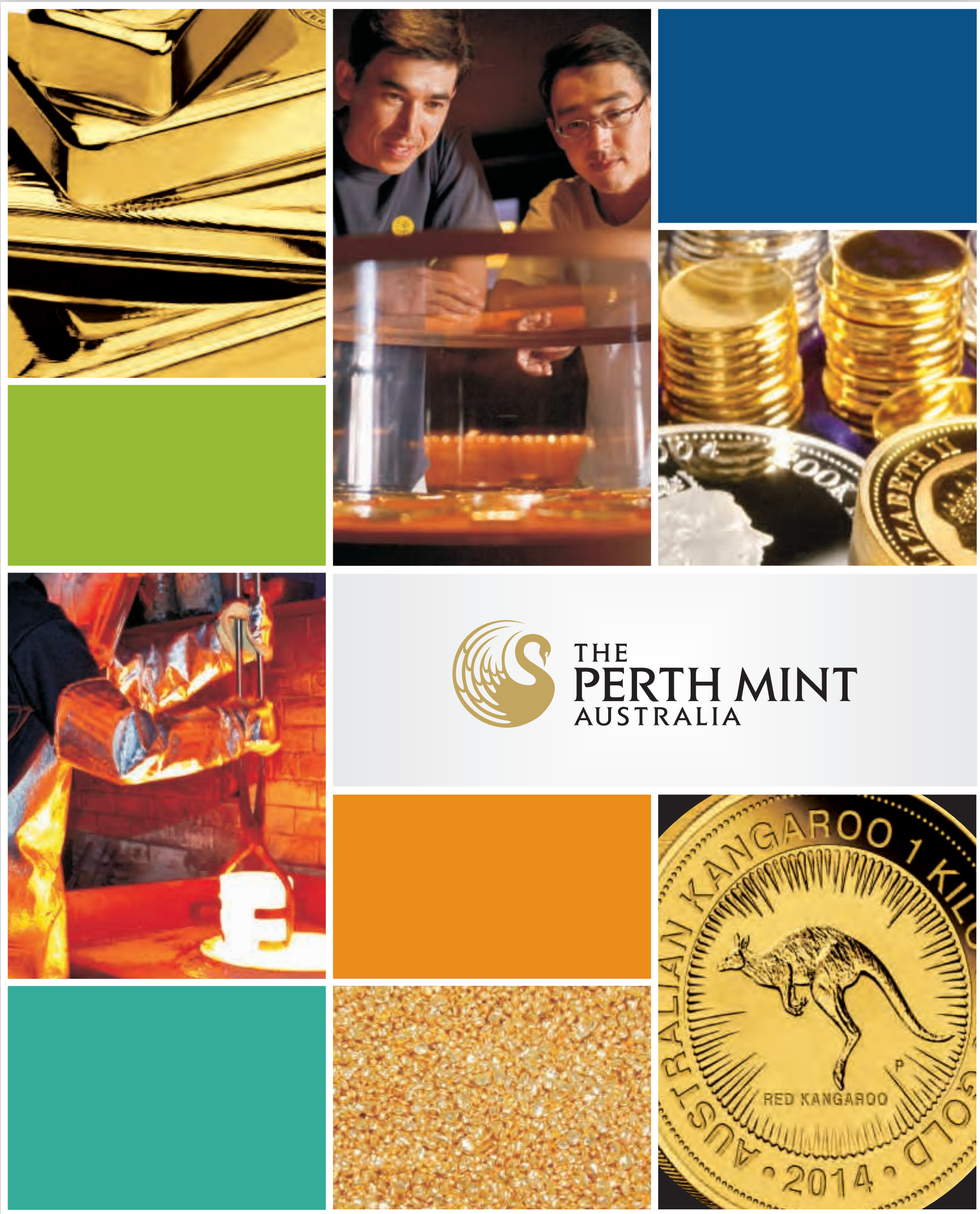
Gold Corporation

Annual Report 2014



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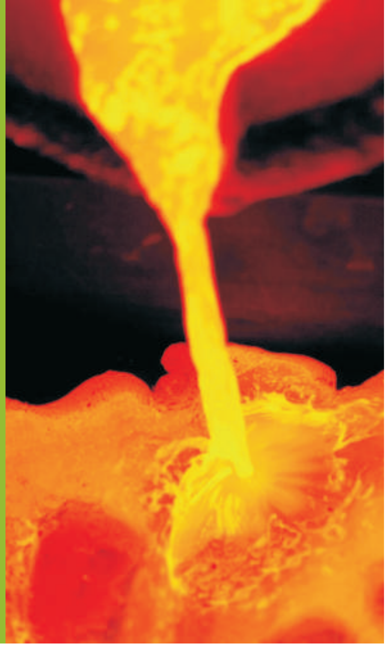
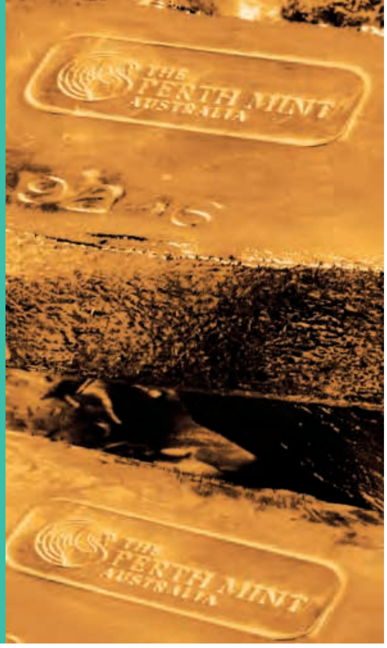


Statement of Compliance



9 September 2014

The Honourable Colin Barnett MLA
Premier; Minister for State Development; Science
1 Parliament House
WEST PERTH WA 6005

STATEMENT OF COMPLIANCE

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Gold Corporation for the year ended 30 June 2014.

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

R B BENNETT
Acting Chair

M E HARBUZ
Executive Director

The Year in Brief
– Key Information

2014

$5.17 billion annual turnover

$28.3 million annual profit before tax

$31.8 million dividend and tax equivalent paid to the Government of Western Australia

$11.4 million capital expenditure spend

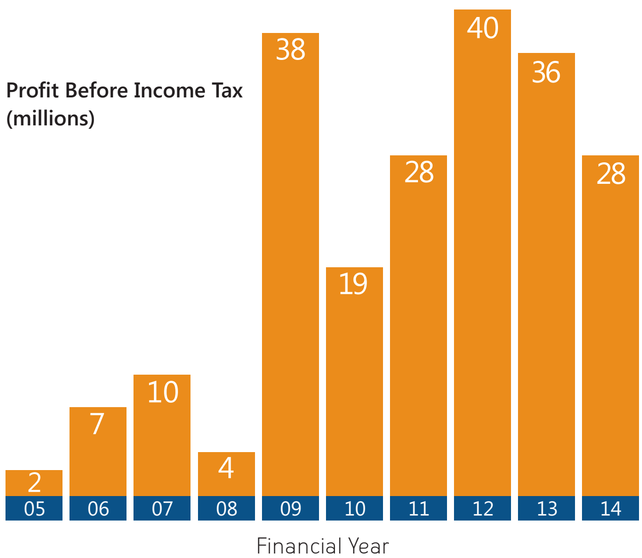
$2.69 billion of client metal on deposit

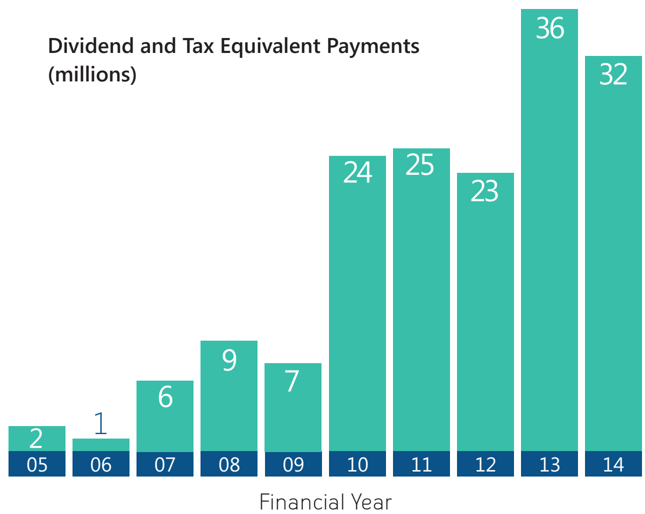
99.9% of gold produced in Australia as doré was refined

95% of gold refined was supplied as value-added bars

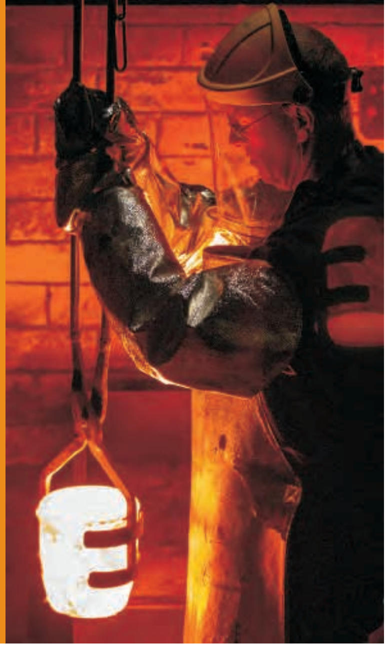
5.52 million coins, medallions and minted bars were sold representing 19 tonnes of gold, 302 tonnes of silver and 125 kilograms of platinum

67,000 visitors to the Perth Mint Exhibition





Gold Corporation
More than a century in precious metals



GOLD CORPORATION'S HISTORY STARTED WITH THE FOUNDING OF THE PERTH BRANCH OF BRITAIN'S ROYAL MINT IN 1899. AT THAT TIME, GOLD SOVEREIGNS AND HALF SOVEREIGNS WERE USED THROUGHOUT THE BRITISH EMPIRE AS EVERYDAY CIRCULATING COINS AND IT WAS THE ROYAL MINT'S RESPONSIBILITY TO SUPPLY THEM. RATHER THAN SHIPPING GOLD TO LONDON, MINTING SOVEREIGNS AND THEN DISTRIBUTING THEM BACK TO BRITAIN'S COLONIES, THE ROYAL MINT BUILT A NUMBER OF BRANCH MINTS THROUGHOUT THE EMPIRE IN PLACES WHERE GOLD WAS FOUND. THE PERTH MINT WAS ONE OF THESE – BUILT TO REFINE GOLD MINED IN WESTERN AUSTRALIA AND TURN IT INTO SOVEREIGNS.

When sovereigns were withdrawn from circulation in 1931, the Mint turned its skills to the production of base metal coins, although it still continued to refine gold. It remained under British ownership until 1970, when control passed to the Government of Western Australia.

Gold Corporation was created by the *Gold Corporation Act 1987* to take over the operations of the Mint and launch Australia's bullion coin programme. The Australian Nugget bullion coin was launched in 1987, and was followed by many other successful bullion coin programmes and numismatic and commemorative coins.

The Mint's refining activities eventually outgrew the old premises in the city of Perth and a new refinery was built near Perth's international airport. This facility commenced operation in 1990.

Gold Corporation has two wholly owned subsidiaries – Western Australian Mint and GoldCorp Australia.

Our Mission Statement

Gold Corporation and its subsidiaries, trading as The Perth Mint, supply precious metal related products and services, including:

- Refining of gold and silver and producing London Good Delivery bars;
- Value-added cast bars, minted bars and Australian legal tender bullion coins which promote the ownership of precious metals;
- Precious metal depository products which enable investors to own precious metals without having to deal with the security, insurance and other issues associated with taking physical possession;
- Proof, numismatic and commemorative coins which are legal tender of Australia and other countries;
- Storage and safekeeping of precious metals; and
- Coin blanks and other precious metal products.

It also operates a tourist attraction based on the themes of gold, coins and their history, and offers assaying and other services to the gold industry.

Gold Corporation commits to:

- Supplying products, services and experiences which delight customers and users;
- Promoting the history and heritage of Australia locally and internationally through its coins;
- Preserving its heritage assets and history for the benefit of the community;
- Providing fulfilment, development, security and fair reward to its employees;
- Generating an acceptable financial return to its shareholder, the Government of Western Australia; and
- Paying a fair royalty to Australian Treasury on Australian legal tender coins issued.

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

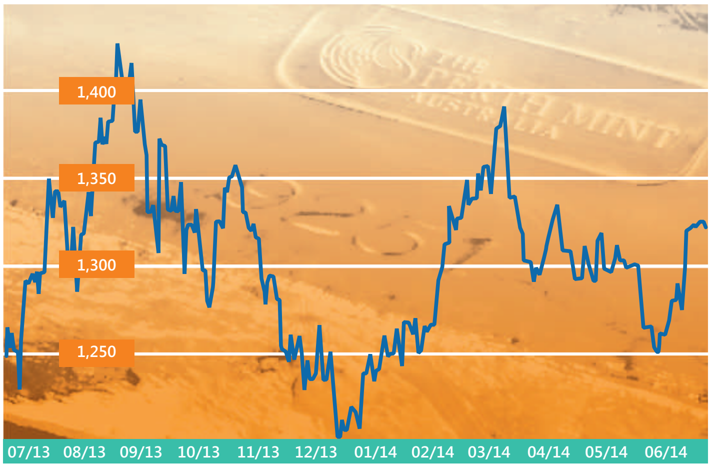
Chair's Review

After falling by around $400 per oz in 2012/13, gold prices fluctuated but continued at lower levels throughout 2013/14 although a 5.75% increase occurred over the course of 2013/14. Returns from alternate asset classes have been substantially higher, dampening investor sentiment toward precious metals.

Against this background it is pleasing to report that Gold Corporation's profit before tax was $28.3 million, and whilst lower than that achieved last year, was still the 4th highest on record.

5 Year US Dollar Gold Price

12 Month US Dollar Gold Price



Given market conditions over the period, this was a pleasing result. Dividends and tax equivalent payments totalling $31.8 million were paid to the Western Australian Government during the year.

Investor sentiment and the world economy have both improved over the last year and sustained growth in the United States is now a reality. There have been notable improvements in conditions in the Eurozone economies and while GDP growth in China is lower than it has been over the last few years, it remains the envy of many countries. Against this, precious metals have struggled to retain their place as an asset of choice, and funds have flowed away from gold and silver investments in global Exchange Traded Funds. Demand for physical gold into India, historically one of the largest gold consuming countries, reduced substantially over the year as a result of import restrictions and higher tariffs.

The value of precious metals held in Perth Mint Depository declined to $2.69 billion from $2.76 billion. Improving stock markets and economic conditions across much of the world have made marketing precious metal depository products challenging.

The increase in the Corporation's share of the gold bullion coin market is particularly pleasing. Bullion and collector coins issued by The Perth Mint continued to be popular and a number of interesting and successful coins were issued during the year. Some deserving special mention are:

- High relief versions of gold and silver Kangaroo, Kookaburra, Koala and Lunar coin series. Whilst these coins are significantly more difficult to mint, they are particularly attractive and sought after.
- The Treasures of the World – Europe coin which won the prestigious Most Technologically Advanced Coin Award at the bi-annual Mint Directors Conference held in Mexico.
- Silver proof coins honouring 100 Years of the Australian Submarine Service, 100 Years of Australian Military Aviation and Australian War Posters.

A multimillion dollar redevelopment of The Perth Mint's exhibition was completed during the year, and is an outstanding complement to the retail shop refurbishment undertaken in 2010. The exhibition, featuring Australia's largest collection of natural gold nuggets and the Guinness Book of Records certified largest gold coin, weighing in at 1 tonne, will add significantly to the visitor experience. Whilst visitor numbers declined during the year due to dislocation associated with the redevelopment, the public's response to the new exhibition has been extremely positive and future visitor numbers are expected to rise significantly.

Gold Corporation is Western Australia's fifth largest exporter. The Corporation is driven by its underlying pillars of trust, integrity, quality and innovation, on which it has built a first class reputation in the world's precious metals industries. Its client base, numbering in the tens of thousands, spans over 100 counties. The numerous successes it has enjoyed, both now and in the past, would not have been possible without the dedication of its many agents, dealers, banks and counterparties which promote its products. The global coverage The Perth Mint has achieved can only be earned with the assistance of our business partners, and I would like to extend my thanks to all of them for the results realised. I hope that the mutually profitable and beneficial relationships will continue with all of them.

Western Australia's fifth largest exporter

Gold Corporation's business and profits have grown significantly over the last decade. Substantial investments have been and continue to be made to increase capacity, productivity and quality as well as addressing the key issues of safety and the environment. These investments, all funded from internal resources, will ensure that Gold Corporation continues to be a valuable, profitable and iconic asset for the State.

Members of the Submarine Association of Australia display the 2014 Centenary of Australian Submarine coin and badge set in the engine room of HMAS Ovens.

Looking ahead, Exchange Traded Funds and similar entities (including Perth Mint Depository) have borne the brunt of the selling, and whilst physical demand for the Corporation's coins and bars has held up well, the outlook for next year will be driven by investor sentiment. Improving economic conditions in many of the Corporation's markets will continue to affect the demand for precious metals and there is thus an element of uncertainty in the outlook for Gold Corporation. Notwithstanding this, there will almost certainly be opportunities which present themselves and it will be essential that these be identified and capitalised upon. Flexible thinking and agility will be required, and I am confident the Corporation will more than rise to meet the challenges. I look forward to what promise to be exciting times.

I would like to thank the Minister responsible for Gold Corporation, the Honourable Colin Barnett MLA, Premier; Minister for State Development; Science for his support and keen interest. I also thank my fellow Board members for their dedication and enthusiasm and acknowledge the extra effort required by those serving on Board committees.

Lastly, I would like to thank our Chief Executive, Ed Harbuz, our Chief Financial Officer, Richard Hayes, and our management and staff for their hard work and dedication. The good outcome for 2013/14 in what has been a difficult trading environment reflects the success of their efforts.

K G SANDERSON AO
Chair

The Year in Review

The global financial crisis of the late 2000s resulted in a surge of interest in precious metals, usually as a hedge against falling currency values and economic upheaval in many parts of the world. Confidence in global banking systems and banks fell to lows not seen for many decades and this, coupled with flattening or declining growth rates in many economies, spurred investors to look elsewhere, if not for investment returns then at least for capital stability.

Precious metals provided this safe haven and substantial capital flows were diverted away from stock markets, property, bonds and other traditional investment asset classes. Following closely behind the investors were the speculators who pumped very large amounts of money into precious metals, mostly via the various Exchange Traded Funds (ETFs). This had the result of pushing precious metals demand, and hence prices, up rapidly, with gold peaking at USD 1921.41 on September 9th 2011.

Some hope emerged during 2012 that stability was returning to the world economy with steady growth, albeit lower than that seen after previous recessions, emerging in the USA and an absence of major financial crises in the Eurozone or indeed elsewhere. The much predicted hard landing in China did not eventuate, and whilst growth rates there have been lower than those experienced previously, they still remained strong by world standards. The green shoots of recovery consolidated in 2013, leading to growth in stock markets, property prices and other investment asset classes. Previously implemented fiscal stimulus measures in the USA and Europe were reduced and in some cases eliminated. Interest rates and bond yields remain at record lows and some concerns regarding deflation have now emerged.

Given precious metals are essentially a counter-cyclical investment asset, the improving global economy has had a natural dampening effect on the demand and prices for precious metals. With the volume of speculative funds moving from precious metal EFTs to alternative investments, the effect on demand and price becomes more marked.

It has thus been somewhat of a mixed bag of conditions for the Corporation. Gold and silver coin and minted bar demand has held up remarkably well over the year, especially in Europe and the USA, though there are now signs of a quietening market. The demand for coin blanks from other mints has been healthy, but like the demand for coins, is starting to tail off. Cast bar demand came under increasing pressure during the period as one of the world's largest markets, India, imposed import restrictions and increased tariffs in an attempt to address its current account deficit. Much of this demand was replaced with demand from China, albeit at very competitive product premiums. Perth Mint Depository lost some metal, although proportionally less than the ETFs. Through all of this the Australian dollar remained stubbornly high, affecting many Australian businesses, including Gold Corporation, which earn significant revenue in foreign currencies.

The profit before tax was $28.3 million, and whilst lower than that earned last year was still very strong by historical standards. Turnover was $5.17 billion compared to the previous year's $5.8 billion, reflecting a quietening in global precious metals markets.

Payments to the Government of Western Australia during the financial year included income tax equivalent payments and a dividend totalling $31.8 million. Significantly, the Corporation has paid $164 million to the State Government over the last 10 years. Siegnorage royalty payments to Australian Treasury, in terms of the agreement under which Gold Corporation mints and issues Australian legal tender coins, was $4.6 million.

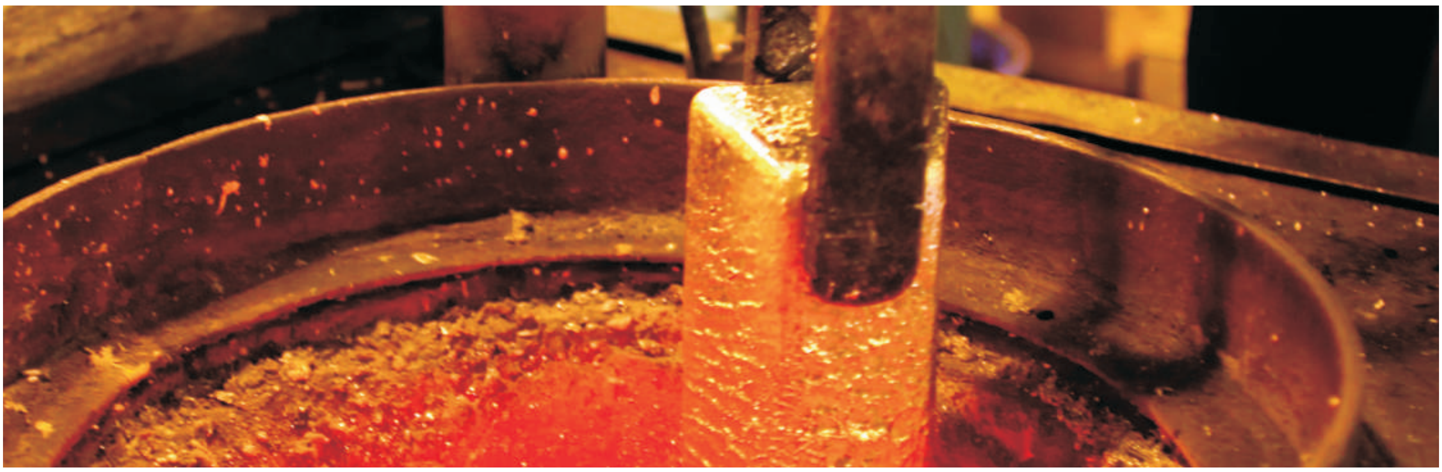
$164 million paid
to State Government over last 10 years

The ongoing capital expenditure programme, one of the reasons for consistently healthy profits in recent years, continued in the financial year. Replacement of assets beyond their useful life, investments in new technology, productivity and increased capacity as well as carefully targeted spending on enhanced safety and environmental management all form part of this programme. During the year the refurbishment of the Exhibition was completed at a cost of $3.5m. New vaulting facilities were also constructed and work commenced on building a factory extension which will increase the Corporation's blank production (and hence coin production) capabilities. Capital expenditure over the year amounted to $11.4 million, with all financing coming from internal resources. Gold Corporation has no borrowings.

$53.6 million
of capital expenditure over 5 years

Gold and Silver Refining

The Perth Mint operates Australia's only London Bullion Market Association accredited gold and silver refinery. It also holds accreditation with the Dubai Multi Commodities Centre, the Tokyo Commodities Exchange, the New York Commodities Exchange, and was recently the first refinery accredited by Shanghai Gold Exchange. Australia was again the world's second largest producer of gold after China in 2014 and will likely maintain this status in 2015. The Perth facility refined almost all of Australia's gold doré production as well as gold mined in New Zealand, Papua New Guinea, Fiji, Solomon Islands, Thailand, Malaysia, Laos and the Philippines. A significant amount of recycled gold, mainly from Asia, was refined as well. There was however a reduction in the volume of silver refined in the year due to feedstock reduction from a major client. The total quantity of gold and silver refined in the financial year makes this refinery one of the largest in the world. Competition in precious metals refining worldwide is intense but the Perth facility has been able to maintain its market share in newly mined and recycled gold and silver refining. The refinery meets all the Corporation's own physical gold needs and also supplies many customers throughout the world. During the year, it exported most of its gold in value-added bar form to these customers and only a small amount was shipped in the form of 400 ounce good delivery bars to the London bullion market. The market for small gold bars in Asia continues to be robust and has grown significantly in China over the last two years and this is expected to continue.



Coins

Demand for bullion coins remained reasonably buoyant despite the onset of deteriorating conditions in precious metals markets. Pleasingly, industry statistics indicated that The Perth Mint increased its share of the world gold bullion coin market.

Popular Releases

Notable accomplishments during the year included the sell-out of the 2014 1oz Year of the Horse gold bullion coin (30,000 mintage) and the 2014 1oz Year of the Horse silver bullion coin (300,000 mintage). Sales of the 1oz Australian Kookaburra silver bullion coin also reached its mintage of 500,000 units for the sixth year in succession.

A new Australian bullion series marking the Battle of the Coral Sea resulted in 200,000 1/2oz silver bullion coins and a total of 50,000 1/4oz and 1/10oz gold coins being sold in the United States. The new Australian Saltwater Crocodile 1oz silver bullion coin, which was released with a mintage of 1 million, sold out within one month of its release in May 2014. To meet increasing requests for exclusive products from dealers and distributors, 250,000 Great White Shark 1/2oz silver bullion coins were sold to a large US based distributor, and sales of minted gold bars in the United States totalled almost 81,000 ounces.

In January and early February, the one tonne gold coin produced by The Perth Mint in 2012 was sent on a tour of Asia and Europe, culminating in it being displayed at the World Money Fair in Berlin, the biggest annual coin show in the world. The publicity generated by the tour was extensive and has resulted in raised awareness of The Perth Mint's Australian legal tender bullion coin programme, especially the flagship Australian Gold Kangaroo coin, which will have a positive effect on sales for years to come.

130 Coin Programmes

Increased share of global gold bullion coin market

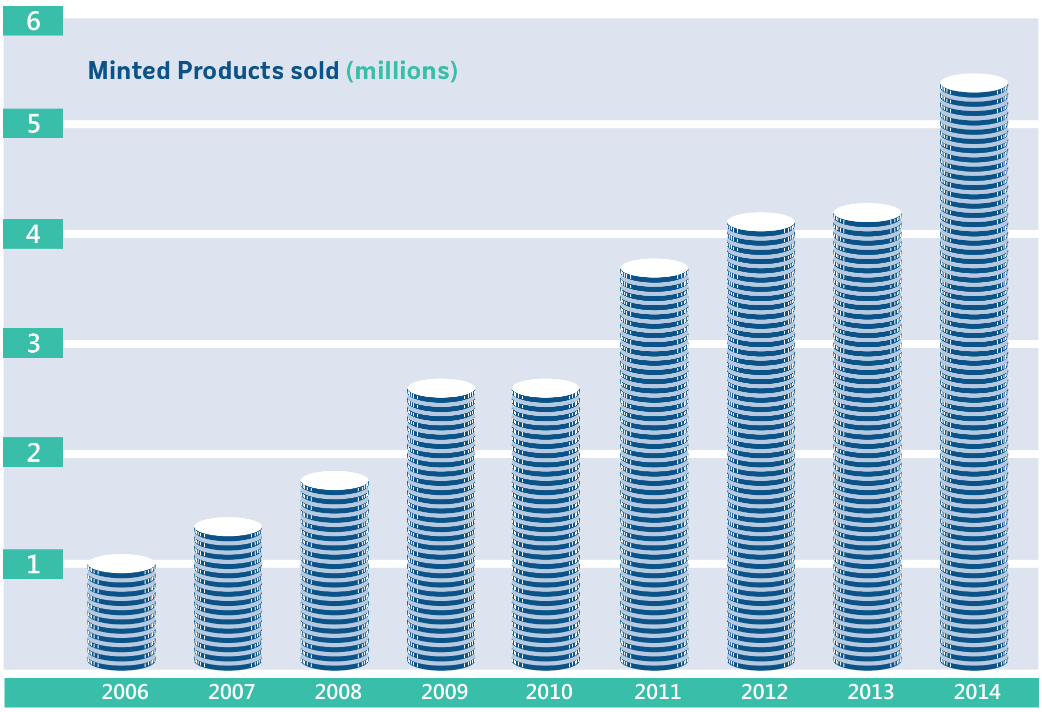
The market for collector coins has changed somewhat with wholesale clients demanding many low mintage products as a means to compete in a growing, but ever more crowded market. The Perth Mint launched over 130 programmes during the year. 110 proprietary Perth Mint Australian legal tender collector coins were issued during the year either individually or in sets, with a further 22 collector coins released on behalf of the Governments of Tuvalu or the Cook Islands. The Mint also created 34 collectable coins for major distributors. Proving highly successful, these commissioned custom minting projects were also issued as legal tender of either of these two Pacific island nations. In total, 29 collectable products sold out of their full mintage during the past 12 months.

Notable product launches and successes for the year included 'high relief' versions of gold and silver Kangaroo, Kookaburra, Koala and Lunar coin series, the Australian Kangaroo 1oz gold bullion tribute coin (commemorating the international tour of the one tonne coin), 100th Anniversary of Australian Red Cross 1oz silver proof coin and the award winning Treasures of the World – Europe locket coin.

In excess of 5.5 million coins, minted bars and medallions were sold during 2013/2014, compared to more than 4.3 million the previous year. The sale of these products resulted in the Mint adding value to 19 tonnes of gold, 302 tonnes of silver, and 125 kilograms of platinum. The previous year's figures were 24 tonnes of gold, 256 tonnes of silver, and 290 kg of platinum. Approximately 86% of the revenue earned from the sale of these products was from exports.

The high level of coin production – some 28% higher than the previous year - and the uneven demand during the year placed considerable pressure on the factory at various times. Multiple shift operations were required on a regular basis, posing some challenges for the operational staff. The equipment modernisation programme and the multi skilling and flexibility of staff allowed production quantities and deadlines to be met. The ISO 9001.2001 quality certification and the AS/NZS 4801.2001 accreditation for health and safety were both maintained.

Construction of the new silver blank production facility, which will increase The Perth Mint's blank production volumes and decrease unit costs significantly, commenced late in the year and is expected to be complete within the next 12 months, after which commissioning will take place.

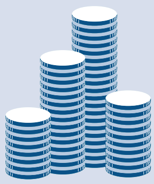


Precious Metal Coin Blanks

The Perth Mint manufactures precious metal coin blanks for its own needs and also supplies other mints around the world. Some 13.1 million blanks were produced during the year, a significant increase on that of the previous year. Of those produced, 11.4m were silver with the balance being largely gold with a smaller number for platinum. The facilities used to produce these operated consistently on three shifts, six days a week.

13.1 million

precious metal coin blanks produced



Visitor Experience

The Exhibition consistently attracts approximately 80,000 visitors each year but disruptions associated with the redevelopment of the Exhibition saw visitor numbers fall from 79,608 in 2012/13 to 66,952 in 2013/14. The new Exhibition, featuring the fascinating story of gold through the ages supported by stunning physical exhibits and exciting interactive multimedia, was relaunched in April 2014 to much acclaim from the public. Since then a number of promotions and advertising initiatives have been undertaken aimed at drawing in not only new visitors but also those that have visited the Exhibition previously. The Perth Mint participated in the Australian Tourism Exchange in Cairns in May 2014 at which the Exhibition was promoted, and also attended other tourism trade shows in China, Malaysia and Singapore with the aim of increasing visitor numbers.

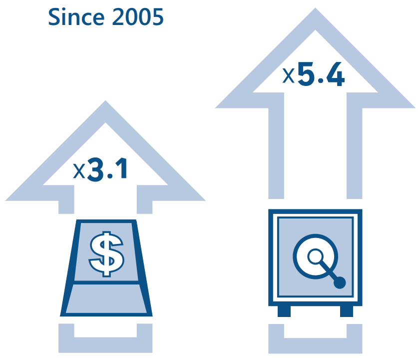
The retail business has been affected by the reduced number of visitors to The Perth Mint associated with the Exhibition redevelopment. This, coupled with deteriorating consumer confidence in the wider Australian economy led to a disappointing result for the year.

Perth Mint Depository

Despite gold posting an increase of 5.75% in USD terms over the year, burgeoning equity markets proved more attractive to investors, with the NYSE's S&P 500 index gaining 22% over the year. A strong local currency held the Australian gold price to a 2.7% gain, which was comprehensively outweighed by a 12.35% increase in the ASX's leading index. None of this augured well for precious metals, reducing interest in Perth Mint Depository products over the year.

At the end of the year Perth Mint Depository had just under 14,000 active clients from 105 countries. The value of precious metal held declined slightly to $2.69 billion from $2.76 billion, due to a decline in the quantity of metal held. Of the total, $2.11 billion was held as unallocated metal, $125 million as pool allocated metal and $452 million as metal allocated to customers.

Since 2005



Average US dollar gold price up 3.1 times

Value held in Depository up 5.4 times

Closing Comments

The improving global economy has reduced the attractiveness of precious metals as an investment or portfolio diversification asset and this is of some concern for Gold Corporation moving forward. Some of the organisation's activities will benefit, such as collector coins and the Visitor Experience but, on balance, business will be more difficult. The commissioning of the silver blank production facility, expected in the 2015/16 financial year will produce a welcome reduction in coin unit costs and the new precious metals storage facility, completed and commissioned in November 2013 will give the opportunity for increased storage of value-added bars, the demand for which can be very variable, and the servicing of institutional customers in Depository. These, and other initiatives, will go some way to mitigating adverse market conditions.

What is clear is that the future is uncertain and hard to predict. History would suggest that the seeds of the next recession are sown in the green shoots of recovery. Irrespective of what happens, Gold Corporation is exceptionally well placed to weather whatever storm lies ahead. Business lines are organised such that they are both complimentary whilst at the same time counter cyclical. An improving global economy will boost the demand for collector coins (there will be more disposable income available for collecting and gift giving) whilst declining economic conditions will boost the demand for bullion products and Perth Mint Depository offerings. In time there will be another boom in precious metals demand, and this time Gold Corporation will be even better placed to exploit it.

Gold Corporation has a dedicated team; a mixture of long serving employees and new appointments. The businesses are specialised and many skills required are rare or unique. I would like to thank all members of the team for their efforts during the year. They showed dedication, resilience, determination and met sometimes daunting challenges positively and calmly. I would also like to thank those who challenged convention and not only came up with new ideas but made them work. Thanks are also due to employees for their dedication to safety and preserving the environment. I thank the Chair and the rest of the Board members for their support and guidance.

M E HARBUZ
Chief Executive Officer

Director Biographies

KERRY SANDERSON AO, BSc, BEcons, HonDLitt, MAICD

From 2008 to 2011 Kerry Sanderson was Agent General for Western Australia and represented and promoted Western Australia throughout Europe including Russia. Prior to this from 1991 she was Chief Executive Officer of Fremantle Ports at a time when the Port underwent substantial change.

Before 1991 Mrs Sanderson was Deputy Director General of Transport for Western Australia and with the State Treasury as Director of Treasury's Economic and Financial Policy Division.

She is currently on the boards of listed companies Downer EDI and Atlas Iron as well as the not-for-profit St John of God Health Care and the International Centre for Radio Astronomy Research. She chairs the State Emergency Management Committee and participates in a number of charitable and community activities including the Paraplegic Benefit Fund and the Senses Australia and is also an Adjunct Professor in the Curtin University Business School.

Mrs Sanderson was named an Officer of the Order of Australia (AO) in the 2004 Queen's Birthday Honours List. She has degrees in both science and in economics from the University of Western Australia and in 2005 was the recipient of an Honorary Doctorate of Letters.

RAY BENNETT MAICD

Ray Bennett has had an extensive background in finance and banking with over 25 years' experience in the banking industry. Mr Bennett was the General Manager Retail Banking for Challenge Bank immediately prior to leaving the banking industry.

Mr Bennett was subsequently appointed Chief Executive Officer of the then Western Australian Totalisator Agency Board in 1995. He remained as Chief Executive until the Totalisator Agency Board was abolished in 2003, and Racing and Wagering Western Australia established to continue the operations of the Totalisator Agency Board and take control of the integrity and management of the racing industry, including allocation of funds across the three racing codes. Mr Bennett was appointed Chief Executive of the new organisation, a position he held until his retirement in 2008.

Mr Bennett was a Director with the Western Australian Lotteries Commission for six years.

RON EDWARDS BEc (WA), MEd (Hons) (Syd), EdD (WA)

Ron Edwards is a founding member of the Graham (Polly) Farmer Foundation committed to providing opportunities for Indigenous youth; he is a Council Member of the Anglican Schools Commission concerned with providing low fee Anglican education. He also works as a consultant in the resources and seafood industries. Dr Edwards is a Board Member of the Potato Marketing Corporation and the Australian Landcare Council.

In 2006 Dr Edwards was awarded a Doctorate in Education from the University of Western Australia; his topic was social inclusion in the low fee Anglican School system in Western Australia. Formerly, Dr Edwards was the Member for Stirling in the Federal Parliament and was Chairman of the Economics Committee for the Federal Government. Recently he has worked on European trade matters for the Australian seafood industry and provides strategic advice on various projects.

GAYE McMATH BCom MBA (Melb) FCPA, FAICD

Gaye McMath is the Chief Operating Officer at the University of Western Australia (UWA) and is responsible for the University services of Financial Services, Human Resources, Campus Management and Venues Management. Ms McMath previously held the position of Executive Director of Finance and Resources at UWA and prior to that role was Pro Vice-Chancellor (Resource Management) and Chief Financial Officer at Murdoch University.

Prior to joining the higher education sector, Ms McMath had a 23 year career with BHP Billiton (BHP) where she held a range of senior executive roles in finance, strategy, planning, commercial and treasury operations within the minerals, steel and corporate divisions. Ms McMath was a BHP nominated Director on a number of domestic and international mining infrastructure subsidiary and joint venture Boards. Ms McMath combines her current executive role with non-executive directorships and is on the Board of the Western Australian Treasury Corporation.

JOHN MURPHY BCom, MCom, GAICD

John Murphy represents the Western Australian Under Treasurer. He is currently the acting Director of the Infrastructure Division in the Western Australian Department of Treasury. In this role Mr Murphy heads a team that provides advice to the government on the major Government owned infrastructure and commercial agencies.

Mr Murphy has worked within the State Public Service for over twenty years in a variety of financial, economic and policy roles. As well as working in the Department of Treasury he has worked in agencies dealing with the resources and transport sectors.

CHRIS WHARTON

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

Mr Wharton is responsible for all SWM assets in Western Australia – The West Australian, West Regional Publications (23 mastheads), its on-line properties, WA Publishers, Redwave Media (nine regional licence areas) and Channel Seven Perth.

Before that Mr Wharton was Chief Executive Officer of West Australian Newspapers, a position he held from December 2008.

Prior to that, he was Managing Director of Channel Seven Perth Pty Limited for nine years. During this period Channel Seven Perth dominated its opposition.

Mr Wharton's career began as a journalist and he worked in every area of newspaper management in Sydney before being appointed Chief Executive Officer of Perth's Community Newspaper Group in 1995. In 2013 Mr Wharton became Chairman of Community Newspaper Group.

Mr Wharton's community and business involvement includes membership of the Telethon Trust, Committee for Perth and the Australian Institute of Company Directors and West Coast Eagles Board.

M EDWARD HARBUZ BSC (Eng), MBL

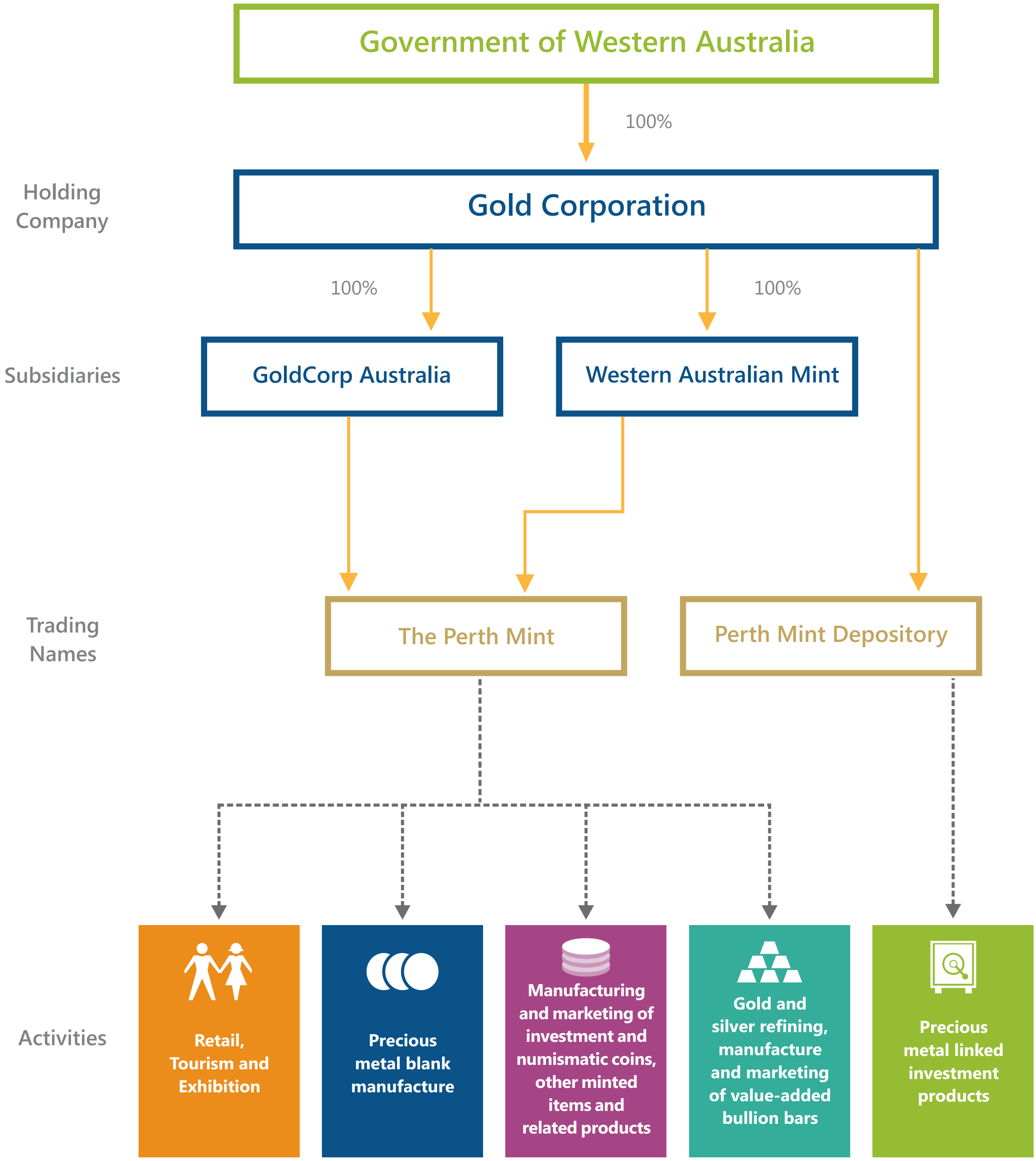
Ed Harbuz was appointed Chief Executive Officer of Gold Corporation on 1 July 2003. Mr Harbuz was Managing Director of the South African Mint Company Pty Ltd for almost seven years until 2001 and Group Managing Director of Cullinan Holdings Ltd, one of South Africa's oldest industrial companies, prior 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 (Electrical Engineering) from the University of Natal.

RICHARD HAYES BComm, MBA, CPA, ACIS, MAICD

Richard Hayes was appointed as Chief Financial Officer of Gold Corporation in March 2003. He was previously the Chief Operating Officer and an Executive Director of AGR Matthey from October 2002 to March 2003 and prior to that he was Director, Finance and Deputy Managing Director of AGR Joint Venture from December 1998 to October 2002. Prior to that, he was Chief Financial Officer and Company Secretary of Golden West Refining Corporation Ltd, an ASX-listed company controlled by N M Rothschild & Sons Ltd which, in December 1998, merged with Gold Corporation's refining and jewellery manufacturing business to become the AGR Joint Venture.

Mr Hayes came to Australia from Zimbabwe in 1987 and held a number of financial management positions with Boral Ltd prior to joining Golden West.

Our Group Structure



The Gold Corporation group structure is a divisional one, reflecting clear lines of performance based responsibility for each Executive Manager. Notwithstanding the divisional structure, each executive is expected to adopt an enterprise wide approach at all times, fostering cross divisional teamwork for the benefit of Gold Corporation as a whole.

Our People

EXECUTIVE MANAGEMENT

4th row (from left), David Woodford, and Joe Metcalfe

3rd row (from left) Bron Suchecki, Anne Melville, Declan Goodman, Justin Kees and Nigel Moffatt

2nd row (from left) Ron Currie, and David Koch

Front row (from left) Ed Harbuz, Cathy Anza and Richard Hayes

Gold Corporation

Chief Executive Officer	M E Harbuz
Chief Financial Officer	R G Hayes
Treasurer and Manager, Perth Mint Depository	N P Moffatt
Director, Business Development	G J Metcalfe
Manager, Analysis and Strategy	B M Suchecki
Manager, Corporate Governance and Risk	D J Koch
General Manager, Information Systems	D P Goodman

GoldCorp Australia

Sales and Marketing Director	R M Currie
Manager, Visitor Experience	C B Anza

Western Australian Mint

General Manager Operations	J K Kees
General Manager Refinery	D E Woodford

Company Secretary	A P Melville

The executive management team have responsibility for the day to day operations of Gold Corporation. They are all specialists in their areas of responsibility and whilst many are long serving employees, a number have joined in recent years bringing fresh insights and approaches to what is a mature set of business operations.

The number of permanent staff increased over the year to 363 from 350, largely due to the migration of casual staff to permanent employees. These employees were assigned to the business entities as shown below:

	30 June 2014	30 June 2013
Gold Corporation	75	72
Western Australian Mint	229	221
GoldCorp Australia	59	57
Total	**363**	**350**

The split between salaried and award employees were as follows:

	30 June 2014	30 June 2013
Salaried	237	230
Award	126	120
Total	**363**	**350**

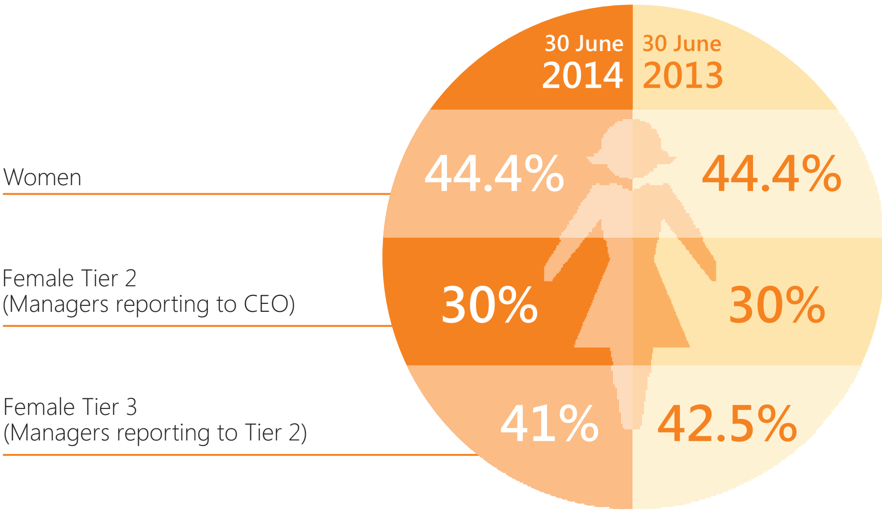
Creating the 2014 Mother's Love – Elephant coin design.

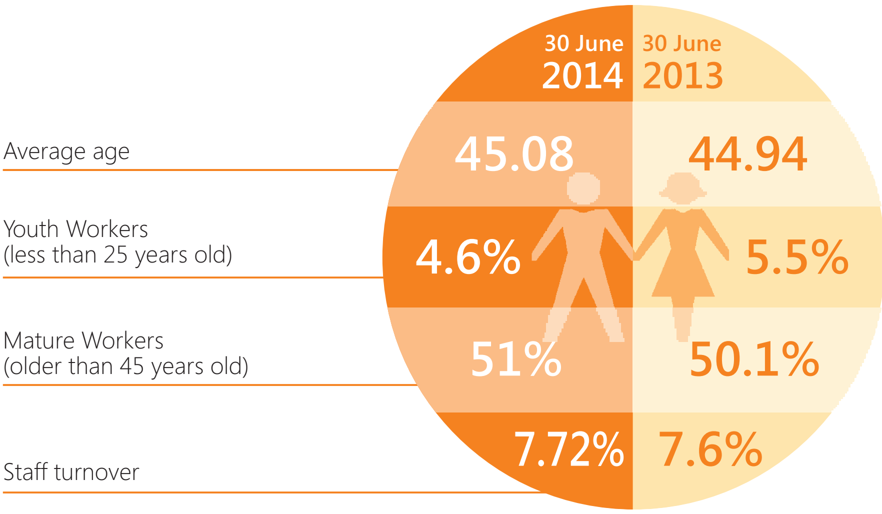

Live Gold Pouring Performance in the Melthouse


Gauging gold strip


Gold Bar after Gold Pouring Performance

A snapshot profile of the Corporation's employees is as shown below:





Approximately 40% of the staff hail from culturally diverse backgrounds, bringing with them a wide variety of spoken languages (from German to Mandarin and Russian to Singhalese with many in-between), reflecting the many and varied markets in which The Perth Mint operates.

Staff turnover remains low, representing a stability that is the envy of many. The specialised nature of Gold Corporation's operations requires skills and experience that can only be gained with time, and the low turnover of employees has resulted in the retention of a valuable knowledge base.

Our Business Activities

Gold Refining

The refinery, located in the Perth Airport precinct, is Australia's only LBMA accredited gold and silver refiner. It refines most of Australia's gold, as well as gold from nearby countries. It also refines scrap gold from domestic and Asian sources.

The refinery is accredited by the following international organisations.

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

The refinery also holds the following accreditations for environmental and occupational safety and health.

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

During the year the refinery committed to ensuring that its refining operations only source feed material that is deemed to be conflict free metal and received accreditations from the LBMA, the DMCC and the Electronics Industry Citizenship Coalition. These accreditations reflect compliance with applicable legal requirements as well as with broader social and societal obligations.

The refinery produces 400oz 99.5% gold and 1,000oz 99.9% silver London Good Delivery Bars, and has the capacity to convert all its gold and silver feed into value-added good delivery products which include 1kg, 100g, 50oz, 20oz, 2.5oz and 1oz 99.99% gold bars; 1kg 99.5% gold bars, and 1kg, 100oz, and 10oz 99.9% silver bars.

Bullion Coins and Minted Bars

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

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

In May 2014, the Mint enhanced the programme by introducing a commercial grade Australian Saltwater Crocodile 99.9% pure silver bullion coin. The coin was successfully launched, with its mintage of 1 million coins being sold within a month of its release.

Together with a range of minted gold bars and gold and silver cast bars, The Perth Mint's bullion coins are distributed through an international network of authorised agents, financial institutions and coin dealers. Investors in Australia and much of Asia can also purchase bullion direct from the Mint via www.perthmintbullion.com.

Perth Mint Depository

For those investors not wishing to deal with the issues (security, insurance etc) of taking physical possession of their precious metal, Perth Mint Depository offers the following storage options for unallocated, pool allocated and allocated precious metals:

- Perth Mint Depository Program (PMDP) offers a range of precious metal purchase, storage and trading facilities on competitive terms. The service is promoted principally via the internet and is tailored to suit larger investors;

- Perth Mint Certificate Program (PMCP) offers precious metals investments via an international network of approved dealers. Investors receive a certificate confirming their ownership of precious metals stored at The Perth Mint;
- Perth Mint Gold (ASX code: PMGOLD) is for investors who prefer the convenience of trading on the Australian Securities Exchange. It is listed on the AQUA platform.

Additional vaulting facilities were completed during the year, expanding and enhancing the storage options.

Designer creates the artistry for the 2014 Australian Opal – Tasmanian Devil coin.

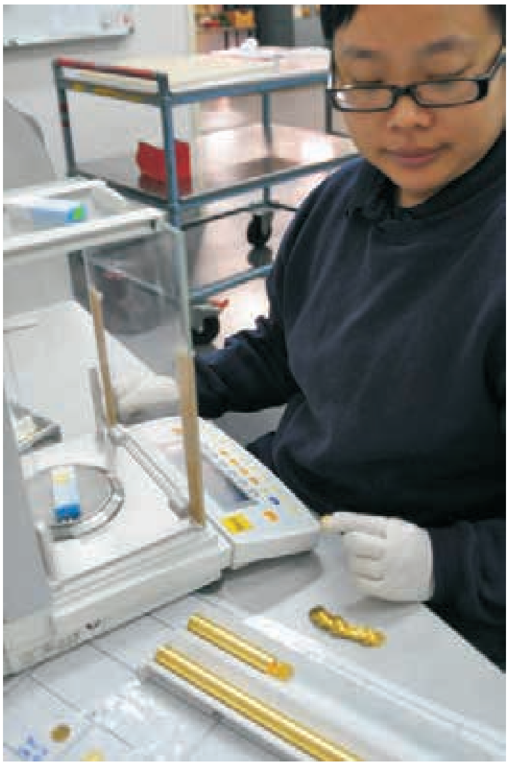
Numismatic and Commemorative Coins

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

Designed in-house, the programme is heavily biased towards Australian themes: native wildlife, iconic locations, historical events, famous people, important anniversaries and other appropriate topics. There is also scope within the various programmes to explore more universal themes, which in the past year have included royalty, literary legends, famous explorers, ancient gods, mythical creatures, and more.

Collector coins are issued by The Perth Mint in a variety of weights and sizes, as individual pieces or in sets. To add to their appeal, the coins are housed in special presentation packaging accompanied by a Certificate of Authenticity stating the official maximum mintage, the purity and weight.

Examining the registration of a coin's printed image.



Checking weights of gold blanks in preparation for striking.

Precious Metal Coin Blanks

Gold Corporation, in addition to producing precious metal coin blanks for its own consumption, is also a supplier of precious metal coin blanks to other mints, both private and government owned, in other countries. With its world class facilities and technology, gold, platinum and silver coin blanks are produced in a limitless variety of shapes, weights and sizes. Precious metal coin blanks are manufactured in accordance with both the Perth Mint's own quality standards as well as the individual specifications set by other mints as applicable.

Construction of a factory extension which will increase the Corporation's blanking production (and hence coining production) capabilities commenced late in the year.

Tourism and Visitors

The Perth Mint is one of Western Australia's most popular tourist destinations. A winner of many tourism awards, it offers a unique and exciting visitor experience. The exhibition refurbishment, costing some $3.5m, was completed during the year and opened to public acclaim in March 2014. Among the many highlights of the guided tour are the spectacular gold pour, the Australian Kangaroo one tonne gold, worth approximately $50 million, and a stunning display of gold through the ages in many forms, complemented with further displays of historic and contemporary coins. Welcoming 67,000 international, interstate and local visitors annually, The Perth Mint provides a fascinating glimpse into the history of gold and the minting of coins in Western Australia.

The shop also provides a unique opportunity to buy bullion, coins, unique Australian products such as gold nuggets, opals, pink diamonds and South Sea pearls as well as souvenirs and other products.

Gold Corporation Chair and Chief Executive Officer join the Premier of WA at the opening of The Perth Mint Gold Exhibition.

OCCUPATIONAL HEALTH AND SAFETY

Commitment and Compliance

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

As part of the Corporation's commitment to the health and wellbeing of its workforce, all employees were offered the opportunity to attend a Red Cross first aid course. It was pleasing to note that virtually all staff participated in the half day course.

Injury Management

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

THE PERTH MINT

Consultation

At the Mint site there is regular consultation with employees, facilitated through regular toolbox meetings and monthly OHS Committee meetings. The Committee met 12 times during the year, at which the seven employee OHS representatives contributed significantly. They are also involved in safety inspections and in accident and injury investigations. Other employees are encouraged to contribute to the annual OHS Strategy & Plan, and suggestions are actively solicited from staff.

Third Party Certification

The Mint site is certified to the Australian Standard AS4801:2001. Regular compliance audits are undertaken and any findings actioned in a timely manner.

PERTH MINT REFINERY

Consultation

At the refinery site there is regular consultation with employees, through weekly toolbox meetings, as well as OHS Committee meetings. These are attended by Managers, as well as the refinery's five Safety and Health representatives. The OHS Committee met on 12 occasions to review safety performance and propose improvements. Staff continued to participate actively in the site safety observation programme which contributed to site safety.

Third Party Certification

The refinery is regarded as a mine site and is regulated by the *Mines Safety and Inspection Act 1994*. One site audit was undertaken by the Department of Mines and Petroleum during the year with no improvement notices being issued.

The refinery underwent recertification for international accreditation for Safety and Environment in 2013. The ISO recertification audits for The Perth Mint Refinery Safety Management System and Environmental Management System, namely AS/NZS 4801:2001, OHSAS 18001:2007 and AS/NZS ISO 14001:2004 were undertaken by Bureau Veritas in August 2013.

Performance against targets

OSH ITEM	MINT ACTUAL		REFINERY		TARGET
	2013	**2014**	**2013**	**2014**	
Number of fatalities	0	0	0	0	0
Lost Time Injury/Disease Incident rate	0.53 42% decrease	0.28 35%* decrease	0 100% decrease	2 81.8% increase	0 or 10% decrease
Lost Time Injury Severity Rate	0	0	0	0	0
Percentage of workers returned to work within: (i) 13 weeks (ii) 26 weeks	 100% 100%	 100% 100%	 100% 100%	 100% 100%	 >80%
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	100%	100%	100%	100%	>80%

* The reduction is calculated over a 3 year average.

Our Customers and Community

Preparing to store gold coins in the main vault.

Customer Service and Customer Complaints

Gold Corporation recognises the importance of delighting its customers. As a public statement of its commitment to service and complaints handling, the Corporation's Complaints Policy and Customer Service practices 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 causes and implement remedies;
- Systematic recording of complaints and their outcomes;
- Regular reviews of the quality management and complaints review process.

Hand engraving fine detail into a master die.

The increasing use of blogs, discussion forums and social media platforms is providing unprecedented customer feedback. While much feedback during the year was positive, negative comment and complaints provided opportunities to address issues which might not have been raised in the past.

	2013/2014	
	Orders Processed	Complaints Received
Coins	44,901	68
Depository	42,413	3
Shop & Exhibition	42,657	10
Refinery	14,028	0

Almost half the number of Coins complaints related to quality issues and these were dealt with, minimising the likelihood of recurrence.

Industry and Community Participation

As part of its functions under the *Gold Corporation Act 1987*, the Corporation is mandated to encourage interest in precious metals and to support the Australian gold industry. Its Mission Statement also requires it to promote the history and heritage of Australia through its coins, and preserve its own heritage assets and history for the benefit of the community.

Perth Mint CEO presents the award winning Treasures of the World - Europe gold coin.

The Perth Mint involves itself in the local tourism industry and business community through its memberships of the following organisations:

- Perth Convention Bureau
- Tourism Council of Western Australia
- Tourism Australia
- Tourism Western Australia
- Association of Perth Attractions
- Perth Regional Tourism Association (Experience Perth)
- International Business Council.

During the year, The Perth Mint also supported local industry associations through some sponsorship of the WA Tourism Awards hosted by the Tourism Council of Western Australia, Western Australian Chinese Chamber of Commerce and the West Australian-German Business Association Incorporated.

As an active participant in the coin, banknote and stamp shows of the Australasian Numismatic Dealers' Association, The Perth Mint attended events held in Sydney, Melbourne, Perth and Brisbane during the year.

The Perth Mint attended and participated in the following international events:

- European World Money Fair
- American World's Fair of Money
- Beijing Coin Expo
- Tokyo International Coin Convention
- Mint Directors' Conference, Mexico
- China Mission 2013, China
- London Bullion Market Association Precious Metals Conference, Italy
- London Bullion Market Association Bullion Market Forum, Singapore
- Singapore International Coin Fair
- Coin Constellation, Russia

The Australian Kangaroo One Tonne Gold Coin takes centre stage on The Perth Mint stand at the World Money Fair in Berlin.

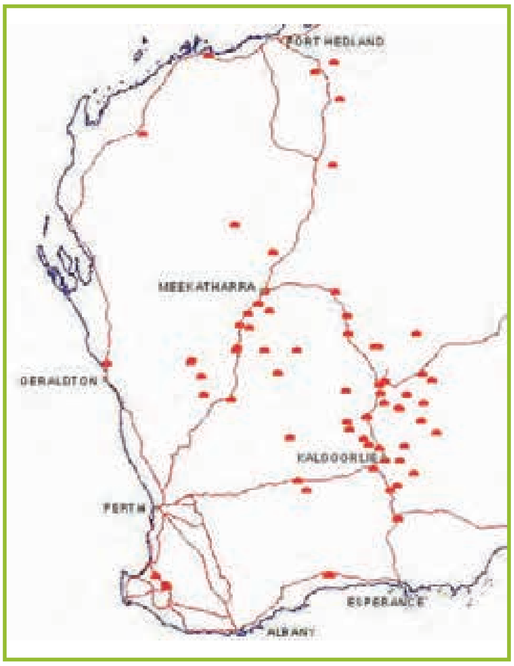
Through sponsorships and donations, The Perth Mint assisted the fundraising efforts of organisations which benefited 35 local charities and 107 schools, clubs and special interest groups.

In support of Western Australia's performance arts, The Perth Mint maintained its sponsorship of the West Australian Symphony Orchestra's Private Giving Programme for 2013/2014.

The Perth Mint also supported The Western Desert School Breakfast Programme, one of the most important and unique programmes run by Foodbank WA. The programme is involved in 425 schools across Western Australia, reaching over 16,000 children and serving over 53,000 breakfasts and 20,600 'emergency' meals per week.

State Batteries

A number of state batteries (Government owned mineral processing facilities) were vested in Western Australian Mint in the late 1980s. Some of these reserves have been leased out for various purposes but most are abandoned. They are mostly in remote and unpopulated areas as shown in the map below. Twenty two of these sites have been classified as, "Possibly Contaminated – Investigation required" in terms of the *Contaminated sites Act 2003*. The investigations are being carried out on a priority basis.



The Northampton Battery Reserve was identified as a priority site requiring remediation. It was estimated that over 75,000 tonnes of lead tailings were across the site and the brook and were being transported downstream.

A containment cell for the lead tailings was completed on the reserve during 2010. The site is monitored regularly to ensure there is no leaching of lead or erosion of the cell's earth covering. Since then erosion of the cell has occurred requiring further remediation. This year, in consultation with the Department of Environment Regulation, further earth work, seeding and planting has taken place and the revegetation seems very promising. Funds for this project have been provided to Gold Corporation by the Department of Environment Regulation from its Contaminated Sites Fund.

The contamination of these sites and any other problems they may contain were not caused by Gold Corporation and are a result of operations on the sites long before they were vested in Western Australian Mint. Although most of the costs associated with any remediation are dealt with as described above, the ongoing monitoring and risk control of such geographically dispersed sites represents a cost to Gold Corporation and requires management time and attention.

It has been recognised that no reason exists for Gold Corporation to continue to have any responsibility for these sites. Consultation with other agencies in Government is taking place so that the sites can be taken over by an agency or agencies in government better suited for the task.

Corporate Governance

GOLD CORPORATION

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Honourable Colin Barnett MLA; Premier; Minister for State Development; Science. 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…".*

Strong corporate governance is at the heart of the culture, business practices and ethics of Gold Corporation. The Corporation's governance practices form a framework to ensure that high standards of corporate behaviour are not only adhered to but engrained in the culture of the organisation.

BOARD OF DIRECTORS

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

Key Activities

Supported by management, the Board approves the strategic direction of the Corporation. A Statement of Corporate Intent (SCI) covering the forthcoming 12 month period and a Strategic Development Plan (SDP) with a 5 year time horizon are prepared on an annual basis. These documents together outline the Corporation's objectives, performance targets and strategic intent.

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

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

Membership

Directors are appointed by the Governor of Western Australia on the nomination of the Minister and approval by Cabinet. At year-end the Gold Corporation Board consisted of six non-executive Directors and two executive Directors.

Director	Status	Expiry of Term
K G Sanderson (Chair)	Non-executive	30 June 2015
R B Bennett	Non-executive	30 June 2015
R F Edwards	Non-executive	30 June 2015
G M McMath	Non-executive	30 June 2016
J W F Murphy	Non-executive	N/A, ex-officio
C S Wharton	Non-executive	30 June 2016
M E Harbuz	Executive	30 June 2015
R G Hayes	Executive	30 June 2016

Chief Executive Officer Mr Ed Harbuz will be retiring at the expiry of his term as director on 30 June 2015. The Board engaged Leadership & Succession in June 2014 to advise on the selection process for the appointment of a new CEO in 2015.

Meeting Attendance

There were six formal meetings of the Directors of Gold Corporation during the year ended 30 June 2014 and a number of informal meetings. The number of formal meetings attended by each Director is indicated in the table below.

Directors' Meeting Attendance

	Attended	Eligible
K G Sanderson	6	6
R B Bennett	5	6
R F Edwards	5	6
G M McMath	6	6
J W F Murphy	5	6
C S Wharton	6	6
M E Harbuz	6	6
R G Hayes	5	6

BOARD COMMITTEES

The Board has established two committees, chaired by independent non-executive Directors, to assist in the execution of its duties and responsibilities. These are the Audit and Risk Management Committee 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 and Risk Management Committee

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

Membership of the Committee at year-end comprised Ms McMath (Chair), Mr Bennett and Mrs Sanderson.

Attendees at meetings of the Committee were Mr Hayes (CFO), Mr David Koch (Manager, Corporate Governance and Risk), Mr Tony de Nobrega (Group Accountant to December 2013), Ms Caroline Preuss (Group Accountant from January 2014) and Mr Anthony Hart, Finance Manager. Mr Harbuz (CEO) is an invitee. Attendees and invitees do not have voting rights. The Audit and Risk Management Committee met five times during the financial year. Attendance at the meetings is indicated in the table below.

Audit and Risk Management Committee Meeting Attendance

	Attended	Eligible
G M McMath (Chair)	5	5
R B Bennett	4	5
K G Sanderson	5	5

Remuneration and Allowances Committee

The Board of Directors determines overall conditions of employment and delegates oversight responsibility 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. In order to ensure that the Corporation is able to attract and retain suitably qualified and experienced personnel in competition with private sector organisations, benchmarking is conducted against a backdrop of employment conditions in the wider economy.

The Remuneration and Allowances Committee consists of Mrs Sanderson (Chair), Mr Bennett and Mr Harbuz. The Manager Human Resources also attends the meetings by invitation. The Committee met three times during the financial year. Attendance at the meetings is indicated in the table below.

Remuneration and Allowances Committee Meeting Attendance

	Attended	Eligible
K G Sanderson (Chair)	3	3
M E Harbuz	3	3
R B Bennett	2	3

Management Committee

Executive Management Committee

The Executive Management Committee consists of the senior managers of Gold Corporation. It meets weekly and is chaired by Mr 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.

Risk Management

The Board actively monitors the Corporation's risk management systems to ensure they are robust and fully integrated and aligned with the Corporation's strategies, business undertakings and business processes. Regular monthly and quarterly reports are submitted to the Board on group financial risk, credit risk, internal control matters, occupational safety and health, and environmental issues.

Corruption Prevention

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

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

Public Interest Disclosure

Gold Corporation is committed to the aims and objectives of the *Public Interest Disclosure Act 2003* (Whistleblower Protection). It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures being made by staff as to corrupt or other improper conduct.

All staff are aware of the public interest disclosure process, and information on the process plus the appropriate forms are available on Gold Corporation's intranet.

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

No claims were submitted during the 2013 / 2014 period.

Public Sector Standards and Ethical Codes

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

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

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

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

RECORDS MANAGEMENT

Under the requirements of the *State Records Act 2000*, Gold Corporation is obliged to report on its conduct in compliance with the Act, and communicate this in its annual report. In April 2011, the State Records Office reaffirmed its approval of Gold Corporation's compliance with the Act. The efficiency and effectiveness of Gold Corporation's current Record Keeping Plan have been revised and approved, current to April 2016.

Gold Corporation reports on its record keeping training programme and its effectiveness and efficiency. Mandatory Record Keeping training sessions are supplied to relevant new staff which includes their individual responsibilities under the Act. Relevant staff then receive training in the use of the organisation's electronic document and records management system. Additional training sessions are offered on an as-needs basis. All inductions and training programmes are reinforced by manuals, policies and procedures. The programme is regularly assessed for compliance with both legislation and Gold Corporation's Quality Management system.

FREEDOM OF INFORMATION STATEMENT

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

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].

The following were published by The Perth Mint:

90 Golden Years (published in 1989); The Perth Mint Numismatic Issues 1986 – 1996 (published in 1996); Striking Gold: 100 Years of The Perth Mint (published in 1999); 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 Numismatic Post newsletters.

FOI Exemption

A document is exempt if its disclosure would reveal information about:

- gold or other precious metal received by Gold Corporation from a person, or held by Gold Corporation on behalf of a person, on current account, certificate of deposit or fixed deposit; or
- a transaction relating to gold or other precious metal received or held by Gold Corporation.

FOI Procedures and Access

It is the aim of 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.

Applications should be made in writing within 30 days of receiving the notice of decision. Applicants will be notified of the outcome of the review within 15 days.

One application was lodged to Gold Corporation under Freedom of Information (FOI) legislation in 2013 / 2014.

FOI enquiries or applications should be made to the FOI Coordinator, Mr Graham Segall, Compliance and Risk Officer, Gold Corporation, 310 Hay Street, East Perth, WA 6004, telephone (08) 9421 7222, facsimile (08) 9221 7031, email Graham.Segall@perthmint.com.au Inquiries or applications may also be directed to the Manager, Corporate Governance and Risk, Mr David Koch, email David.Koch@perthmint.com.au

Corporate Directory

REGISTERED OFFICE

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

Tel: +61 8 9421 7222
Fax: +61 8 9221 7031
Email: info@perthmint.com.au

Postal Address:

GPO Box M924
Perth, WA 6843
Australia

Website: www.perthmint.com.au

MINISTER

The Honourable Colin Barnett MLA
Premier; Minister for State Development: Science

STATUTE

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

DIRECTORS

K G Sanderson	(Non-executive), Chair
R B Bennett	(Non-executive)
R F Edwards	(Non-executive)
G M McMath	(Non-executive)
J W F Murphy	(Non-executive)
C S Wharton	(Non-executive)
M E Harbuz	(Executive, CEO)
R G Hayes	(Executive, CFO)

COMPANY SECRETARY

A P Melville

BANKERS

Westpac Banking Corporation

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 7031
Postal Address: GPO Box M924, Perth, WA 6843, Australia
Email: info@perthmint.com.au
Website: www.perthmint.com.au
Contacts: M Edward Harbuz, Chief Executive Officer
Bee Ng, Executive Assistant to the Chief Executive Officer

REFINERY

Street Address: 131 Horrie Miller Drive,
Perth Airport, WA 6105, Australia
Tel: +61 8 9479 9999
Fax: +61 8 9479 9909
Email: info@perthmint.com.au
Contact: David Woodford, General Manager, Refinery

PERTH MINT DEPOSITORY

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7250
Fax: +61 8 9221 7074
Email: pmds@perthmint.com.au
Contacts: Nigel Moffatt, Treasurer and Manager,
Perth Mint Depository
John Durham, Manager, Depository Services

WESTERN AUSTRALIAN MINT

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7222
Fax: +61 8 9421 7499
Email: info@perthmint.com.au
Contact: Justin Kees, General Manager, Operations

THE PERTH MINT SHOP

Street Address: Perth Mint Buildings,
310 Hay Street, East Perth, WA 6004, Australia
Tel: +61 8 9421 7428
Fax: +61 8 9221 9804
Email: info@perthmint.com.au
Contact: Cathy Anza, Manager, Visitor Experience

GOLDCORP AUSTRALIA
THE PERTH MINT

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Contact: Andrey Ignatchenko, CIS Wholesale Manager

Statutory Reporting Requirements

FINANCIAL ESTIMATES

The following financial estimates for 2014 / 2015 are based on Gold Corporation's budget and are included to satisfy the requirements of the *Treasurer's Instruction 953.*

	$000
Total Revenue	5,936,897
Total Expenditure	5,908,895
Operating profit before income tax	28,002
Income tax expense	8,401
Operating profit after income tax	19,601
Dividend	14,333
Retained earnings	93,243

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

Section 175ZE of the *Electoral Act 1907* (WA) requires a public agency to include a statement in its annual report detailing all expenditure incurred by or on behalf of the agency during the financial year in relation to advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2013 / 2014 was $440,394

2. Expenditure was incurred in the following areas:

Advertising agencies	115,628	Phoenix Images	1,636
		Optimum Media Decisions	86,029
		Style Creative	18,998
		Marketforce	8,965
Market research organisations	-		
Polling organisations	-		
Direct mail organisations	10,463	Lasermail	10,463
Media advertising organisations	314,303	Tourism Brochure Exchange	3,540
		Tourism Western Australia	1,200
		Perth Convention Bureau	1,800
		Aussie Drawcards	3,089
		Buscher Direkt	20,416
		Fisher Druck	62,265
		Vording UND Weber	6,551
		Traction Digital	32,369
		Cineads Australia	12,550
		City sightseeing Perth	1,363
		APN Outdoor	5,950
		Australian Chinese Times	191
		Summit Publishing	1,050
		Radio Perth	3,960
		Fairfax Radio Network	12,900
		New Editions Film & Sound	8,855
		Media Today	101,092
		Eyezon	9,350
		Scoop Publishing	1,800
		Whats On Group	4,882
		Waiviata	3,025
		Travelwest Publications	3,000
		Oakney	3,120
		Countrywide Publications	7,237
		Concept Media	1,993
		Lets Go Kids	755

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOLD CORPORATION

Report on the Financial Statements
I have audited the accounts and financial statements of the Gold Corporation and the consolidated entity.

The financial statements comprise the Statement of Financial Position as at 30 June 2014, the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Corporation and the consolidated entity for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements
The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Gold Corporation and the consolidated entity at 30 June 2014 and their financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

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

Report on Controls
I have audited the controls exercised by the Gold Corporation during the year ended 30 June 2014.

Controls exercised by the Gold Corporation are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

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

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

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

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

Opinion
In my opinion, the controls exercised by the Gold Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2014.

Report on the Key Performance Indicators
I have audited the key performance indicators of the Gold Corporation for the year ended 30 June 2014.

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

Board's Responsibility for the Key Performance Indicators
The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Board determines necessary to ensure that the key performance indicators fairly represent indicated performance.

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

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

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

Opinion

In my opinion, the key performance indicators of the Gold Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2014.

Independence

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

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Gold Corporation for the year ended 30 June 2014 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
12 September 2014

Key Performance Indicators

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

The purpose of Gold Corporation is to:

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

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; and
- key efficiency indicators relating an outcome to the level of resource input required to deliver it.

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

1 Maximisation of the Value-added to, and Income Derived from, Precious Metal Coins and Other Products and Services

The Australian Kangaroo and Lunar bullion gold coins and Kookaburra, Koala and Lunar silver coins have a noted world market share. The Perth Mint's various proof, numismatic and commemorative coins made of gold, silver and platinum are added value precious metal products which are also distributed worldwide.

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

The Perth Mint exhibition includes gold pouring demonstrations, the historical information on the gold industry in Western Australia and a comprehensive range of investor and numismatic coins. It is an integral part of The Perth Mint's heritage and is a premier tourist destination.

THE RELATIONSHIP BETWEEN GOVERNMENT GOALS AND GOLD CORPORATION'S PERFORMANCE

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

FINANCIAL AND ECONOMIC RESPONSIBILITY

RESPONSIBLY MANAGING THE STATE'S FINANCES THROUGH THE EFFICIENT AND EFFECTIVE DELIVERY OF SERVICES, ENCOURAGING ECONOMIC ACTIVITY AND REDUCING REGULATORY BURDENS ON THE PRIVATE SECTOR

KEY EFFECTIVENESS INDICATORS

		2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Target
The key effectiveness indicators for outcome No. 1 are:							
1 Global market share of Australian gold bullion coins	(Note 1)	5%	6%	7%	11%	12%	12%
2 Coins and bars - value-added to gold, silver and platinum	(Note 2)						
(a) Total premium income		$44.2m	$49.0m	$62.0m	$58.4m	$59.4	$53.5
(b) Total premium income expressed as a percentage of precious metal value	(Note 2)	8.2%	5.3%	4.2%	4.0%	5.5%	4.7%
3 Estimated proportion of Australian gold doré production refined by The Perth Mint	(Note 3)	99.9%	99.9%	99.95%	99.0%	99.0%	99.9%
4 Return on equity	(Note 4)	17.5%	26.6%	35.1%	30.5%	24.2%	24.6%
5 Dividends/income tax equivalent payable to the Western Australian Government	(Note 5)	$15.4m	$23.2m	$32.2m	$29.9m	$31.8m	$24.76m
The key effectiveness indicators for outcome No. 2 are:							
6 a) Visitors to Perth Mint Exhibition	(Note 6)	77,000	71,000	80,000	80,000	67,000	86,000
b) Visitors' satisfaction level		99.9%	99.5%	99.9%	99.9%	99.9%	99.9%

Notes:

1. *The figures are based on* Gold Fields Mineral Services data for the previous calendar year.
2. *The calculation is the total premium income (amount of income received above metal cost) for all legal tender coins and bar sales, which is expressed as a percentage of the value of the precious metal value of the coins and bars. The key effectiveness indicator includes all Australian legal tender coins and bars, as well as coins produced for other countries. Premium income exceeded target in 2013/14 due to the demand for numismatic coins being greater than anticipated. Margins on these coins are far greater as a percentage of the precious metal value than that for bullion coins.*
3. *This calculation is based on the refinery's records and an estimate of the total Australian gold doré production.*
4. *The percentages show Gold Corporation's return on equity for each respective financial year, based on ordinary activities before income tax. This performance measure is referred to in the Gold Corporation Act 1987.*

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. The number of visitors decreased in 2013/14 and was also below target due to disruptions to the Exhibition whilst it was undergoing redevelopment.*

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 Products and Services

Gold Corporation provides refining, assaying and other services to the gold industry and markets the gold in ways which maximise value-added and which encourage demand for gold.

Demand for gold is encouraged by making it convenient to acquire and own gold; by means of bullion coins, gold bars and various Depository products. Depository products make it possible for gold to be owned without having to deal with the security and other issues associated with the keeping of the physical metal – the metal is held in safe storage on behalf of its owners.

Proof, numismatic and commemorative coins add significant value to precious metal as does the manufacture of precious metal coin blanks for other mints in the world.

2 Cultural Heritage Conservation

Gold Corporation continually upgrades The Perth Mint heritage building situated at 310 Hay Street. It also preserves historical artefacts and documents related to minting and the gold industry in Western Australia.

KEY EFFECTIVENESS INDICATORS

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	3.1%	1.29%	1.34%	1.40%	1.74%	1.22%
2 Staff costs as a proportion of trading profit (Note 2)	35.4%	37.2%	32.6%	38.1%	37.3%	38.0%
The key effectiveness indicators for outcome No. 2 are:						
3 Average cost per Exhibition visitor expressed as an index (Note 3)	154	175	157	174	197	150

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. The average prices for precious metals in 2013/14 were below that in the previous year. Margins earned on certain products are not directly related to the underlying metals prices, resulting in an increased percentage of trading profit to sales revenue achieved over the previous year.*

2 *Staff costs include employee benefits, on-costs and contract staff costs, expressed as a percentage of trading profit (gross margin). Staff costs are Gold Corporation's major expenditure, after the cost of precious metals.*

3 *Average cost per Exhibition visitor is derived by calculation of total costs of Exhibition divided by annual number of visitors expressed as an index, with the 2002 / 2003 year indexed as 100. The number of visitors decreased in 2013/2014.*

Certification of Key Performance Indicators

CERTIFICATION OF KEY PERFORMANCE INDICATORS

In our opinion, the Key Performance Indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records, are relevant and appropriate for assisting users to assess the performance of Gold Corporation and its subsidiaries, and fairly represent the performance of Gold Corporation and its subsidiaries for the year ended 30 June 2014.

R B BENNETT
Acting Chair

M E HARBUZ
Executive Director

9 September 2014

Certification of Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of Gold Corporation and its subsidiaries have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2014, and the financial position as at 30 June 2014.

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.

R B BENNETT
Acting Chair

M E HARBUZ
Executive Director

R G HAYES
Chief Finance Officer

9 September 2014

Gold Corporation

Trading as The Perth Mint

ABN 98 838 298 431

Financial Report - 30 June 2014

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue	4	**5,166,393**	**5,844,620**
Revaluation increase in building/investment property	5	232	146
Fees and rents		11,830	18,843
Interest revenue		1,304	2,051
Expenses			
Cost of goods sold	6	(5,076,282)	(5,763,062)
Employee benefits expense	7	(33,601)	(31,068)
Materials and services		(34,404)	(28,492)
Depreciation and amortisation expense	6	(6,025)	(5,533)
Loss on disposal of assets		(4)	(28)
Computer rental		(235)	(289)
Finance costs - net	6	(798)	(719)
Revaluation decrease in buildings	5	(33)	(134)
Profit before income tax expense		**28,377**	**36,335**
Income tax expense	8	(11,157)	(10,631)
Profit after income tax expense for the year attributable to the owner of Gold Corporation	**27**	**17,220**	**25,704**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings, net of tax		318	14
Loss on the revaluation of land and buildings, net of tax		(58)	(357)
Income tax on items of other comprehensive income		(78)	103
Total other comprehensive income for the year		**182**	**(240)**
Total comprehensive income for the year attributable to the owners of Gold Corporation		**17,402**	**25,464**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of financial position
As at 30 June 2014

	Notes	2014 $'000	2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	36,014	62,100
Trade and other receivables	10	25,202	14,829
Inventories	11	2,848,243	2,373,474
Income tax refund due	12	1,209	565
Other	13	22,876	37,913
Total current assets		**2,933,544**	**2,488,881**
Non-current assets			
Investment properties	15	2,011	1,876
Property, plant and equipment	14	82,449	76,164
Intangibles	16	41	120
Deferred tax assets	17	5,471	5,257
Total non-current assets		**89,972**	**83,417**
Total assets		**3,023,516**	**2,572,298**
LIABILITIES			
Current liabilities			
Trade and other payables	18	70,170	91,077
Borrowings - interest bearing	19	344,336	43,829
Employee benefits	20	4,366	3,669
Provisions	21	632	1,624
Precious metal borrowings	22	2,480,080	2,305,830
Total current liabilities		**2,899,584**	**2,446,029**
Non-current liabilities			
Deferred tax liabilities	23	6,277	6,721
Employee benefits	24	434	451
Total non-current liabilities		**6,711**	**7,172**
Total liabilities		**2,906,295**	**2,453,201**
Net assets		**117,221**	**119,097**
EQUITY			
Issued capital	25	31,603	31,603
Reserves	26	16,193	16,011
Retained profits	27	69,425	71,483
Total equity		**117,221**	**119,097**

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

	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Opening balance at 1 July 2012		**31,603**	**16,251**	**66,482**	**114,336**
Profit/(loss) after income tax expense for the year		-	-	25,704	25,704
Other comprehensive income for the year, net of tax		-	(240)	-	(240)
Total comprehensive income for the year		**-**	**(240)**	**25,704**	**25,464**
Transactions with owners in their capacity as owners:					
Dividends paid	28	-	-	(20,703)	(20,703)
Total transactions with owners		**-**	**-**	**(20,703)**	**(20,703)**
Closing balance at 30 June 2013		**31,603**	**16,011**	**71,483**	**119,097**

	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Opening balance at 1 July 2013		**31,603**	**16,011**	**71,483**	**119,097**
Profit/(loss) after income tax expense for the year		-	-	17,220	17,220
Other comprehensive income for the year, net of tax		-	182	-	182
Total comprehensive income for the year		**-**	**182**	**17,220**	**17,402**
Transactions with owners in their capacity as owners:					
Dividends paid	28	-	-	(19,278)	(19,278)
Total transactions with owners		**-**	**-**	**(19,278)**	**(19,278)**
Closing balance at 30 June 2014		**31,603**	**16,193**	**69,425**	**117,221**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of cash flows
For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		5,683,249	5,857,658
Payments to suppliers and employees (inclusive of goods and services tax)		(5,681,275)	(5,808,189)
		1,974	49,469
Interest received		1,427	2,051
Interest and other finance costs paid		(764)	(719)
Net cash inflow from operating activities	**37**	**2,637**	**50,801**
Cash flows from investing activities			
Payments for investment property	15	(101)	(112)
Payments for property, plant and equipment	14, 16	(11,809)	(11,398)
Deposits made		(75,086)	(121,000)
Deposits repaid		90,086	127,000
Proceeds from sale of property, plant and equipment		2	39
Net cash used in investing activities		**3,092**	**(5,471)**
Cash flows to State Government			
Income tax equivalent paid		(12,537)	(15,093)
Dividend paid		(19,278)	(20,703)
Net cash to State Government		**(31,815)**	**(35,796)**
Net (decrease) increase in cash and cash equivalents		**(26,086)**	**9,534**
Cash and cash equivalents at the beginning of the financial year		62,100	52,566
Cash and cash equivalents at end of year	**9**	**36,014**	**62,100**

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

Contents of the notes to the consolidated financial statements

1 General Information

The financial report covers both Gold Corporation as an individual entity and the consolidated entity consisting of Gold Corporation and subsidiaries and the entities it controlled during the year. The financial report is presented in Australian dollars, which is Gold Corporation and its subsidiaries' functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Gold Corporation and subsidiaries are corporations incorporated by the *Gold Corporation Act 1987* and domiciled in Australia. Its registered office and principal place of business is:

310 Hay Street
East Perth
Western Australia
Australia

The nature of the consolidated entity's operations is the supply of precious metal related products and services. Its principal activities are the refining of gold and silver, the production of value added cast bars, minted bars and Australian legal tender bullion coins, the supply of precious metal depository storage products, the supply of proof, numismatic and commemorative coins and the operation of a tourist attraction. Gold Corporation is classified as a "for profit entity" by the Western Australian Government.

The financial report was authorised for issue, in accordance with a resolution of directors, on 9 September 2014. The directors have the power to amend and reissue the financial report.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

The Treasurer's Instructions may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector. If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effects are disclosed in individual notes to the financial report.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

2 Significant accounting policies (continued)

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

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

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

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

(i) AASB 119 Employee benefits

This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.

The consolidated entity assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

(ii) AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in AASB 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. Gold Corporation has no subsidiaries with material non-controlling interests, there are no unconsolidated structured entities.

(iii) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance under Australian Accounting Standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards. AASB 13 defines fair value as an exit price. As a result of the guidance in AASB 13, the consolidated entity re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. AASB 13 also requires additional disclosures.

Application of AASB 13 has not materially impacted the fair value measurements of the consolidated entity. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 30.

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

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory, and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is set out below.

2 Significant accounting policies (continued)

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

(i) AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2015 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to *AASB 139 Financial Instruments: Recognition and Measurement*). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2015 but the impact of its adoption is yet to be assessed by the consolidated entity.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), *Financial Management Act 2006* and the Treasurer's Instructions as appropriate for for-profit oriented entities.

(i) Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for, where applicable, precious metal holdings & inventories, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the Statement of profit or loss and other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments, rounded to the nearest thousand dollars in accordance with *Treasurer's Instruction 948*.

(iii) Critical accounting estimates

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

(iv) Comparatives

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

2 Significant accounting policies (continued)

(d) Parent entity financial information

In accordance with the *Treasurers Instruction 1105, Consolidated Financial Statements*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 35.

(e) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Gold Corporation ('company' or 'parent entity') as at 30 June 2014. Gold Corporation and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

The consolidated financial statements have been prepared by combining the financial statements of Gold Corporation and all controlled entities in accordance with *AASB 127 Consolidated and Separate Financial Statements* and modified by the *Treasurer's Instruction 1105*.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(f) Revenue recognition

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

(i) Sale of goods

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

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(ii) Funds received from the Government

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

(iii) Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iv) Dividends

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

(g) Foreign currency translation

Transactions denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the start of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

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

(h) Financial Instruments

(i) Derivative financial instruments

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

2 Significant accounting policies (continued)

(h) Financial Instruments (continued)

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

(ii) Cash flow hedge

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

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

(iii) Non-derivative financial instruments

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

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

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

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

2 Significant accounting policies (continued)

(i) Income tax

Gold Corporation is subject to the National Tax Equivalent Regime (NTER), under the *State Enterprises (Commonwealth Tax Equivalents) Act 1996*. The NTER is administered by the Australian Taxation Office (ATO) on behalf of the States. Under the NTER, the income tax equivalent revenue is remitted to the Treasurer of Western Australia, for credit of the Consolidated Fund. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government. As a consequence of participation in the NTER, Gold Corporation is required to comply with *AASB 112 Income Taxes.* Income tax on the Statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the Statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Gold Corporation has formed a tax consolidated group with effect from 1 July 2002, and the consolidated entity is taxed as a single entity. All tax assets and liabilities, expenses and benefits, are recognised in Gold Corporation, which according to its legislation is liable to pay income tax on behalf of its subsidiaries.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2 Significant accounting policies (continued)

(k) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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

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

(l) Inventories

Precious metal inventories are valued at fair value, being market prices ruling at reporting date. Other inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a first in first out basis except for retail inventories where a weighted average method is used. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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

(m) Investment properties

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

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

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

2 Significant accounting policies (continued)

(m) Investment properties (continued)

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

(n) Property, plant and equipment

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

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

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

Building	40 years
Plant & equipment	3-12 years
Office equipment	5 years
Software	3 years
Motor vehicles	6 years

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

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

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

(i) Gains and losses

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

2 Significant accounting policies (continued)

(n) Property, plant and equipment (continued)

(ii) Capitalisation and expensing of assets

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

(o) Impairment of assets

(i) Financial assets

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

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

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

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

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

(ii) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

2 Significant accounting policies (continued)

(p) Intangible assets

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

(i) Software

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

(q) Trade and other payables

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

(r) Borrowings

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

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

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

(s) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

2 Significant accounting policies (continued)

(t) Employee benefits

(i) Wages and salaries and annual leave

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

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

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

(ii) Long service leave

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

(iii) Defined contribution plans

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

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Dividends

Dividends are recognised when declared during the financial year.

(w) Precious metal borrowings

Precious metal borrowings, including unallocated precious metal owned by the consolidated entity's customers are brought to account at market prices ruling at consolidated statement of financial position date.

2 Significant accounting policies (continued)

(x) Operating Leases

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

(y) Fair value measurement

The consolidated entity measures financial instruments, such as derivatives and non-financial assets (for example investment properties), at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 30.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the consolidated entity.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For further details of the consolidated entity's valuation techniques refer to note 30.

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

3 Critical estimates, judgements and errors

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ to the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Provision for impairment of receivables

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(b) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(c) Fair value measurements

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgement is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

(d) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, and technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

3 Critical estimates, judgements and errors (continued)

(e) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(f) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(g) Long service leave provision

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

4 Revenue

	2014 $'000	2013 $'000
Sales Revenue		
Sale of goods	5,134,753	5,813,532
Sale of services	31,640	31,088
Total Revenue	**5,166,393**	**5,844,620**

5 Revaluation increase in buildings

	2014 $'000	2013 $'000
Revaluation of property, plant and equipment	199	12

6 Expenses

	2014 $'000	2013 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold Buildings	268	159
Freehold improvements	652	609
Plant and equipment	5,000	4,556
Total depreciation	**5,920**	**5,324**
Amortisation		
Software	105	209
Total amortisation	**105**	**209**
Total depreciation and amortisation	**6,025**	**5,533**
Trading profit		
Sales	5,166,393	5,844,620
Total sales	**(5,166,393)**	**(5,844,620)**
Opening trading inventories	2,373,474	3,063,666
Purchases	5,551,051	5,072,870
Less closing trading inventories	(2,848,243)	(2,373,474)
Cost of goods sold	**5,076,282**	**5,763,062**
Trading profit	**90,111**	**81,558**
Finance costs		
Finance costs	798	719
Total finance costs	**798**	**719**

7 Employee benefits expense

	2014 $'000	2013 $'000
Wages and salaries (a)	27,880	26,146
Superannuation	2,631	2,470
Annual leave (b)	1,862	1,539
Long service leave (b)	1,228	913
Total employee benefits	**33,601**	**31,068**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
(b) Includes a superannuation contribution component.

8 Income tax expense

	2014 $'000	2013 $'000
Income tax expense		
Current tax	8,853	12,075
Deferred tax - origination and reversal of temporary differences	(658)	(871)
Adjustments for current tax of prior periods	2,962	(573)
Aggregate income tax expense	**11,157**	**10,631**
(Increase)/decrease in deferred tax assets (note 17)	(214)	(1,656)
(Decrease)/increase in deferred tax liabilities (note 23)	(444)	785
Deferred tax - origination and reversal of temporary differences	**(658)**	**(871)**

8 Income tax expense (continued)

	2014 $'000	2013 $'000
Numerical reconciliation of income tax expense and tax at statutory rate		
Profit before income tax expense	28,377	36,335
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	8,513	10,901
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Depreciation of property, plant and equipment	657	249
Other non-deductible items	(975)	54
	8,195	11,204
Adjustments recognised for prior periods	2,962	(573)
Income tax expense	**11,157**	**10,631**

Amounts charged/(credited) directly to equity		
Deferred tax liabilities (note 23)	78	(103)

9 Current assets - cash and cash equivalents

	2014 $'000	2013 $'000
Cash on hand	32	32
Cash at bank	35,982	62,068
Total cash and cash equivalents	**36,014**	**62,100**

(a) Classification of cash and cash equivalents

The consolidated entity's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 29.

For the purposes of the consolidated statement of cash flows, cash includes cash on hand and at bank, short term deposits at call and commercial bills.

10 Current assets - trade and other receivables

	2014 $'000	2013 $'000
Trade receivables	22,609	11,191
Provision for impairment of receivables	(41)	(17)
	22,568	11,174
Other receivables	2,634	3,655
Total trade and other receivables	**25,202**	**14,829**

(a) Impairment and risk exposure

The consolidated entity's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 29.

The consolidated entity trades only with recognised, creditworthy counterparties. The consolidated entity has policies in place to ensure that credit sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is minimal. There are no significant concentrations of credit risk. The consolidated entity does not have any significant exposure to any individual customer or counterparty.

(b) Impairment of trade receivables

The ageing of the impaired trade receivables are as follows:

	2014 $'000	2013 $'000
3 to 6 months overdue	41	17

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

	2014 $'000	2013 $'000
Opening balance	17	-
Additional provisions recognised	34	17
Receivables written off during the year as uncollectible	(10)	-
Closing balance	**41**	**17**

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

10 Current assets - trade and other receivables (continued)

(b) Impairment of trade receivables (continued)

Allowance for impairment in respect of trade receivables was made during the year for $34,275 (2013:$16,553).

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

(c) Past due but not impaired

Customers with balances past due but without provision for impairment of trade receivables amount to $4,783,634 as at 30 June 2014 ($14,829,000 as at 30 June 2013).

The consolidated entity does not consider there to be a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired trade receivables are as follows:

	2014 $'000	2013 $'000
0 to 3 months overdue	4,784	14,829

11 Current assets - inventories

	2014 $'000	2013 $'000
Precious metal	2,833,053	2,360,339
Finished goods	11,511	10,098
Work in progress - at cost	1,737	1,475
Consumables - at cost	1,942	1,562
Total inventories	**2,848,243**	**2,373,474**

In 2014 inventory provisioning adjustments of $1,096,887 (2013: $358,921) have been written back to the inventory carrying value.

12 Current assets - income tax refund due

	2014 $'000	2013 $'000
Opening balance	565	(3,026)
Provision for the current year	(8,931)	(12,075)
Overprovision previous years	(3,619)	573
Amount paid during the year	13,194	15,093
Total income tax refund due	**1,209**	**565**

13 Current assets - other current assets

	2014 $'000	2013 $'000
Prepayments	2,876	2,913
Other deposits	20,000	35,000
Total other current assets	**22,876**	**37,913**

Other deposits represent term deposits with maturity date greater than 90 days, with interest rates varying between 3.22% and 3.31% (2013: 3.53% and 4.10%).

14 Non-current assets - property, plant and equipment

	2014 $'000	2013 $'000
Land - at independent valuation	15,600	15,658
Buildings - at independent valuation	38,695	29,941
Plant and equipment - at cost	57,358	54,837
Less: accumulated depreciation	(29,204)	(24,272)
Total property, plant and equipment	**82,449**	**76,164**

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

(a) Valuations of land and buildings

The Board resolved to adopt Landgate's valuation of the Western Australian Mint's properties at 292, 300 and 310 Hay Street, Perth and Horrie Miller Drive, Perth Airport. The land and buildings were revalued as at 30 June 2014 in accordance with Landgate's valuation as at that date with the exception of 131 Horrie Miller Drive which was valued on the 1 May 2014. The fair value of all land and buildings was determined by reference to current use value for the land and depreciated replacement value for the buildings. The total revaluation which includes post valuation additions at cost, resulted in a increase of $424,592 (land $58,400 negative and buildings $482,992 positive). Included in the total revaluation increment in 2014 were building revaluation decrements amounting to $32,544 (2013: $64,384) that were debited to the income statements to the extent that there were not amounts available in the corresponding revaluation reserve. The deferred tax of $77,951 (2013:$103,101) was recognised against the increment of $259,838 (2013: decrement of $343,670). Net transfer to revaluation reserve thus amounts to $181,887 (2013:$240,569). For each revalued property at Hay Street, the carrying amount that would have been recognised had the assets been carried under the cost model is impracticable to determine, due to the fact that the original cost is not available.

Information on fair value measurements is provided at note 30.

(b) Reconciliation

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

	Leasehold buildings $'000	Freehold Land $'000	Freehold buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2013					
Opening net book amount	6,340	15,645	24,635	23,976	70,596
Additions	-	-	156	11,211	11,367
Disposals	-	-	-	(66)	(66)
Revaluation increment	70	13	-	-	83
Revaluation decrement	-	-	(492)	-	(492)
Depreciation expense	(159)	-	(609)	(4,556)	(5,324)
Balance at 30 June 2013	**6,251**	**15,658**	**23,690**	**30,565**	**76,164**

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

(b) Reconciliation (continued)

	Leasehold buildings $'000	Freehold Land $'000	Freehold buildings $'000	Plant and equipment $'000	Total $'000
Year ended 30 June 2014					
Opening net book amount	6,251	15,658	23,690	30,565	76,164
Additions	7,396	-	1,794	2,593	11,783
Disposals	-	-	-	(4)	(4)
Revaluation increment	81	-	403	-	484
Revaluation decrement	-	(58)	-	-	(58)
Depreciation expense	(268)	-	(652)	(5,000)	(5,920)
Balance at 30 June 2014	**13,460**	**15,600**	**25,235**	**28,154**	**82,449**

15 Non-current assets - investment properties

	2014 $'000	2013 $'000
Investment property - at fair value	2,011	1,876

(a) Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	2014 $'000	2013 $'000
Opening fair value	1,876	1,688
Additions	101	111
Revaluation increment / (decrement)	34	77
Closing fair value	**2,011**	**1,876**

(b) Valuation of investment properties

Investment property comprises vacant land at Thomastown, Victoria. Independent valuation is $4,875,000 (2013:$4,689,400). This property was formerly used by AGR Matthey Partnership. The former partners own the property as joint tenants in common, with Western Australian Mint’s share being 40%.

16 Non-current assets - intangible assets

	2014 $'000	2013 $'000
Software - at cost	3,258	3,234
Less: accumulated amortisation	(3,217)	(3,114)
Total intangible assets	**41**	**120**

There were no indications of impairment to intangible assets at 30 June 2014. The consolidated entity held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

(i) Reconciliation

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

	Computer software $'000	Total $'000
Year ended 30 June 2013		
Opening net book amount	298	298
Additions	31	31
Amortisation expense	(209)	(209)
Balance as at 30 June 2013	**120**	**120**
Year ended 30 June 2014		
Opening net book amount	120	120
Additions	26	26
Amortisation expense	(105)	(105)
Balance as at 30 June 2014	**41**	**41**

17 Non-current assets - deferred tax asset

	2014 $'000	2013 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Impairment of receivables	12	5
Employee benefits	1,493	1,723
Property, plant and equipment	1,587	637
Other payables	250	2,718
Inventories	2,129	174
Total deferred tax assets	**5,471**	**5,257**
Deferred tax assets expected to be recovered after more than 12 months	5,471	5,257
Movements:		
Opening balance	5,257	3,601
Credited/(charged) to profit or loss (note 8)	214	1,656
Closing balance	**5,471**	**5,257**

18 Current liabilities - trade and other payables

	2014 $'000	2013 $'000
Trade payables	61,320	82,093
Other payables and accrued expenses	8,850	8,984
Total trade and other payables	**70,170**	**91,077**

Refer to note 29 for further information on financial instruments.

19 Current liabilities - borrowings - interest bearing

	2014 $'000	2013 $'000
Precious metal borrowings	344,336	43,829

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

20 Current liabilities - employee benefits

	2014 $'000	2013 $'000
Annual leave	1,602	1,737
Long service leave	2,339	1,661
Employment on-costs	425	271
Total employee benefits	**4,366**	**3,669**

Annual leave liabilities and long service leave have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

21 Current liabilities - provisions

	2014 $'000	2013 $'000
Other	632	1,624

(a) Incentive plan

The consolidated entity's incentive plan was originally approved by the Board in 2003 and is designed to motivate all staff to strive towards the consolidated entity achieving an acceptable return on assets. A plan was put into place whereby an ever increasing profit target was set over a number of years. If the target for any year is exceeded then a certain proportion of the amount by which the profit exceeds target is available for distribution to employees. All employees are eligible for payments 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 must be approved by the Board at its discretion and then all individual payments must be approved by the Remuneration and Allowances Committee.

In the 2014 financial year the consolidated entity did exceed its profit target, so employees will be eligible for incentive payments of $632,000 (2013: $1,624,395).

(b) Movement in provisions

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

	2014 $'000	2013 $'000
Incentive plan		
Carrying amount at the start of the year	1,624	2,521
Additional provisions recognised	632	1,624
Payments	(1,624)	(2,521)
Carrying amount at the end of the year	632	1,624

22 Current liabilities - precious metal borrowings

	2014 $'000	2013 $'000
Precious metal borrowings	2,480,080	2,305,830

22 Current liabilities - precious metal borrowings (continued)

(a) Security for borrowings

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

23 Non-current liabilities - deferred tax liabilities

	2014 $'000	2013 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	6,160	5,834
Prepayments	85	887
Other	32	-
Total deferred tax liabilities	**6,277**	**6,721**
Deferred tax liabilities expected to be settled after more than 12 months	6,277	6,721
Movements:		
Opening balance	6,721	6,039
Charged/(credited) to profit or loss (note 8)	(522)	785
Charged/(credited) to equity (note 8)	78	(103)
Closing balance	**6,277**	**6,721**

24 Non-current liabilities - employee benefits

	2014 $'000	2013 $'000
Long service leave	407	415
Employment on-costs	27	36
Total employee benefits	**434**	**451**

(a) Superannuation commitments

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

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

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

All the consolidated entity's employees can request that contributions be made to a fund of their own choice, rather than the IOOF Employee Superannuation Fund or the OnePath Master Fund, in accordance with legislation.

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

Western Australian Mint award employees who do not wish to, or who are ineligible to join Gold State Super are entitled to non-contributory membership of West State Super or Government Employee Superannuation Board (GESB), to which the Western Australian Mint contributes at the current rate required by superannuation legislation. Members also have the option of choice of fund and to make personal contributions.

25 Equity - issued capital

	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Ordinary shares - fully paid	31,602,582	31,602,582	31,603	31,603

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends.

(b) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Board's policy is to maintain an adequate capital base so as to sustain the future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity. The level of dividends payable is defined in accordance with government policy.

The consolidated entity's target is to achieve a return on equity of 24.6% before Income Tax equivalent. During the year ended 30 June 2014 the return was 24.2% (2013: 30.5%).

Neither the consolidated entity nor any of its subsidiaries are subject to externally imposed capital requirements. The capital risk management policy remains unchanged from the 30 June 2013 Financial Report.

26 Equity - reserves

	2014 $'000	2013 $'000
Reserve - asset revaluation	16,193	16,011

(a) Revaluation surplus reserve

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

27 Equity - retained profits

	2014 $'000	2013 $'000
Retained profits at the beginning of the financial year	71,483	66,482
Profit after income tax expense for the year	17,220	25,704
Dividends paid (note 28)	(19,278)	(20,703)
Retained profits at the end of the financial year	**69,425**	**71,483**

28 Equity - dividend

	2014 $'000	2013 $'000
Western Australian Government	19,278	20,703

In accordance with section 21(4) of the *Gold Corporation Act 1987* the Board recommended to the Treasurer that an amount of $12,915,503 (2013:$19,278,135) be payable as dividend for the financial year ended 30 June 2014. The dividend was declared and approved after the end of the financial year and therefore has not been provided for in the financial statements.

29 Financial risk management

(a) Financial risk management objectives

The consolidated entity has exposure to the following risks:

- market risk
- credit risk
- liquidity risk

This note presents information about the consolidated entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Management Committee, which is responsible for reviewing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

29 Financial risk management (continued)

(a) Financial risk management objectives (continued)

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entities.

The consolidated entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The primary risk management document is the Prudential Management Policy which describes the risks the consolidated entity is exposed to, how those risks are to be managed and within what parameters exposure to risks can be taken.

The consolidated entity's Audit & Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy and effectiveness of the risk management framework in relation to the risks faced by the consolidated entity. The consolidated entity's Audit & Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the consolidated entity's Audit & Risk Management Committee.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Prudential Management Policy determines what instruments can be used to manage market risk. These include spot deferred and forward transactions, options and currency swaps, all within pre-determined limits. The consolidated entity currently does not use hedging or derivatives to manage this risk other than for purchases of capital equipment.

(i) Currency risk

The consolidated entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the consolidated entity, the Australian dollar.

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The average exchange rates and reporting date exchange rates applied were as follows:

29 Financial risk management (continued)

(b) Market risk (continued)

	Average exchange rates		Reporting date exchange rates	
	2014	**2013**	**2014**	**2013**
Australian dollars				
USD	0.9182	1.0300	0.9401	0.9275
EUR	0.6777	0.7900	0.6908	0.7040
CHF	0.8317	0.9680	0.8398	0.8730
CAD	0.9825	0.9700	1.0050	1.0315
HKD	7.1249	7.9600	7.3063	7.7858

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

	Assets		Liabilities	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
USD	41,123	53,075	(42,478)	(57,629)
EUR	3,290	228	(104)	(1,893)
CHF	2,286	-	-	-
HKD	-	-	(11)	-
CAD	-	-	(2)	-
	46,699	**53,303**	**(42,595)**	**(59,522)**

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

A (strengthening) weakening of the Australian dollar against other currencies at 30 June would have (increased) decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2013.

29 Financial risk management (continued)

(b) Market risk (continued)

	AUD strengthened			AUD weakened		
Year ended 30 June 2014	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
USD	10%	123	-	10%	(151)	-
EUR	10%	(309)	-	10%	377	-
CHF	10%	(208)	-	10%	254	-
NZD	10%	-	-	10%	-	-
HKD	10%	(1)	-	10%	1	-
		(395)	**-**		**481**	**-**

	AUD strengthened			AUD weakened		
Year ended 30 June 2013	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
USD	10%	(5,340)	-	10%	5,340	-
EUR	10%	(20)	-	10%	20	-
CHF	10%	-	-	10%	-	-
NZD	10%	(14)	-	10%	14	-
HKD	10%	-	-	10%	-	-
		(5,374)	**-**		**5,374**	**-**

(ii) Price risk

The consolidated entity is not exposed to any significant price risk.

(iii) Metal price risk

The consolidated entity does not enter into commodity (precious metals) contracts other than to meet the consolidated entity's expected sale requirements, and then only on a back to back basis so as to eliminate the risk of movements in precious metal prices. The consolidated entity has a policy of minimising its long or short precious metal positions by utilising leased precious metal and unallocated precious metal owned by the consolidated entity's customers in its working inventories.

(iv) Interest rate risk

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

29 Financial risk management (continued)

(b) Market risk (continued)

	2014 Weighted average interest rate %	2014 Balance $'000	2013 Weighted average interest rate %	2013 Balance $'000
Variable rate - financial assets interest	1.7%	**55,982**	1.8%	97,100
Fixed rate - financial liabilities metal lease	0.4%	**(344,336)**	0.4%	(43,829)
Net exposure to cash flow interest rate risk		**(288,354)**		**53,271**

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities are set out below. No interest rate hedging has been entered into during the period.

Fair value sensitivity analysis for fixed rate instruments

The consolidated entity does not account for any fixed rate financial assets and liabilities at fair value through the consolidated statement of profit and loss and other comprehensive income.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2013.

	Impact on post-tax profit		Impact on other components of equity	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Interest rates - increase by 50 basis points (50 bps)	280	244	-	-
Interest rates - decrease by 50 basis points (50 bps)	(280)	(244)	-	-

29 Financial risk management (continued)

(c) Credit risk

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

(i) Trade and other receivables

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

The Audit & Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. The review includes external ratings, when available, and in some cases bank references. Credit and settlement limits are established for each customer, which represents the maximum open amount without requiring approval from the Audit & Risk Management Committee; these limits are reviewed annually. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment basis or against the provision of acceptable security such as letters of credit, bank guarantees and other forms of payment guarantees.

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

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. The consolidated entity may require collateral in respect of trade and other receivables.

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

29 Financial risk management (continued)

(c) Credit risk (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2014 $'000	**2013 $'000**
Australia	3,098	8,533
United States	13,935	2,431
Europe	5,576	227
	22,609	**11,191**

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

	2014 $'000	**2013 $'000**
Wholesale customers	22,609	11,191

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

	2014 $'000	**2013 $'000**
Term deposits	20,000	35,000
Trade and other receivables	25,202	14,829
Cash and cash equivalents	36,014	62,100
	81,216	**111,929**

(ii) Guarantees

The consolidated entity does not provide financial guarantees.

(d) Liquidity risk

Prudent liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

29 Financial risk management (continued)

(d) Liquidity risk (continued)

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
At 30 June 2014					
Non-derivatives					
Trade payables	(61,320)	-	-	-	(61,320)
Precious metal borrowings - interest bearing	(344,336)	-	-	-	(344,336)
Precious metal borrowings - non interest bearing	(2,480,080)	-	-	-	(2,480,080)
Total non-derivatives	**(2,885,736)**	**-**	**-**	**-**	**(2,885,736)**
At 30 June 2013					
Non-derivatives					
Trade payables	(82,093)	-	-	-	(82,093)
Precious metal borrowings - interest bearing	(43,829)	-	-	-	(43,829)
Precious metal borrowings - non interest bearing	(2,305,830)	-	-	-	(2,305,830)
Total non-derivatives	**(2,431,752)**	**-**	**-**	**-**	**(2,431,752)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

30 Fair value measurement

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

	2014		2013	
	Carrying amount $'000	**Fair value $'000**	**Carrying amount $'000**	**Fair value $'000**
Assets				
Investment Properties (note 15)	2,011	2,011	1,876	1,876
Land (note 14)	15,600	15,600	15,658	15,658
Buildings (note 14)	38,695	38,695	29,941	29,941
Total Assets	**56,306**	**56,306**	**47,475**	**47,475**
Liabilities				
Precious metal borrowings - interest bearing (note 19)	344,336	344,336	43,829	43,829
Precious metal borrowings - non-interest bearing (note 22)	2,480,080	2,480,080	2,305,830	2,305,830
Total Liabilities	**2,824,416**	**2,824,416**	**2,349,659**	**2,349,659**

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 30 June 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investment properties	-	-	2,011	2,011
Land	-	-	15,600	15,600
Buildings	-	-	38,695	38,695
Total assets	**-**	**-**	**56,306**	**56,306**

30 Fair value measurement (continued)

At 30 June 2014	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Precious metal borrowings - interest bearing	344,336	-	-	344,336
Precious metal borrowings - non interest bearing	2,480,080	-	-	2,480,080
Total liabilities	2,824,416	-	-	2,824,416

At 30 June 2013	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Investment properties	-	-	1,876	1,876
Land	-	-	15,658	15,658
Buildings	-	-	29,941	29,941
Total assets	**-**	**-**	**47,475**	**47,475**
Liabilities				
Precious metal borrowings - interest bearing	43,829	-	-	43,829
Precious metal borrowings - non interest bearing	2,305,830	-	-	2,305,830
Total liabilities	**2,349,659**	**-**	**-**	**2,349,659**

The $2,480,079,787 (2013:$2,305,829,917) of precious metal deposited by Perth Mint Depository clients (note 22) was used in operations by the consolidated entity as working inventory.

There were no transfers between levels during the financial year.

30 Fair value measurement (continued)

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

The following table presents the changes in level 3 items for the periods ended 30 June 2014 and 30 June 2013:

	Investment properties $'000	Buildings $'000	Total $'000
Opening balance 1 July 2012	**1,688**	**30,975**	**48,308**
Acquisitions	111	156	267
Losses recognised in other comprehensive income	-	(422)	(422)
Gains recognised in other comprehensive income	77	-	90
Depreciation expense	-	(768)	(768)
Closing balance 30 June 2013	**1,876**	**29,941**	**47,475**
Opening balance 1 July 2013	**1,876**	**29,941**	**47,475**
Acquisitions	101	9,190	9,291
Losses recognised in other comprehensive income	-	-	(58)
Gains recognised in other comprehensive income	-	318	318
Gains/(losses) recognised in other income	34	165	199
Depreciation expense	-	(919)	(919)
Closing balance 30 June 2014	**2,011**	**38,695**	**56,306**

30 Fair value measurement (continued)

(b) Significant level 3 inputs

Significant Level 3 inputs used by the consolidated entity are derived and evaluated as follows:

Historical cost per square metre floor area (m2)
The costs of constructing specialised buildings with similar utility are extracted from financial records of the consolidated entity, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset
These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility
Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per cubic metre (m3)
The costs of construction of infrastructure are extracted from financial records of the consolidated entity and indexed by movements in construction costs by quantity surveyors.

Description	Fair value at 30 June 2014 $'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment property	2,011	Restricted use	$200/sqm to $240/sqm	Higher value of similar land increases estimated fair value.
Land	15,600	Restricted use	$1,305/sqm to $1,581/sqm	Higher value of similar land increases estimated fair value.
Buildings	38,695	Depreciated replacement cost	2.5% per annum	Greater consumption of economic benefit or increased obsolescence lowers fair value.

30 Fair value measurement (continued)

(c) Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some financial instruments, these assets are valued at level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements.

31 Key management personnel disclosures

Compensation

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

	2014 $	2013 $
Short-term employment benefits	3,621,787	3,818,000
Post-employment benefits	338,287	338,000
Total employment benefits	**3,960,074**	**4,156,000**

Total fees received by non-executive directors was $274,656 (2013: $262,508).

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:

	2014	2013
$0 - $10,000	1	1
$10,001 - $20,000	-	1
$40,001 - $50,000	4	4
$70,001 - $80,000	-	1
$90,001 - $100,000	1	-
$470,001 - $480,000	1	1
$610,001 - $620,000	1	1
	8	**9**

31 Key management personnel disclosures (continued)

Compensation (continued)

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

	2014	**2013**
$80,001 - $90,000	1	1
$90,001 - $100,000	1	-
$130,001 - $140,000	1	-
$140,001 - $150,000	-	1
$160,001 - $170,000	1	1
$170,001 - $180,000	1	-
$180,001 - $190,000	1	1
$200,001 - $210,000	1	1
$220,001 - $230,000	-	1
$270,001 - $280,000	-	1
$280,001 - $290,000	1	1
$290,001 - $300,000	-	1
$300,001 - $310,000	2	2
$310,001 - $320,000	1	-
$330,001 - $340,000	-	1
$350,001 - $360,000	1	-
	12	**12**

32 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the Office of the Auditor General, the auditor of the company:

	2014 **$**	**2013** **$**
Office of the Auditor General		
Audit and review of financial statements and key performance indicators	171,000	200,000

33 Contingent liabilities

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

In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) were responsible for any remediation and restoration of the site. Pursuant to the dissolution of the AGR Matthey Partnership on 29 March 2010, Western Australian Mint has assumed full responsibility for any future liabilities. Expenses incurred to date have been expensed in the financial statements. It is difficult to estimate the future long-term costs, if any, of remediation. Hence it is not possible to quantify these as at 30 June 2014.

34 Commitments

(a) Capital commitments

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

	2014 $'000	2013 $'000
Capital commitments - property, plant and equipment		
Within one year	9,130	8,555
Total capital commitments	**9,130**	**8,555**

(b) Non-cancellable operating leases

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

	2014 $'000	2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	175	202
Later than one year but not later than five years	95	250
Total commitments	**270**	**452**

The operating lease commitments are for leases of computer equipment. The terms of these are various, with the maximum term being until June 2017. During 2014 $234,560 was recognised as an expense in the income statement in respect of operating leases (2013: $289,493).

35 Parent entity financial information

(a) Summary financial information

Set out below is the supplementary information about the parent entity.

	Parent entity 2014 $'000	Parent entity 2013 $'000
Statement of profit and loss and other comprehensive income		
Profit or loss for the year	15,269	29,550
Total comprehensive income for the year	**15,269**	**29,550**
Statement of financial position		
Assets		
Current assets	3,691,719	3,120,547
Non-current assets	61,571	6,484
Total assets	**3,753,290**	**3,127,031**
Liabilities		
Current liabilities	3,643,952	3,008,723
Non-current liabilities	1,985	6,721
Total liabilities	**3,645,936**	**3,015,444**
Net assets	**107,354**	**111,587**
Equity		
Issued capital	31,603	31,603
Retained earnings	75,751	79,984
Total Equity	**107,354**	**111,587**

(b) Guarantees entered into by the parent entity

The parent entity had no guarantees in relation to the debts of its subsidiaries as at reporting date.

(c) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2.

36 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding		Contribution to consolidated result	
		2014	2013	2014	2013
		%	%	$'000	$'000
Gold Corporation	Australia	100	100	15,269	3,900
Subsidiaries of Gold Corporation:					
GoldCorp Australia	Australia	100	100	1,199	18,619
Western Australian Mint	Australia	100	100	752	3,185
AGR Management Service Pty Ltd	Australia	100	100	-	-
				17,220	**25,704**

37 Cash flow information

	2014 $'000	2013 $'000
Profit after income tax expense for the year	17,220	25,704
Depreciation and amortisation	6,025	5,533
Provision for doubtful debts	34	-
Revaluation of land and buildings	(199)	(12)
Net loss on disposal of property, plant and equipment	4	28
Inventory provision adjustment	-	14
Income tax expense	11,157	10,631
Change in operating assets and liabilities:		
Increase /(decrease) in employee benefits	681	(246)
Increase/(decrease) in precious metal leases	2,043	(93,656)
(Increase)/decrease in inventories	(2,053)	92,161
(Increase)/decrease in prepayments	30	(449)
(Increase)/decrease in receivables	(10,406)	(5,815)
Increase/(decrease) in payables	(20,915)	17,804
Increase/(decrease) in provisions	(984)	(896)
Net cash inflow (outflow) from operating activities	**2,637**	**50,801**

38 Explanatory statement

Section 40 of the *Financial Management Act* requires statutory authorities to prepare annual budget estimates. *Treasurer's Instruction 945* requires an explanation of significant variations between these estimates and actual results.

The consolidated entity's business plans for 2013/14 projected an operating result before income tax equivalent of $30.11 million against an actual profit before income tax equivalent of $28.38 million. The most significant variations were:

- Lower than anticipated sales of a variety of cast bullion bars, especially into the Asian region.
- Less than expected anticipated silver refining volumes.
- Lower than anticipated interest in Depository storage facilities, driven in part by continuing uncertainty in world financial markets.

Variations from previous year

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

(i) Sales revenue

Sales revenue of $5.17 billion in 2014 was 11% lower than the $5.84 billion revenue in 2013 due to lower levels of both bullion coin sales and bullion product sales in Depository. Some of the lower levels of revenue were driven by investors rebalancing their portfolios away from precious metals into other asset classes.

(ii) Cost of sales

Cost of sales in 2014 of $5.08 billion was 12% lower than the $5.76 billion cost of sales in 2013, in line with the decrease in revenue.

(iii) Trading profit

Trading profit increased to $90.1 million in 2014, 10% above the trading profit of $81.6 million in 2013, this is due to favourable product mix during the year.

(iv) Fees and Rents

Fees and Rents decreased by 19% in 2014 due to decreases in fees received in a number of business lines.

(v) Employee Benefits expense

Employee benefits expense increased by $2.5million (8%) to $33.6 million in 2014. This is attributable to additional staffing requirements, annual wage increases and employee separation payments.

38 Explanatory statement (continued)

Variations from previous year (continued)

(vi) Materials and Services

Materials and services increased to $34.4 million, from $28.5 million in 2013 due to increased production costs during the year.