b>	<b>-</b>	<b>-</b>	<b>(279,843)</b>	<b>1,840</b>

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**25 FINANCIAL INSTRUMENTS (continued)**

**Reconciliation of Net Financial and Precious Metal Assets to  
Net Assets as disclosed in the Statements of Financial Position**

	Notes	Group	
		2005 \$000	2004 \$000
Net financial and precious metal assets/(liabilities) as above		120	1,840
Non-financial assets and liabilities:			
Inventories	7b	5,716	4,619
Investments accounted for using the equity method	11	14,186	15,952
Property, plant & equipment	8	35,893	32,947
Prepayments		503	240
Deferred tax assets	4	747	1,358
Current tax liabilities	4	(71)	-
Provisions	15	(550)	(2,166)
Net assets per Statements of Financial Position		<u>56,544</u>	<u>54,790</u>

**(c) Net Fair Value of Financial Assets and Liabilities**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the group approximates their carrying value.

<b>(d) Precious Metal Assets and Liabilities</b>		Group		Gold Corporation	
		2005 \$000	2004 \$000	2005 \$000	2004 \$000
<b>Assets</b>					
Precious metal leases	7a	457,537	388,013	457,537	388,013
Inventories	7b	162,754	160,099	142,859	136,809
Total precious metal assets		<u>620,291</u>	<u>548,112</u>	<u>600,396</u>	<u>524,822</u>
<b>Liabilities</b>					
Precious metal borrowings (secured, interest bearing)	14b	143,765	120,015	143,765	120,015
Precious metal borrowings (secured)	16	476,616	425,136	456,957	405,111
Total precious metal liabilities		<u>620,381</u>	<u>545,151</u>	<u>600,722</u>	<u>525,126</u>
Net Precious Metal Position		<u>(90)</u>	<u>2,961</u>	<u>(326)</u>	<u>(304)</u>

**(e) Credit Risk Exposure**

The credit risk on financial assets of Gold Corporation which have been recognised on the statement of financial position is generally the carrying amount, net of any provisions for doubtful debts. This is considered to approximate fair value.

The group does not have any significant exposure to any individual customer or counterparty, with the exception of precious metal leases to a related entity, AGR Matthey, under the terms of the Metal Facility Agreement. (Note 7a)



**GOLD CORPORATION AND SUBSIDIARIES****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 2005**

	Group		Gold Corporation	
	2005	2004	2005	2004
<b>26 REMUNERATION OF DIRECTORS AND SENIOR OFFICERS</b>	\$000	\$000	\$000	\$000
Total fees, salaries, superannuation and other benefits received or due and receivable by directors from the Corporation or any related body for the financial year	860	568	860	568
Total fees, salaries, superannuation and other benefits received or due and receivable by senior officers other than directors from the Corporation or any related body for the financial year	<u>847</u>	<u>1,196</u>	<u>479</u>	<u>885</u>
	<u>1,707</u>	<u>1,764</u>	<u>1,339</u>	<u>1,453</u>

Total fees received by non-executive directors was \$327,000, of which \$85,000 was received by three directors for services on AGR Matthey Board and AGR Matthey Audit, Risk and Credit Committee

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

	Group		Gold Corporation	
	2005	2004	2005	2004
\$0 - \$10,000	1	1	1	1
\$20,001 - \$30,000	1	-	1	-
\$30,001 - \$40,000	2	2	2	2
\$40,001 - \$50,000	1	1	1	1
\$60,001 - \$70,000	-	1	-	1
\$80,001 - \$90,000	2	-	2	-
\$150,001 - \$160,000	-	1	-	1
\$230,001 - \$240,000	1	1	1	1
\$290,001 - \$300,000	1	-	1	-

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

\$30,001 - \$40,000	-	1	-	1
\$60,001 - \$70,000	-	1	-	1
\$70,001 - \$80,000	-	2	-	1
\$80,001 - \$90,000	3	1	2	1
\$90,001 - \$100,000	1	2	1	2
\$100,001 - \$110,000	2	-	2	-
\$110,001 - \$120,000	-	1	-	-
\$120,001 - \$130,000	-	1	-	-
\$130,001 - \$140,000	1	-	-	-
\$140,001 - \$150,000	1	-	-	-
\$180,001 - \$190,000	-	1	-	1
\$250,001 - \$260,000	-	1	-	1

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**27 SUPERANNUATION COMMITMENTS**

Gold Corporation contributes to a superannuation fund, GC-AGR Superannuation Fund, which is operated by Spectrum Super.

All permanent employees of Gold Corporation are entitled to join the fund. Trustee, funds management and administration services are provided by SMF Funds Management Limited. GC-AGR Superannuation Fund provides benefits on retirement, total and permanent disability or death. Gold Corporation contributes to the fund at rates based on the salary of each member employee.

Gold Corporation employees not wishing or ineligible to join the GC-AGR Superannuation Fund are members of the ING Master Fund, to which the Corporation contributes at the current rate required by superannuation guarantee legislation.

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

Western Australian Mint award employees who did not wish or who are ineligible to join Gold State Super are entitled to non-contributory membership of West State Super, to which the Western Australian Mint contributes at the current rate required by superannuation legislation. Members also have the option to make personal contributions.

Employees of the Western Australian Mint employed on individual contracts are able to join GC-AGR Superannuation Fund or West State Super.

**28 INCENTIVE SCHEME**

Gold Corporation's incentive plan was originally approved by the Board in 2003 and is designed to motivate all staff to strive towards the Corporation achieving an acceptable return on assets. A plan was put into place whereby an ever increasing profit target was set for Gold Corporation's own operations (excluding AGR Matthey) over a number of years. If the target for any year is exceeded then a certain proportion of the amount by which the profit exceeds target is available for distribution to employees. All employees are eligible for payments in terms of the scheme.

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

In the 2004/05 financial year Gold Corporation's own operations (excluding AGR Matthey) exceeded their profit target, so employees will be eligible for payments. An amount of \$270,000 has been accrued in the financial statements for the year ended 30 June 2005.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**29 CONTINGENT LIABILITIES**

(a) Gold Corporation's Westmill division holds a 10% interest in the Kaltails Joint Venture, which was engaged in gold tailings treatment. The operations ceased during the year ended 30 June 2000, and the Group is providing for closure and rehabilitation costs as required.

There is a closure plan for the operation which would require capping of the storage facility within within the next ten years, and this could result in considerable expense for the joint venture.

Another option, not requiring the expensive capping, is being explored.

(b) In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) are responsible for any remediation and restoration of the site. Expenses incurred to date and expected to be incurred in the near future have been accrued for in the financial statements.

It is difficult to estimate the future costs, if any, of remediation. Hence it is not possible to quantify this as at 30 June 2005.

**30 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS)**

For reporting periods beginning on or after 1 January 2005, Gold Corporation must comply with AIFRS as issued by the Australian Accounting Standards Board.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) and Treasurer's Instructions applicable for reporting periods ended 30 June 2005.

**Transition Management**

Gold Corporation engaged the services of independent consultants, who have the necessary knowledge of Gold Corporation's operations and business processes, to assist and work in conjunction with senior financial management in the transition to AIFRS.

Key differences in accounting policies, disclosures and presentation and the consequential impacts and risks to Gold Corporation were assessed.

The implementation of a new financial management system is currently being undertaken, and AIFRS requirements are being included in the specifications.

Gold Corporation is on schedule to be fully compliant with the requirements of AIFRS for the first reporting period beginning after 1 January 2005. For Gold Corporation this will be the year ending 30 June 2006.

**Impact of Transition to AIFRS**

The impact of transition to AIFRS, including the transitional adjustments disclosed in the reconciliations from current Australian GAAP to AIFRS, and the selection and application of AIFRS accounting policies, are based on AIFRS standards that management expect to be in place when preparing the first complete AIFRS financial report for 30 June 2006.

Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of Gold Corporation's and the Group's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary, therefore further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian GAAP to AIFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this Note.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**30 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (Continued)**

The rules for first time adoption of AIFRS are as set out in AASB 1, *First-time Adoption of Australian Equivalents to International Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the AIFRS balance sheet as at transition date, being 1 July 2004. The standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out below.

**Reconciliation of total equity as presented under AGAAP compared to AIFRS**

	Note	Group		Gold Corporation	
		30 June 2005 \$000	1 July 2004 \$000	30 June 2005 \$000	1 July 2004 \$000
Total equity under AGAAP		56,544	54,790	34,287	34,176
Adjustments to total equity:					
Relocation costs written off	1	(205)	(246)	-	-
Provision for dividend	2	493	2,109	493	2,109
Reinstate Government funds	3	(50)	(84)	-	-
Deferred tax	4	(87)	299	(87)	299
<b>Total Equity under IFRS</b>		<b>56,695</b>	<b>56,868</b>	<b>34,693</b>	<b>36,584</b>

Notes:

- Under AIFRS, costs of relocation of plant and equipment is not included in the carrying value of property, plant and equipment. Therefore relocation costs incurred in 2001-02 having a net written down value of \$246,000 on 1 July 2004 can no longer be capitalised and have been written off to retained earnings. At 1 July 2004, retained earnings of the Group will decrease by \$246,000 with a corresponding decrease in property, plant and equipment. At 30 June 2005 retained profits of the Group will decrease by \$205,000 with a corresponding decrease in property, plant and equipment. No adjustments are expected for the Corporation.
- Under AIFRS, a provision is made for the amount of dividend declared on or before the end of the financial year, but not distributed at balance date. If dividends are declared after the end of the financial year, but before the financial report is authorised for issue, the dividends are not recognised as a liability and are disclosed in the notes to the financial report. This will result in a reduction in the provision for dividend for the Group and the Corporation of \$2,109,000 at 1 July 2004 and \$493,000 at 30 June 2005. The amounts will be transferred to retained profits.
- Under AIFRS, a grant received from Government is recognised as income over the periods necessary to match the related costs. Under AGAAP, a grant is recognised as revenue in the period in which it was received, regardless of the timing of the proposed expenditure.  
The Group received a grant of \$245,000 from the WA Government in January 2001, for a feasibility study on the Northampton battery site, which was brought to account as revenue in that year. At 1 July 2004, the balance of funds remaining was \$84,000, which will be reinstated as deferred income on that date with a corresponding charge to retained earnings. At 30 June 2005, \$50,000 will be reinstated as deferred income with a corresponding charge to retained earnings. No adjustments are expected for the Corporation.
- On transition to AIFRS the balance sheet method of tax effect accounting will be adopted, rather than the liability method applied currently under AGAAP.  
Under the balance sheet approach, income tax on the profit and loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it will be recognised in equity.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**30 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (Continued)**

Notes (continued)

4 Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: the initial recognition of assets and liabilities that affect neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date. A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The expected impact on the Group and the Corporation at 1 July 2004 of the change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense is an increase in deferred tax assets of \$299,000 with a corresponding increase in retained profits.

The expected impact of the change in basis on the deferred tax asset for the financial year ended 30 June 2005 is a decrease of \$87,000 for the Group and the Corporation.

**Reconciliation of net profit for year as presented under AGAAP compared to AIFRS**

	Note	Group 30 June 2005 \$000	Gold Corporation 30 June 2005 \$000
Net profit (after tax) for year under AGAAP		822	604
Adjustments to net profit:			
Relocation costs - depreciation	5	41	-
Government funds - expenditure	6	34	-
<b>Total Net Profit under IFRS</b>		<b>897</b>	<b>604</b>

Notes:

- 5 Depreciation expense of \$41,000 on plant and equipment relocated in 2001-02 was charged under AGAAP for the year ended 30 June 2005. These relocation costs will be written off under IFRS as at 1 July 2004. (Refer Reconciliation of Total Equity, Note 1)
- 6 Expenditure of \$34,000 against Government funds received in 2001 was incurred during the year ended 30 June 2005. This Government grant will be reinstated as deferred income under IFRS as at 1 July 2004 (Refer Reconciliation of Total Equity, Note 3)

**Changes in Accounting Policies and Reclassification of revenue, assets and liabilities under AIFRS that have no financial impact on retained profits**

*Reclassification of Revenue*

Under AIFRS, the gain or loss on disposal of property, plant and equipment will be recognised on a net basis as a gain or loss, rather than recognising the gross receipts and cost of asset sales separately. As a result, an amount of \$226,000 will be reclassified from revenue to expenses for the financial year ended 30 June 2005 for the Group and the Corporation. There is no impact on net profit.

**GOLD CORPORATION AND SUBSIDIARIES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**

**30 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AIFRS) (Continued)**

*Reclassification of Computer Software to Intangible Assets*

Under AIFRS, computer software that is not integral to the operation of hardware is classified as an intangible asset. Under AGAAP, this is included under plant and equipment. This will result in a reclassification of computer software of \$273,000 as at 1 July 2004 and \$1,623,000 as at 30 June 2005 from property, plant and equipment to intangible assets for both the Group and the Corporation. Computer software is considered to have a finite, useful life, and can therefore be amortised at the same rate as it was depreciated under AGAAP. There is no impact on net profit.

*Reclassification of On-costs for annual and long service leave provisions from Employee Entitlements to Other Liabilities*

Under AIFRS, on-costs such as payroll tax and workers compensation insurance relating to employee entitlements are classified as other liabilities. Therefore an amount of \$87,000 as at 1 July 2004 and \$94,000 as at 30 June 2005 will be reclassified from provision for employee entitlements to other liabilities for the Group. For the Corporation an amount of \$53,000 as at 1 July 2004 and \$54,000 as at 30 June 2005 will be reclassified from provision for employee entitlements to other liabilities. There is no impact on net profit.

*Revaluation of Assets*

Under AIFRS, revaluation increments and decrements relating to revalued property, plant and equipment will be recognised on an individual asset basis, not a class of assets basis. Under AGAAP, net revaluation decrement of \$3,399,000 on all buildings was charged to retained earnings at 30 June 2004. Therefore, a revaluation increment of \$1,383,000 relating to one building will be transferred from retained earnings to revaluation reserve as at 1 July 2004. A deferred tax liability will be recorded for the revaluation amounting to \$415,000, with a corresponding charge to the revaluation reserve. The overall impact would be an increase in revaluation reserve of \$968,000, an increase in deferred tax liability of \$415,000 and a decrease in retained earnings of \$1,383,000. As at 30 June 2005, revaluation increment of \$1,415,000 for buildings was credited to revaluation reserve under AGAAP. Under IFRS, a revaluation increment of \$984,000 will be transferred from revaluation reserve to retained earnings. A deferred tax liability will be recorded for the revaluation amounting to \$720,000, with a corresponding charge to the revaluation reserve. The overall impact would be an increase in revaluation reserve of \$264,000, an increase in deferred tax liability of \$720,000 and a decrease in retained earnings of \$984,000.

The overall impact of the above on deferred tax balances has already been considered in Note 4.

**Business Combinations**

As permitted by the election available under AASB 1, the classification and accounting treatment of business combinations that occurred prior to transition date have not been restated in preparing the opening balance sheet as at 1 July 2004.

**Financial Instruments**

The Group has taken advantage of the exemption available under AASB 1 to apply AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement* from 1 July 2005.

There is therefore no requirement to restate comparatives for the year ended 30 June 2005.

Derivative financial instruments are currently not recognised in the financial statements.

AASB 139: *Financial Instruments: Recognition and Measurement* will require a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements.

**Cash Flows**

No material impacts are expected in relation to the statements of cash flows.

Although the adjustments disclosed in this note are based on management's best knowledge of expected standards and interpretations, and current facts and circumstances, these may change. For example, amended or additional standards or interpretations may be issued by the AASB and the IASB. Therefore, until Gold Corporation prepares its first full AIFRS financial statements for the year ending 30 June 2006, the possibility cannot be excluded that the accompanying disclosures may have to be adjusted.

**GOLD CORPORATION AND SUBSIDIARIES  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

**31 COMPARISONS OF ESTIMATES AND ACTUAL RESULTS**

Section 42 of the Financial Administration and Audit Act requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

The Group's business plans for 2004/05 projected an operating profit before income tax of \$4,140,000 compared to the actual profit of \$1,610,000. The most significant variations were:

- Share of loss from AGR Matthey of \$775,000 compared with estimated profit of \$2.3 million;
- Share of loss from Poongsan Perth Mint JV of \$496,000 against projected loss of \$228,000; offset by
- Significantly increased sales of precious metal coins and medallions, which generated a result of \$1.2 million above budget.

**32 VARIATIONS FROM PREVIOUS YEAR**

Treasurer's Instruction 945 requires an explanatory statement providing reasons for and details of any significant variations between actual revenue and expenditure for the financial year and the corresponding item in the financial statements of the immediately preceding year. The most significant variations are:

**Sales Revenue and Trading Profit**

Sales revenue of \$396 million in 2005, against \$410 million in the preceding year, was lower by 3.4%. Cost of sales was 4.3% lower than in 2004, reflecting the lower sales revenue. Cost of sales is comprised mainly of precious metals, the price of which is directly correlated to the sales price. However trading profit at \$24 million was \$2.5 million, or 12% higher, reflecting the different mix of precious metal products sold during the year.

**Income from Joint Venture Partnerships**

Total income from the group's investments in joint ventures was \$4 million lower than in 2004.

Income from the investment in AGR Matthey was a loss of \$775,000 for 2005, compared to a profit of \$3 million in the preceding year.

The group's share of the loss from the Poongsan Perth Mint JV was \$496,000 for the year, compared with the loss of \$279,000 for five months from its commencement on 1 February 2004.

**Profit from sale of assets to joint venture partner in 2004**

The group sold 50.1% of its blanking equipment assets to PMX Australia Pty. Ltd in 2004, resulting in a profit of \$3.5 million. (Note 8)

**Charges for Technical Services**

These were \$4.4 million higher than in 2004, most of which related to income earned from technical services charged to the Poongsan Perth Mint JV.

**Expenditure**

Materials and services costs were 41% higher than in the preceding year, some of which was due to increased technical costs in developing a range of precious metal blanks. These were offset by fees charged to Poongsan Perth Mint JV.

There were no amortisation costs in the financial year, as goodwill was fully amortised in 2004, giving rise to a \$1 million amortisation charge in that year.

Carrying value of assets sold was \$1.4 million lower, due to the blanking equipment assets sold in 2004.

\*\*\*\*\*

## PERFORMANCE INDICATORS

Gold Corporation is a body corporate incorporated in terms of the Gold Corporation Act 1987 of Western Australia.

The purpose of Gold Corporation is to:

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

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

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

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

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

### **1 Maximisation of the Value Added to, and Income Derived from, Precious Metal Coins and Other Products and Services**

The Australian Nugget and Lunar bullion gold coins and Kookaburra silver coins have a significant market share in the world. The Perth Mint's various proof, numismatic and commemorative coins made of gold, silver and platinum are added value precious metal products which are also distributed world wide. Coin blanks are supplied in increasing quantities to the US Mint and other mints in the world.



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

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

### **THE RELATIONSHIP BETWEEN GOVERNMENT GOALS AND GOLD CORPORATION'S PERFORMANCE**

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

**TO DEVELOP A STRONG ECONOMY THAT DELIVERS MORE JOBS, MORE OPPORTUNITIES AND GREATER WEALTH TO WESTERN AUSTRALIANS BY CREATING THE CONDITIONS REQUIRED FOR INVESTMENT AND GROWTH**

Gold Corporation makes a small contribution to creating the conditions required for investment and growth by its support and promotion of the gold industry.

**EFFECTIVENESS INDICATORS**

	2002-03	2003-04	2004-05	Target
<b>The key effectiveness indicators for outcome No. 1 are:</b>				
1 Global market share of Australian Nugget gold bullion coin: <i>(Note 1)</i>	9%	9%	11.3%	12%
2 Coin programs - value added to gold, silver, platinum & palladium: <i>(Note 2)</i>				
(a) Total premium income:	\$14.0 m	\$15.8m	\$20.5m	\$15.3m
(b) Total premium income expressed as a percentage of precious metal value:	19.9%	18.4%	20.0%	17.3%
3 Estimated proportion of Australian fine gold production refined by AGR <i>(Note 3)</i>	83%	99.9%	99.9%	100%
4 Return on equity <i>(Note 4)</i>	(5.9%)	10.9%	2.9%	10%
5 Dividends/income tax equivalent payable to WA Government <i>(Note 5)</i>	\$0.0m	\$2.1m	\$0.6m	\$3.0m
<b>The key effectiveness indicators for outcome No. 2 are:</b>				
6 a) Visitors to Perth Mint Exhibition <i>(Note 6)</i>	72,000	78,000	81,000	80,000
b) Visitors' satisfaction level	99.9%	98.6%	98.6%	100%

**Notes:**

- 1 For 2003/2004 onwards the figures are based on Gold Fields Mineral Services data for the previous calendar year. (Up to 2002/2003, the figures are based on World Gold Council data for calendar years.)
- 2 The calculation is the total premium income (amount of income received above metal cost) for all financial 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 includes all Australian legal tender coins, as well as coins produced for other countries. A significant volume of non-coin precious metal product (eg medallions and coin blanks) was produced also during the financial year. .
- 3 This figure represents 100% of AGR Matthey's share of total Australian refined fine gold production in the financial year. AGR Matthey processed 99.9% of Australia's total fine gold production in 2004/2005. This is based on AGR Matthey's records and an estimate of total Australian fine gold production (232 tonnes) provided by the Australian Bureau of Agricultural and Resource Economics.
- 4 The percentages show Gold Corporation's return on equity at the end of the respective financial year, based on the profit from ordinary activities before income tax. This is the performance measure referred to in the Gold Corporation Act. Provided the Corporation derives a profit, the WA Government receives the benefit of receipt of income tax equivalents and annual dividends from the Corporation.
- 5 Income tax equivalent, calculated as if the Corporation were a public company, is payable to the WA Government on profit from ordinary activities. Dividends are payable annually as a percentage of after-tax profit. These payments are forecast annually in Gold Corporation's business plan, and included in the Financial Estimates in the Annual Report.
- 6 a Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic.  
b Satisfaction levels are derived from random sampling of comments entered into the visitors' book which is available in the foyer of The Perth Mint.

## SERVICES

### 1 Precious Metal Coins and Other Products and Services

Bullion or investment coins represent an important market for gold and it is important that The Perth Mint increases demand by promoting its well-known gold Nugget and its other bullion coins.

It is also important that proof, commemorative and numismatic coins are promoted as these add significant value to precious metal and most of these are exported.

Value is also added to precious metals in the manufacture and supply of coin blanks to other mints in the world.

### 2 High Quality Precious Metal Refining

The gold refining industry in Australia has been rationalized and AGR Matthey is one of the largest refineries in the world.

### 3 Cultural Heritage Conservation

Gold Corporation continually upgrades The Perth Mint heritage buildings situated at 310 Hay Street, and currently has a project underway to renovate and conserve the historically significant building at 292 Hay Street in the grounds of The Perth Mint. It also preserves historical artefacts and documents related to minting and the gold industry in Western Australia.

## EFFICIENCY INDICATORS

	2002-03	2003-04	2004-05	Target
<b>The key efficiency indicators for service No. 1 are:</b>				
1 Trading profit as a proportion of sales revenue: <i>(Note 1)</i>	7.2%	5.3%	6.1%	10%
2 Staff costs as a proportion of trading profit <i>(Note 2)</i>	57.1%	49.0%	54.5%	53%
<b>The key efficiency indicator for service No. 2 is:</b>				
3 Gold refining cost per ounce expressed as an index: <i>(Note 3)</i>	43	45	47	
<b>The key efficiency indicator for service No. 3 is:</b>				
4 Average cost per Exhibition/visitor expressed as an index <i>(Note 4)</i>	100	113	129	

#### Notes:

- 1 The percentages show the proportion of Gold Corporation's sales revenue represented by the trading profit (gross margin) for the respective financial year.
- 2 Staff costs include employee benefits costs and contract staff costs, expressed as a percentage of trading profit (gross margin). Staff costs are Gold Corporation's major expenditure, after the cost of precious metals.
- 3 The cost per ounce is the annual total cost divided by the number of fine ounces of gold refined by AGR Matthey, expressed as an index, with the 1994-1995 year indexed as 100. Gold Corporation, through its subsidiary, Western Australian Mint, holds a 40% interest in the AGR Matthey partnership.
- 4 Average cost per Exhibition/visitor is derived by calculation of total costs of Exhibition divided by annual number of visitors expressed as an index, with the 2002-2003 year indexed as 100.

## **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, are relevant and appropriate for assisting users to assess the performance of Gold Corporation and its subsidiaries, and fairly represent the performance of the Group for the year ended 30 June 2005.

P J UNSWORTH  
Chairman

M E HARBUZ  
Executive Director

29 September, 2005

## STATUTORY REPORTING REQUIREMENTS

### FINANCIAL ESTIMATES

The following financial estimates for 2005/2006 are based on Gold Corporation's budget and are included to satisfy the requirements of Treasurer's Instruction 953.

	<b>\$000</b>
Total revenue	399,390
Total expenditure	395,470
Operating profit before income tax	3,920
Income tax expense	1,204
Operating profit after income tax	2,716
Dividend	1,630
Retained earnings	16,324

## **FREEDOM OF INFORMATION**

Two applications were lodged at Gold Corporation under Freedom of Information (FOI) legislation in 2004/2005.

## **FREEDOM OF INFORMATION STATEMENT**

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

## **THE CORPORATION**

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Hon Eric Ripper MLA, Deputy Premier, Treasurer, Minister for Government Enterprises and Minister Assisting the Minister for Public Sector Management. 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.

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 (WA)* (FOI).

Documents which 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 which 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](http://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 (WA)* 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 Diana Hartigan, Executive Assistant to the Chief Executive Officer, Gold Corporation, 310 Hay Street, East Perth, WA 6004, telephone (08) 9421 7222, facsimile (08) 9221 7031, email: dianah@perthmint.com.au. Inquiries or applications may also be directed to the Manager, Human Resources, Ms Susan Coutts-Wood.

## **CORRUPTION PREVENTION**

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

The organisation's policies and practices are reviewed regularly and are subject to Internal and External Audit programmes. Staff awareness sessions including new staff induction, are conducted. Any suspected or actual breaches will be reported to the Corruption and Crime Commission.

There were no incidents reported in the 2004/2005 financial year.

## PUBLIC INTEREST DISCLOSURE

Gold Corporation is committed to the aims and objectives of the Public Interest Disclosure Act 2003 (Whistleblower Protection).

It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures being made by staff as to corrupt or other improper conduct.

The Public Interest Disclosure Officer is Mr Chris Mumme (Manager, Corporate Governance & Risk Management). No claims were submitted during the 2004/2005 period.

## 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;
- b market research organisations;
- c polling organisations;
- d direct mail organisations; and
- e media advertising organisations.

- 2 Details of this expenditure are as follows:

a	total expenditure:	\$441,293
b	in relation to each class of expenditure -	
i	amount of expenditure:	
	advertising agencies	\$157,731
	market research organisations	2,000
	polling organisations	Nil
	direct mail organisations	\$188,084
	media advertising organisations	\$ 93,478
ii	details of persons, agencies or organisations to whom the expenditure was paid:	
	advertising agencies	
-	Bowtell Clarke & Yole	\$114,189
-	Linx Advertising Inc	\$ 5,848
-	Unique Advertising Ltd	\$ 37,694
	market research organisations	
-	Dr Paul Consulting	\$ 2,000
	polling organisations	Nil
	direct mail organisations	
-	Lasermail	\$188,084
	media advertising organisations	
-	Media Decisions	\$ 93,478



## **GROUP DIRECTORY**

### **GOLD CORPORATION**

Street Address: Perth Mint Buildings, 310 Hay Street, East Perth, WA 6004, Australia  
 Tel: +61 8 9421 7222  
 Fax: +61 8 9221 2258  
 Postal Address: GPO Box M924, Perth, WA 6843, Australia  
 E-mail: info@perthmint.com.au  
 Website: www.perthmint.com.au  
 Contacts: M Edward Harbuz, Chief Executive Officer  
 Diana Hartigan, Executive Assistant to the Chief Executive Officer

### **PERTH MINT DEPOSITORY**

Street Address: Perth Mint Buildings  
 Tel: +61 8 9421 7280  
 Fax: +61 8 9221 7074  
 E-mail: pmds@perthmint.com.au  
 Contacts: Nigel Moffatt, Treasurer and Manager, Perth Mint Depository  
 Tina Bullock, Client Relations Executive

### **GOLDCORP AUSTRALIA**

#### **THE PERTH MINT**

##### **Australia**

Street Address: Perth Mint Buildings  
 Tel: +61 8 9421 7222  
 Fax: +61 8 9221 3812  
 E-mail: info@perthmint.com.au  
 Contact: Veronica Maguire, General Manager Minted Products

##### **The Americas**

Street Address: Perth Mint Buildings  
 Tel: +61 8 9421 7222  
 Fax: +61 8 9221 3812  
 E-mail: info@perthmint.com.au  
 Contact: Ron Currie, Sales and Marketing Director

##### **Hong Kong**

Street Address: Room 1905, St George's Building  
 2 Ice House Street, Central  
 Tel: +852 2525 1130  
 Fax: +852 2810 6809  
 E-mail: dlgcak@netvigator.com  
 Contact: Dominic Leung

**Japan**

K'dom Company Ltd  
 Street Address: Eminence Hirakawacho 401  
 2-12-17 Hirakawacho Chiyoda-Ku  
 Tokyo 102-0093  
 Tel: +81 3 3237 3067  
 Fax: +81 3 3237 3068  
 Contact: Koji Ishikawa

**Europe**

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

**THE PERTH MINT SHOP**

Street Address: Perth Mint Buildings  
 Tel: +61 8 9421 7425  
 Fax: +61 8 9221 9804  
 E-mail: info@perthmint.com.au  
 Contact: Leonie Mirmikidis, Manager Perth Mint Shop

**WESTERN AUSTRALIAN MINT****Poongsan Perth Mint Joint Venture**

Street Address: Perth Mint Buildings  
 Tel: +61 (8) 9421 7271  
 Fax: +61 (8) 9421 7499  
 E-mail: info@perthmint.com.au  
 Contact: Justin Kees, General Manager Operations

**AGR MATTHEY**

Street Address: Horrie Miller Drive, Newburn  
 WA 6104  
 Tel: +61 8 9479 9999  
 Fax: +61 8 9479 9909  
 E-mail: admin@agrmatthey.com.au  
 Website: www.agrmatthey.com.au  
 Contacts: Brian Bath, Chief Executive Officer  
 Chris Michnik, Personal Assistant to the Chief Executive Officer

## **CORPORATE DIRECTORY**

### **MINISTER**

*The Hon. Eric S Ripper BA DipEd MLA*

Deputy Premier; Treasurer; Minister for Government Enterprises; Minister Assisting the Minister for Public Sector Management.

### **STATUTE**

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

### **DIRECTORS**

P Unsworth	(Non-executive, Chairman)
S Boyd	(Non-executive)
R Edwards	(Non-executive)
M E Harbuz	(Executive, CEO)
R Hayes	(Executive, CFO)
J Langoulant	(Non-executive)
D Mackay-Coghill	(Non-executive)
M Pop	(Non-executive)
D Smith	(Non-executive)
C Wharton	(Non-executive)

### **JOINT COMPANY SECRETARIES**

B Suchecki  
A Melville

### **REGISTERED OFFICE**

Street Address:	Perth Mint Buildings 310 Hay Street East Perth WA 6004 Australia
Telephone:	+61 8 9421 7222
Facsimile:	+61 8 9221 2258
E-mail:	info@perthmint.com.au
Postal Address:	GPO Box M924 Perth WA 6843 Australia
Website:	www.perthmint.com.au

### **BANKERS**

Westpac Banking Corporation